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FEATURES OF THE DEVELOPMENT OF THE AGRICULTURAL SECTOR OF UKRAINE'S ECONOMY IN THE CONTEXT OF EUROPEAN INTEGRATION

ISBN 979-8-89692-747-1

DOI 10.46299/979-8-89692-747-1

**FEATURES OF THE DEVELOPMENT
OF THE AGRICULTURAL SECTOR OF
UKRAINE'S ECONOMY IN THE
CONTEXT OF EUROPEAN
INTEGRATION**

Collective monograph

2024

UDC 338.43

Authors:

Lohosha R., Pidlubnyi V., Mazur K., Aliksieieva O., Aliksieiev O., Bielkin I., Germaniuk N., Koval N., Kubai O., Kondratova M., Kubai K., Pidvalna O.

Lohosha R., Pidlubnyi V., Mazur K., Aliksieieva O., Aliksieiev O., Bielkin I., Germaniuk N., Koval N., Kubai O., Kondratova M., Kubai K., Pidvalna O. Features of the development of the agricultural sector of Ukraine's economy in the context of European integration. Monograph. – Primedia eLaunch, Boston, USA, 2024. – 239 p.

Library of Congress Cataloging-in-Publication

ISBN – 979-8-89692-747-1

DOI – 10.46299/979-8-89692-747-1

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ABSTRACT

Ukraine is actively taking measures to achieve an important national priority: becoming a full and active participant in global economic processes. This effort is undeniably evidenced by the implementation of the Association Agreement between Ukraine and the European Union, which assigns significant importance to cooperation in the agricultural sector and rural development. Evaluating the current challenges makes it increasingly clear that for Ukraine, European integration stands out as a key factor in ensuring success in economic, social, environmental, and other areas of cooperation within the global context.

However, on Ukraine's path to effective European integration, there is still a need to implement a range of institutional measures, particularly in terms of policy and legislative alignment. The adaptation of Ukraine to the conditions of cooperation with the EU, as outlined in the Agreement, in the agricultural sector is seen as a complex and long-term process. Nevertheless, this will undoubtedly serve as a crucial factor in the further modernization of Ukraine's agricultural economy, based on widely accepted global market principles, deepening integration processes, and founded on shared interests and values.

An important prerequisite for Ukraine's effective participation in global integration processes is the achievement of mutual understanding of state policies by the participants in international economic relations, as enshrined in national legislative acts. This involves possessing the necessary knowledge and adherence to the rules established by the WTO, other international unions, and relevant interstate agreements. It is essential to consider that various international agreements, to which the Verkhovna Rada of Ukraine has given its consent, hold higher legal authority compared to domestic legislation, according to the Constitution of Ukraine. This necessitates appropriate legal alignment with the norms and requirements enshrined in these agreements.

The monograph is the result of the initiative theme "Development of the concept of management of marketing activities of agricultural enterprises". State registration number 0122U002111. The deadline is April 2022. – April 2025.

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DOI: 10.46299/979-8-89692-747-1.1

1. The European integration vector of Ukraine's agricultural sector development

The European integration vector of Ukraine's agricultural sector development is a key direction for the modernization and enhancement of the competitiveness of the domestic agricultural industry. Ukraine's accession to the European Union entails significant transformations in agricultural policy, aimed at adapting to the Common Agricultural Policy of the EU (CAP). This includes the harmonization of legislation, the implementation of European standards for product quality and safety, the development of environmentally friendly production, and environmental protection.

One of the main goals of European integration is to create conditions for increasing the export of Ukrainian agricultural products to EU markets, which requires product certification in accordance with EU standards, support for small and medium-sized producers, as well as the development of rural areas. Ukraine's integration into the European market will not only strengthen economic ties with the EU but also ensure the modernization of the agricultural sector, improving its efficiency and resilience in the context of global competition.

The organization of fulfilling international obligations is an important and responsible function of state institutions. It requires not only appropriate decisions but also well-founded forecasts and the search for effective mechanisms in matters of state regulation of foreign economic activity, which should primarily ensure the protection of national interests.

Currently, the state is in the process of fulfilling many international obligations it has undertaken, including the measures defined by the Association Agreement. Any failure, delay, or unprofessional execution of these obligations will hinder the development of economic cooperation with EU countries and reduce Ukraine's effectiveness in other global integration processes.

The research on specific areas of integration of the agricultural sector in the context of its reform, structural restructuring, and the formation of European

integration priorities has been addressed by renowned Ukrainian agricultural economists such as V. Andriychuk, V. Vlasov, Yu. Hubeni, S. Demyanenko, I. Kyrylenko, Yu. Lopatynsky, T. Ostashko, B. Paskhaver, P. Sabluk, H. Cherevko, and V. Yurchyshyn. Their work helps form a knowledge system for the European integration prospects of Ukraine's agricultural sector. The issues of the sector's development in the context of globalization and European integration have been studied by V. Ambrosov, O. Hudzynskyi, O. Halytskyi, A. Dibrova, S. Kvasha, T. Lozynska, B.O. Yazliuk, and others. However, despite the broad range of research directions on the development of Ukraine's agricultural sector within the context of European integration, the works of these scholars have not fully addressed the development of theoretical and methodological approaches and organizational-practical foundations for innovative activities in agricultural enterprises, which are essential for adapting to the changing external environment.

According to the Association Agreement, alongside general measures for organizing economic cooperation, the agricultural sector and rural development directions specifically outline Ukraine's gradual alignment of agricultural legislation, the alignment of institutional infrastructure, and the state control system for ensuring food quality with the EU's regulatory and administrative policies and practices [1, p. 9].

This primarily concerns the legal provision for the harmonization of regulatory mechanisms, taking into account nearly 60 relevant EU regulations, directives, decisions, recommendations, and communications. Among these are issues such as the completion of harmonization of agricultural product quality standards, regulation of organic production, the cultivation of genetically modified crops, adherence to rules on seed and breeding resource trade, protection of geographical indications, origin, and production methods of agricultural products and foodstuffs, and the development of biodiversity, among others. Despite the significant duration of the Association Agreement, many of these issues still require further elaboration and resolution [2, p. 9].

The defined measures related to policy alignment in fisheries and forestry, improving the rural development management system, enhancing environmental protection considering climate change – developing agricultural science and education systems, and harmonizing intellectual property protection mechanisms are also unsatisfactorily implemented. Various other agricultural sector issues remain unresolved.

Therefore, the fulfillment of obligations outlined in the Association Agreement and other international agreements in the agricultural sector aimed at effectively integrating into global European and world economic processes remains incomplete and unbalanced. This is evidenced by the slow pace of establishing long-term partnerships in agricultural markets, particularly regarding joint agricultural projects, insufficient and unstable foreign investment in Ukraine's agricultural sector, the continued raw material export trend, and the spread of social and environmental problems in rural areas, contrary to European trends [3, p. 59].

This situation indicates unsatisfactory organization in aligning Ukraine's institutional support for the external economic vector of agricultural-industrial activities and rural development with European counterparts. It highlights the need for improved coordination of international cooperation and adjustments in the actions of relevant international and national institutions.

The specific features of the development of Ukraine's agricultural sector in the context of EU integration confirm that modern global society is undergoing transformational processes, in which Ukraine is actively participating. Domestic agricultural science should contribute to more rational land use and, through advanced information technologies, lay the foundation for expanding the range of certified agricultural products in accordance with EU regulations. Examining the experience of EU countries in utilizing raw materials from energy crops and recognizing the objective necessity of searching for alternative fuel and energy sources for Ukraine supports the need to develop the bioenergy sector. This, in turn, will enable the introduction of

environmentally friendly technologies in the production and consumption of bioenergy.

Integration at the European level is a modern marker of progressive change in Ukraine's agricultural sector. European benchmarks provide the sector with a clear development vector and open up new opportunities for the further advancement of agriculture, creating additional comparative advantages in the agri-food market under the conditions of economic globalization [4, p. 75].

For the successful implementation of the tasks related to European integration, Ukraine's agricultural sector has a number of prerequisites: rich natural resources and export potential, a high level of productive forces, a developed human capital, growing investment attractiveness even under martial law, a preserved rural way of life, and centuries-old agricultural traditions. Therefore, the level of readiness of Ukraine's agricultural sector for European integration, compared to countries that joined the EU during the last wave of enlargement, suggests that similar transformational changes have not yet occurred in Ukraine, making this scientific research highly relevant.

For the successful fulfillment of European integration tasks, Ukraine's agricultural sector possesses several prerequisites: rich natural resources and export potential, a productive labor force, gradually increasing investment attractiveness, a preserved rural lifestyle, and centuries-old agricultural traditions. In this context, studying and scientifically comprehending the experience of forming the European agricultural model will contribute to implementing modern structural reforms in the agricultural sector and enhancing the competitiveness of agri-food products in domestic and global agricultural markets.

An evaluation of the key political, economic, social, environmental, scientific, technical, and educational-professional factors of the European integration model suggests that the integration process in the agricultural sector should not be seen as an instantaneous change in the quality of the socio-economic environment, but rather as a complex, continuous process aimed at macroeconomic stabilization [5, p. 29; 6, p. 879]. This process focuses on creating a favorable investment climate, promoting

competition, improving workforce quality, diversifying agricultural business, achieving price equilibrium in the agricultural market, and ensuring its financial stability.

The goal of agricultural European integration is to unite the agricultural potentials of member countries, followed by the modernization of agriculture and ensuring economic efficiency through shared economic interests in final outcomes at all stages of agricultural cooperation. There is also a common interest among all subjects of the integration process in achieving a high level of food security for the participating countries.

The fundamental principles of the European integration process in the agricultural sector include:

1. Food security and sustainable economic development;
2. Efficiency, productivity, and competitiveness;
3. Unity of purpose and rational value-based behavior among market participants, utilized by integrating countries, considering the existing natural-biological and socio-economic conditions in the agricultural sector.

Modern principles of European integration in the agricultural sector represent an organic system that brings clarity to ensuring the sustainability of its development. These principles allow the sector to achieve specific objectives within a given timeframe, fostering a competitive environment by taking into account the interaction of exogenous and endogenous factors.

Ukraine's accession to the EU provides the opportunity to utilize market mechanisms to address the challenges of agricultural development. It also creates the necessary conditions to increase the efficiency of agricultural market participants from integration measures and stimulate economic growth. However, it would be erroneous to claim that the benefits of integration are immediate and automatically received by all countries without exception.

This will be particularly evident when fulfilling the conditions of the «Common Agricultural Policy of the EU», which represents a set of policies and actions by EU member states in the areas of agriculture and livestock.

The implementation of the «Common Agricultural Policy of the EU» is a complex but crucial step for Ukraine on its path toward integration with the EU. This will require significant efforts from both the government and the agricultural sector but promises substantial economic and social benefits for Ukraine. As of 2023, adherence to this policy has become mandatory. During the integration process, the European Commission monitors Ukraine's progress in aligning its legislation and assesses achievements from 2016 to the first quarter of 2022 on a 5-point scale. The results are as follows: agriculture, rural development, and fisheries received a score of 1, while food safety, veterinary, and phytosanitary control scored 3.

A summary of the key achievements and setbacks of former Soviet countries under the influence of the EU's Common Agricultural Policy has allowed for the identification of the most critical steps toward European integration for Ukraine's agriculture. Despite the mixed experiences of the past two decades, the expansion of the EU-considering the differences and challenges in the development of Ukraine's agricultural sector – is no more contentious than within any individual EU member state.

At the forefront is the focus on the multifunctionality of agriculture, extending beyond the mere production of agricultural goods. Today, russia's military aggression against Ukraine is the main factor impacting agriculture. A key challenge in 2022-2024 has been the reduction in cultivated areas – war has forced agricultural producers to plant fewer crops, resulting in a decline in overall agricultural output. Significant areas of agricultural land have been mined, rendering them unfit for cultivation [7, p. 309].

Another key factor is the damage to infrastructure due to ongoing hostilities. The blockade of Black Sea ports and the occupation of Crimea have resulted in Ukraine losing the ability to export a significant portion of its agricultural products. Equally important, the war has complicated the transportation of agricultural goods both within

Ukraine and abroad. The conflict has also led to a sharp rise in prices for diesel fuel, fertilizers, and other resources essential for agricultural production [8, p. 342]. These factors have substantially reduced the income of domestic producers, which, in turn, could lead to a food crisis.

Undoubtedly, the agricultural sector plays a key role in the life of any country, ensuring food security, creating jobs, and supporting rural development. However, for Ukraine, the role of the agricultural sector extends far beyond merely meeting basic needs. During the most challenging times for the economy, it becomes a driving force, generating a significant share of GDP and export revenue. It is important to emphasize that Ukraine plays a crucial role in ensuring global food security. Therefore, the transition to new agricultural models must be smooth, carefully considered, and balanced, not only to preserve but also to enhance the achievements of the agricultural sector.

It is essential to recognize that Ukraine's agricultural sector is a powerful export «engine» that stabilizes the country's economy in difficult times and impacts global food security. Thus, the transition to European standards must be measured, adhering to legislative norms and maintaining sustainability.

The transformation of economic development in the agricultural sector involves a series of measures and strategies aimed at ensuring the sustainable operation of agricultural enterprises and enhancing their efficiency amidst economic challenges. Ukraine's integration into the EU requires reforming various sectors to meet European standards. This challenge primarily affects the agricultural sector in terms of compliance with green economy standards, product quality, safety, and environmental sustainability. The sector plays a critical role in Ukraine's economy by ensuring food security, providing employment, and supporting rural development.

Under the influence of changes during full EU membership, social policies are also shaped accordingly. Traditionally, the social aspects of agriculture were mainly focused on labor market formation, with the social sphere considered primarily as a consumer of material and financial resources. With EU accession, agricultural policy

plays a crucial role in shaping the social sphere, especially through social protection instruments.

The European perspective serves as an effective tool for reforming socio-economic relations in the agricultural sector. The adaptation processes of Ukraine's agricultural industry to EU conditions should consider national characteristics and prerequisites. It is essential not to simply replicate the achievements of EU countries but to identify the priorities and development directions that can guarantee synergistic and cumulative effects in the economic and social realms of the agricultural economy.

Since the main criterion for providing public goods is the welfare of the population, it is advisable for state regulation to focus on the priorities established in the recent reforms of the EU's common agricultural policy. The measures implemented under this reform fully meet the interests of the population as taxpayers who invest funds in agriculture and expect to receive certain societal benefits in return.

An analysis of farming structures in EU countries shows that agriculture is primarily based on family farms. This organizational and legal form of agricultural enterprises best suits the specific characteristics of agriculture, as it combines the roles of landowner, worker, and manager within a single entity.

Within the current legislation in Ukraine, there are various organizational and legal forms of agricultural management that are not adapted to the practices existing in the EU.

The further development of the market environment in the agricultural sector should take into account the advantages of large-scale enterprises (agroholdings) while also enhancing the competitiveness of medium-sized farms, which requires an appropriate institutional environment.

Ukraine's agricultural policy should focus on supporting forms of management that fully utilize existing potential for both ensuring food security and sustainable rural development, as well as maintaining the rural way of life [9, p. 77].

There is a need to harmonize quality and safety standards for agricultural products in accordance with WTO requirements and EU legislation. For domestic agricultural

producers, harmonized standards are the only way to withstand competition in the external agricultural market. Research has shown a low level of quality management systems for agricultural products and has identified the main reasons for this situation. Key issues include: the existence of technical barriers, uncertainty in approaches to strategic management of the quality management system for agricultural products and their processing, and the need for appropriate methodologies for improving the safety of agri-food products.

Addressing these problems is complicated by the existence of a complex, opaque, three-tier standardization system in Ukraine. For these issues to have specific foundations for implementation, integration and coordination of actions by all interested participants in this process are necessary, along with strengthening state oversight and control throughout the food chain and promoting the greening of agricultural production [10, p. 169]. Ignoring the environmental factor in Ukraine's agricultural reforms has led to a disruption of the balance among economic, social, and environmental interests, which are foundational to the strategy of sustainable development. Compared to the EU, eco-oriented agriculture has not gained adequate popularity in our country.

It is necessary to establish a system of ecological agriculture in the medium term that meets the needs of the domestic market while considering the specifics of the European model of sectoral ecological modernization. Since the production of organic agricultural products is not profitable and requires high-cost marketing measures for its development and support, it is assumed that in the short term, traditional importers of organic products will hold leading positions in the market.

The mastery of foreign markets for ecological products represents a realistic but long-term prospect for Ukraine. Primarily, the system of state governance in this area must promote the development of ecological initiatives in agriculture by supporting scientific developments, aligning standards, developing technological and organizational regulations, as well as establishing state programs for ecological modernization with financial support. In the long-term perspective, a strategy for the

ecological modernization of agricultural production and the formation and development of bioenergy markets is proposed, taking into account the features of the European agricultural model [11, p. 25].

Having a good example from EU countries regarding the use of raw materials from energy agricultural resources and recognizing the objective necessity to find alternative fuels and energy sources for Ukraine, it is proposed to develop the bioenergy sector based on the cultivation of oilseed and bioenergy crops. This, in turn, will help halt the export of raw materials and effectively implement an ecological ideology in the production and consumption of bioenergy.

A fundamentally important task is to introduce an ecosystem approach in management activities and to adapt domestic legislation in the area of environmental conservation in accordance with EU directives.

Ukrainian environmental legislation significantly differs from that of the EU, and their comparison indicates certain shortcomings in the structure of Ukrainian legislation, particularly the absence of sections such as waste management, control of industrial pollution, risk management, chemicals, genetically modified organisms, and noise from machinery and equipment, which are present in EU legislation. Therefore, the main areas where the convergence of Ukraine's environmental legislation with the legislation enshrined in EU environmental directives and legal acts is necessary include:

1. Formation of horizontal legislation (environmental impact assessment, environmental information, etc.);
2. Air quality (emissions from stationary and mobile sources, air quality standards, control of ozone-depleting substances);
3. Waste (waste recycling and disposal, specific waste [oil product waste, packaging materials, active sludge], hazardous waste [chemical waste, heavy metals, etc.]);
4. Water quality (wastewater, surface water [waters for swimming and fishing], groundwater, drinking water);

5. Living nature (habitat of wild flora and fauna [birds, forest protection from atmospheric pollution and fires], trade in wild plant and animal species);
6. Industrial pollution control and risk management from accidents;
7. Chemicals and GMOs (testing and reporting on chemicals, use of GMOs, product control, transportation, export, and import of hazardous substances);
8. Noise levels (vehicles, machinery, and devices);
9. Nuclear safety and radiation protection (safety standards), transportation of radioactive materials and waste, food control.

To prioritize actions for harmonizing Ukraine's environmental legislation with EU requirements, the following measures should be undertaken:

- **Development and approval of new laws**, including those concerning emergency environmental situations, environmental insurance, fisheries, plant life, and ecological (natural-technogenic) safety.

- **Development and approval of laws** related to recreational zones, resort areas, health and wellness zones, and areas with special conditions for natural resource use.

- **Development and approval of laws** concerning environmental information and environmental education.

Overall, experts estimate that adapting Ukraine's environmental legislation to EU standards could cost between €50 billion and €100 billion [12, p. 179].

Agricultural products, particularly those used for food production, must not only be of high quality but also environmentally safe for human health. Contamination of agricultural products, which makes them hazardous to consumer health, occurs due to various factors, including:

- Pollution of the atmosphere, water, and soils.
- Uncontrolled use of pesticides and agrochemicals.
- Contamination of agricultural lands with mineral fertilizers.
- Pollution of land and products, including textiles, with heavy metals.
- Contamination from dioxins and other toxic substances.
- Genetically modified organisms (GMOs).

Indicators of environmental safety for agricultural products include their quality, ecological safety, and ecological purity. Ukrainian legislation places the responsibility for ensuring the ecological safety of food products on their producers.

Agroecology, in addition to conventional agricultural practices, offers significant opportunities for increasing agricultural production alongside genetic engineering and biotechnology. Importantly, this growth can occur without adverse side effects harmful to the natural environment [13, p. 735].

The focus on economic outcomes and the implementation of scientific advancements and innovative technologies, without prioritizing the development of ecological and social factors, is gradually fading into the past. Many scholars believe that Ukraine is exhibiting all the signs of an ecological crisis, which is now regarded as a crisis of existence and spirituality. Environmental degradation results not only from anthropogenic pressure but also from the impoverishment of societal morality and shortsightedness regarding future challenges to the established standard of living.

In this context, addressing ecological issues in the agricultural sector is increasingly emphasizing key areas of agroecology. These areas aim to integrate ecological principles into agricultural practices, ensuring that environmental sustainability and social responsibility are prioritized alongside economic growth. Such a holistic approach can help mitigate the ecological crisis by fostering a more balanced relationship between agriculture and the environment, thereby contributing to the overall well-being of society and the planet.

In the current complex ecological and economic conditions, agroecology should determine the strategy for the development of agricultural production, focusing on the conservation and reproduction of soil, water, and biological resources, as well as on protecting the environment and providing people with high-quality food products in necessary quantities.

Defining agroecology as a comprehensive and interdisciplinary science, the growing neglect of its biogeochemical component becomes increasingly dangerous. A

biocentric strategy for agriculture, as a condition for forming balanced resource management, requires a comprehensive study of the living matter in the agro-sphere.

Domestic agricultural policy must be interpreted from the perspective of a triune approach, widely used in EU member states, which takes into account not only the economic but also the social and ecological components of the national economy. This approach meets EU requirements and confirms the predominant influence of a balanced system of measures and means of state influence on the effectiveness of agricultural production, closely linked with rural development, in accordance with agroecological requirements, while ensuring comprehensive protection for the rural population.

Let's consider the main changes that need to be made in the agricultural sector of Ukraine for its accession to the EU:

1. Improvement of the regulatory framework:

– Harmonizing Ukrainian legislation with European standards. The Ukrainian system for controlling and ensuring the quality of food products differs somewhat from the European one: the EU has long implemented the «From Farm to Fork» system – a strategic initiative aimed at improving the quality, sustainability, and safety of food products. This system would allow for better control of product quality throughout the entire production chain, promote the implementation of more «green» production methods, enhance consumer information, and so on [14].

– Creating favorable conditions for doing business in the agricultural sector;
– Increasing the competitiveness of Ukrainian agricultural products. In this regard, it is essential to adhere to the social and environmental standards that are in place in the EU, concerning occupational safety, animal welfare standards, the use of pesticides and other agrochemicals, and so on.

2. Support for agricultural producers:

– Providing financial assistance for the modernization and development of farms is currently complicated by the overall challenge of surviving and recovering after the end of the conflict. However, the gradual implementation of European norms and

standards in production will facilitate the stable post-war recovery of the sector and ultimately increase its competitiveness;

- Implementing educational and consulting programs for farmers;
- Creating cooperatives and other forms of agricultural associations.

3. Development of rural infrastructure:

– Construction and modernization of roads, bridges, elevators, and other social infrastructure facilities;

– Ensuring access to quality education, healthcare, and other social services for residents of rural areas.

4. Increasing the export of Ukrainian agricultural products:

- Expanding markets for Ukrainian products;
- Creating a brand for Ukrainian agricultural products in the global market;
- Supporting the participation of Ukrainian agrarians in international exhibitions and forums [15, p. 40].

The implementation of the proposed socio-economic and environmental priorities will enable an adequate transition of the agricultural sector of the economy to the European agricultural development model and will contribute to increasing the competitiveness of agriculture in the medium and long-term euro-integration perspective.

The agricultural sector of Ukraine possesses significant production potential that far exceeds the needs of the domestic market. This sector of the economy can become a driving force for the development of the national economy of the country, its integration into the EU, and the global economic space. The increase in incomes among the rural population, which is engaged in the agricultural economy and constitutes more than a third of the country's population, will lead to a rise in demand for goods and services, which in turn will stimulate the development of other sectors of the economy.

The year 2014 was significant for Ukraine's foreign trade in the context of euro-integration ties. It was then that the Association Agreement between Ukraine and the EU was signed, opening new opportunities for economic cooperation. One of the key

points of the Agreement was the introduction of an «autonomous preferential trade regime» starting from April 23, 2014. This regime provided for the cancellation or reduction of tariffs on a wide range of exported goods and the establishment of quotas on the export of agricultural products to EU countries. A simplified trading procedure was also provided, which stimulated the export activity of Ukrainian enterprises, including agricultural producers. Since the beginning of the full-scale invasion, the EU temporarily lifted import duties and quotas on Ukrainian agricultural products to support the Ukrainian economy amid the war and the blockade of maritime ports by russia.

As a result of these changes, trade between Ukraine and the EU significantly improved, reaching a record amount of \$12.9 billion in 2022 from the export of agricultural products to the EU, which is 3.22 times more compared to \$4 billion in 2016. The agribusiness complex ranks among the top sectors in terms of Ukraine's GDP share. According to the National Bank of Ukraine, there has been a decline in the share of agribusiness in the country's overall GDP. The data indicates that the share of agriculture in Ukraine's GDP exhibited unstable dynamics with seasonal fluctuations from 2019 to 2022. The highest values were observed in the third quarters of each year, as most agricultural crops in Ukraine are harvested during this time. This leads to increased agricultural production volumes, which, in turn, results in a higher share of agriculture in GDP. Additionally, the rise in agricultural product prices contributes to increased incomes for agribusinesses.

It is equally important to note that the impact of these factors can vary depending on specific conditions. For instance, in 2021, the increase in the share of agriculture in GDP was influenced not only by seasonality but also by rising global food prices. The products of the agribusiness complex significantly impact Ukraine's foreign trade, maintaining a strong leadership position among other sectors and demonstrating high competitiveness. Our country has long been renowned for its fertile lands and abundant harvests. Today, agriculture remains one of the key sectors of the Ukrainian economy. The products of Ukrainian farmers, particularly wheat, corn, barley, and rapeseed, are

in high demand in global markets. They are exported to over 170 countries worldwide, making Ukraine one of the leaders in this field. Grain crops traditionally play a vital role in the structure of agricultural exports, and their cultivation for sale generates significant income for the state while contributing to the development of rural areas.

The export of agricultural products from Ukraine significantly increased in 2021. According to the State Statistics Service of Ukraine, the export of agricultural products from Ukraine in 2021 amounted to \$27.7 billion, which is 22% more than in 2020.

However, the export of agricultural products from Ukraine decreased in 2022 to \$23.2 billion, which is 16% less than in 2021. This decline was caused by the war in Ukraine, which led to the blockade of Ukrainian ports and disruptions in supply chains.

In 2022, due to the preferential regime with the EU, Ukraine was able to increase its agricultural product export volume by 67.5%. The largest export commodities in 2023 were grains, oilseeds, and livestock products. The export of grains in 2023 amounted to \$10.2 billion, the export of oilseeds was \$7.8 billion, and the export of livestock products reached \$5.2 billion [7, p. 308].

The Ukrainian agrarian sector has suffered significant losses due to the war. The introduction of Ukraine's export licensing system to five EU countries has partially helped resolve the issue, but Poland, Slovakia, and Hungary still have not lifted their bans on the import of agricultural products. The Council of the EU has extended the duty-free trade regime for Ukrainian agricultural products until June 2024. Importers expect a steady flow of agricultural products from Ukraine in 2024, but logistical difficulties and Russian attacks on infrastructure hinder exports.

In the context of war, the agricultural sector of Ukraine receives assistance mainly through favorable tax policies, which is an indirect form of subsidizing the industry due to the lack of funding opportunities in the State Budget of Ukraine. Unlike other sectors, agricultural production and its outcomes are significantly influenced by natural and climatic conditions. Therefore, one of the important directions for the development of agricultural production is to reduce risks associated with natural and

climatic conditions and ensure the further development of the agricultural sector by improving farm protection systems.

Ukraine provides state support to the agricultural sector through the implementation of various programs, including funding for scientific research, both fundamental and applied, supporting agribusiness by lowering interest rates on loans, and facilitating the development of crop production, livestock farming, poultry farming, and aquaculture.

In 2022, a total of 30,396 agricultural producers received loans amounting to 57.174 billion UAH. Of these, as of June 1, loans amounting to 38.551 million UAH were issued for crop rotation. In total, under the portfolio guarantees program, 80% of loans amounting to 25.6 billion UAH were issued. The EU allocated 50 million euros in direct subsidies for small farmers, while Canada and Japan invested over 60 million dollars in equipment for temporary grain storage. The FAO conducted tenders and purchased 7 million bags for storing 7 million tons of grain [11, p. 26].

At the same time, the military actions occurring in Ukraine due to the large-scale aggression of Russia since February 24, 2022, have led to a deterioration of food security in Ukraine, caused in particular by disrupted logistics chains, destroyed infrastructure, farms, and production facilities, as well as a decrease in the amount of food produced by operational enterprises. As of June 2023, the direct losses incurred by Ukraine's agribusiness sector amount to 8.7 billion USD (losses related to the destruction and damage of agricultural machinery exceed 4.7 billion USD; losses from the destruction and theft of produced goods are estimated at 1.9 billion USD). Indirect losses in the agribusiness sector are estimated at 40.3 billion USD [16].

According to FAO estimates, the war in Ukraine has resulted in losses estimated at approximately 2.25 billion USD for agricultural enterprises. Of this, approximately 1.26 billion USD in losses are attributed to the crop sector, while 0.98 billion USD relate to livestock. Due to the conflict, 25% of agricultural enterprises in Ukraine have ceased or reduced production, and in areas close to the front line, this figure reaches 38% [17].

Thus, joining the EU presents both challenges and opportunities for the Ukrainian agricultural sector. Through comprehensive reforms and state support, Ukrainian farmers can become competitive in European and global markets. It is important to remember that transitioning to European standards is a long-term process that will require significant efforts from the government, farmers, and society. The successful implementation of reforms in the agricultural sector will be a key factor for Ukraine's successful accession to the EU. Opening the European market to Ukrainian agricultural products will provide a powerful impetus for the development of the agricultural sector and the economy of Ukraine as a whole.

Based on the aggregate of the aforementioned and other economic and sectoral issues that significantly limit Ukraine's effective participation in global integration processes, it can be argued that there are significant shortcomings in aligning state policies and management systems with EU conditions, making rapid progress in this direction impossible. In our opinion, there is a need for accelerated establishment of reliable connections through systemic institutional restructuring within the state, which would be perceived by the international community and Ukrainian society as has occurred, for example, in Poland, the Baltic republics, and some other countries within a fairly limited timeframe.

At the same time, despite the mentioned problems in implementing the Association Agreement, including the establishment of a free trade zone concerning the agricultural sector, even the already fulfilled joint measures have significantly activated the European cooperation vector. In particular, the dynamics of mutual trade in agricultural products between Ukraine and the EU have significantly increased.

The implementation of measures aimed at increasing the technological capabilities of agro-industrial production and the effects of establishing a free trade area with the EU have resulted in a significant positive trade balance in favor of Ukraine concerning export-import operations of quality domestic agricultural products and foodstuffs. This indicates an increase in their competitiveness in both European

and domestic markets. Additionally, there have been some positive shifts in attracting European investments and in other areas of cooperation.

There is a deepening understanding of agricultural policies and objective assessments of the current and potential capabilities of the domestic agricultural sector. However, the main focus here is on improving mutual awareness of further joint steps toward activating cooperation in the agricultural field.

Therefore, when examining the status of the implementation of the Association Agreement, priority tasks for domestic state institutions, participants in the agricultural market, and civil society to ensure the successful development of Euro-integration processes in the agricultural sphere include institutional organization of the system of state and regional management of the agricultural sector of the economy and rural development, using successful practices from EU countries. This also involves adopting a law on Ukraine's updated state agricultural policy, considering the necessity to align it with the EU's Common Agricultural Policy, improving Ukraine's budgetary policy regarding support for the agricultural sector and rural development, including defining mechanisms for guaranteed funding of programs from state and local budgets for a term of seven years, increasing budget support to accelerate harmonization with European standards of agricultural product quality, and refining the taxation system to simplify and optimize the tax burden on agricultural producers.

DOI: 10.46299/979-8-89692-747-1.2

2. Transformation of the economic development of the agricultural sector of Ukraine under the conditions of European integration

Ukraine has a developed food complex, which is able not only to fully provide the country's population with food products, but also to form an active position of the country on the international markets of a number of key agro-food products. Thanks to traditionally strong food exports, Ukraine is one of the guarantors of food security in the world. Before the full-scale war, in terms of export volume, Ukraine was among the five largest grain exporters in the world, exported $\frac{3}{4}$ of what it produced, domestic consumption of grain was only 20-25%. Ukraine supplied 10% of world exports of wheat, more than 14% of corn and more than 47% of sunflower oil [18]. Currently, thanks to the help of partners, Ukraine remains a key supplier on the world markets of grain and sunflower oil, with a share of more than 10% of international trade. In 2023, 16.1 million tons of wheat were exported to 65 countries, 26.2 million tons of corn to 80 countries, and 5.7 million tons of sunflower oil to 130 countries [19].

At the same time, the military actions taking place in Ukraine as a result of the large-scale aggression of the Russian Federation on February 24, 2022, led to the deterioration of food security in Ukraine, which is caused, in particular, by broken logistics chains, destroyed infrastructure, farms and productions, a decrease in the amount of food produced at working enterprises. As of June 2023, the amount of direct damage caused to the agro-industrial complex of Ukraine is 8.7 billion dollars. USA (losses related to the destruction and damage of agricultural machinery amount to more than 4.7 billion US dollars; losses due to the destruction and theft of manufactured products are estimated at 1.9 billion US dollars). Indirect losses of the agro-industrial complex are estimated at 40.3 billion dollars. USA [20].

The agricultural sector in Ukraine grew steadily before the start of hostilities, the annual increase in the volume of agricultural production reached 4-5%, the share of agricultural production in GDP was 10.4-12.4%, and together with the processing of agricultural products – 14-16% [21]. The country was one of the leaders in the world

production of some types of food, a leader in international trade in sunflower oil (first place in the world), rapeseed and barley (third and fourth places, respectively) and other products. Trade in agricultural products brought Ukraine 27.8 billion dollars in 2020. USA, which is 41% of all exports. Even in war conditions, Ukraine became the world's ninth largest producer of wheat by the end of 2022 [22]. Due to a full-scale war in 2022, the performance of the year deteriorated in all sectors of the national economy. The agrarian industry was particularly hard hit. According to the calculations of analysts of the KSE Agrocenter and the Ministry of Agrarian Policy, the total direct and indirect losses in agriculture exceeded 40 billion dollars. USA [23]. The most significant problem for the further activities of agrarians is the increase in the gap between world and domestic prices. If before the start of the war this gap was about 40 dollars. USD per ton, now about USD 150. US per ton for grain. This leads to additional costs for manufacturers, which include logistics costs, insurance and all risks that are now borne only by the Ukrainian side [24].

According to FAO estimates, rural households in Ukraine suffered about 2.25 billion dollars as a result of the war. US losses. Of them, about 1.26 billion dollars. In the United States, losses were incurred in the field of crop production and 0.98 billion dollars. USA - animal husbandry. In Ukraine, 25% of agricultural households stopped or reduced the volume of production due to the war, in the frontline regions – 38% [25].

In such conditions, the Ukrainian agricultural sector demonstrated high resilience and adaptability to wartime risks. In conditions of war:

- *harvest for all groups of agricultural crops is 1.5–3 times higher than domestic consumption needs.* By the end of December 2023, farmers threshed 79.2 million tons, in particular grain and leguminous crops - 58.4 million tons, oil crops - 20.8 million tons. 11.9 million tons of sugar beets were dug up [26]. This happened thanks to the high yield of grain crops (up to 55 t/ha). According to UKAB estimates, in 2023, the production of grain crops in Ukraine was 10% higher than in 2022, and oilseeds - by 18%. Sugar beet production increased by 29% compared to 2022 [27]. At present,

harvesting of crops (corn) is still in progress, on January 11, 2024, corn has been threshed by 90% of the forecast. According to the improved forecast of the Ministry of Agrarian Policy, in 2023, thanks to the higher than expected harvests of late crops, farmers will be able to harvest 81.3 million tons of grain and oil crops, of which 59.7 million tons are grain and 21.6 million tons are oil crops;

- *the needs of the domestic market of meat and meat products are fully met.* In general, the consumption of pork, beef and poultry increased from 54.1 kg in 2022 to 54.7 kg per person in 2023. On average, Ukrainians in 2023 consumed 27 kg of poultry and 7.4 kg of beef per person, in 2022 these indicators were 26.2 kg and 7 kg, respectively. At the same time, pork consumption decreased, in 2023 Ukrainians consumed 19.8 kg of pork per year, while in 2022 - 20.3 kg. Production also increased accordingly: poultry meat was produced by 32,000 tons (1,285,000 tons), beef by 4,000 tons (272,000 tons). Increasing own production made it possible to reduce the import of all three types of meat by 52 thousand tons - to 108 thousand tons;

- *the domestic dairy industry in agricultural enterprises is gradually being restored.* Milk production in enterprises in January - December 2023 has already reached the pre-war level and amounted to 2 million 807 thousand tons (2 million 767.7 thousand tons in 2021), which is 6% more than in 2022. [28];

- *the production of vegetables is increasing.* In 2023, onions and carrots were sown in Ukraine by 8.1% and 6.1% more, respectively, compared to 2022. The total area for planting cabbage increased by 1.7%. The area of potato crops increased by 2%, table beet – by 7% [29]. As of the beginning of November 2023, Ukrainian farmers harvested almost 29 million tons of vegetables, the most potatoes - 21.2 million tons, as well as: tomatoes - 1.4 million tons, cabbage - 1.3 million tons, onions - 877 thousand tons, carrots - 810 thousand tons, beets - 766 thousand tons, cucumbers - 681 thousand tons, other vegetables - 1.3 million tons [30]. The supply of vegetables increased sharply in the third quarter of 2023 due to extremely favorable weather conditions and increased production in certain regions. This made it possible to fully compensate for the consequences for vegetable growing from adverse security

conditions in the southern regions and the destruction of the Kakhovskaya HPP [31]. Under the influence of a good harvest and thanks to the increase in production volumes, vegetable prices in 2023 remained lower than in 2022. In particular, the price of borscht set (potatoes, onions, carrots, cabbage and beets) decreased by 11% for the year. The biggest decrease in prices occurred for onions and carrots: by 48% and 33%, respectively. Potato prices have increased significantly, but they remain among the lowest in Europe [32];

- *citizens' demand for fruit and berry crops is fully satisfied*, although 25% of berry orchards and 20% of garden areas were lost as a result of the war [33]. Vinnytsia, Chernivtsi, Khmelnytskyi, Dnipropetrovsk, Lviv and Poltava regions, which are the largest producers of fruits and berries, are quite capable of meeting the needs of these products. To develop the horticulture industry in Ukraine, the government provides grant support to producers of agricultural products for the creation and development of horticulture, berry growing, and viticulture, in particular, in 2023, grants were issued for planting new gardens with an area of more than 2,000 hectares;

- *the volumes of export of agricultural products are gradually being restored*. In 2023, according to preliminary estimates, 67.5 million tons of agro-industrial products of various types were exported, which is 15% higher than in 2022. At the same time, the export turnover in 2023 amounted to 21.9 billion dollars. USA, which is 8% less than the figure for 2022 due to a drop in prices for almost all types of agricultural products compared to the previous year and expensive export logistics [34].

Along with the above, the main challenges and limitations for the agricultural sector of Ukraine in the conditions of a full-scale war are as follows:

- shortage of financial resources for stable economic activities of agricultural producers, in particular due to the increase in the cost of production. In 2022, 21% of enterprises in the agriculture, forestry, and fishing industry suffered a net loss (in 2021 – 11%). The level of profitability of all activities in 2022 was 14.1% (in 2021 – 37.8%). And the volume of capital investments in agriculture, forestry and fisheries in 2022 amounted to UAH 51,439 million, which is 26.1% less than in 2021.

According to the study "Ukraine: the impact of the war on the profitability of agricultural production" [31], according to the results of 2023, the losses of the agricultural sector from the cultivation of grain and oil crops are predicted to decrease, but the production of three of the five main crops will remain unprofitable. From July to October 2023, the level of profitability of the production of grain and oil crops in Ukraine decreased. Due to the drop in prices, sunflower turned from a profitable crop into an unprofitable one. The unprofitability of wheat production increased, despite the increase in yield, due to a decrease in purchase prices. Farm losses from corn production have more than doubled as a result of a drop in prices both on the domestic market of Ukraine and in the nearest ports, as well as an increase in logistics costs. The least profitable crop among the main types of grain and oil crops in October 2023 was barley. The lowest profitability of the production of grain and oil crops has small farms and front-line medium-sized farms. Compared to medium-sized farms, small farms have 5–10% higher production costs for all types of grain and oil crops, in particular for the purchase of seeds, plant protection products and fertilizers;

- simplification of agricultural production processes, reduction of fertilizers and plant protection products, which reduces the yield of agricultural crops and worsens the quality of land. The lack of financing and the need for significant savings caused a decrease in the amount of applied fertilizers by 50–60% [32]. According to the survey of the Ministry of Agrarian Policy in the summer of 2023, the issue of fertilizer use remains one of the most sensitive for farmers. Large and medium-sized manufacturers are ready to use them in full. In particular, fertilizers are expected to be applied at a level that is half the agronomic need (47%). The level of expected use of plant protection products for the winter crop in 2024 is predicted to be 56% of the need. Only 10% of respondents are ready to use fertilizers at the level of 100% of the need, protection means - 18% [33];

- strengthening of crisis phenomena in animal husbandry, in particular in the meat and dairy industry. As of January 2024, the number of cattle in all categories of farms in Ukraine was estimated at 2233.60 thousand heads, which is 3.3% less than the

figure for January 2023, including 1290 cows. 20 thousand heads (- 4.9%). About 29% of animals are kept on agricultural enterprises, and 71% - on households[34]. Over the past year, the number of cattle at enterprises decreased by 29.5 thousand heads (-3.2%), and the number of cows decreased by 20.7 thousand heads (-5.5%). In households, the number of cattle decreased by 44,000 heads (-3.3%), and the number of cows decreased by 41,900 heads (-4.6%) over the last year. The most vulnerable to the challenges of war are households, where the number of animals decreases every month. Agricultural enterprises turned out to be more resistant to the challenges of wartime. This is facilitated, among other things, by the possibility of relocating livestock farms to safer places, as evidenced by the increase in livestock in relatively safe regions of Ukraine. Since households are the main keepers of cattle, particularly cows, this has led to a general decline in milk production. In 2023, farms of all categories produced about 7,412,000 tons of raw milk, which is 5% less than in 2022. In particular, the reduction in milk production in households in 2023 was 11% compared to the previous year. Despite the fact that agricultural enterprises increased the volume of milk production in 2023, so far they are not able to completely cover this fall;

- shortage of labor resources in agricultural production. As a result of hostilities, part of the workers of agricultural enterprises and farmers were forced not only to stop economic activity in the agricultural sector, but also to leave their own homes. According to FAO, more than 150,000 farmers/food workers have been directly affected by the war and/or forced to migrate. Small-scale producers, who grew seasonal produce, played an important role in ensuring employment and income of the rural population, found themselves in a difficult situation. The forced displacement of the population, the conscription of men into the Armed Forces lead to a shortage of labor and an increase in the workload of women [35]. According to the survey of the "Swinemakers of Ukraine" association, 26% of farms that took part in the survey have an insufficient number of the main production staff of pig farms (technologists, veterinarians, operators, managers of production sites), the same number feel a shortage of auxiliary workers - fitters, electricians, etc. 48% of respondents note a lack

of personnel not so much in animal husbandry as in related agrarian areas of activity: drivers, tractor drivers, mechanics, agronomists, etc. [36];

- destruction of the infrastructure of production, processing and storage of agricultural products and food products. The enemy purposefully destroys granaries, food warehouses, logistics infrastructure, and also complicates the export supply of Ukrainian grain, which reduces the income of agricultural producers, and in conditions of difficulties in storing crops due to a lack of electricity in the autumn-winter period of 2022-2023, this led to the deterioration of agricultural products and even loss of its part. Currently, the total capacity of destroyed granaries reaches 8.2 million tons, and the capacity of damaged granaries is 3.25 million tons of simultaneous storage capacity [37];

- environmental challenges. Due to hostilities and mining of the territory in 2022, agricultural producers could not use up to 30% of the fields for sowing (which reached 5 million hectares); in 2023, 25% of the areas were unsuitable for use [38]. The destruction of the Kakhovskaya HPP also caused significant losses to land resources and the agricultural sector.

In general, the agricultural sector in the conditions of a full-scale war in 2023 has demonstrated an adequate capacity to produce agricultural raw materials and supply food products to domestic and foreign markets. At the same time, the production of agricultural products took place with significant financial losses due to the low price of grain and oil crops on the domestic market, difficult exports, limited opportunities for the restoration of the material and technical base, infrastructure facilities and the return to cultivation of lands affected by the war. Catastrophic consequences were caused by the Russian Federation's destruction of the Kakhovskaya HPP and the related impossibility of carrying out agricultural activities on the lands that were flooded. The forced change in the structure of planted areas in favor of increasing the production of more profitable oilseed crops made it possible to partially cover the costs of agricultural producers, and the overall increase in the volume of production of plant products occurred mainly due to favorable weather conditions. At the same time, most of the

livestock industries remain in a state of crisis (this is especially true of the meat and dairy industry) primarily due to a decrease in production in households.

The European integration of Ukraine requires increasing the competitiveness of the Ukrainian agrarian sector of the economy, namely adaptation to standards of product quality and safety, and business management, as well as improvement of production processes and management practices.

Research and development of strategies to ensure the anti-crisis development of the agricultural sector of Ukraine in the conditions of integration into the EU is of great importance both for the economic condition of the country as a whole, and for ensuring the sustainable development of rural areas and the harmonious implementation of European standards and practices.

In the context of modern challenges and dangers, anti-crisis management becomes a key element of strategic management of an enterprise, aimed at ensuring stability and stability of its financial and economic activity, agricultural enterprises are no exception. During the conduct of economic activity, certain difficulties may arise in the general cycle of financial and economic activity of the enterprise, which may lead to negative results, namely, from a decrease in profits to bankruptcy and liquidation of the economy. If such challenges are projected onto the economic sector, such processes can create problems of economic security in the sector or the national economy as a whole.

Let's reveal the main characteristics of the concept of "economic security". Economic security in the agricultural sector means the ability of the agricultural economy or the agricultural sector as a whole to function optimally in the conditions of ensuring economic stability, competitiveness and sustainable development. It provides for the creation of conditions for the effective use of resources, ensuring the profitability of agricultural enterprises, the development of sales markets, and promoting the preservation of natural resources and environmental sustainability.

An important component of ensuring economic development in crisis conditions is anti-crisis management, which is represented by a system of developed and

recommended measures, methods and procedures that will stabilize financial and economic activity in the context of increasing the level of economic security.

The goal of anti-crisis management is to analyze and eliminate the expected and actual causes of the crisis, factors, symptoms and consequences, i.e. all manifestations of imbalance that threaten the emergence and further development of the crisis. The main goal of such management is to achieve successful results, both planned and accidental, through effective organization, which is achieved through the proper management of human resources and communications in the management environment.

Today, war is the main factor affecting agriculture. The key point is the reduction of sown areas - the war forced farmers to sow less, which led to a decrease in the total volume of production. Large areas of agricultural land are contaminated by mines and ammunition, making them unsuitable for cultivation. Also, one of the main factors is damage to the infrastructure as a result of hostilities.

Due to the blockade of the Black Sea ports and the occupation of Crimea, Ukraine lost the opportunity to export a significant part of the grown products. Equally important is the fact that the war made it difficult to transport agricultural products, both in Ukraine and abroad.

The war also caused a sharp increase in the prices of diesel fuel, fertilizers and other resources necessary for farming.

The factors listed above have significantly reduced the incomes of Ukrainian farmers and agricultural companies, which may lead, in turn, to a food crisis.

In the framework of anti-crisis management, such functions as planning, organization, motivation, control and definition of goals are defined. The principles of anti-crisis management determine the rules of behavior of both business entities and state bodies and institutions that develop and perform various tasks to ensure economic development in conditions of integration, increase the potential of management and improve the interaction of the object of management with its environment. Successful management of the quality and competitiveness of agricultural products requires the

implementation of a system of total quality management (Total Quality Management) in the agricultural industry as a basic prerequisite.

Undoubtedly, the agricultural sector plays a key role in the life of any country, because it guarantees food security, contributes to the creation of jobs and the development of rural areas. However, for Ukraine, the role of the agricultural sector goes far beyond the simple provision of basic needs. In the most difficult times for the economy, it is the agricultural sector that becomes the driving force, generating a significant share of GDP and export earnings. It is important to emphasize that Ukraine plays a significant role in ensuring global food security, so the transition to new models of agricultural management must be smooth, carefully thought out and balanced in order not only to preserve, but also to increase the gains of the agricultural sector.

The transformation of the economic development of the agricultural sector involves a number of measures and strategies aimed at ensuring the sustainable functioning of agricultural enterprises and increasing their efficiency in conditions of economic difficulties, Fig. 1.

The process of integration into the European Union requires Ukraine to reform various areas in order to meet European standards. This challenge concerns the agricultural sector primarily in terms of compliance with the standards of the green economy, quality, safety and environmental friendliness of products, as it plays an important role in the country's economy, ensuring food security, jobs and the development of rural areas.

This will be especially noticeable when fulfilling the conditions of the "EU Common Agricultural Policy", which is a set of policies and actions of the EU member states in the field of agriculture and animal husbandry.

Implementation of the "Common Agrarian Policy of the EU" is a difficult but important step for Ukraine on the way to integration with the EU. This will require significant efforts on the part of the government and the agricultural sector, but could provide Ukraine with significant economic and social benefits. Beginning in 2023, this policy became mandatory.

During the integration process, the European Commission monitors Ukraine's progress in the harmonization of legislation and evaluates our achievements from 2016 to the first quarter of 2022 on a 5-point scale as follows: agriculture and the development of rural areas, as well as fishing, are evaluated at one, food safety at three, veterinary medicine and phytosanitary control.

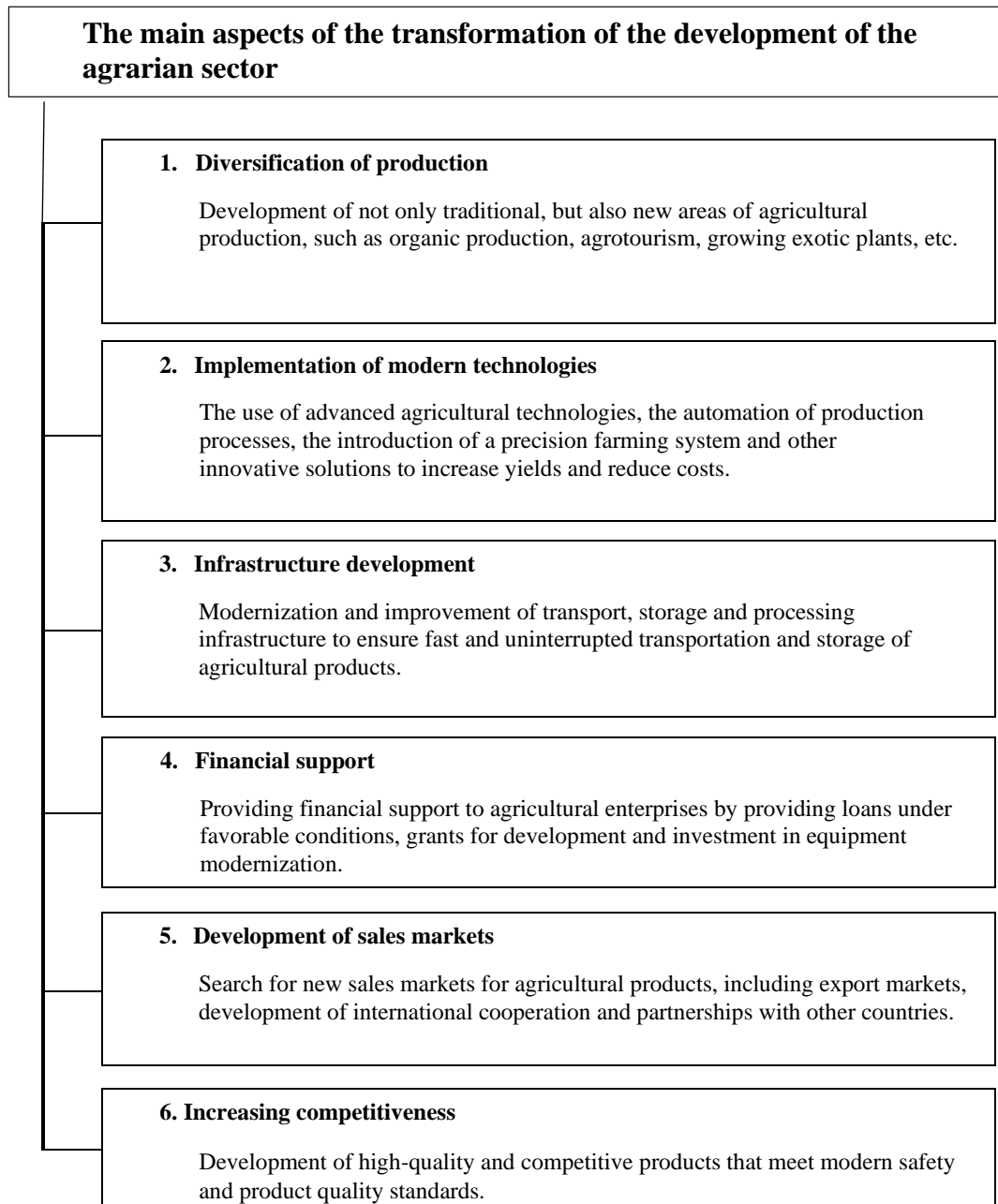


Fig. 1. The main aspects of the transformation of the development of the agrarian sector

It is important to understand that the agricultural sector of Ukraine is a powerful export engine that stabilizes our country's economy in difficult times and affects global food security. Therefore, the transition to European standards should be balanced, with compliance and stability of legislative norms.

Let's consider the main changes necessary for the agricultural sector of Ukraine to join the European Union:

1. Improvement of the regulatory framework:

– harmonization of Ukrainian legislation with European standards. The Ukrainian system of monitoring and ensuring the quality of food products is somewhat different from the European one: the From Farm to Fork system has been operating in the European Union for a long time (the Ukrainian counterpart would be "from the fork to the table") - a strategic initiative of the EU to improve the quality, sustainability and safety of food products [26]. Such a system will make it possible to better control the quality of products throughout the chain of its production, promote the introduction of more "green" production methods, improve consumer information, etc.;

– reation of favorable conditions for conducting business in the agricultural sector;

– increasing the competitiveness of Ukrainian agricultural products. In this aspect, it is necessary to observe the social and environmental standards operating in the EU and relating to labor protection issues, animal welfare standards, the use of pesticides and other agrochemicals, etc. For example, chlorpyrifos is still used in Ukraine: in the European Union, the use of this insecticide has been officially prohibited since January 1, 2020. The ban on the use of chlorpyrifos will lead to an increase in the cost of production, and such an opportunity will appear only after the end. However, it will be necessary to update it in accordance with European rules.

2. Support of agricultural producers:

- the provision of financial assistance for the modernization and development of farms is now complicated by the general challenge of survival and recovery after the end of the war. However, the gradual implementation of European norms and standards in production will contribute to the stable post-war recovery of the sector and, as a result, will increase its competitiveness;

- implementation of education and consulting programs for farmers;

- creation of cooperatives and other forms of association of farmers.

3. Development of rural infrastructure:

- construction and modernization of roads, bridges, elevators and other objects of social infrastructure;

- ensuring access to quality education, medicine and other social services for residents of rural areas.

4. Increase in the export of Ukrainian agricultural products:

- expansion of sales markets for Ukrainian products;

- creation of a brand of Ukrainian agricultural products on the world market;

- support for the participation of Ukrainian farmers in international exhibitions and forums.

The agricultural sector of Ukraine has a very significant production potential, which significantly exceeds the needs of the domestic market. This sector of the economy can become a driving force for the development of the country's national economy, its integration into the European Union and the global economic space. The increase in the incomes of the rural population, which is involved in the agrarian economy and makes up more than a third of the country's population, will lead to an increase in demand for goods and services, which in turn will stimulate the development of other sectors of the economy.

2014 was a significant year for Ukraine's foreign trade in the context of European integration ties. It was then that the Association Agreement between Ukraine and the European Union was signed, which opened up new opportunities for economic

cooperation. One of the key points of the Agreement was the introduction of the "autonomous preferential trade regime" from April 23, 2014. This regime provided for the abolition or reduction of customs duties on a wide range of goods exports, as well as the establishment of quotas for the export of agricultural products exported to EU countries. A simplified trade procedure was also foreseen, which stimulated the export activity of Ukrainian enterprises, including agricultural producers. Since the start of the full-scale invasion, the European Union has temporarily lifted import duties and quotas on Ukrainian agricultural products to support Ukraine's economy amid the war and Russia's blockade of seaports.

As a result of these changes, trade between Ukraine and the European Union has improved significantly and reached a record amount of 12.9 billion dollars in 2022 from the export of agricultural products to the EU, which is 3.22 times more than in 2016, 4 billion dollars, Fig. 2.

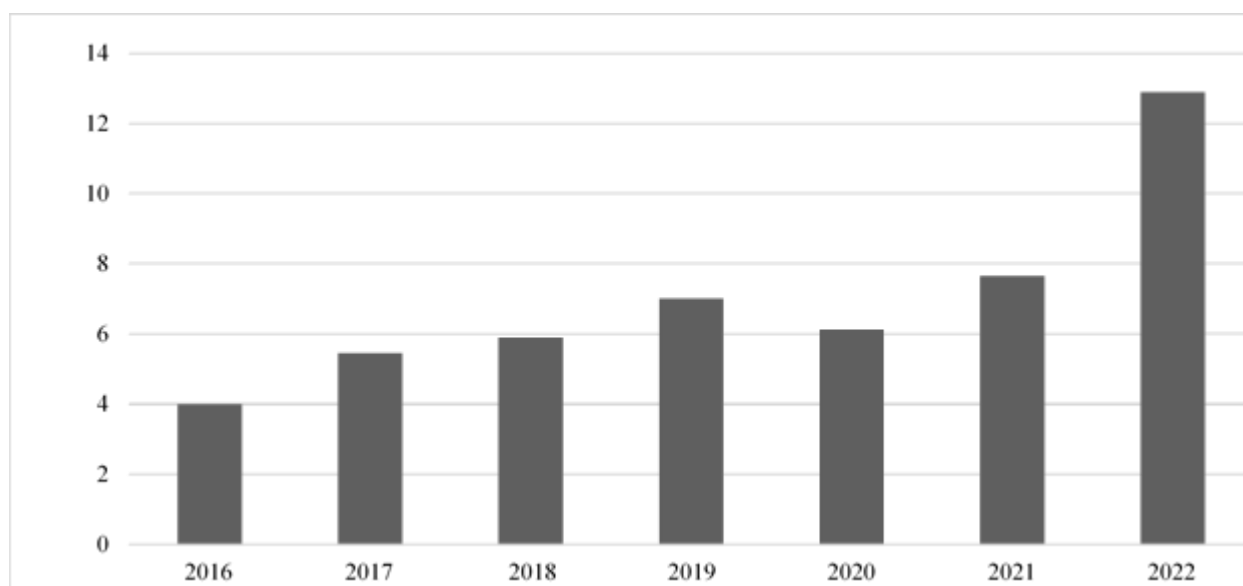


Fig. 2. Dynamics of export of agricultural products to the EU for the period 2016–2022, billion dollars. [43]

The agro-industrial complex occupies one of the first places in terms of the share of the GDP of Ukraine. According to the data of the National Bank of Ukraine, there is a decrease in the share of agro-industrial complex in the total GDP of the country.

According to these indicators, it can be concluded that the share of agriculture in the GDP of Ukraine during 2019–2022 showed unstable dynamics with seasonal fluctuations. The highest values of the share were observed in the third quarters of each year, because most agricultural crops in Ukraine are harvested at that time. This leads to an increase in the volume of agricultural products, which, in turn, leads to an increase in the share of agriculture in GDP. Also, a factor affecting this indicator is the increase in prices for agricultural products, which leads to an increase in the income of agricultural enterprises.

It is equally important to note that the influence of these factors may vary depending on specific conditions. For example, in 2021, the increase in the share of agriculture in GDP was influenced not only by seasonality, but also by the rise in world food prices.

The products of the agro-industrial complex have a significant impact on the foreign trade of Ukraine, occupying a stable leadership among other sectors and being characterized by high competitiveness. Ukraine has long been famous for its fertile lands and rich harvests. And today, agriculture remains one of the key branches of the Ukrainian economy.

The products of Ukrainian farmers, in particular wheat, corn, barley and rapeseed, are in high demand on world markets. It is exported to more than 170 countries of the world, which makes Ukraine one of the leaders in this field. Grain crops traditionally play the most important role in the structure of agricultural exports, Fig. 3. Their cultivation for sale brings significant income to the state and contributes to the development of rural areas.

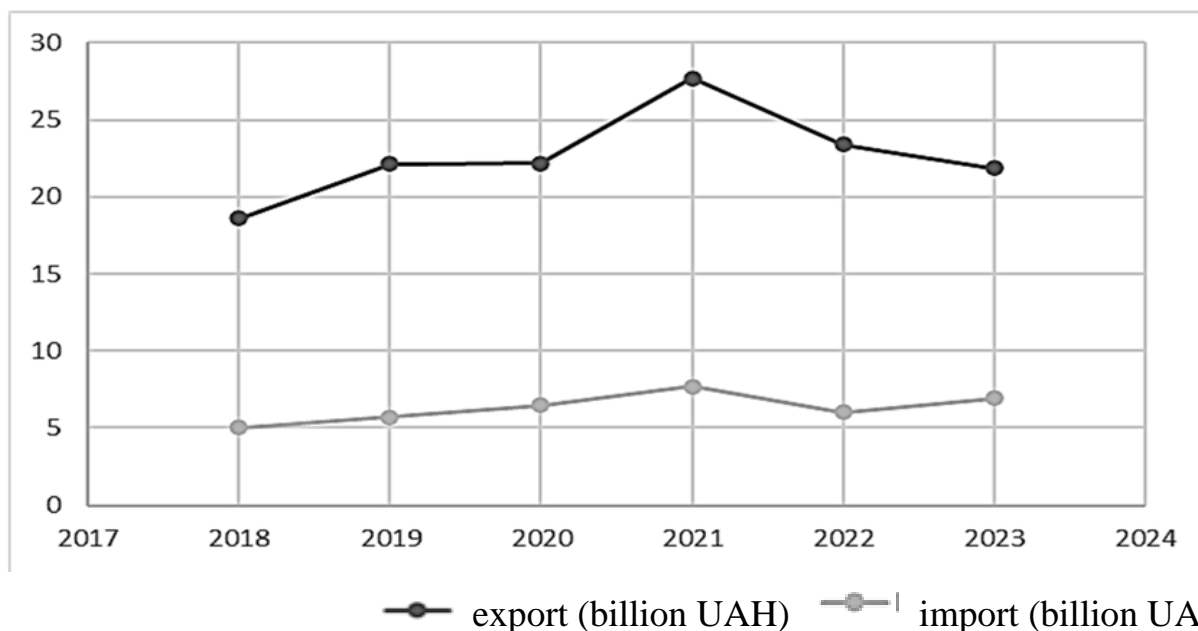


Fig. 3. Dynamics of export and import of agricultural products in the GDP of Ukraine in the period 2018–2023, billion UAH [21]

Exports of agricultural products from Ukraine increased significantly in 2021. According to the State Statistics Service of Ukraine, the export of agricultural products from Ukraine in 2021 amounted to 27.7 billion dollars. USA, which is 22% more than in 2020.

However, the export of agricultural products from Ukraine decreased in 2022 to 23.2 billion dollars. USA, which is 16% less than in 2021. This decrease was due to the war in Ukraine, which led to the blockade of Ukrainian ports and disruption of supply chains.

In 2022, due to the preferential regime with the EU, Ukraine was able to increase the volume of exports of agricultural products by 67.5%.

The largest export goods in 2023 were grain crops, oil crops and livestock products. The export of grain crops in 2023 amounted to 10.2 billion dollars. USA, export of oil crops – 7.8 billion dollars. the USA, and the export of livestock products – 5.2 billion dollars. USA.

The Ukrainian agricultural sector suffered significant losses due to the war. Ukraine's introduction of a licensing system for exports to five EU countries partially helped to solve the problem, but Poland, Slovakia and Hungary still do not lift the ban

on the import of agricultural products. The Council of the EU has extended the duty-free trade regime for Ukrainian agricultural products until June 2024. Importers expect a steady flow of agricultural products from Ukraine in 2024, but logistical difficulties and Russian attacks on infrastructure are holding back exports.

In the conditions of war, the agricultural sector of Ukraine receives assistance mostly only through a favorable tax policy, which is an indirect form of subsidizing the industry due to the lack of financing opportunities in the State Budget of Ukraine. Unlike other industries, agricultural production and its results are highly dependent on natural and climatic conditions. Therefore, one of the important areas of development of agricultural production is the reduction of risks associated with natural and climatic conditions and ensuring the further development of the agricultural sector by improving farm protection systems.

Ukraine provides government support to the agricultural sector through the implementation of various programs, including the funding of scientific research, both fundamental and applied, supporting agribusiness through lowering interest rates on loans and promoting the development of crop, livestock, poultry and fish farming. In 2022, a total of 30,396 agricultural producers received loans in the amount of UAH 57.174 billion. Of these, up to June 1, loans in the amount of UAH 38.551 million were issued for crop rotation. In general, 80% of loans in the amount of UAH 25.6 billion were issued under the portfolio guarantee program [45].

The European Union provided €50 million in direct grants to small farmers, while Canada and Japan invested more than \$60 million in temporary grain storage equipment. FAO held tenders and purchased 7 million bags to store 7 million tons of grain.

At the same time, the military actions taking place in Ukraine as a result of the large-scale aggression of the Russian Federation on February 24, 2022, led to the deterioration of food security in Ukraine, which is caused, in particular, by broken logistics chains, destroyed infrastructure, farms and productions, a decrease in the amount of food produced at working enterprises. As of June 2023, the amount of direct

damage caused to the agro-industrial complex of Ukraine is 8.7 billion dollars. USA (losses related to the destruction and damage of agricultural machinery amount to more than 4.7 billion US dollars; losses due to the destruction and theft of manufactured products are estimated at 1.9 billion US dollars). Indirect losses of the agro-industrial complex are estimated at 40.3 billion dollars. USA [46].

According to FAO estimates, the war in Ukraine has resulted in losses estimated at approximately US\$2.25 billion for agricultural holdings. Of these, approximately USD 1.26 billion in losses are attributed to crop production, and USD 0.98 billion to livestock. In connection with the war, 25% of agricultural farms in Ukraine stopped or reduced production, and in the regions close to the front line, this figure reaches 38% [47].

Therefore, joining the EU is a challenge and an opportunity for the Ukrainian agricultural sector. Thanks to comprehensive reforms and support from the state, Ukrainian farmers will be able to become competitive on the European and world markets. It is important to remember that the transition to European standards is a long-term process that will require significant efforts on the part of the state, farmers and society. Successful implementation of reforms in the agricultural sector will be a key factor for Ukraine's successful accession to the European Union. The opening of the European market for Ukrainian agricultural products will give a powerful impetus to the development of the agricultural sector and the economy of Ukraine as a whole.

The development strategy of the agrarian sector of the Ukrainian economy is closely related to the transfer of its industries and enterprises to a high-tech industrial basis - the transition to the active use of intellectual components with effective production management. Therefore, a decisive condition for the sustainable functioning of the industry is to provide its enterprises with a full-fledged high-tech potential and transfer their activities to an exclusively intensive, innovative and investment development path. Therefore, the issue of solving the problem of the formation of investment and innovation systems of the agricultural sector of the economy, the transition to the innovative direction of development and the significant

improvement of the quality characteristics of the resource potential, the need for which is constantly growing, are gaining special relevance.

The key directions of ensuring the functioning of the agricultural sector in the conditions of a full-scale war should be aimed at preserving the efficiency of the chain "production - processing - storage - supply of food products to the population." Increasing the production of agricultural products, finding and creating new (including temporary) facilities for storage and primary processing of products, and attracting all the possibilities of the state and private sector to supply food products to their points of sale are extremely important. In the conditions of post-war recovery, it is necessary to ensure the diversification of the development of agricultural production on the basis of increasing the capitalization and investment attractiveness of agricultural enterprises, the formation of market institutions, which will provide for the improvement of the efficiency of the resources used in agriculture, the strengthening of the food security of the state, the development of versatility, the increase in the export of goods with a higher added value, ensuring comfortable living conditions in the village. There is a need to form a new post-war model of the development of the agricultural sector with a balance of its economic and ecological components, which will meet the goals of sustainable development.

The primary task of the state agrarian policy in 2024 is the restoration of agricultural production in the de-occupied territories, which is dictated by the need to ensure the food needs of the population as soon as possible, opportunities for self-employment, therefore, the creation of conditions for the return of people to communities where basic security has been restored. Accordingly, the first tasks are the demining of agricultural lands, infrastructure facilities of the agrarian sector and the territories of private farms, determining the damage caused and starting the reclamation of lands affected by hostilities. Measures regarding the humanitarian demining of agricultural lands should be supplemented by systematic steps to rehabilitate such lands from military pollution, in particular, the phasing of appropriate and acceptable changes in their intended use in agricultural production.

It is necessary to promote equal development of all organizational and legal forms of management. State policy on stimulating inclusive and multi-system development in the agricultural sector of Ukraine should be based primarily on solving the issue of further functioning of small-scale farming in the countryside. This requires institutional and financial support for medium and small producers of agricultural products. Farming and personal peasant holdings can be considered as points of economic growth, which ensure the livelihood of a significant part of rural areas and integrate around them small holdings of the population.

It is necessary to expand the range of export of agricultural products. First of all, this concerns the increase in the share of ready-made food products and semi-finished products in the structure of domestic exports. For this purpose, it is expedient to increase the volumes of processing of agricultural raw materials in Ukraine, attracting investments in the creation of processing enterprises. In addition, it is necessary to support business entities that try to produce and export agricultural products that Ukraine did not export before, but for which there is a demand in the world (this applies to both non-traditional for Ukraine types of crop production and ready-to-consume "niche" products and organic products). It is necessary to support the exit of small and medium-sized producers of agricultural products to export markets, to attract them to participate in international projects, to create joint enterprises. Increasing the share of agricultural products that are processed on the territory of Ukraine and exported as ready-made food products will make it possible to reduce the potential for conflict with partner countries, which primarily regulate the import of agricultural raw materials. The repositioning of Ukraine in the global food system means its transition from the position of an exporter of raw materials to a supplier of high-quality and safe products with a greater content of added value.

Diversification of the spheres and types of official employment of the population, the spread of non-agricultural activities in rural areas are needed to reduce poverty and increase the income of the rural population. This requires the creation of conditions for the spread in Ukraine of the latest world trends in the development of

the rural economy: support for small-scale production of agricultural products with high added value; formation of short consumer chains; promotion of small-scale industrial production and production of energy from renewable sources in rural areas; expansion of the production of construction materials, the sphere of production and consumer services, inclusive forms of tourism and recreation, etc. This requires accelerating the pace of restoration of road and transport infrastructure in the countryside, forming modern telecommunication networks and digital infrastructure.

It is worth noting that the restoration of war-affected territories should take into account climate risks in order to reduce the vulnerability and increase the resilience of all key socio-economic sectors and natural components to climate change. It should be a green recovery with mandatory consideration of forecast trends of climate change, assessments of risks and vulnerability of socio-economic sectors and natural components to climate change and inclusion of adaptation to climate change in the tasks of regional development strategies, development strategies of territorial communities and action plans for their implementation, as well as to programs of economic and social development of regions, districts, cities [39].

At the same time, the production and processing of agricultural products should develop according to the principle of a circular economy. Agricultural enterprises and farms have every opportunity to become full-cycle enterprises with waste-free and regenerative production, which involves the full processing of product residues, the use of environmentally friendly innovative technologies, the effective use of soils depending on their quality characteristics and for their intended purpose with the implementation of precision agriculture technologies. In particular, waste from crop and livestock farming can be used locally in local small-scale bioenergy projects or as fertilizers. An important part is the development of a network of enterprises for the processing and disposal of livestock by-products (for example, veterinary plants), which should safely dispose of such waste and reduce the risks of environmental pollution.

The restoration of the agrarian sector on modern foundations will be a driving force for the significant activation of the development of adjacent sectors of the economy, which include processing of agricultural products and the food industry, production of fertilizers, agricultural machinery, bioenergy, segments of the IT industry involved in the digitalization of agricultural production and logistics. It is important to inform potential investors about the investment opportunities and attractiveness of these industries, as well as monitoring and determining the needs of agricultural enterprises, including the goods and services of related industries. The formation of agro-food clusters, the attraction of investments in the horizontal diversification of agribusiness, and the creation of conditions for the localization of related industries on the territory of Ukraine will serve to optimize intersectoral interaction.

The European perspective of Ukraine's further development is one of the country's political priorities today. In this context, further development of agrarian policy should be oriented towards European standards and requirements.

The path of Ukraine's accession to the European Union (EU) is a complex and multi-stage process that includes a number of reforms in various areas to meet European standards and norms. This will especially apply to the agricultural sector.

In general, the agricultural sector is important for every country, as it ensures internal food security, jobs and the development of rural areas. However, in the case of Ukraine, this sector of our economy is a GDP and export-generating "locomotive" in the most difficult economic times, and also affects world food security, and therefore the transition should be smooth and thoughtful [48].

Speaking directly about EU standards, the transition of the Ukrainian agricultural sector will require complex changes. The main directions in which adaptation will take place:

Legislation and regulatory framework. Ukrainian laws and regulations governing the work of the sector must meet European standards for quality, food safety, animal husbandry, environmental protection, etc. We have been on this path for a long

time, starting with the process of adapting legislation in accordance with the Association Agreement between Ukraine and the EU. In some ways we have already made progress, in some ways we are lagging behind, but we will have to catch up quickly and, it seems, "in batches".

Quality and safety of food products. Here we can also add the issue of sustainability of production. The Ukrainian system of monitoring and ensuring the quality of food products is somewhat different from the European one: the From Farm to Fork system (the Ukrainian equivalent would be "from the farm to the table") has been operating in the EU for a long time - a strategic initiative of the EU to improve the quality, sustainability and safety of food products. This system makes it possible to better control the quality of products throughout the chain of its production, promotes the introduction of more "green" production methods, improves consumer information, etc. Accordingly, our internal system, which in some points is even stricter than the European one, should still be updated in accordance with the existing systems in the EU.

Social and environmental standards. The last in this list, but not the last in importance, are the social and environmental standards operating in the EU and relating to issues of labor protection, animal welfare standards, the use of pesticides and other agrochemicals, etc. A clear example can be the use of chlorpyrifos: in the EU, the use of this insecticide has been officially prohibited since January 1, 2020, while its use is still allowed in Ukraine. The ban on the use of chlorpyrifos in Ukraine will lead to an increase in the price of production, and it is hypothetically possible after the end of the war and certain transitional periods. However, it will be necessary to update it in accordance with European rules.

The realism of transitional processes depends on many factors — both compliance with the transition plans defined and agreed upon during the negotiations with the EU, and the efforts made by the Ukrainian government, agricultural enterprises and society as a whole. In addition to time, such a transition will require considerable effort and investment. Of course, for now the question of investment is

losing ground to the general challenge of surviving and rebuilding after the end of the war. At the same time, the gradual introduction of European norms and standards in production, on the contrary, will contribute to the stable post-war recovery of the sector and, as a result, will lead to an increase in its competitiveness. It is quite difficult to talk about time limits today, since they will depend on the terms of the end of the war, and on the available financial resources for the sector, and on the speed of adaptation of legislation and the introduction of necessary changes.

However, it can be said unequivocally that in order to survive European integration, Ukrainian farmers must first of all survive the war. Joining the EU should be an additional push for the Ukrainian agricultural industry not just for reconstruction, but for significant modernization and improvement of all spheres of production. Along with tougher competition from the agricultural sector of the European Union, European integration will also bring the opportunity for Ukrainian farmers to expand sales markets, access to new research, technologies and investments.

Of course, you always approach the new with caution. However, first of all, the EU has been with us since 2014, and we have been moving to European standards, albeit gradually, and secondly, the more you learn about the "new", the less scary it becomes. Therefore, Ukrainian farmers need to start familiarizing themselves with business practices in European countries, their requirements for product quality, labeling, packaging, and process management in general.

Preparation for European integration requires time, effort and a responsible approach. Successful integration can bring many benefits to the Ukrainian agricultural sector — not just restore it, but really modernize it and create new opportunities for development.

DOI: 10.46299/979-8-89692-747-1.3

3. Environmental and economic aspects of the development of the agricultural sector of the economy in the context of enhancement of social responsibility of business

Ukraine has a developed food complex, which is able not only to fully provide the country's population with food products, but also to form an active position of the country on the international markets of a number of key agro-food products. Thanks to traditionally strong food exports, Ukraine is one of the guarantors of food security in the world. Before the full-scale war, in terms of export volumes, Ukraine was one of the five largest grain exporters in the world, exported $\frac{3}{4}$ of what it produced, domestic grain consumption was only 20-25%. Ukraine supplied 10% of world wheat exports, more than 14% of corn and more than 47% of sunflower oil [69]. Currently, thanks to the help of partners, Ukraine remains a key supplier on the world markets of grain and sunflower oil, with a share of more than 10% of international trade. In 2023, 16.1 million tons of wheat were exported to 65 countries, 26.2 million tons of corn to 80 countries, and 5.7 million tons of sunflower oil to 130 countries of the world [70].

At the same time, the military actions taking place in Ukraine as a result of the large-scale aggression of the Russian Federation on February 24, 2022, led to the deterioration of food security in Ukraine, which is caused, in particular, by broken logistics chains, destroyed infrastructure, farms and productions, a decrease in the amount of food produced at working enterprises. As of June 2023, the amount of direct damage caused to the agro-industrial complex of Ukraine is 8.7 billion dollars. USA (losses related to the destruction and damage of agricultural machinery amount to more than 4.7 billion US dollars; losses due to the destruction and theft of manufactured products are estimated at 1.9 billion US dollars). Indirect losses of the agro-industrial complex are estimated at 40.3 billion dollars. USA [71].

According to FAO estimates, rural households in Ukraine suffered about 2.25 billion dollars as a result of the war. US losses. Of them, about 1.26 billion dollars. In the USA, losses were incurred in the field of crop production and 0.98 billion dollars.

USA - animal husbandry. In Ukraine, 25% of agricultural households stopped or reduced the volume of production due to the war, in the frontline regions – 38 % [72].

The restoration of the agrarian sector on modern foundations will be the driving force for the significant activation of the development of adjacent sectors of the economy, which include the processing of agricultural products and the food industry, the production of fertilizers, agricultural machinery, bioenergy, segments of the IT industry involved in the digitalization of agricultural production and logistics. It is important to inform potential investors about the investment opportunities and attractiveness of these industries, as well as monitoring and determining the needs of agricultural enterprises, including the goods and services of related industries. The formation of agro-food clusters, the attraction of investments in the horizontal diversification of agribusiness, and the creation of conditions for the localization of related industries on the territory of Ukraine will serve to optimize intersectoral interaction [73].

In conditions of rapid changes in the external environment, a modern agricultural enterprise can become efficient and competitive thanks to its ability to adapt to new realities. An important factor of market success is the consistency of the internal environment of the enterprise with external requirements. This encourages agrarian enterprises to constant transformations.

The growing pace of changes in agricultural markets emphasizes the need for appropriate adjustment of the internal processes of enterprises. Changes in their environment must meet current and future challenges from the outside world. Therefore, it is important for every agricultural enterprise to carry out its activities on the basis of social responsibility, which involves active interaction with society [74, 75, 76].

Social responsibility is a complex multifaceted phenomenon that encompasses commitments that companies voluntarily undertake to address socially significant issues both within the business community and beyond, including industrial, municipal, regional, national, and global levels. In general, social responsibility implies

that the enterprise must take into account the interests of society and bear responsibility for the impact of its decisions and activities on the environment, consumers, employees, partners, suppliers, managers and other stakeholders.

The formation of ecologically oriented enterprises began in the 1960s and 1970s of the last century, which was due to the following factors [77]:

- processes of ecologization of the economy;
- achievements of scientific and technical progress;
- the results of the activities of the "Club of Rome" organization;
- society's awareness of the importance of environmental problems;
- the movement of "green" parties;
- the policy of states regarding environmental protection.

Initially, it was believed that it would be enough to organize environmental services at enterprises, which would be responsible for environmental protection activities, and the situation would be resolved. However, it soon became clear that this is not enough, because the importance of environmental issues permeates almost all spheres of the enterprise's functioning. Gradually came the realization that ecology is a holistic and multi-level problem that requires complex solutions and a systemic approach.

The activities of the first companies in the field of ecological entrepreneurship were focused on the disposal of industrial waste. First, they appeared in the USA, then in Japan and Canada, and later in European countries, where a powerful industry of waste collection and processing with a billion-dollar turnover emerged in two decades.

Ecologically oriented enterprises conduct their activities, focusing on innovations in the field of ecology, striving for the maximum possible profit while simultaneously meeting the ecological needs of society. Environmental innovations include new or improved products, processes, technologies, as well as systemic changes and practical experiences that are aimed at reducing the negative impact on the environment.

The main purpose of ecologically oriented enterprises is that they form a framework that allows smoothing the contradictions between ecology and economy, as well as combining environmental protection measures with production and management processes.

Analyzing the relationship between environmentally oriented activities of the enterprise and its competitiveness, Michael Porter noted that "environmental pollution is a form of economic waste, when production waste, harmful substances and certain forms of energy enter the environment in the form of pollution or wasteful use of resources" [77]. In addition, as a result of such emissions, enterprises bear additional costs for eliminating their consequences. These costs affect the price of products without adding anything to their consumer value." Thus, he proves that environmental protection and the competitiveness of the enterprise are inseparable categories.

In the context of Ukraine's integration into the global economic space, the agricultural sector is one of the priority and strategically important branches of the national economy. The strategic importance of the agrarian sector of the Ukrainian economy is due to its place in the system of production relations, powerful export potential, dominant contribution to the formation of national and global food security [78, 79, 80].

In difficult economic conditions, despite all difficulties and military aggression, the agricultural sector has become almost the only branch of the Ukrainian economy that has favorable conditions for development and can become a locomotive for the recovery of the entire national economy, provided that the appropriate state agrarian policy and financial support are provided. For the future reconstruction of the national economy, the Government has developed the Recovery Plan of Ukraine for the period 2022-2032, according to which the main mission (vision) of recovery of Ukraine is "Strong European country - a magnet for foreign investments." This document is aimed at accelerating sustainable economic growth, which defines a list of national programs for achieving key results. As part of the program "Development of sectors of the economy with added value", projects related to the rural economy are presented, the

implementation of which will require investments in the amount of 36.6 billion dollars.

USA, viz:

– development of processing (starch, syrups, gluten, lecithin, protein, premixes, meat, milk) – 10.2 billion dollars. USA;

- construction of an irrigation system for 1 million hectares - 4 billion dollars.

USA;

- development of agricultural products with high added value (vegetables, fruits, berries, seeds) - 7.7 billion dollars. USA;

– reclamation of damaged lands - 1.6 billion dollars. USA;

- increase in the production of meat, milk, eggs - 5.5 billion dollars. USA;

- promoting the transition of the agro-food sector to "green" growth - 1.1 billion dollars. USA;

- operational recovery after the war of 10.5 thousand agricultural enterprises - 6.5 billion dollars. USA [81, c. 21].

As part of the studies carried out by the Center for Economic and Social Research of the National Academy of Sciences of Ukraine on the determination of priorities for ensuring the liquidity of the industry and the agricultural sector of the economy of Ukraine in the conditions of a full-scale war [82], it was established that the following are important directions for ensuring stability in these sectors of the economy: the development of industrial policy to ensure the ability of industry to effectively meet the needs of the front and the civilian population in wartime, as well as the involvement of drivers of structural change and innovative growth in postwar reconstruction; improvement of agrarian policy regarding ensuring the efficiency of agricultural activity, strengthening food security, increasing the export of agro-industrial products.

In the context of our research, we identify the priority directions for strengthening the agrarian sector of the economy [82]:

1. Stimulating the use of climate-neutral, low-carbon, circular production models in industry, strengthening the potential of the processing industry for the production of

energy from alternative sources, increasing the contribution to the state's energy security and reducing critical dependence on imported energy sources, which will accelerate the involvement of Ukraine in the European agenda of industrial modernization in the context of the implementation of the "green course", the integration of Ukrainian manufacturers into European value-added chains, will provide additional volumes of sustainable energy resources for the economy. For this it is necessary:

✓ to improve the legislative framework of the "green transition" of the economy by bringing the goals and indicators in line with military realities, in particular, in the way of making changes to the Updated Nationally Determined Contribution of Ukraine to the Paris Agreement, the National Energy Efficiency Action Plan for the period until 2030 (implementation of the planned indicators seems unrealistic due to military actions), Concepts for the implementation of state policy in the field of climate change for the period up to 2030 (inconsistent with the legislation in the field of waste management), Low-carbon development strategy of Ukraine until 2050 (does not contain the principles of circular economy, except for the processing of waste from the oil refining industry);

✓ develop "green transition" strategies for industries that exert the greatest pressure on the environment or are the most promising in terms of the use of secondary resources (steel, chemical, production of construction materials, certain sub-sectors of machine-building, food, light industry, etc.), which, in particular, will provide for the introduction new standards of production and eco-design, extending the life cycle of goods (repair, upgrading), processing of industrial waste and industrial symbiosis. Explore the possibilities of attracting EU funds and tools for sustainable development financing (European Investment Bank, EBRD, etc.) to finance these strategies;

✓ to initiate a dialogue with the EU regarding the application of an individual approach to Ukrainian producers within the framework of the future application of the Carbon Border Adjustment Mechanism through the postponement or application of a

transition period sufficient for the post-war recovery and ecological modernization of the production capacities of Ukrainian exporters;

✓ to stimulate the production and consumption of alternative types of fuel, which requires the provision of a state order for solid fuel boilers of domestic and foreign production with their further installation in social facilities (kindergartens, schools, hospitals);

✓ introduction of preferential lending to domestic biofuel production companies certified according to European standards;

✓ in the project of the National Recovery Plan of Ukraine, determine the list of reforms, legislative and regulatory initiatives necessary to ensure the energy security of industrial consumers in the conditions of war and post-war recovery of the economy;

✓ bring Ukrainian legislation on promoting the development of alternative energy in line with European legislation by implementing the provisions of Directive 2009/28 of the European Parliament and the Council of the EU dated 23.04.2009 "On encouraging the use of energy produced from renewable sources", including – finalization and submission to the Verkhovna Rada of Ukraine of the Law of Ukraine "On Amendments to the Tax Code of Ukraine and other legislative acts of Ukraine regarding the single contribution and accounting of denatured ethyl alcohol and chemical and technical products" (No. 7233 dated 30.03.2022). In particular, he proposes a reduction of VAT to 7% and the abolition of the excise tax on alternative fuels until martial law is lifted.

At the same time, it is necessary to postpone until the abolition of martial law the norm provided for in the draft law regarding the mandatory share (not less than 10%) of the content of liquid biofuel in volumes of automobile gasoline.

In the conditions of post-war recovery, it is important to ensure the diversification of the development of agricultural production on the basis of increasing the capitalization and investment attractiveness of agricultural enterprises, the formation of market institutions, which will provide for the improvement of the efficiency of the resources used in agriculture, strengthening the country's food

security, developing multi-productivity, increasing the export of goods with greater added value, ensuring comfortable living conditions in the countryside. This requires the implementation of certain tasks and measures. In particular, in the context of our research, we consider it necessary to pay attention to Strengthening the decentralization of the agrarian economy. For this it is necessary:

- ✓ to support and develop farms and personal peasant farms as points of economic growth, which ensure the livelihood of a significant part of rural areas and integrate around them small farms of the population, promote their interaction with service cooperatives to strengthen the connection with product sales markets and the processing industry;

- ✓ to increase opportunities for employment / self-employment in the agricultural sector by involving the population in opening their own business in the field of household, social, educational and other services for residents of rural areas;

- ✓ support advisory services with a priority focus on creating conditions for self-sufficiency of the population with agricultural products, development of organic production, as well as export activities of producers of agricultural products;

- ✓ promote the expansion of the use of forest by-products (honey, wild fruits, nuts, mushrooms, berries) and medicinal plants in production processes, as well as their local processing;

- ✓ promote self-sufficiency of communities with organic fertilizers, agricultural machinery used on cooperative principles, natural means of combating diseases and pests of plants and animals.

2. Ensuring sustainability of agricultural production, development of organic (biological, ecological) production, formation of principles of agricultural production taking into account agro-climatic changes. This direction requires the implementation of such initiatives:

- ✓ promote the introduction of innovative, environmentally friendly technologies in agriculture, ensuring rational agricultural land use, reducing the man-made load of agricultural production on the environment;

- ✓ promote the introduction of waste-free and environmentally safe agricultural production processes into agricultural production, as well as the minimization of product losses during harvesting;

- ✓ to provide organizational and methodological support for enterprises that independently refuse to use pesticides or carry out their regulated use only for seed processing;

- ✓ to provide support to agricultural producers for conducting agricultural and non-agricultural business, taking into account the impact of climate change on this process (in particular, by providing them with "green" and "climate" loans, development of agricultural insurance, etc.);

- ✓ provide scientific support for the development and implementation of measures to prevent and adapt agriculture to climate change; conduct scientific research in certain sub-branches of the agricultural sector;

- ✓ implement community training tools on the peculiarities of ecological practices in agriculture [82].

As M. V. Zos-Kior notes in his research, the achievement of higher ecological and economic potential is one of the main resulting characteristics of the development of agricultural enterprises. One of the main tasks of managing an agricultural enterprise is establishing and maintaining a balance between the components of ecological and economic potential. It is impossible to achieve full use of the ecological and economic potential of an agrarian enterprise with an imperfect management system [83].

The formation of an economic potential management system, which guarantees the integration of economic processes at an agricultural enterprise, reflects the system's ability to organize the processes of its potential formation in accordance with the inherent internal laws of economic activity.

The basis for realizing the ecological and economic potential of agricultural enterprises is the identification of the most effective ecological motivations in agricultural development in the form of strategic tasks, the specification of tactical decisions regarding practical implementation, the combination of ecological

prerequisites, requirements, decisions and consequences in the system of agricultural management.

The future prospects of Ukraine's agricultural development based on greening will depend on balancing the interests of stakeholders: society, state institutions, and agribusiness entities. A combination of environmental motivations is important: objective (environmental requirements, regulations, standards, technical regulations, etc.), subjective (voluntary entrepreneurial initiatives of an ecological direction in innovative forms of agricultural management and other types of activities (green tourism, cultural-historical and ethnic elevation of rural areas) into a single system of ecological dominants in the development of the agrarian sector of the national economy (Fig. 1) [83].

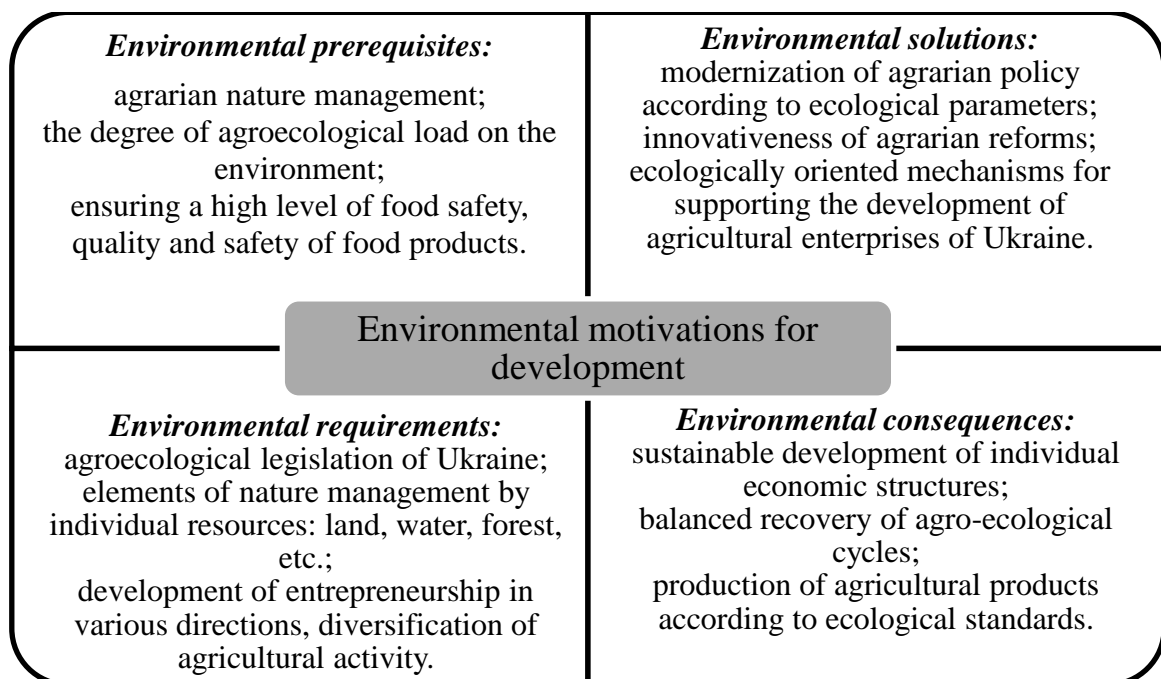


Fig. 1. Ecological motivations for the development of agrarian entrepreneurship

The environmental orientation of the business certainly affects the environmental strategies and programs, and accordingly affects the production structure and the behavior of the personnel. Ecological strategies show long-term ways of possible improvement of the ecological state of production processes and products, without hindering the economic success of an agricultural enterprise.

The environmental program contains a description of specific environmental goals, measures, terms and responsibilities. Its implementation requires the support of the institutional structure and environmentally conscious behavior of the staff.

The transition to low-waste or zero-waste technologies in agricultural enterprises as part of the implementation of ecological and economic potential can contribute to solving problems related to disposal. An example can be the concept of "zero waste". The theoretical constructions of this concept are based on the concept of two cycles: biological cycle – for organic materials and substances that, after the end of their useful life, can be safely returned to the natural environment, where they will be involved in biological cycles as a result of the vital activity of individual microorganisms; technological cycle - for materials that can and should be reused in the economic system. Therefore, considering absolutely all waste as a source of resources, this concept serves to justify the obligation to divide waste: first into organic and inorganic, and then by types of waste and the degree of recycling.

The introduction of social responsibility as a separate and specific direction for improving the social development of agricultural enterprises is a necessity determined by modern realities. In the context of a socially oriented economy, constant price increases and significant inflation, social responsibility is usually manifested through charity, philanthropy and sponsorship. This is due to the lack of finance and the unwillingness of enterprises to integrate social responsibility more deeply into their activities, which may lead to the absence of positive changes in this area.

In the world, there are two main models of building social responsibility between the relevant business entities: American and European. In the American model of social responsibility, the philanthropic approach prevails, which is based on the distribution of a part of the company's profit for the purpose of investing in its socially useful initiatives, this activity has a charitable nature and is not related to the main activity, depending on the policy of the corporation and its economic situation, it may be shortened. Today, the American model of social responsibility is the most widely used, which can be explained as follows:

1. it is easy to implement, and the results of its implementation are mostly public, the social activity of the company characterizes it for investors as socially sustainable and more attractive for external investments;

2. this model has the most positive recommendations from citizens and companies, because it allows them to perceive the company as one that solves the problems of the city and the region [84].

In European countries, social responsibility is mostly regulated by the state based on standards, norms and laws, which is a feature of the European model of social responsibility. The activities of enterprises related to social responsibility, according to the European model, are directly related to the solution of their business tasks and are a component of the strategy for achieving the highest level of investment attractiveness. The law, which obliged pension funds to provide information on the investment of income in socially responsible activities of enterprises, became a driving force for the development of social responsibility [85].

In today's transformational conditions, social responsibility of domestic enterprises becomes an objective necessity. It requires further improvement in the following directions: inclusion of legislative norms that stimulate social responsibility in the system of state regulation; expansion of the information space and provision of public reporting to assess the state of social responsibility of agrarian enterprises; increasing the effectiveness of personnel training for the implementation of social responsibility programs.

The war showed that socio-economic systems in the conditions of globalization and military conflicts, as in the case of Ukraine, are under significant pressure, which negatively affects the environment. This underscores the critical importance of investment in environmental protection.

Investments in ecology should be perceived not only as expenses, but as a strategic investment in the future. They consist in the allocation of financial resources to projects, companies and regions that contribute to the achievement of both positive environmental and financial results. By investing in environmental initiatives, we can:

reduce the negative impact of human activity on the environment; reduce the eco-destructive effects of production, consumption and disposal processes; preserve and rationally use natural resources; improve the natural resource potential of the territories and ensure the country's environmental safety. As a result, it will contribute to: improving the health of the population; economic growth; improving the quality of life; creating new jobs and strengthening the international image of Ukraine.

Preservation of the environment and rational use of natural resources are becoming the main tasks of great economic importance. The development of a new type of ecological and economic growth should be based on the principles of sustainable development, which provide for a harmonious combination of economic and social goals with the protection of nature.

Taking into account the current trends of economic development, resource conservation is a method of management in which the rational use of all resources of the enterprise is necessarily accompanied by the introduction of resource-saving technologies and the adoption of effective management decisions regarding them [86]. Resource conservation should be considered as a process that is constantly repeated and takes place within the framework of extended reproduction, where resources are actively moving during production. First, the essence of resource conservation is the saving of socially necessary labor, which is manifested in the reduction of production costs, the increase in profitability and the reduction of the negative impact on the environment. Second, this process is implemented through concrete forms such as material conservation, land conservation, labor conservation and energy conservation. Thirdly, resource conservation should be considered as a continuous process, which is achieved through the introduction of innovations and more efficient use of traditional production factors [87, c. 22]. During the management of resource conservation, a justified choice of the main areas of resource conservation is made at the enterprise in general and for each structural unit in particular; formation of complex target programs, definition and specification of tasks according to the goals of these programs, definition of criteria and confirmation by executors; establishment of calendar terms for work on

projects; calculation of the need for resources and their distribution by performers [73]. Resource conservation management at agricultural sector enterprises is a key element of modern agricultural management, as it directly affects the sustainability, profitability and long-term viability of the industry. Despite the potential benefits of resource conservation, agricultural enterprises face numerous challenges and problems that limit their ability to use resources sustainably [88].

Green technologies and ecological approaches should be implemented in all spheres of social life: from science and industry to agriculture, social sphere, law and management.

S. M. Lutkovska and O. V. Lebid identified several key ecological and economic conditions that can contribute to the activation of investments in the agricultural sector of the regions [89]:

1. Creating a favorable ecological climate. Ensuring effective environmental legislation, control over the implementation of environmental standards, as well as implementation of measures to reduce emissions and pollution of all links of the agro-food chain.

2. Development of green technologies. Investing in research and implementation of environmentally friendly production technologies that allow reducing the negative impact on the environment and increasing productivity.

3. Support of agroecological practices. Encouraging farmers and agro-industrial enterprises to use stress-resistant agro-ecological practices such as agroforestry, waste processing, organic production and other methods aimed at preserving soil fertility and biodiversity.

4. Creation of infrastructure for processing and storage. The development of infrastructure for processing agricultural products, storage and transportation will reduce losses during storage and transportation of products, as well as stimulate the development of agro-industrial enterprises.

5. Financial support for investments. Provision of financial incentives for investors in the form of tax incentives, subsidies, low-interest loans or grants for the development of environmentally friendly technologies and practices in agriculture.

The goal of ecological and economic development is to ensure uniform and sustainable economic growth, as well as to preserve and restore natural ecosystems. These directions of development will serve as an impetus for raising basic living standards, improving the quality of nutrition, reducing social inequalities and ensuring more effective protection of natural systems.

Companies that are active in attracting financing and promoting their products on international financial and commodity markets are faced with the growing expectations of investors, counterparties, creditors and regulators regarding issues of sustainable development. Today, companies are expected to form a strategic vision in the field of ESG (environmental, social, governance) and implement projects in the field of environmental protection, climate change prevention, reducing the carbon footprint of products, accident-free operation, compliance with the principles of corporate governance and human rights [90].

The integration of sustainable development factors into the business strategy of enterprises can have a multifaceted effect on their financial results [91]:

1. Measures aimed at reducing the negative impact on the environment and preserving resources can significantly reduce energy costs and the costs of using raw materials. This, in turn, will positively affect the overall profitability of the enterprise and ensure its competitiveness in the long term.

2. Integrating social aspects of management, such as improving working conditions, employee development and ensuring a fair and ethical approach to business, can help attract talented professionals and increase productivity. Satisfied employees are usually more motivated and productive, which positively affects the company's financial results.

3. Companies that implement effective risk management and demonstrate a high level of corporate governance can win the trust of investors and consumers. Investors

are increasingly taking ESG into account when making investment decisions, so companies with a strong ESG strategy can raise more capital and gain access to additional investment opportunities.

The ESG strategy is becoming increasingly important and requires companies to be aware of their social responsibility and the principles of sustainable development. It not only helps preserve the environment and improve social justice, but can also have a positive impact on the company's financial results in the long term. [92]. However, generalizing these impacts can be difficult, as results depend on the specific sector and company strategy. However, in general, the integration of sustainable development factors can not only contribute to the achievement of social and environmental goals, but also positively affect the financial stability and success of enterprises.

Social responsibility of enterprises in the agricultural sector is an important component of the ESG strategy and involves various initiatives aimed at supporting local communities, creating safe and fair working conditions, as well as participation in social projects. The table below shows the main areas of social responsibility and examples of initiatives that can be implemented by agricultural enterprises to achieve these goals (Table 1).

Social responsibility of agricultural enterprises is an important factor of sustainable development. The social stability of the regions where enterprises operate depends on the support of local communities and infrastructure development. Improving working conditions can have a positive effect on productivity and staff turnover. Social interaction increases the level of trust on the part of the local population, which can reduce social conflicts and increase loyalty to the company. By using ethical trade initiatives, long-term partnerships with suppliers and customers can be built. The implementation of the ESG strategy allows enterprises in the agricultural sector to increase their competitiveness and make a significant contribution to the development of society and the improvement of the quality of life in the regions where they operate.

Table 1

Social responsibility as a key element of ESG strategy

Direction	An example of initiatives
Support of local communities	Creating new jobs in rural areas, supporting infrastructure development programs, promoting the economic growth of the region.
Improvement of working conditions	Ensuring safe working conditions for employees, implementing a system of social guarantees and medical insurance.
Social interaction	Cooperation with local communities and organizations, involvement of the population in solving environmental and social problems of the region.
Ethical trade	Compliance with the principles of fair trade, transparency in relations with suppliers and buyers, ensuring fair conditions of cooperation.

Source: compiled by the author based on [93]

The goals of implementing social responsibility at an agricultural enterprise in terms of entering international markets in accordance with the goals of sustainable development are: overcoming hunger, improving the well-being of the population, strengthening the health of employees and the population, as well as their well-being; ensuring decent working conditions and economic growth, development of social innovation and infrastructure, development of cities and communities, responsible consumption and production, protection of terrestrial ecosystems, partnership for sustainable development. The principles of social responsibility of agricultural enterprises include: openness and partnership, mutual harmony, environmental friendliness, social orientation, economy and sustainable development. Social responsibility management tools are partnership, energy- and resource-saving technologies, as well as non-financial reporting of the enterprise. Social responsibility management functions (planning, organization, motivation, control) correspond to general management functions, but have a different focus. Planning involves defining a goal for development through social responsibility, setting goals and objectives, developing a social program. The organization envisages directing efforts in three directions: effective partnership, including with communities; implementation and development of corporate social responsibility and environmental care. Motivation includes an effective remuneration system, providing opportunities for employees to

develop through training and professional development, and the application of social programs for occupational health and safety. Control allows you to assess the possibilities of entering new markets, attracting new consumers and retaining existing ones, as well as ensures participation in social and environmental projects.

There are about twenty international standards regulating social responsibility. Among them, we should highlight AA 1000 (Account Ability), GRI (Global Reporting Initiative), ISO 14000, SA 8000 (Social Protection), ISO 26000:2010 (Social Responsibility Guidelines) and others. The common features of all international standards are the mandatory preparation and publication of non-financial reports, an open dialogue with the company's stakeholders, and the loyalty of all divisions to social responsibility approaches. The application of international standards of social responsibility makes it possible to identify the directions of further activity, management methods, creation of a strategy of interaction with interested parties, which will affect international competitiveness through business transformation [94].

The issue of social responsibility of enterprises in the agricultural sector remains relevant, because the post-war reconstruction of communities where they function is an important component of their social responsibility. Finding a balance between social responsibility and economic efficiency is an integral factor in the functioning of modern business, especially in terms of entering international markets. The most important factors that encourage the implementation of social responsibility from the point of view of managers are the requirement of the owners of the enterprise or parent company and moral reasons; and from the point of view of heads of communities, these are the requirements of local authorities and awareness of the need to take the initiative. Therefore, the formation of a model of social responsibility management of agricultural enterprises and the development of an appropriate management mechanism based on the principles of social responsibility and taking into account the influence of the external environment will contribute to a better and faster transformation of business in accordance with the requirements of international standards [95].

In Ukraine, with the development of market relations, the role of entrepreneurship is also growing. The main factors that somewhat inhibit its development are: the absence of a clearly formulated state policy in the field of support through a system of legal acts; an excessive number of administrative barriers (registration, licensing, certification, control and permitting practices, lease relationships, etc.); deficiencies in financial and credit support; frequent changes in the tax policy and reporting system; entrepreneurs' lack of confidence in the stability of the business environment.

It should be noted that assessment of social responsibility in Ukraine is carried out only at the initiative of business entities. It is worth emphasizing that the practice of developing social responsibility in Ukraine is influenced by a number of factors, namely:

1. The structure of the economy. In the agrarian sphere of the economy, a significant share is occupied by agricultural holdings and individual peasant farms. Therefore, the development of social responsibility depends on the policy pursued by agricultural holdings.

2. Inefficient system of social protection. Many business structures have inherited a developed social infrastructure (kindergartens, recreation centers, cultural centers, schools, health care facilities, sports organizations, etc.), which they continue to maintain, considering it a social responsibility.

3. Excessive regulatory influence. Shadow economy, shadow employment with a salary below the subsistence minimum.

4. Weak local communities. Limitation of incentives and opportunities of local self-government bodies to implement social programs.

5. Lack of institutional support. There is no real body in Ukraine that could introduce tools, standards and methods for implementing the policy of corporate social responsibility.

6. Labor legislation. Despite the well-developed labor legislation, its current norms and requirements are often violated, which explains the high level of unemployment, the unprotected labor market.

For the successful development of social responsibility of entrepreneurial activity in the agrarian sphere, it is necessary to implement the following measures: development of civil society, reduction of peasant poverty, improvement of social protection of the rural population and education, support of the social environment with the involvement of environmental programs, which will contribute to the development of the entrepreneurial environment in the agrarian sphere of the economy. It should be remembered that social responsibility does not include: philanthropy, public relations, political slogans and state social programs [96].

Implementing green and environmentally friendly practices in the community creates healthier conditions for the people who live there, enabling them to live longer, happier and more productive lives. This is one of the most important advantages, since a significant number of health conditions and diseases can be linked to adverse environmental conditions. For example, recycling and reducing waste make the environment cleaner and more attractive for recreation. It also reduces the number of pests such as insects and rodents, and therefore reduces the risk of diseases they may carry. Another example is the transition to ecological types of fuel, which provides cleaner air and reduces the likelihood of respiratory diseases in children and the elderly.

The concept of ecologically oriented social entrepreneurship provides a balanced solution to both the economic and social problems of the state, while prioritizing environmental policy to create and maintain a favorable environment, in order to meet the needs not only of people living now, but also of future generations. Ecologically oriented social entrepreneurship makes it possible to ensure stable socio-economic development that does not destroy the natural environment [97].

This model corresponds to the vision of sustainable development of the world and business in general. The transition to sustainable development largely depends on the activities of ecologically oriented enterprises, as they are able to resolve the

aggravation of contradictions between the ecological, economic and social spheres of society, contribute to the preservation of nature, and also reduce the man-made impact on the environment. A clear example of the support of the trend of sustainable development by the international community is the movement for the refusal of many foreign grocery stores and retail chains from packaging goods, known as Unpackaged. Refusal of packaging, which is the worst enemy of ecology and economy, is an example of a return to the tradition of rational management.

There are several varieties of ecologically oriented social enterprises, which are classified according to the types of their ecological activities, namely:

1. Resource conservation: organization of waste collection, sorting and processing.
2. Environmental education: formation of skills of a caring attitude towards the environment; popularization of ecological culture.
3. Energy efficiency: transfer of production to alternative energy sources; energy saving measures.
4. Production of products and services: environmental audit, use of alternative resources, production of alternative products.

Along with this, it is important to be aware of the difference between enterprises working in the ecological sphere and ecologically oriented social enterprises. The latter, in addition to a positive impact on the environment, necessarily set a social goal for themselves, to achieve which they direct part of their own profit and efforts.

Public participation in issues of ecologically safe management is positive. Thus, based on the involvement of more than 20 public organizations in discussions, 7 key principles of "green reconstruction of Ukraine" were formed, which were recommended for implementation for government programs. In particular, these are principles [98]:

1. Cross-cutting nature protection and climate policy in all sectors, which implies a uniformly adopted complementary approach to the formation of any strategic or tactical documents, programs, development plans, etc. in all spheres of public life. The

main priorities are the modernization and decarbonization of the economy, clean industrial production, preservation of biodiversity and the transition to sustainable agricultural practices.

2. The restoration should serve the needs of Ukrainians and contribute to the sustainable development of Ukraine. Any resources received for the recovery of the country should be directed to the formation of a new type of green economy with high added value based on the key principles of sustainable development.

3. The development of a green economy, which involves the formation of a new form of economy, the main features of which are low-carbon, nature-oriented, energy efficiency, which also affect the processes of production and consumption in the country.

4. Environmental standards at all levels. Formation of standards for soil, air, water and environment monitoring and quality, use of only safe technologies for infrastructure restoration, etc.

5. Adherence to European environmental planning tools in the development of Ukraine. In particular, compliance with legislation regarding strategic environmental assessment of proposed plans and programs and environmental impact assessment of planned activities.

6. The role of local self-government, transparency, involvement of the public and communities in decision-making. It is necessary to form a transparent environment for decision-making on the post-war reconstruction of Ukraine, which will involve the active participation of all interested parties, in particular civil society organizations and local self-government. It is important to adhere to the principles of decentralization and subsidiarity.

7. Effective functioning and use of target/donor funds for post-war reconstruction and development of the green economy. Formation of a system of transparent and coordinated administration of the activities of funds that intend to provide assistance to Ukraine for reconstruction, as well as transparency regarding the directions of use of such donor funds.

Analyzing the efficiency of enterprises from an economic point of view is an important aspect of assessing the sustainability of agro-industrial enterprises. It includes assessment of such economic aspects as:

- Profitability: the assessment of the sustainability of the enterprise includes the analysis of its financial productivity and profitability, it covers the assessment of the profitability of production, the efficiency of the use of resources, the profitability of investments and the financial stability of the enterprise.

- Economic risk: performance assessment includes an analysis of the economic risk associated with the company's activities, such as an assessment of factors that may affect the profit and stability of the company, such as changes in the market, competition, fluctuations in the prices of raw materials and changes in legislation.

- Implementation of innovations: performance evaluation includes analysis of the enterprise's ability to innovate and implement new technologies. This includes evaluating research and exploration efforts, investments in research and development, and the ability to adapt to changing market conditions and technology.

- Cost and resource management covers optimizing the use of resources, effective inventory management, cost control and ensuring the efficiency of production processes.

- Market competitiveness includes the study of the market position of the enterprise, the analysis of competitors, the determination of unique competitive advantages and the development of strategies to maintain or increase competitiveness.

- Financial management covers budget planning and management, financial analysis, management of working capital and capital investments, as well as assessment of the financial stability and liquidity of the enterprise.

- Investment attractiveness – assessment of the potential for attracting investments, analysis of risks and return of investments, as well as the ability of the enterprise to provide a sufficient level of profitability for investors [99, p. 75–76].

Assessment of the sustainable development of enterprises in the agro-industrial sector is a key tool for determining their impact on the environment, society and

economy. In the evaluation process, various aspects are analyzed, which help to evaluate the efficiency of enterprises in the context of sustainable development [100].

The environmental aspect focuses on the enterprise's impact on the environment, taking into account the use of resources, energy efficiency, emissions and waste. Analysis of the state of natural resources and ecosystems, as well as the implementation of environmentally friendly technologies and practices, helps to preserve natural resources and reduce the negative impact on the environment.

The social aspect of the evaluation takes into account working conditions, safety and health of workers, development of human capital and support of local communities. The economic aspect focuses on the efficiency of enterprises from an economic point of view, including profitability, economic risk, innovation, as well as cost and resource management.

Assessing the economic benefits and risks of sustainability for business helps businesses understand the potential benefits of implementing sustainable practices, such as reducing energy and resource costs, increasing competitiveness and attracting new customers. At the same time, it allows you to take into account the risks that may arise, for example, the costs of implementing new technologies and compliance with regulatory standards. The integration of innovative technologies and practices that contribute to increased productivity, efficient use of resources and reduced environmental impact is an important element of sustainable development.

DOI: 10.46299/979-8-89692-747-1.4

4. The idea of creativity in advertising

The chapter examines the essence and features of advertising creativity, its influence on marketing communications, as a means of rapid response and targeted influence on consumers and intermediaries. Advertising creativity is a conscious activity aimed at obtaining certain results, which is able to use elements of modern art to create the desired brand image. Some products should be advertised not according to standard rules, but using original means and methods. The main thing here is to try to surprise the consumer by providing him with unusual, bright, original solutions that go beyond the usual. Research shows that advertisers must reorient themselves to the consumer, who has changed over the past decade and now expects a new, interesting creative product from the advertiser, so advertising agencies in their activities need to use such aspects of advertising creativity as originality, flexibility, development, synthesis and artistic value [101].

Economic processes and phenomena of the 21st century, such as: globalization of markets, increased competition, changes in the market mindset of consumers - all this significantly affected marketing management. In the EU countries, intellectual resources and technological innovation are increasingly used as the most important driving force of the new economy, which is more resistant to crisis situations. The development of the creative economy will seriously affect the future economic growth of the developed countries of the world. There is a shift to new forms of creative industries, namely applied creative practices and processes, innovation and new jobs for the creation of intellectual property and creativity. The creative sector of the economies of developed countries includes from 10 to 15 creative industries, among which advertising, architecture, design and fashion are growing dynamically. At the same time, a creative approach to solving applied problems becomes an important factor in competitiveness and profitability. Precisely because advertising is one of the most active tools of marketing communications, as a means of rapid response and

targeted influence on consumers and intermediaries. The issue of increasing the creative level of advertising messages and advertising materials in Ukraine is particularly relevant.

Creative in marketing is the visual part of an advertisement (photo, image, video, gif, etc.), which is the embodiment of an original idea. Its purpose is to catch and hold the attention of consumers, to encourage them to familiarize themselves with the offer and make an order.

Creatives, no matter how high-quality they are, are not able to increase sales many times, since they are only part of targeted advertising. Their task is different. They should attract attention, evoke certain emotions and desire to get more information about the product/service. If it worked, then the consumer may want to try the product and choose that particular brand.

Thus, in the chain of making a purchase decision "attention - interest - desire - motivation - order" creatives for the target are effective only at the first three stages. They attract with their originality, motivate to study the product, click on the ad and go to the site. And then other mechanisms are triggered to convince the user to place an order.

Creatives are especially popular on social networks - Facebook, Instagram, Telegram and YouTube, as these are platforms with a huge audience. Active users most often look for goods and services in social networks, which means that for any business it is a great opportunity to increase sales.

Creating advertising creatives is a creative process. They are designed in such a way that they are aimed at a specific audience and lead to a targeted action.

The essence of creativity is to influence the consciousness of the audience, to touch. Any graphic advertisement has 1-2 seconds to stimulate the user to go to the company's profile on Facebook or Instagram, to the channel on Telegram or YouTube. Therefore, creative design is very important. It should become a "magnet" and convince a person to view the ad.

The modern market is oversaturated with products and information. In order to stand out among competitors, you need to carefully think through the idea, take care of high-quality design and text. Then consumers will be interested.

Algorithm for creating advertising creative: step-by-step instructions

Newbie marketers often try to include visual and textual information in the creative that they like and, in their opinion, will touch the target audience. However, such a decision is not always justified. After all, what attracts you will not necessarily interest a potential client. To make the advertisement effective, follow the step-by-step instructions.

The action plan is as follows:

1. Study the target audience

The creation of creatives depends on the mood, needs and desires of the target audience. Therefore, first you need to understand who your client is (age, income level, family status, place of residence, hobbies), what are his expectations, fears and "pains", and then move on to advertising.

Pay attention to the words, phrases, and expressions your potential customers use when communicating their needs. This will come in handy for creating engaging ad creative. To observe the manner of communication, visit thematic forums and chats, read comments under posts, in particular under publications of competitors. You can chat with existing customers or find people you know who are interested in your product.

2. Use the Rossiter-Percy matrix

The purchase decision matrix is used to create a creative. It was developed by American advertising specialists John R. Rossiter and Larry Percy. The model is based on the client's motivation and involvement. In turn, motivation is divided into positive and negative. In the first case, the purchase is made to please oneself, and in the second

- to avoid problems. In addition, there is low and high involvement - when the product is optional or, on the contrary, vital.

Using the Rossiter-Percy matrix, analyze your proposal. If a product or service falls under several criteria, a different creative design will be needed for each of them. For example, if you are a lawyer who specializes in car accidents, consumer motivation will be clearly negative and engagement will be high. And if you sell jewelry - positive motivation and low or high involvement (it all depends on the situation). In the case of a lawyer, the choice should be justified, and with a jeweler, the emphasis should be on emotions. Analyze your product according to this scheme and you will understand which approach in advertising will be effective - rational or emotional.

3. Choose social networks to place advertising creatives

Visit the sites where most of your potential customers are, assess how your competitors are doing, and study the behavior of your target audience. It can be Facebook, Instagram, Telegram, YouTube or others. Use free services that show social network statistics for any time period.

Keep in mind that each platform has its own rules and formats for advertisements. Familiarize yourself with them and choose the social networks that are more suitable for you and that will help convey your offer to consumers.

4. Make a list of product advantages

Write down the advantages of your product or service in theses. It's a good idea to add facts backed up by numbers and social proof, such as testimonials, to the list.

5. Come up with a slogan

The slogan should be concise, but comprehensive, memorable and fully reflect the essence of your idea. You can also create an exclusive offer related to your product as a motto. For example, for round-the-clock delivery of bouquets - "We will deliver a bouquet at any time".

6. Find an idea

If there is no basic idea for targeted advertising, use the experience of competitors or well-known brands. Create a story of your product: how to use it, what associations

it causes, what is the benefit. At the same time, always put yourself in the place of a potential customer and show how he will benefit from the purchase. When communicating with the buyer, be sure to speak to him in his language.

7. Write the text for advertising

Based on the advantages of your product, a unique sales offer or a discount, write a short, as informative text as possible. Be sure to follow the ad creative format requirements. Use different font sizes and strokes to make accents. It should be clear to a potential customer what is being advertised with a cursory glance at the ad.

8. Choose a visual

The design of creatives for advertising should be unique, interesting and as informative as possible. It should be clear to users what you are promoting and how they will benefit. Of course, you can overlay text over an image, but be careful – not all social networks are loyal to this kind of creative for the target. Facebook and Instagram, for example, reduce reach. Therefore, be sure to study the requirements for advertising before preparing text or images. If one picture is still not enough, then make a slide show or shoot a short video clip.

9. Upload creatives for the target to advertising cabinets

Before using a creative to advertise on Facebook, Instagram, Telegram, or YouTube, make sure your image is displayed correctly. When you upload the file, wait for the results of the moderator check.

Creating advertising creatives is a creative process, but not 100%. There is a clear algorithm that helps to prepare an ad that can touch the hearts and minds of the target audience and that complies with all the rules of social networks [102].

*Errors when creating creatives that prevent them from attracting the attention of
the target audience*

Incorrectly configured targeted advertising leads to the loss of customers and a drain on the budget. A successful launch requires the creation of creatives (the target will then be effective, as the ad will be able to touch the target audience) and the correct

choice of goal - according to business tasks (leave data, register, download a file, go to the site, etc.).

In addition, any advertising creative must meet the needs of the target audience. Ads aimed at disinterested users that don't offer a solution to their problem will go unnoticed.

Creatives for Instagram, Facebook, YouTube and other social networks are created to attract attention, encourage consumers to click on the ad and familiarize themselves with the offer. If this doesn't happen, the ad doesn't work.

Tips for creating advertising creatives

There are many recommendations and rules for developing effective creatives. We suggest you familiarize yourself with the main ones.

Attention is drawn to those creatives that stand out from the rest. Before you start developing an ad, analyze your competitors' ads to choose a different vector and create original messages.

Do not regret corporate colors, styling and branding in favor of fashion trends or looking back at the actions of competitors. Certain colors may attract more attention or somehow stimulate a purchase, but this is not an axiom. There is no magic font or color that will convert. It is much more important to follow the style of the brand, the creative should be easily recognizable.

If you have the opportunity to create dynamic creative and the placement platform allows such a format, use video advertising and animated banners. They will be able to work better than static ads.

Don't forget the call to action (CTA). Use short phrases like: "learn more", "see on the website", etc. in all advertisements. But don't abuse it. Urgency like "buy while it's on sale" may work for e-commerce, but it won't work for high-end purchases or B2B where the consumer needs time to make a purchase decision.

Use the formula "one creative = one offer". Do not try to invite the consumer to an event and sell him a product at the same time in one ad. Focus on one product, one goal.

The audience should easily understand the creative. Originality is important, but the message and offer must be read quickly and not provoke ambiguity. Otherwise, you can simply waste the budget. The text should be concise, and if you are preparing a video, remember to be concise and be sure to reveal the essence.

Do not deceive or exaggerate. Loud promises can entice consumers, but ultimately the traffic that comes to you with such creatives will not benefit from conversions if the product and app are not relevant and can not solve the consumer's "problem".

Adapt. If you plan to use the same creative in different regions, make sure that it is relevant in each of them, as customs and habits, behavioral patterns and even regulations differ from country to country. Do not forget about a competent translation and indicate the prices in the local currency, if necessary.

The best way to talk about a product is to show it. Better yet, demonstrate its use and benefits. You can attract customer reviews, shoot short instructions and demonstrations, and if the product is used by a famous person, then involve her in creating advertising creative.

Maintain harmony. The text should match the image and video, the offer should match the needs of the audience, and the style and color scheme should match the company's brand book. It is important that all elements of the ad correspond to the idea of the campaign, correctly represent the brand and easily coordinate with each other.

Creatives for advertising are one of the most important conditions for an effective campaign and the main tool for attracting the attention of consumers. That is why the development of creatives should be based on the analysis of the audience, own product and competitors, and in the process of their creation it is important to follow the algorithms and recommendations that we indicated above. A clear understanding of what, to whom, where and when you wanted to offer is the key to the success of any promotion.

Advertising testing is the best way to see how effective a new ad can be, to avoid unnecessary costs. In order to achieve the best result, it is necessary to have a clear

understanding of what the main objective of the advertisement is: to increase brand awareness, to create a brand image or to increase sales.

Evaluation of the effectiveness of advertising communications is carried out according to various indicators, such as knowledge of broadcast advertising, image attributes, attractiveness, effective delivery of a key message, motivational potential, comprehensibility, brand relevance, evaluation of visibility in advertising channels, analysis of competitors' advertising, comparison of advertising activity with competitors , development of recommendations for optimization of advertising concepts, placement of advertising, quality of creative, selection of the most attractive advertising concept from those developed by a creative agency, testing of wording and/or variants of the slogan, identification of insights regarding each concept of the slogan, determination of the most effective advertising channels, clarification of the optimal mix advertising messages on various channels.

Why do advertising market research? The simple answer: to increase the chances that the company's communication strategy will achieve your business goals. For most businesses, this business objective will likely include increasing immediate sales as well as improving brand equity to ensure long-term sales. However, another important goal is to minimize business risk. Advertising is highly visible, expensive and has no definite results. When creating a communication strategy, businesses want to avoid running campaigns that unnecessarily risk the business's reputation, or run campaigns that wear out quickly if that wasn't the strategy. Advertising market research consists in maximizing opportunities and minimizing unnecessary risks [103]. Maximizing opportunities is maximizing your chances of achieving your business goals. Risk minimization is about removing or reducing the chance that mistakes will harm your business and its reputation.

Techniques of creation

To create a successful creative for advertising and "breathe life" into a PR idea, marketers use a whole arsenal of methods: from hyperbole to the method of focal objects. Let's consider each of these techniques in more detail.

HYPERBOLE

This technique seems to destroy ordinary ideas about things and creates unusual ones. Using hyperbole in creative advertising, experts exaggerate to the point of impossibility, making something huge, incredible. For example, in a toothpaste video advertisement, it is shown that after using it, the teeth glow brighter than a flashlight, and a person can light the way in a dark room. Of course, teeth cannot glow, but such an idea very vividly conveys the effect of cleanliness and freshness.

LILOTA

This is the opposite, when in advertising something is deliberately made smaller than it really is. Imagine an ad for hand cream, where a person's hands are depicted as very small against a huge tube of cream. Advertising message: "A little care for your hands." The small size of the hands in the image belittles their real size, emphasizing the large package of the cream. This conveys the idea that the cream is so effective that even a small amount is enough for good hand skin care.

COMPARISON

This technique is a "before and after" comparison. It shows how it was before and what has changed since using the product. We've all seen shampoo ads showing hair before use - it looks dull and limp. And then - after: hair is shiny, healthy and full of life. Such "before and after" demonstrates the effectiveness of the shampoo, making it attractive to buyers.

METONYMY

This is when a product is compared to something similar or related to show its effectiveness or uniqueness. For example, a slogan for Coca Cola could sound like this: "Drink Coca-Cola, drink a holiday!" - where the holiday is associated with the pleasure of drinking.

ASSOCIATIONS

It's about creating strong associations between a product and something positive or someone cool. For example, an advertisement for sports shoes, where world champions

in running choose sneakers of a particular brand. You begin to associate these shoes with victories and success, and you catch yourself thinking that you want to buy them.

METHOD OF FOCAL OBJECTS

This is focusing the consumer's attention on one key element. For example, an advertisement for a watch, where only a beautiful human hand and an expensive watch are in the frame. All the focus is on the elegance and style of the watch, without unnecessary details.

SYNETICS

This is a combination of new associations in an advertising image. For example, the commercial of Mitsubishi, in which the power of the car is demonstrated, creating parallels between its power and the power of a rhinoceros or four horses [104].

Algorithm for creating advertising creative

Define the target audience. These are the people who should be interested in your ad. Therefore, it is important for you to know how old they are, what gender they are, who they work for and how much they earn, what they are interested in, how they behave, etc.

Discover the benefits of the product. Conduct market analysis, study competitors. Find the best thing that makes your product or service different from others and explain how it can make the customer's life better. If you sell a coffee machine, show that it can make coffee much faster and tastier than other machines that cost no less.

Develop a creative idea. Ideally, it should be something simple and memorable. You can look at how others do it for inspiration (but don't plagiarize!).

Create advertising creative. Now the main thing remains - to make the advertisement itself. To make it interesting and effective, use good design, high-quality photos, impressive animations, modern music and cool slogans [105].

Key signs of creativity

Many people have long been able to make sure that a person is a living target for specialists in the field of marketing. Every day we are all under the press of information. As practice shows, the human brain perceives only a small part of this

stream. The advertising category described above represents the same dominant group. Her key task is to focus attention on herself. If people begin to respond to it en masse, it will be possible to achieve the initial task. Such dominant and non-standard ideas are presented in various formats, including in the form of external signs.

It is necessary to clearly distinguish creative proposals from standard ones. Key features of the former include the following:

Memorability (such advertising is remembered by a person instantly and is perceived one hundred percent).

Uniqueness (is the main difference from traditional advertising).

Uniqueness (impossibility of duplication in the future).

Non-standard author's thinking (when creating this type of product, authors try to avoid usual stereotypes and standard solutions).

Thanks to such features, creative signs were able to significantly stand out among alternative options. They properly influence buyers and allow you to achieve real success in marketing races.

Development of creative advertising

There are several rules that designers and authors must follow so that creative advertising for the store has the strongest effect on customers and forces them to come to the establishment and make purchases. It is about:

Analysis of the specifics of the market. To guarantee real efficiency, it is important to familiarize yourself with the features of the market as much as possible. Who primarily needs your products: teenagers or housewives? Men or women? Do you need to attract new customers or retain old ones? These are just some of the questions that must be answered before starting to create a creative design.

Targeting. Non-standard offers will be more effective if they are based on human needs.

Consumer thinking. Creative advertising designs must attract the eye to quickly communicate the main idea.

Using the possibilities of shades and contrasts. With the help of unusual color solutions, you can easily attract the eye, and "visual irony", contrasting ideas, has always acted as an effective advertising technique.

Avoidance of ambiguities. The informational message should differ in accuracy and clarity. Consumers usually do not look at an ad too long to understand its subtle essence [106].

Why is creativity in advertising a good thing?

Creative outdoor advertising continues to be extremely popular, as it is characterized by creativity, effectiveness, originality and, most importantly, affects the emotions of buyers and is easily remembered. You don't need too many resources to create a real marketing masterpiece. The most important point in this case is to study human psychology. Unfortunately, this factor is an insurmountable obstacle for most designers.

If you contact a reliable and proven company, you can count on receiving a high-quality and fairly non-standard advertising sign that will definitely attract customer attention and force consumers to use the services or purchase goods at the establishment.

It's easy to get people's attention with a radio ad or a huge banner in the middle of the street. And it is more difficult to do this using social network algorithms. Here, one of the most effective and common methods of advertising one's business is setting up targeting. And for this you cannot do without a creative approach. After all, customers have long been tired of ordinary advertising photos and template texts.

That is why many companies hire creatives who know how to approach the creation of an advertising campaign in social networks in a non-standard and creative way. Is it possible to develop advertising creative without having relevant experience? Yes! We have prepared 5 effective approaches to create non-standard, bold and really creative advertising. One that will evoke positive emotions in your potential customers and motivate them to get to know your product better.

Any development of a marketing strategy begins with an analysis of who is your potential buyer. After all, the advertising creative will be aimed at this audience. Importantly:

- adhere to the appropriate style of writing and visual design of advertising;
- study the main problems relevant to your potential customers (and be sure to provide ways to solve them with the help of your products or services).

Explore average age, gender, interest, social standing, occupation, or even geographic location. The more precisely you define your audience, the easier it is to create effective advertising.

Don't limit yourself to just one text or photo - come up with several different advertising options so that you can later analyze which one works best for your target audience.

Just give the ad time: launch the creative in the form of targeting and wait a few weeks. And only after that replace it with a new one. So you can find out what your potential customers are reacting to.

You can even run multiple ad options at once and customize them for different target audiences. But this is relevant only if your potential customers have a large number of age groups, interests, etc.

Advertisements are not read if they look formulaic and banal. In social networks, both the visual and the textual component are important. So focus on writing quality posts that will interest, shock or impress your target audience.

And be sure to avoid vague words or phrases that are difficult to understand. Such as "health care", "protection against bacteria and dirt", "modern technology". Such phrases do not stick with readers, do not distinguish your brand from competitors and do not bring any practical benefit.

When choosing illustrations for advertising on social networks, choose one that will stand out and catch the eye. Of course, it doesn't have to be something too colorful and colorful. But a photo in beige tones with minimal design is unlikely to interest users of social networks. They will simply run through it.

Depending on where you plan to run the advertising creative, its appearance and content can be significantly different. For example, on Facebook, the text comes first, and then the image. And on Instagram, everything is completely the opposite.

In this case, Facebook needs to be able to hook the target audience literally in the first sentence. As for Instagram, the quality and creativity of the illustration (on which you can also place a small text) comes to the fore. If it interests the readers, they will expand the main text part as well.

So, what do you need to consider in order for your advertising creative to be effective and capable of engaging social media users? A good advertisement consists of the following elements:

- clear, readable text that can attract interest from the first sentence;
- study of the target audience, its main needs, lifestyle, interests - the business must be able to speak the client's language;
- clear presentation of information – readers should not have a question about what is being advertised;
- adaptation of advertising creative for a specific social network.

Cool, truly creative advertising is an effective method of brand promotion. However, not everyone is capable of creating it. After all, in addition to the fact that you need to choose an idea, it is also important to develop a concept for its implementation, to make the target work for the target audience.

Study ready-made ideas, use references. Be inspired by the work of creative people to take a non-standard approach to company promotion and interest potential customers from the first seconds [107].

Conclusions: *how to create a successful creative for advertising?*

Marketing and promotion gurus know that cool creative advertising should evoke emotions: laughter, tears, warm memories or even shock - it all depends on the desired effect and message. For example, toy ads can evoke nostalgia in adults by evoking memories of a carefree childhood, while social media ads that highlight serious issues can shock and make people think [108].

Creative advertising should evoke emotions: laughter, tears, warm memories or even shock - it all depends on the desired effect and message

So, here's a short excuse for creating a cool advertising creative:

- Impress at first sight. The first impression is the key to success. Your creative should immediately attract the attention of the audience. Use unusual combinations of colors, non-standard compositions, original titles.

- Play on emotions. Emotional response is what drives action. Use a wide range of emotions in your ad: humor, surprise, nostalgia, joy or even outrage.

- Emphasize uniqueness. What makes your product different from others? Show it in creative. If this is the thinnest watch in the world, let us know how thin it is: compare it to a sheet of paper. The uniqueness should be obvious.

- Tell stories. People adore them. For example, when promoting a new smartphone, don't just show how good it is and what features it has. Instead, try creating a short story about how he helps the main character, say, arrange the perfect date for his lover.

- Experiment. Videos, GIFs, audio clips, AR effects - all this can make your advertising creative special. For example, on the website of an online clothing store, you can create an interactive game where users can upload their photo and virtually try on things from the new collection.

DOI: 10.46299/979-8-89692-747-1.5

5. Features of the formation of labor potential of the agricultural sector in modern conditions

The basis of the social and economic development of Ukraine should be the establishment of the national agricultural sector as a competitive high-tech industry. The available intellectual and scientific and technical potential gives reason to count on it. To ensure a high level of production growth, an effective policy aimed at forming and preserving the labor potential of agricultural enterprises is needed

The rate of development of the economy depends on its potential opportunities, which are formed, first of all, at the expense of labor resources. The able-bodied population, representing a strategic resource of the economy, is the basis of the formation of labor potential at all levels of management. Therefore, the theory of personnel management of the enterprise needs the formalization of the concept of "labor potential" for the effective involvement of each employee in labor activities. In a broad sense, potential represents a set of means and opportunities, as well as internal opportunities [111, p. 571]. Many domestic and foreign economists are engaged in the study of labor potential, but there is no single approach to defining the concept of "labor potential" at the level of an agrarian enterprise, which complicates the process of its formation and effective use to achieve the set goals of activity and development of the business entity.

"Labor potential" as a scientific term entered the economy during the transition of the economy to the rails of intensive development. It was a peculiar reaction of science to the need of practice to ensure qualitative improvement of the entire system of formation and use of people's collective ability to work, to reveal reserves and ways of creative activation of man as a subject of production and public life. Different authors in scientific economic literature give an ambiguous interpretation of the concept of "labor potential". This makes it difficult to consider its internal structure as an object of research and to identify patterns and contradictions inherent in the mechanism of reproduction of labor potential. According to the team of authors, labor

potential is an integral form that quantitatively and qualitatively characterizes society's ability to dynamically provide the human factor of production in accordance with the requirements of its development [128, 129, p. 176].

The Sustainable Development Strategy until 2030 states that the labor potential is the total number of citizens of working age who are capable and intend to carry out labor activities. The goal of the development of the labor potential is the creation of legal, economic, social and organizational foundations for its preservation, reproduction and development.

According to S. I. Puchkova, labor potential is a combination of potential natural abilities, educational potential, and labor activity, which determine the effectiveness of labor activity [127, p.6]. N. V. Olentsevich considers labor potential as a generalizing characteristic of the degree and quality of the collective ability to work, which determines the potential opportunities for participation of both individual individuals and different groups of workers, the working population as a whole in collectively useful activities [125, p.10]. L. O. Zgalat -Lozynska distinguishes between nominal (existing) and real (realized) labor potential. Under the nominal labor potential, she understands the optimal possibilities of an individual, different population groups, as well as the working population as a whole in relation to the implementation of labor activities in the process of reproduction of material and spiritual values, these are the possibilities of individuals that are already realized or can be optimally realized in the existing society levels of development of productive forces and socio-economic relations [119, p. 5]

According to V.G. Zolotohorova , labor potential is a generalizing characteristic of the quantity, quality, and measure of the aggregate capacity for work possessed by an individual (individual, person), their group, the able-bodied population at a given level of the state of the economy, the development of science and technology, education, etc. The labor potential is characterized by the number of labor resources, their sex-age structure, the regulated duration of the working day, the average physical capabilities of a person's participation in work at a given level of its intensity. P. E.

Schlender defines the labor potential of society, the enterprise and the employee. Social labor potential, which accumulates and synthesizes aggregate abilities for socially useful activities of the able-bodied population, is a concrete form of materialization of the human factor, an indicator of the level of development and limits of creative activity of the working masses. In quantitative terms, social labor potential characterizes society's ability to engage in social work the population of different genders and ages (men and women of working age and over working age). In qualitative terms, the labor potential of society is its real possibilities for the realization through participation in socially useful work of all the diversity of personal abilities and qualities: knowledge, abilities and skills acquired by people in the process of education, preparation for work, direct labor activity, retraining and promotion qualifications. The potential of society depends on the qualitative characteristics of the collective labor force, which determine the level of development of work abilities (professional skills, intelligence, creative activity, mobility) and the specifics of the most important socially forming traits of society members (responsibility, thoroughness, discipline, initiative, organizational skills, etc.).

The labor potential of the enterprise represents the maximum value of the possible participation of employees in production, taking into account their psychophysiological characteristics, the level of professional knowledge, accumulated experience in the presence of the necessary organizational and technical conditions. The structure of the labor potential of the enterprise is a ratio of various demographic, social, functional, professional and other characteristics of groups of employees and relations between them. In the labor potential of the enterprise, the following components can be distinguished: personnel, professional, qualification and organizational.

The labor potential of an employee is formed under the influence of such qualities as: ability and desire to work, initiative in work and economic activity, creative activity, etc. The labor potential of an employee is not a constant value, it is constantly changing. A person's capacity for work and creative abilities, accumulated

in the process of labor activity of employees, grow according to the degree of development and improvement of knowledge and skills, improvement of working and living conditions. But they can decrease if, in particular, the employee's health condition worsens, the work regime increases, etc. The labor potential of an employee includes: psychophysiological potential, qualification potential, personal potential [129, p.65-69].

E. P. Kachan and D. G. Shushpaniv understand labor potential as a system with a spatial and temporal orientation, the elements of which are labor resources, taking into account the entire set of their quantitative and qualitative characteristics, employment and workplaces. At the same time, the number of labor potential determined by demographic factors (natural increase, state of health, migration mobility, etc.), the needs of social production in the labor force and, accordingly, the possibilities of meeting the needs of the able-bodied population in workplaces.

The quality of labor potential is a relative concept, which is characterized by indicators of the quality of the working population, labor resources, aggregate worker or labor force. These qualitative characteristics are manifested in a set of signs: demographic, medical-biological, professional -qualification, social, psychophysical, moral, etc.

The components of labor potential should characterize:

psychophysiological possibilities of participation in socially useful activities;

opportunities for normal social contacts;

ability to generate new ideas, methods, images , ideas;

rationality of behavior;

availability of knowledge and skills necessary to perform certain duties and types of work;

supply on the labor market.

The following components of labor potential correspond to these aspects: health; morality and ability to work in a team; creative potential; activity; organization; education; professionalism; working time resources. Indicators of these components

can characterize both one person and different collectives, including the personnel of enterprises and the population of the country as a whole. The labor potential of a person is part of his potential as an individual, the labor potential of an individual is a part of the potential formed on the basis of his natural data (abilities), education, upbringing and life experience [120, p.50–51].

H. Osovska and O. Krushelnytska understand the labor potential as the totality of the able-bodied population, taking into account intellectual development, abilities, knowledge, skills, experience, spiritual values, customs, traditions, beliefs and patriotism [126]. The concept of "labor potential" is broader than labor resources, because it is characterized not only by the total number of individuals, but also includes a set of different qualities of people that determine work capacity. First of all, quality is related to the ability and desire to work, the state of health, the type of nervous system, that is, all the qualities that reflect physical and psychological potential. Secondly, it is the amount of general and special knowledge of a person, his work skills and abilities, ability to a certain type of activity. Thirdly, the level of consciousness, responsibility, interests, and needs is taken into account.

Labor potential is a complex structural entity, a general term for the personal factor of production. The formation of the labor potential is carried out according to the scheme: "population - labor resources - labor potential." Labor potential depends on demographics; professional qualification and socio-cultural factors. The qualitative determination of the labor potential is formed depending on the needs of production, the labor market situation, and the system of socio-economic relations. Ukraine has always been defined by the high quality of labor potential from the point of view of the professional, educational, qualification and intellectual level of the workforce.

Preservation and reproduction of labor potential should be carried out in the following directions:

constant monitoring of the main indicators of the state of labor potential in industries and regions, which will make it possible to evaluate them and, on this basis, to develop appropriate measures at the state and regional levels;

regulation of the regulatory function of the minimum wage;

substantiation of inter-industry, inter-qualification and inter-position salary differentiation;

the use of targeted, strictly selective support for highly qualified labor teams and certain categories of specialists;

transition to a new model of labor force reproduction, which would ensure compliance of the labor potential with the requirements related to the process of Ukraine's entry into the world economic space [18, pp. 38–39].

According to V. Hrynyova and M. Novikova, the labor potential is an aggregate, the elements of which are labor resources (a part of the country's population that possesses the necessary physical abilities, knowledge and experience that allow them to participate in the process of creating material goods and providing services), which are characterized by quantitative and qualitative indicators. Labor resources characterize the potential of living labor that the country possesses. Quantitative characteristics of labor potential are determined by: demographic factors (population growth, migration mobility, etc.); the needs of social production in the labor force; opportunities to meet the needs of the working population in workplaces. The qualitative characteristics of labor potential are conditional and can be determined using: indicators of demographic development; medical-biological and psychophysical characteristics; professional qualification data; social opportunities [113, p. 72].

In Zolotogorov's economic dictionary, labor potential is defined as the existing and foreseeable future labor opportunities of the country, region [109].

The labor potential is of crucial importance for the development of the economy at all levels of management: national, regional and the level of economic entities. However, for the effective use of labor resources as the basis of labor potential, it is necessary to define it. Labor potential represents a set of quantitative and qualitative characteristics possessed by labor resources. Depending on the level of management, it is necessary to determine the labor potential of the country, region and business entity. At the same time, the definition of the concept of "labor resources" is important,

because they are the basis of the formation of labor potential. Labor resources should be understood as the able-bodied population aged, as a rule, from 15 to 70 years old and, due to their physical, mental, intellectual and professional qualification characteristics, participates or can potentially participate in the public production of goods and services. Thus, the definition of labor potential must be based on the quantitative and qualitative characteristics of labor resources.

There is a relationship of labor potential at different levels of management (Fig. 1).

The labor potential of the country (the economy as a whole) is a set of labor resources characterized by quantity, sex-age, professional -qualification structures, level of education and culture, as well as health and standard of living. At the same time, it is necessary to take into account that the definition and assessment of quantitative indicators of labor potential does not cause special difficulties , and it is almost impossible to formalize qualitative characteristics unambiguously.

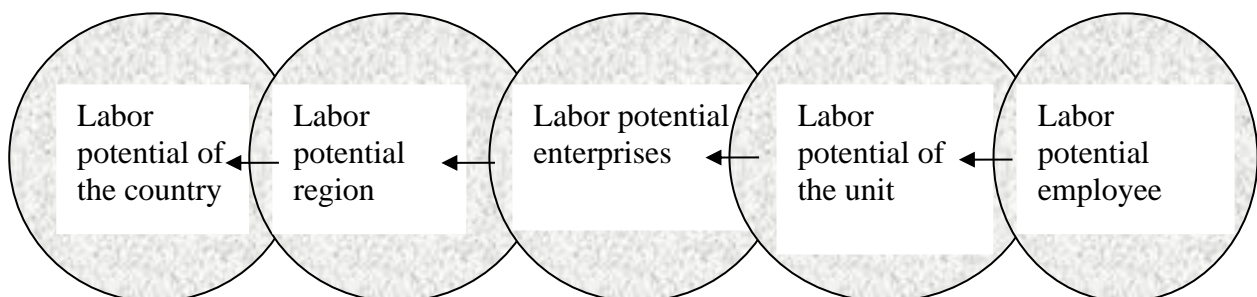


Fig. 1. Relationship of labor potential at different levels of management

This is due to the fact that, along with demographic and socio-economic aspects, labor resources also have a sociological aspect, which is characterized by job satisfaction (in terms of interest, abilities, social demands, etc.), conditions of cultural and aesthetic security as in production conditions, as well as in everyday life, opportunities to use free time, etc. (Fig. 2) [117].

The labor potential of the region is characterized by the aggregate characteristics of labor resources that are already employed or may be employed in social regional production, that is, in the production of the gross regional product. The peculiarities of the labor potential of the region are that there is a migration of labor resources, which is associated with a change in the place of work. Labor migration is especially developed in the countries of Western Europe, which strengthens the labor potential of the territory.

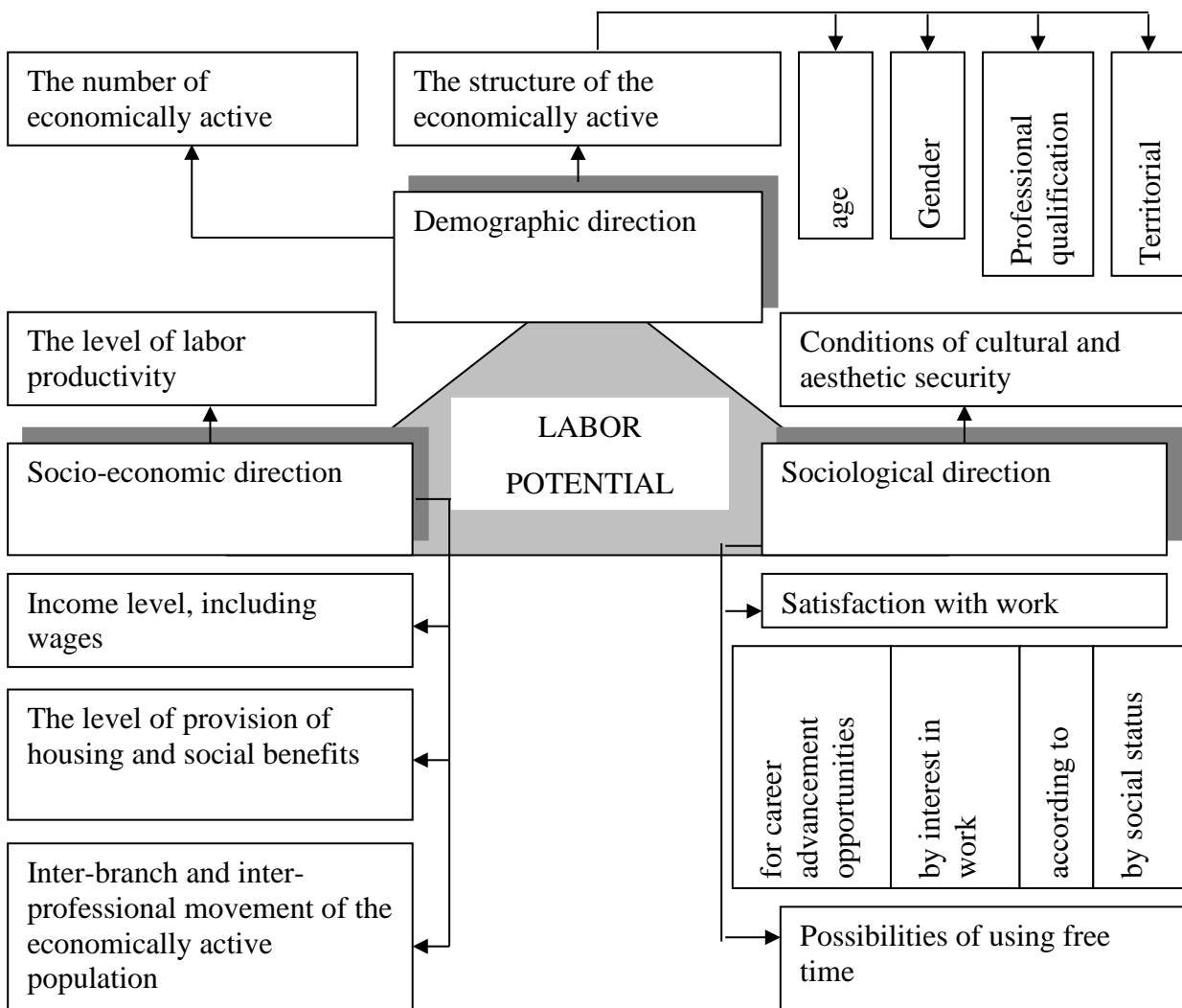


Fig. 2. Directions of formation and preservation of labor potential

The labor potential of the enterprise is formed from the labor potential of each employee and represents the totality of their internal capabilities and means of realizing these capabilities.

At the same time, the internal capabilities of an individual employee must include his professionalism, qualifications, and work capacity, and the means of their implementation include working and living conditions, income level, motivation and incentive system, and the level of technical equipment of workplaces.

The professionalism of an employee is determined by his ability to cope with certain functional duties in the course of work. The qualification of an employee is determined by the level of his education and work experience. Table 1 presents data characterizing the feasibility of investing funds in education in various countries and regions [109, p. 114].

In each group of countries, the rate of return on investment in primary education was higher than in higher education. There is also a tendency for lower rates of return on higher education investments in countries with more abundant labor resources. At the same time, the rate of return on investment in labor resources for society is higher than the rate of profit for an individual.

Table 1

Average return on education (% per year)

Type of region, country	Return from the individual			Giving back to society		
	primary education	secondary education	higher education	primary education	secondary education	higher education
Africa	26	17	13	45	26	32
Asia	27	15	13	31	15	18
Latin America	26	18	16	32	23	23
Transition period countries	13	10	8	17	13	13
Developed countries	*	11	9	*	12	12

Note: * - no data

The level of education of the population in Ukraine is one of the highest among the countries of Central and Eastern Europe.

A person's ability to work in his professional activity is determined not only by the state of health, but also by the degree of motivation of the employee to work, as well as by the current system of work stimulation. It is known that work motivation has two aspects - material and moral - and can be formalized in the degree of satisfaction with work, which is manifested in various forms (Fig. 3) [126]. Progressive job satisfaction makes the employee feel satisfied with professional activity as a whole. Increasing the employee's desire to achieve higher performance results increases his satisfaction in case of achieving the set goals.

Stable satisfaction with work occurs when a feeling of satisfaction is achieved from quality work with motivated support of the level of desire to achieve the set goals. Humble job satisfaction is based on the satisfaction of an employee who has humbled himself, which is reflected in the feeling of vague dissatisfaction with work and reduces the level of desire to adapt to negative manifestations of work situations. Such a form, reducing the level of aspiration, allows you to reach a positive state of satisfaction with work again.

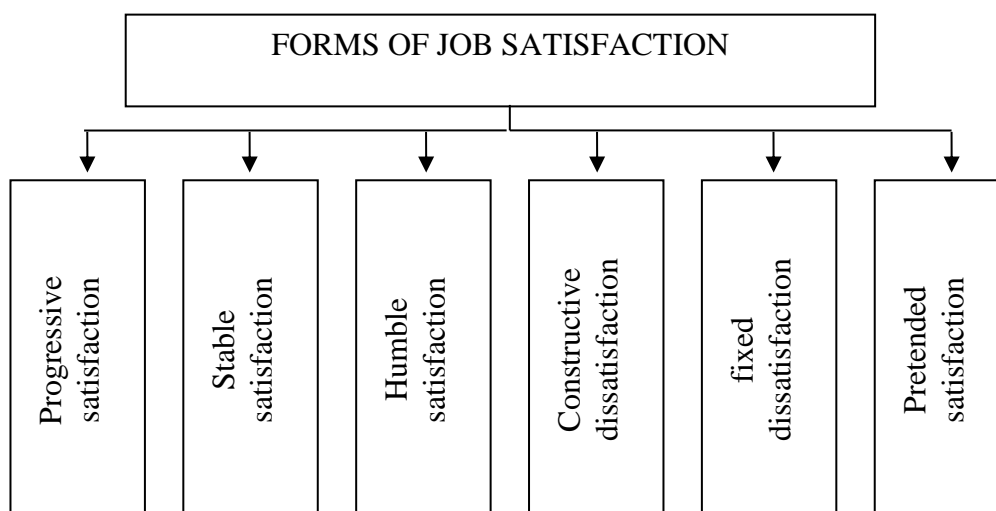


Fig. 3. A set of forms of job satisfaction

Constructive dissatisfaction makes the employee feel dissatisfied with the job and, while maintaining the level of aspiration, he tries to cope with the situation by trying to solve problems on the basis of developing sufficient tolerance. At the same time, meaningful actions are available to the employee within the limits of target orientation and motivation, which are aimed at changing the work situation.

Fixed dissatisfaction with work also contributes to the employee's feeling of dissatisfaction with work. Maintaining a constant level of aspiration, he does not try to cope with the situation and does not start trying to solve the problems that have arisen. A persistent tolerance for dissatisfaction makes it seem impossible to implement the defense mechanisms necessary to activate problem-solving efforts. Feigned satisfaction with labor activity arises in an employee when faced with problems that he is unable to solve in the presence of such working conditions that act irritatingly. At the same time, maintaining a desire for work at a constant level, for example, due to motivation for a certain type of achievement or due to firm social standards, distorted perception or denial of a negative work situation, can lead to feigned job satisfaction.

Along with work motivation, which is based on satisfaction with professional activity, an important factor that affects work capacity is the employee incentive system. Moral stimulation practically cannot be formalized, which complicates the process of influencing it. Material incentives are the most common and effective form of involving an employee in the labor process. The salary, the structure of which is shown in fig. 4, serves as the main material stimulus in our country, but its level does not allow one to feel satisfied with labor activity.

Thus, in 2024, the minimum wage in Ukraine was UAH 7,100, while the average living wage was UAH 2,920. [113]. At the same time, other types of material incentives (commercial credit, social services, incentives in kind and material benefits) are not sufficiently developed. Such material stimulation does not contribute to strengthening the labor potential of the enterprise. Therefore, the enterprise must develop and implement effective forms of labor stimulation that allow motivating employees to highly productive labor activities and fully utilize their labor potential.

In the practice of management in Great Britain, one of the forms of increasing work motivation is employee compensation related to the income of the enterprise (SE), which provides for an increase in wages depending on the current level of income [109]. At the same time, the main characteristics of this form of labor stimulation are:

The income of the enterprise assumes a proportional increase in the income of the employee of the enterprise, depending on the growth of the income of the enterprise;

the enterprise income ratio is calculated on the basis of the enterprise's current income, which remains after paying taxes;

the company's income ratio can be calculated in two ways:

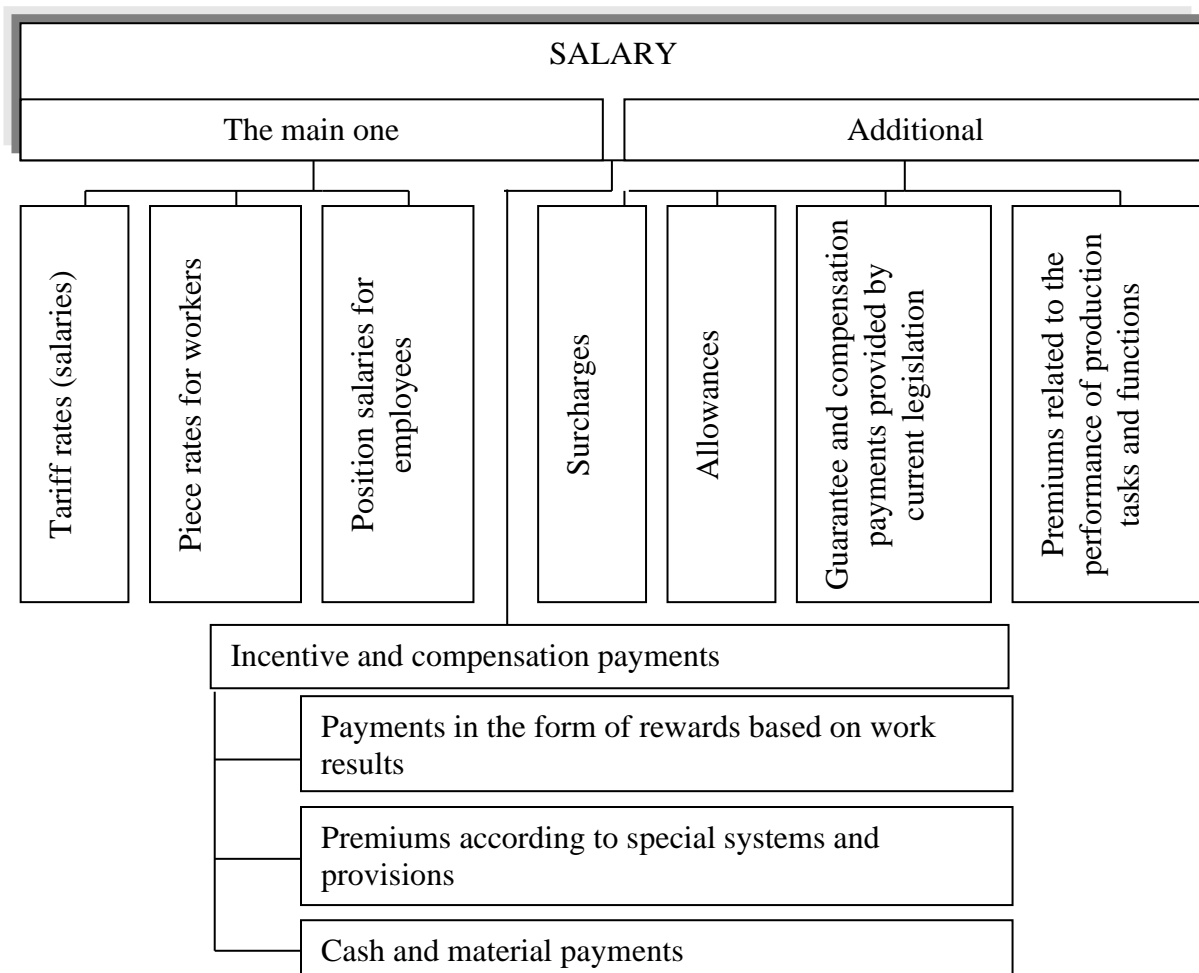


Fig. 4. Wage structure of employees employed in the national economy

1. The enterprise income fund is created by deducting a fixed percentage from the enterprise's current income;

2. The calculation of the enterprise's income fund is based on a comparison of current income with the enterprise's income for the past year:

the business income scheme used by the business must be registered and approved by the UK Inland Revenue before the start of the first accounting period in which it is to be used;

the employer is given some tax benefits;

the general summary of production operations within the scope of this scheme and the income of a separate production unit are taken into account separately from each other.

Thus, the reward system, which is linked to the company's income, provides the company with tax benefits, which allows to increase the net profit and direct more funds to the material incentive fund, which is formed from the profit. However, the implementation of this system requires the development of a methodology for determining the labor contribution of each employee to the enterprise's activities in order to determine the size of material incentives.

One of the important means of realizing the labor potential of an employee is the conditions in which his work is carried out, including household conditions. Factors influencing the formation of working conditions of an employee include:

equipping the workplace with work items necessary for the implementation of work activities:

compliance of sanitary and hygienic working conditions with standards that must be developed in accordance with labor protection requirements;

appropriate design of the workplace.

His living conditions, which create a certain mood and the ability to work effectively, are also important for the realization of the employee's potential opportunities in work. Such a situation indicates that in order to preserve and strengthen the labor potential of the enterprise, it is necessary to create and develop a system of social stimulation within the framework of the business entity's activities to ensure certain foundations for the effective use of the potential opportunities of employees in

production and economic activity. Thus, the labor potential of agricultural enterprises, which consists of the labor potential of individual employees who form the staff of these enterprises, is the basis of the development of the national agricultural sector. In order to realize the potential opportunities of labor resources, it is necessary to create conditions that contribute to the activation of labor activity. Given the fact that the human factor forms the general resource potential of each business entity, it is necessary, first of all, to pay special attention to the improvement of employees based on the development and implementation of enterprise personnel development plans. At the same time, it is necessary to understand that the formation of the labor potential of the enterprise is carried out as a result of recruitment and selection of personnel, and its preservation - as a result of the implementation of an effective system of motivation and labor stimulation.

Favorable conditions for the realization of labor potential provide: the opportunity to sell labor at a real price; normal conditions of implementation of labor force; the opportunity to receive high-quality education and improve qualifications, as well as undergo retraining or retraining; an effective system of social guarantees and payments; the opportunity to receive high-quality social services, including medical services; functional balance of the economy.

These conditions affect the formation and implementation of labor potential at all levels of management, from the national economy to the enterprise. At the same time, it is necessary to identify and determine the factors of external and internal influence on the formation and preservation of the labor potential of an industrial enterprise (Fig. 5). The level of socio-economic development of the country is characterized by the following indicators:

by the volume of the gross domestic product (GDP), all and per capita in the country and in the regions (regions of Ukraine).

the amount of investment resources invested in fixed capital.

development of the innovative sector of the economy.

the level of income of the population, which consists of:

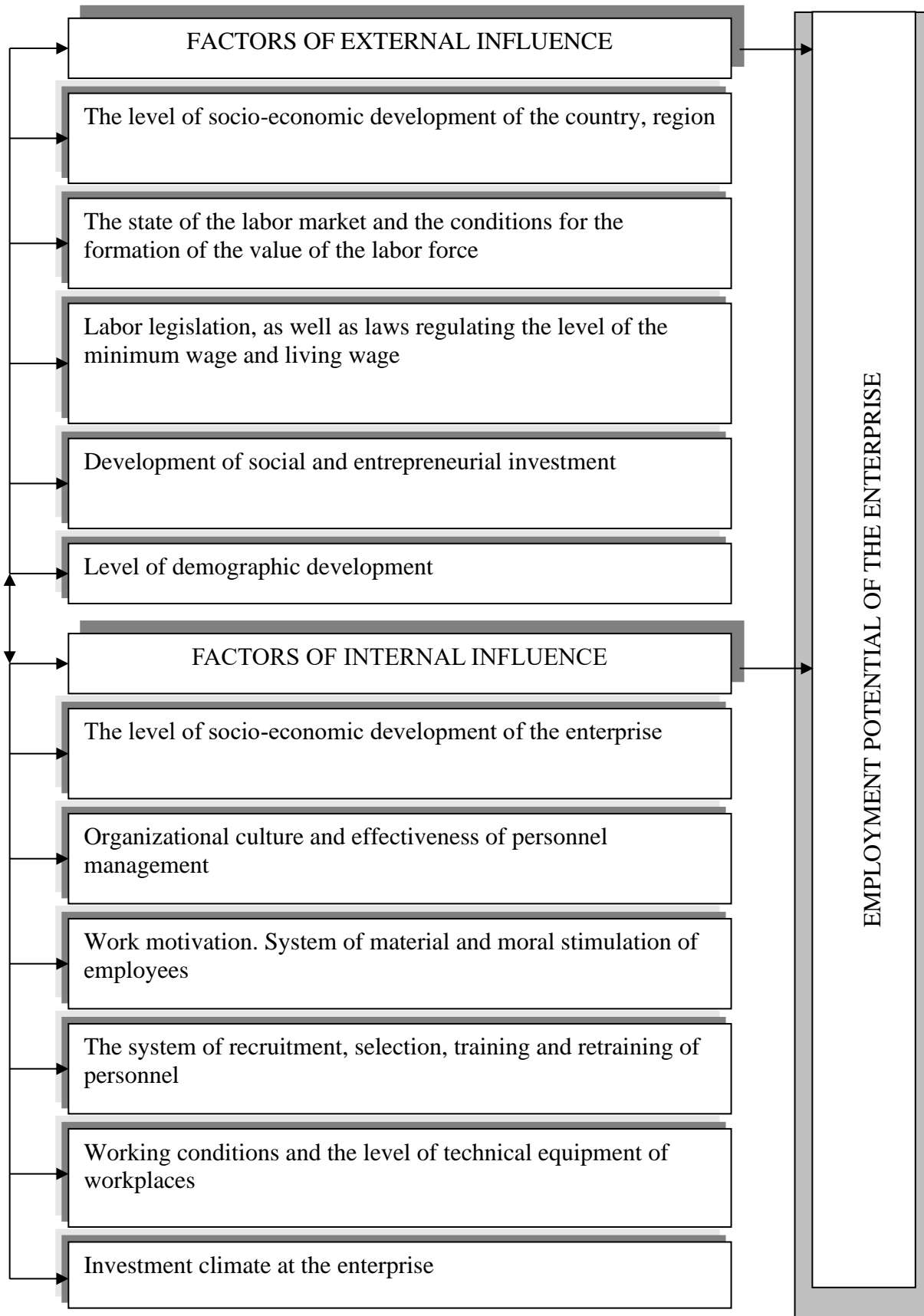


Fig. 5. Factors affecting the formation and preservation of the labor potential of an agricultural enterprise wages, income from the sale of agricultural products, pensions, assistance and scholarships, income from the sale of foreign currency. The level of aggregate income of the population of Ukraine remains very low.

The state of the labor market and the conditions for the formation of the labor price as a factor affecting the labor potential of the enterprise must be considered from the point of view of the opportunities and desire of employees to realize their qualities in the process of work. It is known that the state of the labor market is characterized by the ratio of labor supply and demand, which affects the price of labor.

The next factor affecting the formation and realization of the labor potential of the enterprise is labor legislation, as well as laws regulating the level of the minimum wage and the officially provided subsistence minimum. The Code of Labor Laws of Ukraine regulates the conditions for the employment of hired employees, which affect the labor activity of both the enterprise as a whole and individual employees, and also defines the legal basis and guarantees for the exercise by citizens of Ukraine of the right to dispose of their abilities for productive and creative work [118]. The Law of Ukraine "On Wages" regulates the conditions for formation and payment of wages to employees, which is the main material factor for stimulating labor and realizing labor potential [118]. This law defines the economic, legal and organizational principles of remuneration of employees who are in labor relations on the basis of an employment contract with enterprises, institutions, organizations of all forms of ownership and management, as well as with individual citizens in the field of state and contractual regulation of labor remuneration, and aims to ensure the reproductive and stimulating function of wages. This law also defines the content of the minimum wage as "the legally established amount of wages for simple, unskilled labor, below which payment cannot be made for the monthly, hourly rate of work performed by the employee (volume of work)" [118]. Thus, state authorities set the lower limit of the price of labor in the country, while determining the qualification level of employees who can claim such a level of remuneration. However, if we compare the level of the minimum wage in Ukraine with the average, we can conclude that, for example, in 2024, the amount of the minimum wage was UAH 7,100, and the average wage level was UAH 18,903, which is 2.7 times the minimum level. At the same time, the results of a comparison of the minimum and average wage levels with the officially established living wage in

2024 for the working population are interesting. It should be noted that the subsistence minimum is established based on the minimum costs that must be incurred for the purchase of food, as well as non-food goods and services, necessary for the normal physiological development of a person. Therefore, the low level of wages in Ukraine does not create favorable conditions for the formation and realization of labor potential at all levels.

The next factor affecting the labor potential of the enterprise is the development of social and entrepreneurial investment. Social investment involves investing capital in all its forms in the development of social objects with the aim of obtaining a social effect. The very concept of "social investment" determines the state of this process in Ukraine. It is clear that the main subject of social investment at the current level of national business development is state authorities, and the main source is the state budget of Ukraine. Considering the fact that the national business is not socially appropriate, and the surplus of the state budget on average for the period from 2019 to 2024 amounted to UAH 3,550.83 million, it can be argued that the social effect is achieved in an amount that is not favorable regarding the creation of certain conditions for strengthening and realization of labor potential. Therefore, Ukraine's investment prospects are related to the effective development of entrepreneurial investment, which will allow creating a real basis for social investment aimed at ensuring favorable social conditions for the realization of the labor potential of economic entities.

The level of demographic development affects the formation of both quantitative and qualitative characteristics of the labor potential. From the point of view of quantitative characteristics, demography, as a science of population, determines the replenishment of the economy with labor resources. The negative natural growth of the population of Ukraine (for the period of 2020-2021 — -11.2 [131, 132]) has a negative effect on the formation of the labor potential of enterprises, because due to the reduction of the population, the competition among hired workers, as well as the diversification of professions and qualifications, decreases employees. From the point of view of the qualitative characteristics of the labor potential, the level of demographic

development determines the state of labor resources: their state of health, life expectancy, etc.

Special attention should be paid to the labor migration of the population in the process of forming the labor potential. As a rule, the country attracts immigrants in order to provide labor force in the sectors of the economy in professions that are not prestigious for the citizens of the country. However, in Ukraine during the war there was a significant outflow of highly qualified personnel from the country.

The aging process of the population of Ukraine is the result, first of all, of a decrease in the birth rate and its preservation over a long period at a level that does not even provide simple reproduction of generations. In economically developed countries, the impact of the increase in the average life expectancy of the population is added to this. Migration is a significant countermeasure to the aging of the population in these countries, since mainly young people emigrate. In Ukraine, as in most countries with a transition economy, migration only exacerbates the phenomenon of low birth rates, and there is no noticeable increase in the average life expectancy of the population, especially the elderly. Currently, the share of people aged 60 and over in the total population is 21.3% (25.4% of women and 16.6% of men) and is one of the highest in the world [131, 132, 133].

It should be noted that in the set of factors affecting the formation and implementation of the enterprise's labor potential, it is necessary to distinguish the factors of indirect and direct influence. Thus, it is expedient to include factors external to the enterprise as factors of indirect influence. This is due to the fact that the administration of the enterprise cannot directly influence the change in the nature of their influence on the labor potential. Therefore, among the factors that have a direct impact on the formation and realization of labor potential, it is necessary to include internal factors that are influenced by the administration of the enterprise.

The level of socio-economic development of the enterprise, as an internal factor affecting the labor potential, is characterized by a set of indicators. At the same time, it should be noted that the socio-economic development of the enterprise is a process of

quantitative and qualitative improvement of indicators that characterize the social and economic subsystems of the enterprise. The indicators of economic activity of the enterprise should create a real basis for improving social indicators [128].

Indicators by which the economic development of the enterprise can be assessed include: the value of the fixed assets of the enterprise; amount of working capital; introduction of innovations at the enterprise; investment activity; efficiency of the management system; volumes of production and sale of products; coefficients of profitability, financial stability and independence of the enterprise; net profit

Indicators that characterize the social development of the enterprise include: the level of wages of employees; effectiveness of the labor motivation system at the enterprise (material and moral stimulation of employees); provision of employees with social services provided at the enterprise; aggregate income of employees, expressed in monetary and in-kind forms, formed at the expense of the company's profit; the level of equipment of workplaces and conditions of labor activity. It is clear that the high level of social development of the enterprise allows to increase the interest of employees in the quality performance of their professional duties, which, in turn, affects the growth of labor productivity and accelerates the pace of economic development.

The labor potential of the enterprise is formed by its employees, who, due to certain conditions and circumstances, have certain levels of culture. However, the need to carry out one's work within a single organization makes it necessary to take into account the level of organizational culture as a factor that affects the labor potential of the enterprise. Research into organizational cultures has identified six independent dimensions of culture: a process-oriented culture versus a result-oriented culture; activity-oriented versus employee-oriented; professional compared to workshop; an open system compared to a closed one; with firm control compared to weak control; pragmatic compared to normative (requiring evaluation). With regard to these definitions, the organization's position is partially determined by the specifics of a specific activity [117]. Most authors are of the opinion that there is no single definition

of organizational culture, but it can be characterized according to the following principles:

integrity, systematicity (described as a single whole, something more than a simple addition of all components);

historical certainty (reflects the historical development of the organization);

connection with objects of study of anthropologists (for example, rituals and symbols);

formed on a social basis (created and supported by a group of people forming an organization together);

unobtrusiveness, mildness of influence;

subject to change during work.

The core of organizational culture is formed from values that depend on various factors, for example: gender, nationality, social class, education, profession. They are taken into account in the process of hiring employees and are of great importance for maintaining organizational values. The effectiveness of the management of labor resources of the enterprise can be measured by the completeness of the achievement of the set goals of the activity at the determined expenditure of resources. If the result was achieved in the planned period with the expenditure of the planned amount of resources, then it can be said that the management system is functioning effectively. This contributes, first of all, to the further development of the enterprise and its labor potential.

The motivation of labor activity, based on the existing system of material and moral stimulation of employees, is closely related to the formation and preservation of the labor potential of the enterprise. Currently, the main motivating factor of employees is the desire to have a guaranteed salary, which is formalized as a reward for the work invested. At the same time, employees with sufficient professionalism and a new work consciousness appear on the labor market. Therefore, it is necessary to define motivation as a process of motivating the employee to active activities to satisfy their

needs and to achieve the company's goals. Based on this, it is possible to formulate the main tasks of increasing work motivation:

formation of each employee's understanding of the essence and meaning of motivation in the process of performing labor activities;

training of personnel and managers of the enterprise in the basics of internal corporate communication and culture;

formation of democratic approaches to personnel management with the use of modern methods of motivation in each manager.

With the increase in the role of the human factor, psychological methods of motivation appeared, based on the fact that the main motivating factor is not only material incentives, but also intangible motives, such as self-respect, recognition by team members, moral satisfaction with work and pride in achievement of general activity goals. Such motivation is based on the study of human needs, that is, the perceived feeling of deficiency in anything [112]. The feeling of lack in anything has a well-defined purpose, which is a means of satisfying needs. This led to the emergence of two global theories of motivation: substantive and procedural.

In this regard, it is necessary to define the concept of "motivation", which represents the process of influencing the employee in order to encourage him to take certain actions by awakening certain motives in him. Motivation forms the basis of human resource management. The effectiveness of management to a very large extent depends on how successfully the process of motivation is carried out.

Stimuli play the role of tools of influence that cause the action of certain motives (Fig. 6). The process of using various incentives to motivate employees is called the incentive process. Stimulation has material and moral forms. Stimulation differs from motivation in that stimulation is one of the means by which motivation can be carried out. At the same time, the higher the level of development of relations in the organization, the less often incentives are used as a means of managing employees. This is due to the fact that education and training as one of the methods of motivation lead to the fact that the members of the production team show an

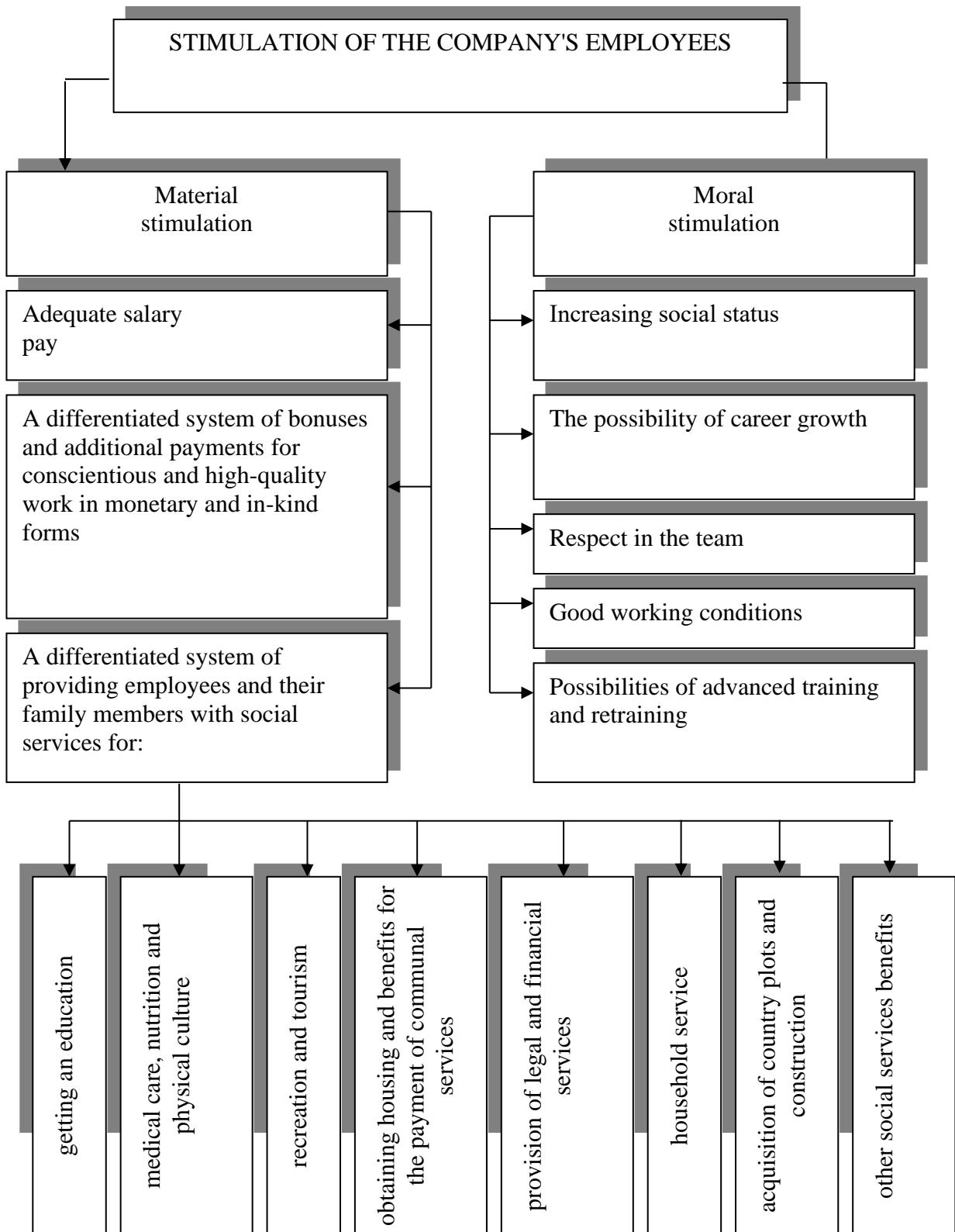


Fig. 6. Forms of material and moral stimulation of the company's employees

interested participation in the activities of the enterprise, performing the necessary actions, without waiting or, in general, without receiving the corresponding stimulating influence [116].

If we examine the objects that are influenced by motivation in the process of employees' activities, the following are revealed: effort, diligence, perseverance, conscientiousness. The performer can do the same work with different efforts (he can work at full strength, or he can work at half strength). Also, he can strive to take on easier work, and can take on complex and difficult work, choose simple solutions, and can look for and take on complex ones.

All this reflects the efforts that the employee is willing to spend, which depends on how motivated he is to spend certain efforts in the performance of his professional duties.

Thus, the employee can understand and implement his work role in the organization in different ways. One may be indifferent to the quality of his work, the other may strive to do everything as best as possible, work with full dedication , strive to improve his qualifications, improve his skills and abilities, be communicative [123]. An effective activity stimulation system contributes to the strengthening of the labor potential of the enterprise, creating favorable conditions for responsible and diligent employees who are able to perform their functional duties well.

Based on the fact that the labor potential of the enterprise is formed by the labor potential of each employee, it is necessary to consider the process of recruitment, selection, training and retraining of personnel as one of the factors affecting the labor potential of the enterprise. It is known that the recruitment and selection of personnel represent the process of providing the enterprise with a staff of employees of a certain qualification for the purpose of effective functioning and development of the business entity [110, 114, 120]. The qualitative side of personnel recruitment and selection is largely determined by two points. Before starting the implementation of this process, it is necessary:

first, to conduct research and analysis of the external environment of the enterprise and consider internal conditions for the development of personnel development programs;

secondly, to conduct an analysis of the content of work, which will allow to determine the requirements for potential candidates that the company plans to recruit.

Taking into account the fact that the main goal of personnel recruitment consists in the formation of the necessary reserve of potentially qualified employees, it is necessary to define the tasks that must be solved during the implementation of this process:

creation of a reserve of potential candidates with the maximum possible reduction of costs;

decrease in the number of obviously residual qualified or insufficiently qualified candidates;

minimization of the probability that the candidate will leave the company after a short period of employment;

fulfillment of the legal and social obligations of the enterprise.

The external and internal advantages of recruiting personnel of the enterprise are presented in fig. 7 [126].

The results of research into the company's personnel recruitment process show that this process achieves maximum efficiency with the combined use of external and internal sources of recruitment. After the set of recruitment candidates has been formed, it is necessary to start the selection of those who suit the enterprise to a greater degree from the point of view of the formation of its labor potential. The selection of candidates is carried out on the basis of existing methods developed during the existence of the theory of human resources management, table. 2 [112].

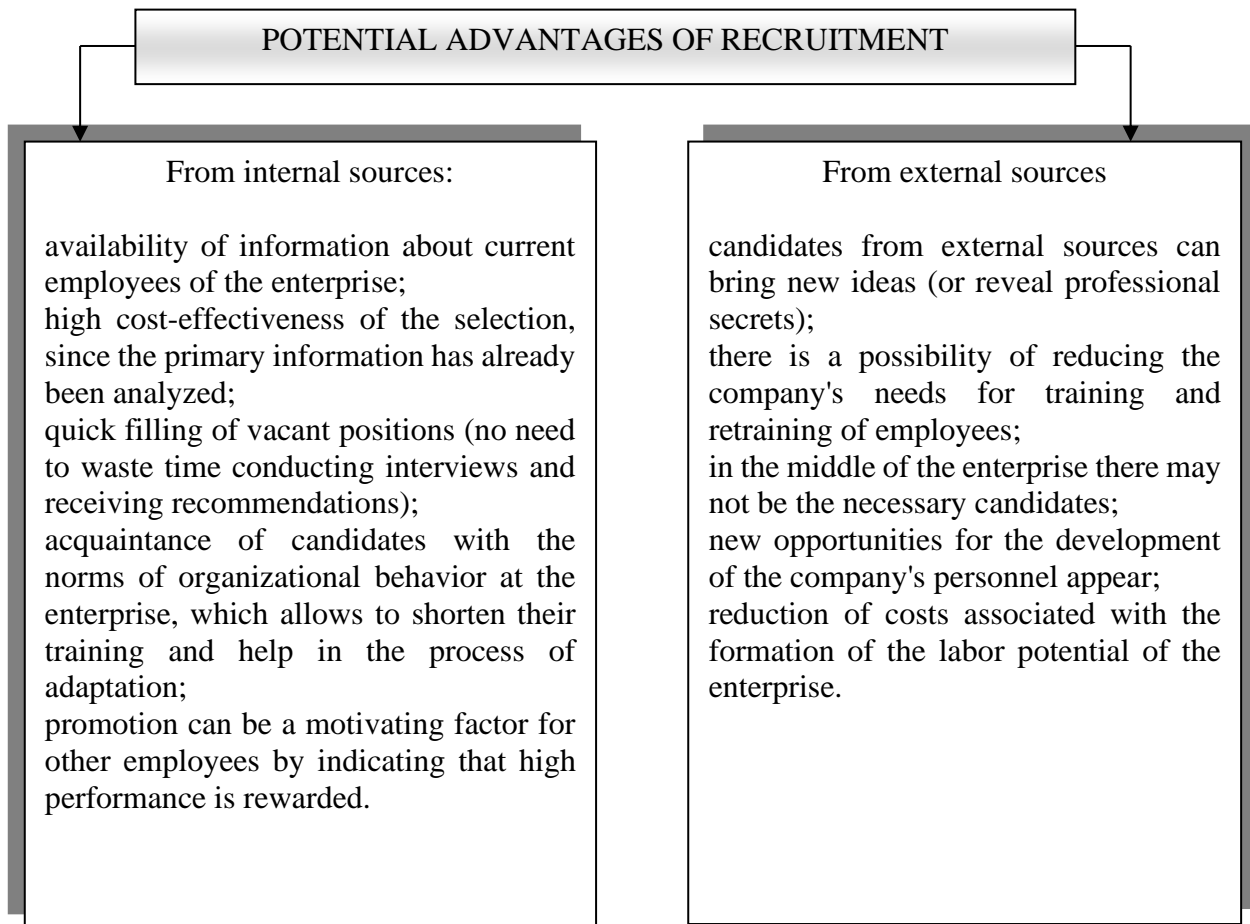


Fig. 7. Advantages of external and internal recruitment

For the formation of information, which is the basis for the development of selection methods, questionnaires are used, the accuracy of which is relative (30% of questionnaires contain erroneous information), written testing, and interviews. Recruitment questionnaires are used to assess the candidate's qualities in terms of satisfaction with the employer's minimum requirements. Written tests allow

assess the candidate's abilities, personal attributes and interests. An interview is most often used to get a general impression, but sometimes a predictive interview is used, containing special questions about job duties and skills, which are determined in the process of job content analysis [112].

Table 2

Application and reliability of widespread personnel selection methods

Methodology of selection	Number of enterprises using the method, %	Criterion validity
Situational interview	5-20	0.54
Testing of cognitive (cognitive) abilities	42	0.53
Trial work	6	0.44
Assessment Center	6	0.44
Biological data	11	0.37
Personal characteristics	5	0.10-0.25
Circle of interests	5	0.10
Educational rating	*	0.10
Standardized interview	70	0.07
Drug testing	25	different
Check for alcohol consumption	13	different
Genetic analysis	1	different

Note: * - no data

In the process of recruitment and selection of personnel, a number of difficulties arise, which must be taken into account when forming the labor potential of the enterprise. Such difficulties are associated with:

managing a diverse workforce, i.e. staffing activities should be aimed at maintaining an appropriate balance among candidates for vacant positions among those hired;

the effectiveness of the recruitment and selection process, which consists in the justification of costs for the implementation of this process;

the need to eliminate subjectivism in the process of recruitment and selection of candidates;

limitation of the amount of available information and its quality, as well as the quality of the organization of the informatization process.

Training as a factor affecting the formation and implementation of the enterprise's labor potential should be defined as a systematic process aimed at developing the knowledge of employees, their skills, changing behavior or attitudes to increase the

contribution to the achievement of the organization's goals. Most companies around the world spend a lot of money on training and retraining their employees, trying to strengthen their labor potential. In the USA alone, the costs of personnel training are approximately 100 billion dollars . USA per year [112]. At the same time, various training programs are carried out in three stages:

the first is related to the analysis of staff training needs;

the second — with the creation of opportunities for training and retraining;

the third stage, related to the evaluation of the effectiveness of training and retraining.

McGee and Thayer proposed a three-element system of training needs analysis, which is based on conducting the following studies: organization analysis, task analysis, and personality analysis (Table 3) [115] .

Table 3

Approaches to determining the need for training

Analysis	Target	Examples of defined needs analysis methods
Analysis organizations	Determine where training is needed in the organization	Establish requirements for knowledge and skills, based on organizational goals, tasks, business plans; compare performance and quality indicators with expectations; manage personnel, including personnel audit, in the process of which the basics of knowledge and skills of employees are determined; evaluate the organizational learning climate
Analysis task	Determine what the content of training should be	For the activity of individuals, determine the results (standards) of task performance that must be solved in order to achieve them, as well as the knowledge, behavior and attitudes necessary for the successful completion of the task
Personality analysis	Determine who should receive training and what training they need	Using job performance assessments, identify knowledge and skills that are the causes of job performance discrepancies ; collect and analyze critical incidents (events); lead the development of analytical surveys in education

As a result of the implementation of the training and retraining processes of the company's employees, it is important to evaluate the results and make decisions based on the results of the evaluation. Therefore, the evaluation criteria should be formed based on the specifics of the activity of a particular enterprise and the dynamics of the main indicators of production and economic activity, including financial. This will make it possible to evaluate the effectiveness of training and retraining of personnel, taking into account the costs of their implementation and the results obtained. However, it is necessary to take into account the determined influence of some factors that, at first glance, are not related to the learning process, for example, motivational incentives, conditions of learning and the implementation of labor activities, material and technical equipment.

Working conditions affect the effectiveness of professional activity. They can equally contribute to its increase, and vice versa. First of all, the working conditions should be favorable and create a basis for the active implementation of professional activities. The principles that shape working conditions include:

- compliance of real working conditions at the enterprise with labor protection standards, which must be improved with the development of production;

- compliance of the actual level of technical equipment of workplaces with the normative level, which should be improved in accordance with scientific and technical progress.

Given the fact that the own financial resources of Ukrainian industrial enterprises cannot provide the necessary development for all aspects of improving labor potential, it is necessary to create a favorable investment climate at the enterprise. This will make it possible to attract the necessary investment resources for personnel development and not divert funds from the operational activities of enterprises. Among the external elements that shape the nature of the investment climate of the enterprise, it is necessary to note:

- political stability;

- the state of the legislative framework, including tax and investment legislation;

investment rating of the country in the world economy.

Internal factors affecting the investment climate of the enterprise include:

the financial condition of the enterprise and the nature of financial prospects (solvency of the enterprise, financial stability and independence);

the value of the company's fixed assets and working capital;

enterprise management system.

As evidenced by the analysis of the structure of investments in fixed capital involved in the renewal of fixed assets of enterprises from all sources of financing, 64-71 % of investments are the enterprises' own funds. In this regard, the issue of improving depreciation policy at the current stage is one of the main factors in improving the financial condition of enterprises and the investment orientation of depreciation deductions [130, 131, 132, 133].

Thus, the set of factors that directly or indirectly affect the formation and realization of the enterprise's labor potential must be taken into account in the process of managing its socio-economic system. It is known that a business entity concentrates a set of economic resources: labor, financial, material and technical, informational, which form a total potential consisting of labor potential, financial potential, material and technical (production) potential, and the potential of informational resources. The formation and development of each private potential in the socio-economic system of the enterprise does not always contribute to increasing the efficiency of production and economic activity. Only the interdependent development of the components of the aggregate potential of an industrial enterprise will allow achieving certain goals. At the same time, the labor potential is the basis of the development of the entire socio-economic system of the enterprise, which represents a set of elements that are interconnected regarding the production and sale of products.

Thus, the following conclusions can be drawn:

1. The economic development of Ukraine must be ensured by the activation of agricultural production, the main factor of which is the effective use of the labor potential of enterprises. This can be done at the expense of quantitative and qualitative

transformations in the activities of personnel, which forms the labor potential of economic entities. In modern economic literature, there is no single approach to determining the labor potential of an industrial enterprise, so it is necessary to define it. Labor potential is a set of quantitative and qualitative characteristics possessed by the company's personnel and which can be realized under favorable conditions of labor activity.

2. The definition of the concept of "economically active population" is important, because it is the basis of the formation of labor potential at all levels of management. The economically active population should be understood as the population that is aged from 15 to 70 years and, due to its physical, mental, intellectual and professional qualification characteristics, participates or can potentially participate in the public production of goods and services, as well as provides the supply of labor labor market forces. Therefore, the determination of labor potential must be based on the quantitative and qualitative characteristics of the economically active population.

3. Quantitative characteristics of the labor potential are determined by: demographic factors (the number of the population, indicators of its growth, migration mobility, etc.); the needs of social production in labor force; opportunities to meet the needs of the working population in workplaces. The qualitative characteristics of labor potential are conditional and can be determined using: indicators of demographic development; medical-biological and psychophysical characteristics; professional qualification data; social opportunities.

4. Taking into account the factors that influence its development is of great importance for the formation and preservation of the labor potential of agricultural enterprises. At the same time, it is necessary to identify these factors and divide them into factors of direct influence and factors of indirect influence in order to determine those on which the administration of the enterprise can influence. External factors affecting the labor potential of the enterprise are factors of indirect influence, that is, the administration of the enterprise cannot regulate their influence. Such factors should include: the level of socio-economic development of the country and the region; the

state of the labor market and the conditions for the formation of the labor price; labor legislation regulating labor relations; development of social and entrepreneurial investment; level of demographic development.

5. Internal factors that influence the formation and preservation of the labor potential of the enterprise deserve special attention, because the administration of the enterprise can regulate the degree of their influence, thereby providing the labor component of the resource potential of the economic entity necessary for effective activity. Such factors should include: the level of social and economic development of the enterprise; organizational culture and efficiency of personnel management; motivation of labor activity, system of material and moral stimulation; the system of recruitment, selection, training and retraining of the company's personnel; working conditions and level of technical equipment of workplaces; investment climate at the enterprise.

6. Factors that directly affect the formation of the labor potential of agricultural enterprises include the system of recruitment, selection, training and retraining of personnel, and the motivation of labor activity, the system of material and moral stimulation of labor for its preservation. The results of the analysis of the state of these factors in the developed countries of the world, as well as the possibility of using positive experience for the formation and preservation of the labor potential of agricultural enterprises in Ukraine, are presented as necessary and interesting.

7. In countries with a developed market economy, personnel services are engaged in the formation of the labor potential of enterprises, which carry out recruitment and selection of personnel both from the outside and as a result of the movement of employees within the enterprise. At the same time, preference should be given to internal recruitment, because the transfer of an employee to another place within the enterprise is considered more expedient and less costly due to the fact that the employee is adapted to the internal environment of the enterprise and carries a share of the corporate culture. At the same time, the issues of improving the qualifications and

retraining of employees should be effectively resolved, which allows strengthening the labor potential of the enterprise.

8. Given the importance of preserving the labor potential of agricultural enterprises, in the developed countries of the world there is a differentiated system of labor motivation, which is based on the use, first of all, of material incentives with their reinforcement by moral stimulation of employees, one of the elements of which is the involvement of enterprise personnel in managing it. At the same time, material incentives are of primary importance for attracting highly qualified personnel. In addition to the basic salary, there are various payments and additional payments that encourage highly productive and skilled work, which allows employees to receive an income that ensures decent living conditions. Thus, by making certain expenses for the formation and preservation of labor potential, the managers of enterprises create an opportunity to use in the process of production of goods and services personnel who are able to ensure the achievement of certain goals.

DOI: 10.46299/979-8-89692-747-1.6

6. Theoretical and practical aspects of marketing activities of agrarian formations: a component of anti-crisis management

The strengthening of globalization and crisis processes stimulate and emphasize the need for enterprises to open access to global resources for effective development. At the same time, they cause aggravation of competition at all its levels and require business entities to actively search for new directions and priorities for their competitive growth in the difficult conditions of economic transformations.

The State Strategy for Regional Development for 2021-2027 provides a list of performance indicators, based on the results of an analysis of the main trends in the socio-economic development of the regions of Ukraine over the past 20 years, and defines Goal 3 "Effective state management in the field of regional development" [182].

General and special methodological approaches are used to assess the development of the agricultural sector of Ukraine's economy by region and implement financial regulation. In particular, it is important to use macro indicators - gross domestic product (hereinafter - GDP); nature of interrelationships of agricultural GDP, production, financial results and social factors; identifying the dependence of changes in agricultural GDP and the balance of financial flows and resources distributed by the state (lending, budget support, development funds, marketing research) [158].

The successful functioning of enterprises in crisis conditions is to some extent due to the use of the latest marketing technologies, in particular franchising, merchandising, and sales promotion measures.

Crisis and transformational processes in the economy of Ukraine led to the fact that agricultural enterprises are forced to search for new approaches, methods, mechanisms and ways to achieve competitive advantages in the agricultural market. Dynamic market changes require agricultural enterprises to develop and implement an

innovative development strategy. It is advisable to form strategies for the development of agricultural enterprises on the basis of marketing research with the use of management tools. Administrative influence should be carried out taking into account modern challenges, conditions and processes taking place in the country, taking into account the state of functioning of the agrarian market, the influence of internal and external environmental factors and, of course, military aggression [161].

Research aimed at determining the essence of marketing activity, the strategy and specifics of its development at the micro-, meso- and macro-levels, solving the multifaceted problem of forming reliable information support for the management of marketing activities of agricultural enterprises, in particular regarding the definition, evaluation, control, planning and analysis of costs for marketing activities, regulatory and legal regulation of marketing activities, as well as the need to form a joint interaction of the management and marketing system, which allows the most effective, in a short period of time, to quickly make decisions and solve urgent problems that were formed under the influence of internal and external environmental factors, were reflected in works of V. Bondarenko [142], I. Honcharuk [148], N. Gudzenko, T. Plakhtiy [151], G. Kaletnika [155], N. Koval [157], R. Logosha, K. Mazur [165], L. Pronko [161], N. Pravdyuk [177], I. Tomashuk [166], and other scientists.

However, despite the considerable efforts of economists in terms of substantiation of theoretical and practical provisions for the formation of management and information support for the marketing activities of enterprises, they remain not fully resolved.

The creation of a new or further development of an already operating enterprise is always associated with conducting economic calculations that would allow establishing the relationship between incurred costs and received income. The administration of such costs, which in modern conditions requires significant attention from scientists, are marketing costs, because today it is very difficult to identify the benefits and income received by the enterprise, which are associated with their

incurring. The existence of such a situation does not allow, based on the use of accounting information, to determine the effectiveness of the enterprise's marketing policy and to single out its contribution to the further development of the enterprise as a whole and to their business administration [185].

Marketing occupies a special place among the concepts that have become a feature of modern business. The very word "marketing" appeared in the United States of America in the process of local farmers looking for a market for their products (Market Getting – mastering the market). The first elements of marketing (price, sales, advertising) appeared in the middle of the 17th century. (Tokyo, Japan).

Elements of knowledge of the market in Ukraine began to emerge only at the end of the 80s and 90s of the 20th century. first in production and sales activities, in particular industry and the provision of various services, and later in other branches of the national economy [172].

As an academic discipline, marketing first emerged in the United States. In 1905, V. Kreuzi gave a course of lectures «Marketing of goods» at the University of Pennsylvania, and R. Watler began to conduct a permanent course «Methods of Marketing» at the University of Wisconsin [167].

There are more than 2,000 of its definitions in the marketing literature. Each of these interpretations, from concise to academic, to one degree or another reflects its purpose, functions and main content [138].

Questions regarding the disclosure of the essence of the marketing strategy, the specifics of its development and classification, as the basis of information support for the management of the marketing activities of the enterprise, have been covered in the works of many economists. Thus, D. Melnyk investigated the peculiarities of the formation of the company's marketing strategy in modern business conditions, determined its place and significance in the general hierarchy of the company's development strategies. S. Semenyuk [182] proposed an algorithm for choosing the optimal marketing strategy, which includes evaluating the current strategy of the firm, analyzing the business portfolio and identifying alternative marketing strategies [168].

Mysyuk are devoted to the problem of classification of expenses for the marketing activity of the enterprise, in which the authors substantiate the economic essence of the concept of "marketing expenses", the classification of expenses for the sale of products and proposals for their display in the accounting system of the enterprise are given [171].

Research aimed at determining the essence of marketing activity, the strategy and specifics of its development at the micro-, meso- and macro-levels, solving the multifaceted problem of the formation of management of marketing activity, in particular regarding the peculiarities of the formation of costs for marketing activity, regulatory and legal regulation of marketing activity, as well as methods displaying information about marketing activities in the system of accounts and financial reporting [177].

Also, it is worth noting that a significant number of leading scientists of the economic direction quite actively researched the main theoretical approaches to understanding the essence of marketing management based on conceptual approaches and its structural elements of the system.

Thus, the views of scientists are based on different conceptual approaches. A conceptual approach to defining the concept of marketing management from the standpoint of classical marketing according to F. Kotler, who notes that the management of marketing activities is based on managerial functions that examine products, services, and ideas as the main categories [167]. However, the main task of marketing management is the formation of the maximum level of satisfaction by all parties participating in the exchange, with an effective and alternative distribution of limited resources [161].

Authors M. Belyavtseva and V. Vorobyov stated that the essence of marketing management is much broader than the function of management. In their opinion, marketing management is the process of managing all functions of the enterprise, as well as all its divisions, based on marketing [141].

We agree with the statement of the authors of VNAU, R. Logoshey and

L. Pronko, that the marketing management of agrarian enterprises should be understood as a purposeful activity for the formation of various activities that are related to market activity, at the level of a separate agrarian enterprise, at the level of the agrarian market and society in in general, which are based on the principles of marketing [161].

Therefore, marketing as an independent economic phenomenon arose at a high stage of development of commodity production, thanks to the rapid growth of productive forces and social welfare, the «seller's market» began to turn into a «buyer's market».

A seller's market is a market in which sellers have more power and where the most active "market players" are forced to be buyers. Gradually, as the supply grew compared to the demand, another type of market was formed - the buyer's market. A buyer's market is a market in which buyers have more power and sellers are forced to be the most active «market players».

The buyer's market is the implementation into practice of the leading idea of the marketing concept: making a profit by the enterprise, meeting the needs of the consumer, taking into account the interests of society [186].

The concept of marketing is closely related to the emergence of trade, which means the market. Marketing (from the English market – market, trade, sale, commercial activity) is a term that arose at the beginning of the 20th century. in the USA.

Marketing is a system of interrelated actions related to the planning and implementation of ideas, pricing, promotion and distribution of ideas, goods, services through exchange that satisfies needs.

Marketing is the process of studying and forming consumer requests and preferences, as well as using all the company's resources and means to satisfy them for the purpose of obtaining profit and for the special benefit of consumers [185].

Marketing is a type of human activity aimed at satisfying needs through exchange.

Marketing is a creative management activity aimed at meeting the needs of consumers and obtaining the desired functioning of entities and the capabilities of the enterprise itself in terms of developing new products, organizing production, ensuring effective movement of goods from the producer to the end consumer [139].

Marketing, as an economic process, is understood as the connection between production and consumption, where the role of marketing consists, on the one hand, in providing goods and services (production), and on the other hand, in providing producer information about consumer needs [186].

Consider the essence and meaning of marketing according to different existing approaches, figure 1.1.

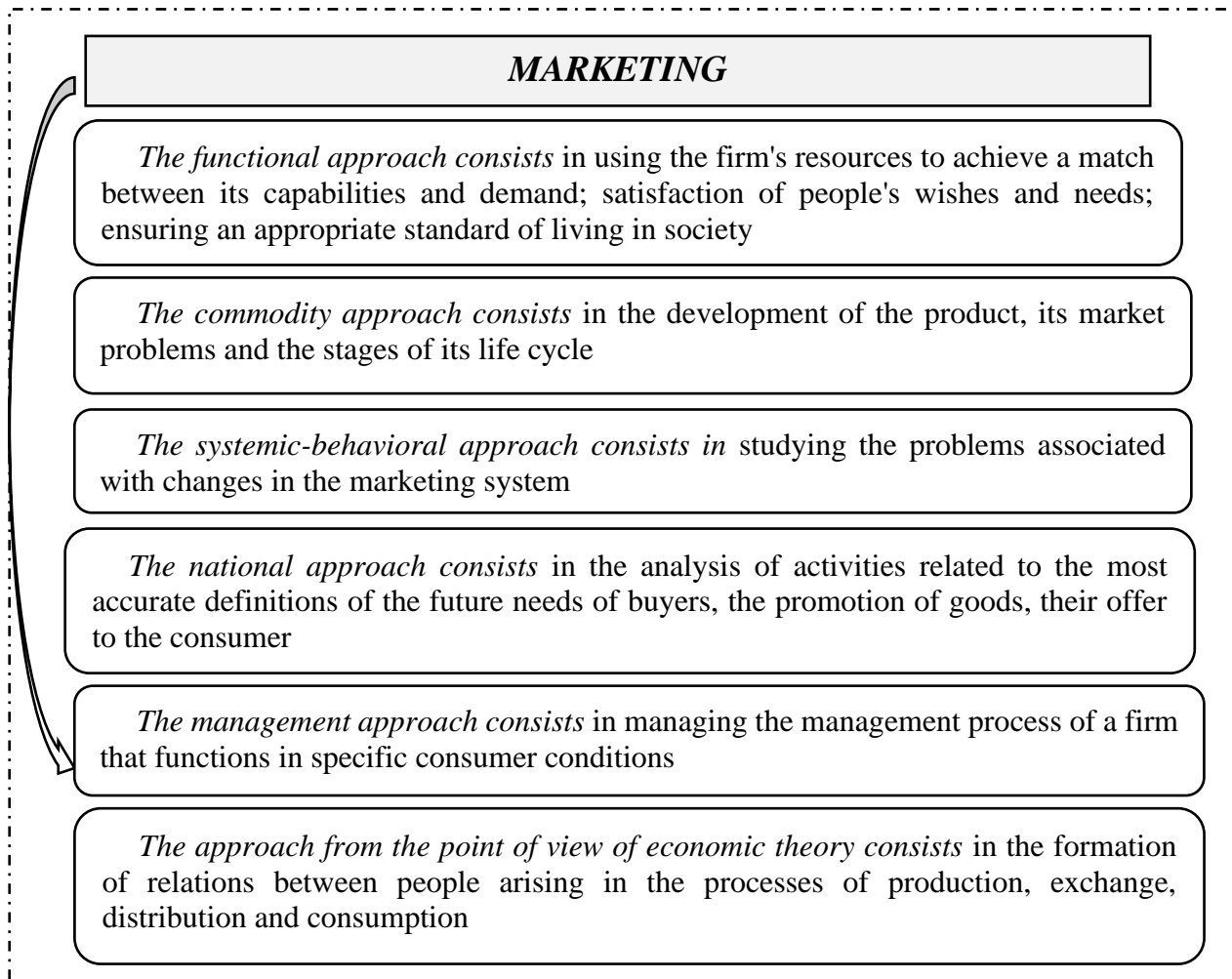
Marketing, as an economic process, is understood as the connection between production and consumption, where the role of marketing consists, on the one hand, in the provision of goods and services (production), and on the other hand, in the provision of producer information about consumer needs [164, 186].

The initial idea underlying marketing is the idea of satisfying human needs (physical needs, needs for food, clothing, warmth, security, social needs, need for knowledge, etc.). People's needs are unlimited, and the resources to satisfy them are limited. Therefore, a person will choose those goods that bring him the most pleasure within their capabilities [164, 186].

A need is a need that takes a specific form, supported by a certain socio-cultural level of a person, when he feels an acute need for anything.

Demand is a need backed by purchasing power. However, the demand indicator is not reliable enough, as it changes. The change in choice is influenced by both price changes and income levels.

Human needs, needs and requests are satisfied by goods.



Rice. 1. Approaches to defining the essence of marketing

Source: systematized by the author [139, 186]

A product is anything that is offered on the market in order to satisfy demand. The product can have both material (material) and immaterial (service) form.

Exchange is the main concept of marketing as a scientific discipline. Marketing only takes place when people decide to satisfy their needs and wants through exchange. Exchange is the act of receiving a desired object from someone with the offer of something in exchange [173, 184, 186].

Agreement is the main unit of measurement in the field of marketing [155].

Marketing subjects are enterprises, wholesale and retail trade organizations, marketing firms and specialists, contact audiences or individuals between whom there are marketing ties, consumers [161].

The economic situation that has developed in Ukraine has a number of features that must be taken into account when forming a marketing system at enterprises in the agricultural sector: limited aggregate consumer demand, unbalanced economy, including supply and demand, production and consumption; low level of satisfaction of needs, etc. In the conditions of absolute uncertainty of the influence of the surrounding environment, Ukrainian agricultural enterprises are forced to quickly respond to market demands with non-traditional pricing policies, investments in marketing measures that are able to ensure a quick return on investment and, if possible, maintain a market niche [143].

Kyrylych [188] quite rightly point out, in the conditions of an unbalanced market environment, frequent changes in consumer preferences and instability of demand for products, marketing activities come to the fore in enterprises, which are often considered a panacea for all problems, without stipulating the scope of its tasks and capabilities [161].

Marketing activity is carried out by providing marketing services that ensure the functioning of the enterprise in the field of market research, stimulation of sales of products (works, services), price policy, organization and management of the movement of products (works, services) to the consumer and after-sales service to the consumer within the framework of economic activity [139]. However, most scholars mistakenly equate marketing with sales and promotion.

Having analyzed the essence of marketing and sales, it is quite possible to assert that the concepts of «marketing» and «sales» are not identical concepts. Marketing includes sales as one of its components and functions. Marketing is a much broader and more complex concept than sales, it is a certain system that allows solving market problems in the most rational way [181].

An unclear interpretation of marketing and marketing services is also presented in the current PKU: in accordance with clause 14.1.108 clause 14.1 of article 14, «...Marketing services (marketing) – services that ensure the functioning of the taxpayer's activities in the field of market research, sales promotion products (works,

services), price policy, organization and management of the movement of products (works, services) to the consumer and customer service after the sale within the economic activity of such payer» [175].

Scientists have formed five 'alternative concepts, each of which corresponds to a certain stage of the development of marketing, in particular [185]:

1. The concept of production improvement states that consumers prefer widely distributed and affordable goods. Management of the enterprise, which focuses on this concept, focuses on improving production and increasing the efficiency of the product distribution system.

The application of this concept is appropriate in two situations: –when there is a high demand for these goods and buyers show interest in them; –when the cost is too high and it can be reduced by increasing labor productivity. In such cases, manufacturers are looking for ways to increase production.

2. The concept of product improvement assumes that consumers prefer products with the highest quality and reliable operational characteristics, therefore, the company should focus its efforts on continuous product improvement [172].

3. The concept of intensification of commercial efforts states that consumers will not buy a company's goods in sufficient quantities if it does not make significant efforts in the field of sales of goods. Businesses focused on this concept are guided by the fact that consumers mostly do not have a clear intention to purchase their products, and therefore it is necessary to take active measures to sell the product.

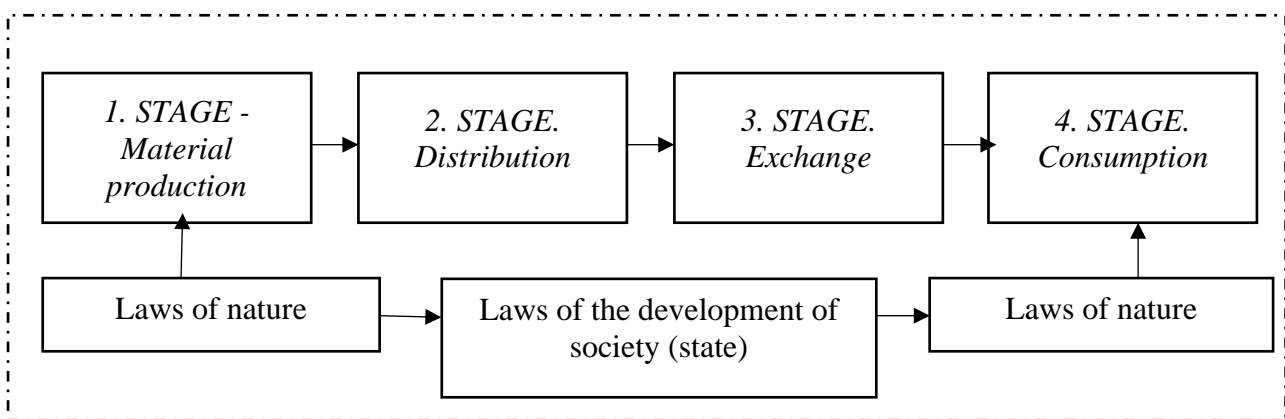
In practice, the concept of intensification of commercial efforts is implemented by imposing a purchase on the consumer, and the seller tries under any conditions to sign the agreement and make the sale, and satisfying the consumer's needs is a secondary matter for him.

4. The concept of marketing assumes that the main condition for achieving the company's goals is the determination of consumer needs and the satisfaction of these needs with more effective and more productive methods compared to competitors. By introducing this concept, enterprises focus primarily on satisfying the needs of a certain

group of consumers, for which they constantly conduct market research, analysis and control of marketing activities. The essence of the marketing concept is the creation of products oriented to the needs of consumers: enterprises, organizations, and people. This concept was called «Pure Marketing». The essence of this concept can be formulated as follows: «Make what you can sell instead of trying to sell what you can make», «Love the customer, not the product».

5. The concept of social and ethical marketing involves determining the needs of consumers and satisfying them more effectively than competitors, taking into account the interests of all members of society [172].

All marketing concepts and changes are inextricably linked with the reproductive process, Figure 2.



Rice. 2. Reproducible process of marketing activity

Source: [155, 168]

The second stage of the reproductive process is distribution. It establishes the share of each individual in the production product, which must be distributed taking into account the geography and capabilities of consumers.

The third stage of the reproductive process is exchange. Exchange is a process in which individuals will deliver a certain product for which the individual wants to exchange it, which is necessary to satisfy certain needs.

The fourth stage of the reproductive process is consumption. Consumption is the process of direct use of products to meet the needs of certain consumers [186].

Marketing as a modern business philosophy is based on five main principles:

1. Orientation to consumers and flexible response of production and sales.

A business should make what consumers need, not sell what it can make.

2. Market segmentation involves the identification of a specific group of consumers to satisfy the needs of which, through goods and services, the company's activities should be oriented.

3. In-depth market research includes determination of market capacity, consumer qualities of the product, analysis of pricing, effective sales channels, sales promotion methods.

4. Orientation to long-term results is ensured by innovations in production and sales activities: creation of new products, technologies, improvement of forms and methods of entering new markets, stimulation of sales, channels of merchandise movement.

5. Product positioning. Determination of features and characteristics of product features that distinguish it from similar competitor products [140].

The main tasks of the marketing system, the research and development of which forms the basis of successful business activity, are:

–comprehensive market research;

–consumer orientation;

–planning of product range, prices, communication policy;

–development of measures aimed at improving management and organization of production;

–profit orientation as the final result of all production activities, which determines specific sales tactics [140].

In the model of managing the marketing activities of the enterprise, H. Guzenko separates the marketing information system from such functions of the management entity as accounting and reporting [152]. Similarly, R. Mucha sees the perspective of the development of the marketing activity of enterprises in ensuring the presence of an effectively functioning marketing and information system at the

enterprise, the main task of which is to help the enterprise avoid strategic surprises, obtain timely, complete and up-to-date information about the state of the external environment, build a positive reputation, contribute to a more successful promotion of products to the market and an increase in their sales volume [170].

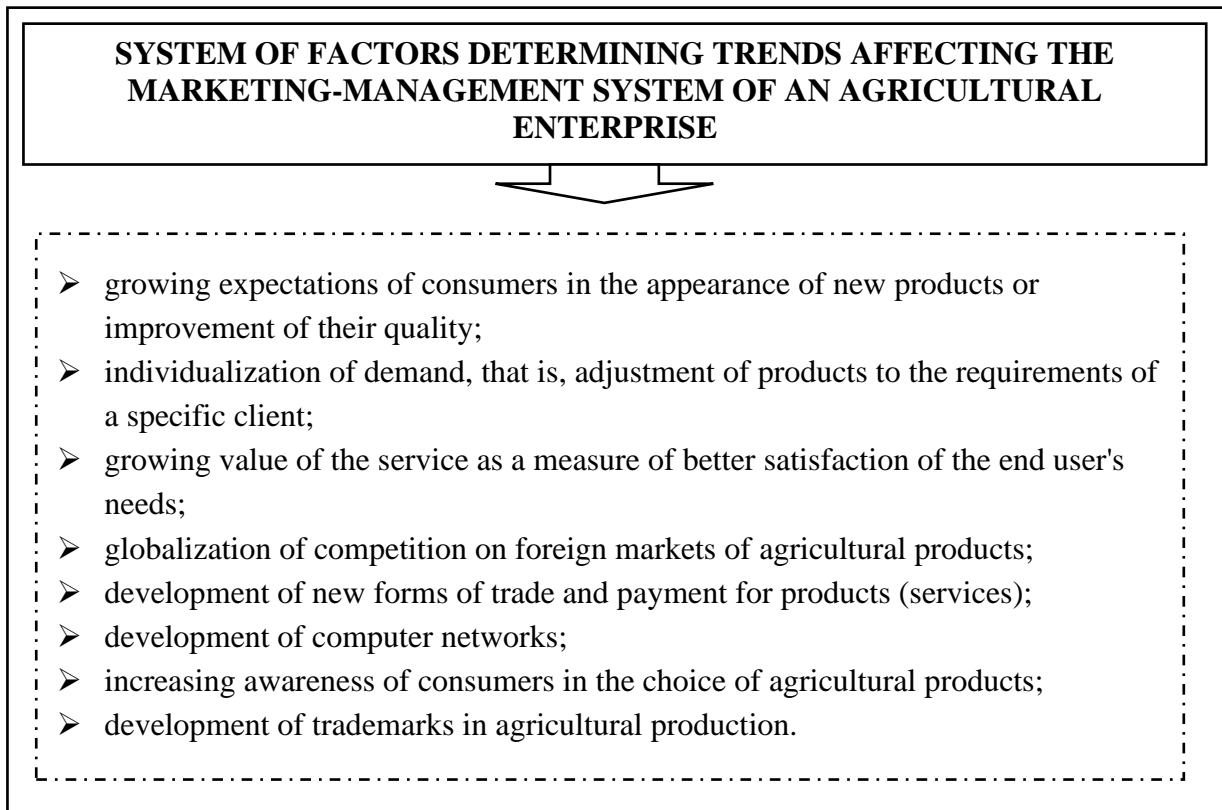
The analysis of the economic literature regarding the essence of the functions of the marketing activity of enterprises allowed us to reveal the presence of different approaches to their interpretation. The conducted research made it possible to reach a conclusion about the expediency of implementing elements of the marketing function in all stages of the production process when building a conceptual model of information and analytical support for enterprise management, including agricultural [185].

The use of marketing management of an agricultural enterprise in the conditions of globalization and European integration is relevant for domestic enterprises, which due to dysfunctions of the domestic market may not be able to withstand the competition of foreign producers of agricultural products. The importance of marketing management in agrarian business is also determined by the fact that at the current stage of transformational shifts in this industry, the need to find internal sources of economic growth based on increasing the level of quality and competitiveness of products (services), diversifying agricultural production and selling products (services), both on domestic and foreign agricultural markets. Nowadays, the factor of war exerts a significant influence on the formation of marketing management of agricultural enterprises, which is due to the change in the logistical ways of supply and sale of agricultural products, the opening of new markets for the sale of products (services), changes in the tastes and preferences of consumers, mining of territories, the destruction of cities, villages, towns, and temporary occupation of the territory of Donetsk, Luhansk, Zaporizhzhia regions and the Autonomous Republic of Crimea [161].

Figure 3 systematizes the main factors that determine trends affecting the marketing management system of an agricultural enterprise, Figure 3.

In the course of performing the above functions, marketing activity must be

carried out in compliance with certain principles, namely: focus on the consumer; to be flexible and adaptable to market conditions; to ensure perspective, comprehensiveness and systematicity of management decisions; support consumer and producer freedom; limit potential losses; meet basic needs; to contribute to the improvement of economic efficiency and innovativeness; provide consumer protection [144].



Rice. 3. A system of factors that determine trends affecting the marketing management system of an agricultural enterprise

Source: [161, 167]

In scientific works, there is no single theoretical and methodological approach to the classification, definition and distribution of marketing costs as part of the total operating costs of the enterprise and accounting support for evaluating the effectiveness of this type of costs.

Each author presents his own approaches to classification. In modern conditions of economic development, the accounting system does not provide users with adequate

information about the marketing costs of the enterprise, which makes it much more difficult to conduct an effective marketing policy based on the use of accounting and analytical support.

It is advisable to implement the tasks of marketing management of an agricultural enterprise based on the following three areas: 1) management of the activities of an agricultural enterprise (improvement of consumer characteristics of goods (services), differentiation of price policy, use of packaging (containers), improvement of technology of production of goods (providing services), etc.; 2) management of agricultural enterprise marketing functions (production, financial, communication, sales, administrative); 3) demand management (assortment policy, price and sales policies with an orientation to the requirements, tastes and preferences of the consumer) [161, 165].

The study of literary sources proves that there are several approaches to the classification of marketing costs, Figure 4:

- by place of origin: external – costs of third-party organizations, internal – costs of the marketing department of the enterprise and other structural divisions;
- by management level: main, external, auxiliary;
- according to the method of attribution to the cost price: direct, indirect and general indirect costs;
- according to the degree of variability of the level of costs depending on the amount of sales volumes: constant, variable, partially variable;
- by marketing functions: expenses for analysis of the marketing environment, expenses for the development of product and price policy, expenses for production, expenses for promotion;
- by functional feature: by marketing areas, by marketing functions;
- by articles: ordinary expenses (salary, rent, advertising, insurance) and functional expenses (marketing management, personal selling, advertising, marketing research);

- as an investment: according to the level of investment efficiency;
- according to the possibility of their control: controlled variable costs, controlled fixed costs, uncontrolled variable costs, uncontrolled fixed costs [146].

When building a marketing expense accounting system, it is advisable to take into account the requirements of the Tax Code of Ukraine, according to which marketing expenses must be divided according to the impact on the object of taxation. For example, such expenses as expenses for website promotion, contextual advertising, advertising in social networks, etc. are taken into account when calculating the object of taxation with income tax as part of sales expenses only under the conditions that they are directly related to the economic activity of the taxpayer and confirmed by primary documents drawn up detailing the content of the economic transaction [174].

CLASSIFICATIONS OF MARKETING COSTS

- according to the place of occurrence: external - costs of third-party organizations, internal - costs of the marketing department of the enterprise and other structural units;
- by management level: main, external, auxiliary;
- according to the costing method: direct, indirect and general indirect costs;
- according to the degree of variability of the level of expenses depending on the amount of sales volumes: constant, variable, partially variable;
- by marketing functions: costs for analysis of the marketing environment, costs for product and price policy development, sales costs, promotion costs;
- by function: by areas of marketing, by functions of marketing;
- by articles: ordinary expenses (wages, rent, advertising, insurance) and functional expenses (marketing management, personal selling, advertising, marketing research);
- as an investment: according to the level of investment efficiency;
- according to the possibility of their control: controlled variable costs, controlled fixed costs, uncontrolled variable costs, uncontrolled fixed costs.

Rice. 4. Classifications of marketing expenses

The source was created by the author based on [144]

The main goal of any entrepreneurial activity is to create added value for investors. According to the resource -oriented theory, the enterprise should provide

differentiated advantages that support profit at a higher level than the cost of capital. In such conditions, only rare, unique and irreplaceable resources, which are called marketing assets in modern economic theory, enable enterprises to maintain competitive advantages.

Modern business trends indicate that the creation and management of marketing assets for the purpose of obtaining shareholder value is carried out by introducing a marketing function into the business model of the enterprise, which is, in its essence, an investment strategy that creates value at the company level. At the same time, the success of the marketing function fully depends on the quality of information support for management decisions, which will provide an opportunity to develop effective strategies for generating positive net present value by maximizing the value of cash flows over time and minimizing the risk associated with the company's investments. The basis for building such an information system is the development of a scientifically based classification of marketing assets [144].

In the scientific researches of both domestic and foreign scientists, a significant number of works are devoted to the topic of classification of marketing assets, in particular, such scientists as: H. Davidson, P. Doyle, H. Yevtushenko, M. Kalinichenko, M. Kompantseva, I. Pinyak, D. Raibstein, N. Solomyanuk, V. Fomishina, T. Tsygankova, R. Shrivastava, F. Shtern, I. Cherkasky, and others.

For the first time, the term «marketing assets» was introduced by Hugh Davidson (Hugh Davidson) in a series of articles published in Marketing magazine in 1983. After that, the first classifications of marketing assets began to appear in scientific circles. In particular, American researchers R. Shrivastava and D.J. Reibstein singles out three strategic assets: brands, consumers, relationships in channels. H. Mühlbacher and J. Fagy proposes a different approach and divides marketing assets into relational (based on relationships with customers, suppliers, strategic partners, etc.) and intellectual (for example, market knowledge) [135, 167].

R. Ponomarenko proposes to understand marketing assets as a set of existing

intangible resources and products of the intellectual activity of the company's personnel, which are embodied in goods and services and provide a higher level of long-term, trusting, mutually beneficial relations and connections with stakeholders compared to competitors [176].

Despite the significant achievements of scientists, in modern business conditions there is an extremely large number of new marketing tools that, in order to develop effective management methods and accounting interpretation, need to be systematized by developing a scientifically based classification of marketing assets. Therefore, it is necessary to develop a scientifically based classification of marketing assets, which will be the basis of the system of their accounting evaluation, reflection in accounting accounts, disclosure in the company's reporting and analysis of the effectiveness of investments in marketing assets.

The general trend today is to divide marketing assets into relational (created as a result of relations between the enterprise and key external stakeholders, including distributors, end consumers, strategic partners) and intellectual (representing knowledge in the form of facts, beliefs, assumptions and forecasts that the enterprise possesses with issues of the market environment). A somewhat different approach to the classification and identification of key types of marketing assets is proposed by G. Yevtushenko and distinguishes: client assets, consumer assets, partner assets and brand assets, with a detailed distribution of tangible and intangible marketing objects by each group [154].

Summing up, it can be noted that the first thing to consider when building an accounting policy for marketing activity is the fact that no marketing asset can be effectively used in isolation from other assets. The creation of competitive advantages, both internal and external, is the result of the interaction of several marketing assets, and the absence of any marketing asset reduces the effectiveness of marketing activities.

With regard to the costs of marketing activities, they are often equated with the

costs of sales (advertising), but this approach is limited, since marketing costs also include costs associated with the development of a new product, the formation of a price policy, the implementation of various types of communication activities, the maintenance of the department marketing at the enterprise, etc. [155].

The problem, in general, is that today in the legislative field of Ukraine there is an obvious lack of a single and clear approach to the interpretation of marketing costs, as well as to the appropriate understanding of the relevant types of activities, functions or individual business processes at the enterprise, which complicates their management, including an assessment of their effectiveness [154].

According to Classification of types of economic activity 2010, the types of economic activity related to the field of marketing activity of the enterprise include the following [156]:

72.20 - research and experimental development in the field of social sciences and humanities: multi-disciplinary research and development mainly in the field of social sciences; systematic study and creative efforts in three types of research and development in the field of social sciences (economics, psychology, sociology, legal sciences, etc.);

73.11 - advertising agencies. This class includes the provision of a full set of advertising services (using own capabilities or on a contractual basis) , including consulting, services for artistic design of advertising, production of advertising materials, their purchase: creation and implementation of advertising campaigns; creation and placement of advertisements in newspapers, periodicals, on radio and television, on the Internet and other mass media; creation and placement of outdoor advertising, window decoration, exhibition halls, placement of advertising on vehicles, etc.; aerial advertising ; distribution or delivery of promotional materials or samples; creation of stands and other demonstration surfaces and sites; conducting marketing campaigns and other advertising services to attract and retain customers (promotion of goods, advertising at the point of sale, advertising of goods by mailing advertising materials to the addresses of potential buyers, determined on the basis of lists compiled

or purchased by the advertiser); marketing consultations;

of products, popularity of certain goods and services and purchasing habits of consumers in order to promote sales and develop new types of goods and services, including statistical analysis of results; study of public opinion regarding political, economic and social events, statistical analysis of results. It is logical to assume that the costs of carrying out the listed types of activities should be considered marketing costs.

The founders of marketing theory interpreted marketing costs as Costs related to the sale of goods (for example, advertising, the seller's commission), or distribution (for example, transportation costs); this is one of the types of operating and temporary expenses and money that the company spends on advertising and marketing [136]. The majority of modern scientists propose to understand the cost of sales as the costs of finding customers, convincing them of the feasibility of purchasing, delivering products and receiving money for them, or costs of analyzing market opportunities, developing a set of marketing measures, implementing them and conducting marketing control.

Some researchers support the monetary theory of marketing costs, interpreting them as enterprise funds that accompany the analysis and implementation of marketing technologies aimed at the development of the product/service brand, personnel, the enterprise as a whole and contribute to the growth of gross profit, or the monetary expression of marketing activities of the manufacturer or distributor of product sales and promotion, in particular, advertising, product promotion, marketing research, costs for developing new product concepts, etc. Definitions of marketing costs provided by regulatory acts are quite controversial [150].

The list of marketing expenses given in the Tax Code of Ukraine generally contradicts the content and role of modern marketing, does not take into account the specifics of the industry of conducting the relevant types of economic activity and makes it difficult to take into account the marketing expenses of the enterprise associated with the performance of such important specific functions as, for example,

branding, BTL- and other promotions in places where goods are sold, PR activity in the form of publicity and sponsorship [187].

As we can see, the definitions of marketing costs existing in the regulatory field and scientific literature do not take into account their diverse structure, ability to bring economic benefits in the future, and the term of coverage. Therefore, for the purpose of organizing accounting display and disclosure in reporting, we suggest that marketing expenses be understood as expenses that are related to the realization (sale) of products (goods, works, services) and provide the company's income in the short term (up to 12 calendar months).

Despite the fact that the terminology and methodology of marketing as a function of management of the organization is practically formed, marketing, as before, is considered in most cases exclusively as a source of costs. The value created by marketing is not measured separately and is often simply attributed to sales [183].

The concept of a marketing asset was first introduced into economic theory as a set of intangible resources and products of the intellectual activity of the company's personnel, which are formed as a result of the performance of marketing functions. In fact, a significant part of the company's intangible assets are of a marketing nature. R. Ponomarenko calls marketing assets a dialectically higher-level marketing tool [176].

company resources created in the process of marketing activities, such as brands, relationships, innovations, or knowledge. Some equate marketing assets with the marketing potential of an enterprise and define them as a set of internal opportunities and external chances to satisfy consumer needs and obtain maximum economic benefits on this basis [169].

O. Yu. Krasovska considers the company's marketing assets from the standpoint of forming competitive advantages as a set of various knowledge about the company's external business environment, which give it the opportunity to project the further development of the market and strengthen its competitive position [159].

Thus, the above points of view mostly focus on the creation of marketing assets

in the process of providing marketing services, or on the formation of competitive advantages for the company as a result of the possession of marketing assets.

Economic benefit, at the same time, means the potential opportunity for the company to receive cash from the use of assets. In addition, before recognizing an asset as an accounting object, there is a requirement for the possibility of its valuation.

Therefore, we propose to understand marketing assets as intangible assets acquired or created in the course of marketing activities, which form the added value of the enterprise, are able to bring economic benefits in the process of their use in long-term economic activity (more than 12 months) and can be reliably estimated. Identification and evaluation of the value of marketing assets should be carried out for the purpose of: establishing the conditions for entering into a purchase and sale agreement of the enterprise; management of merger or acquisition processes; obtaining external investment opportunities; adding assets to the authorized capital; control of costs for marketing activities; choosing or adjusting the company's marketing strategy; formation of the marketing budget structure [160].

Marketing activity in agricultural enterprises has its own characteristics, determined by the specifics of agricultural production and market conditions, Table 1 [166].

Table 1

Peculiarities of marketing activity in agricultural enterprises

№	Name	Essential characteristic
1	Digital presence and online promotion	Development of a website or mobile application for the presentation of products and services. Using e-commerce to directly sell agricultural or processed products
2	Digital marketing	Using digital tools such as search engine optimization (SEO), contextual advertising, social networks, email marketing to attract customers and improve product circulation
3	Analytics and performance measurement	Implementation of systems for measuring the effectiveness of marketing campaigns, analysis of consumer data and interaction with them to optimize strategies
4	E-commerce and exchange platforms	The use of online platforms for the sale of products that ensure transparency, reliability and accessibility for customers

Continuation of table 1

5	Educational programs and content marketing	Development of educational resources and content to open new markets and raise awareness of production or quality standards
6	Network interactions and cooperation	Participation in network platforms and communities for sharing experience, finding new partners and sales markets
7	Digital product innovation	Use of modern technologies to improve product quality, reduce losses and increase competitiveness

Source: [166]

Effective marketing activities in agricultural enterprises should take into account these features in order to achieve stable results and business development. It is important for every agrarian enterprise to choose such a marketing strategy under which the producer would receive the maximum profit.

The successful implementation of the mechanism of the Strategy, especially in the conditions of the war period, depends on a number of tools [158].

Investments are a key factor in financial support for the implementation of the Strategy. To attract them, it is necessary to increase the investment attractiveness of territorial communities, in particular in the aspect of restoration and reconstruction of their budget-forming and infrastructural facilities. Therefore, to encourage investors, a new form of their state support was introduced, which provides for partial compensation of infrastructure costs and other benefits. They are provided for by the Regulation «On Amendments to Certain Laws of Ukraine Regarding Improvement of Local Self-Government Participation in Interterritorial and Cross-Border Cooperation» [179]. It should be noted that state support (monetary, tax and other) is provided primarily to those investors who implement innovative programs and projects.

During the implementation of these measures of state financial policy, as well as various state initiatives for the development of territorial communities, various sources of crediting, their profitability and reversibility are taken into account. In other words, they are consistent with the realities of the state of war: the threats and risks caused by the war (regarding the destruction of infrastructure facilities, etc.) for territorial communities in the territories of active hostilities and in the rear territories are taken

into account. It is thanks to the joint efforts of the country, regions and territorial communities that these threats and risks are significantly reduced, and this supports the socio-economic development of many territorial communities even in extremely difficult conditions of martial law [145].

State support for the agricultural sector of the economy, in particular in the Vinnytsia region, contributes to increasing the efficiency of agriculture in Vinnytsia territorial community. In 2023, state funding in the amount of UAH 930.5 thousand was provided for such purposes, but only 23.1% of the funds were used [147, 158].

2) implementation of the anti-crisis support program aimed at:

- provision of social support for the population;
- development and protection of the health care system;
- assistance to families of fallen soldiers.

4.5 million hryvnias (for 2023) were planned and implemented for these needs in the community;

3. Ensuring stability and overcoming the consequences caused by extraordinary events. A monetary reserve of the community was created for this purpose;

4. Development of a plan for the support and development of small and medium-sized businesses, which provided for:

- create appropriate conditions for business support and development;
- to develop community ecosystems;
- to involve the population in entrepreneurial activity;

5. Implementation of the compensation mechanism for losses and damages caused by the war. This mechanism provided, in particular, the purchase of equipment for the use of alternative energy sources for small enterprises;

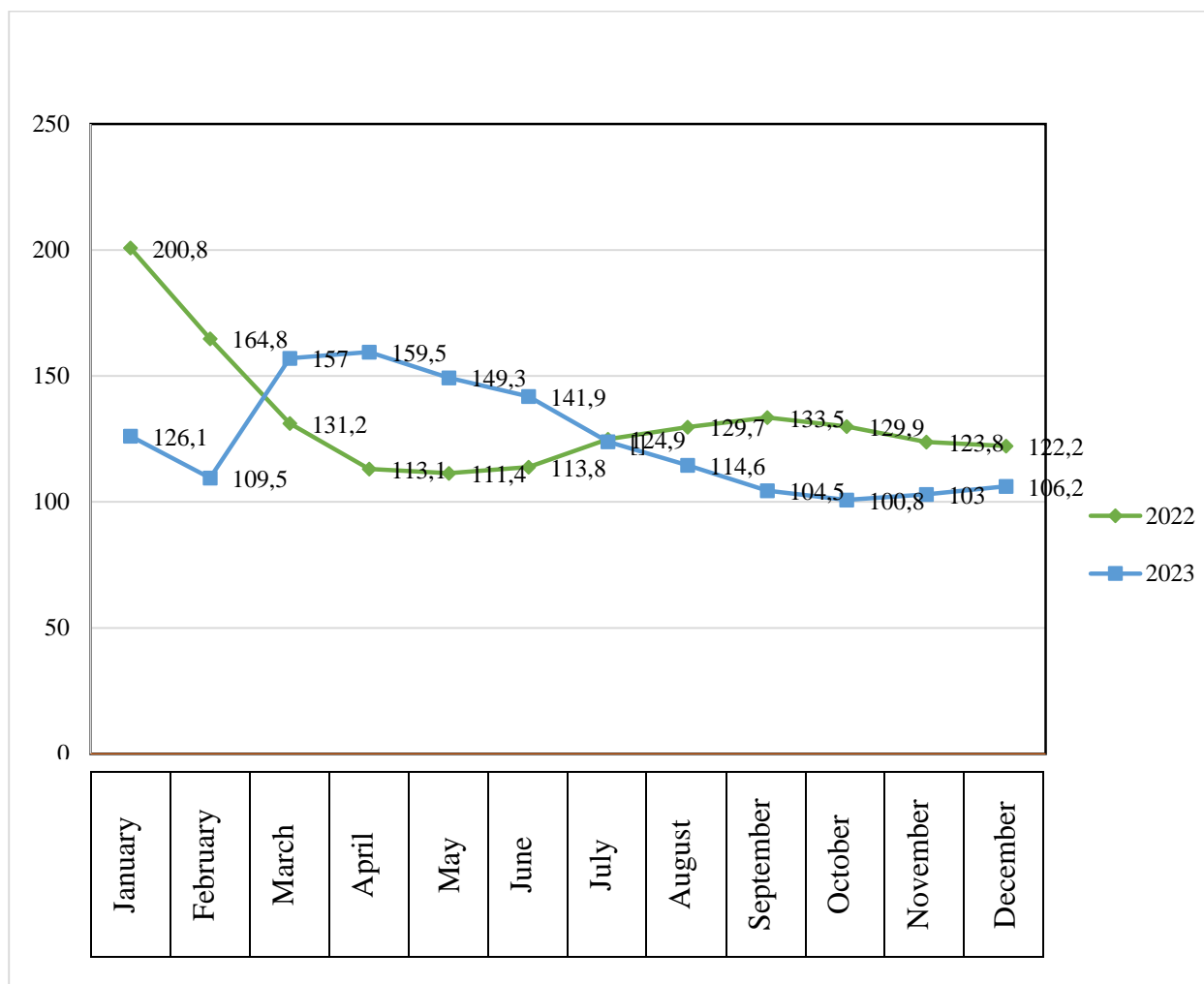
6. Development of a program to create new jobs. According to this program, it was assumed that UAH 4.4 million will be used for the development of the economic sector and the creation of new jobs in 2023;

7. Assistance to enterprises evacuating from the zone of active military operations in the east and south of Ukraine. By the middle of 2023, 316 enterprises

were relocated to Vinnytsia territorial community, which created 1,657 new jobs.

Thus, on the territory of Vinnytsia territorial community (with state support within the framework of the Strategy) important measures were implemented to stabilize the situation and socio-economic development of the community.

Similar measures were implemented in the majority of territorial communities of the Vinnytsia region and this made it possible to stabilize the socio-economic situation in it. This, in particular, is indicated by the indicator of export growth in 2023 by 6.2% (US \$ 1,698.9 million), compared to 2022, although at the beginning and at the end of the year they were inferior to the indicators of the previous year, Figure 5.

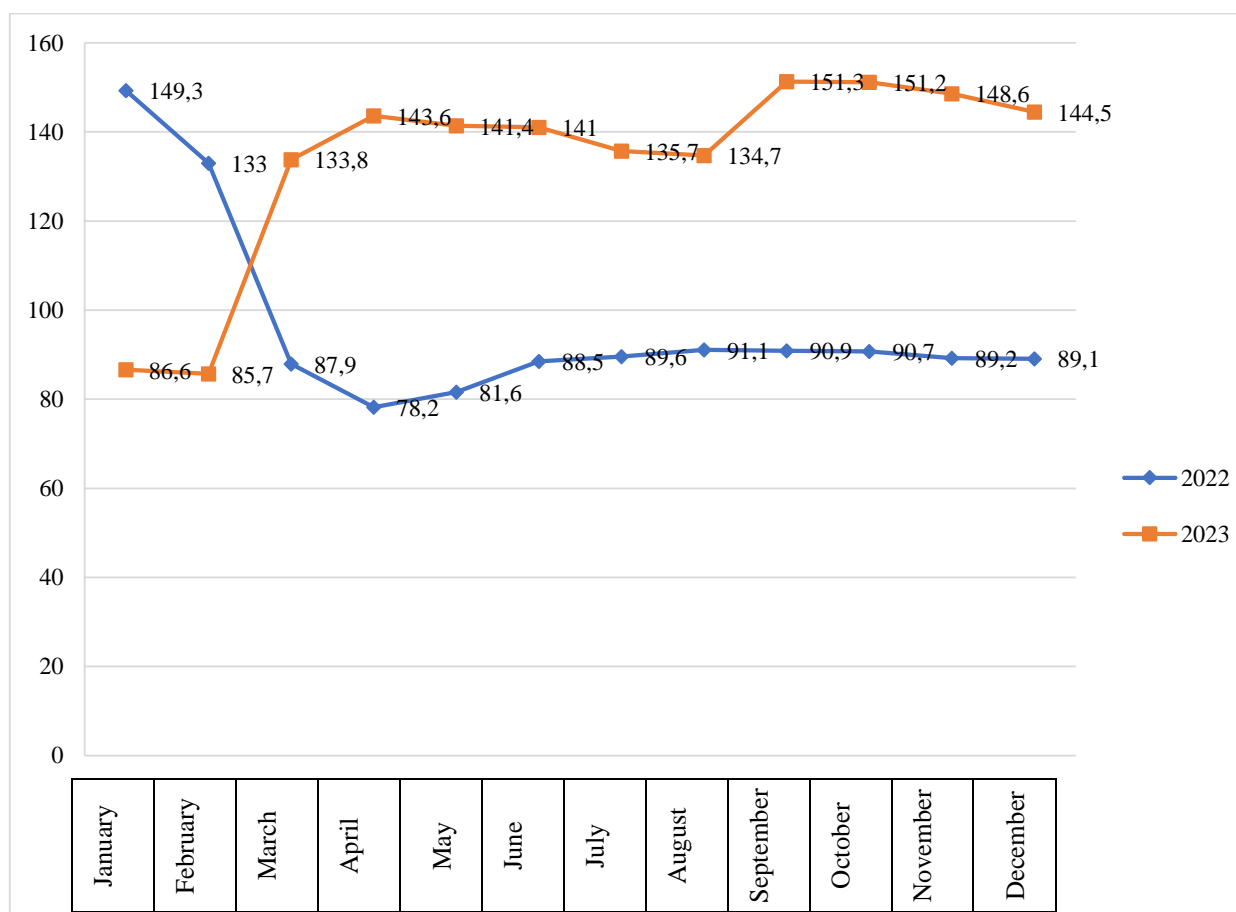


Rice. 1.4. Dynamics of export volumes of territorial communities of Vinnytsia region for 2022–2023, million dollars USA

Source: according to the data of the Main Department of Statistics in the Vinnytsia region [147, 158]

The increase in exports in 2023, compared to 2022, was observed for commodity items from the export of fats and oils of animal and vegetable origin (+56.7% or 509 million US dollars), grain crops (+12.7% or 401, USD 9 million), ready-made food products (+57.3% or USD 288.5 million). At that time, a significant decrease in exports was observed for commodity positions of live animals and products of animal origin (-46.2% or 139.3 million US dollars) [147, 158].

In order to see the real successes of the state regional policy on the development of territorial communities of the Vinnytsia region, we visualize the statistical data for 2022-2023, including imports, Figure 1.5.



Rice. 1.5. Dynamics of imports of territorial communities of Vinnytsia region for 2022-2023, million dollars USA

Source: according to the data of the Main Department of Statistics in the Vinnytsia region [147, 158]

The increase in imports of territorial communities of the region in 2023

(compared with the same period of 2022) amounted to an average of 44.4% (899.7 million USD). The largest increase was observed in the commodity positions of mineral fuel, oil and its products (+3.4 times or 146.8 million US dollars), means of land transport (+12.9% or 131.9 million US dollars), nuclear reactors, boilers, machines (+52.6% or 92.6 million US dollars), fertilizers (+83.9% or 83.2 million US dollars) [147, 158].

Marketing in the activities of agricultural enterprises plays an important role in achieving success on the market. The basic principles of marketing for agricultural enterprises help to solve the problems of promoting products, attracting customers and increasing profits.

1. Market research, where agricultural enterprises must have a good understanding of their market, target audience, competitors and consumer needs. Research helps to understand trends, product demand and optimal strategies.

2. Segmentation and target audience, that is, dividing the market into segments helps to identify groups of consumers with similar needs and characteristics. Selecting your target audience allows you to tailor your marketing efforts to reach them most effectively.

3. A unique selling proposition, where agricultural enterprises must determine what makes their products different from competitors. It can be product quality, cultivation methods, environmental friendliness or other advantages.

4. Product strategy, that is, it is important to develop products that meet the needs of the target audience, and which may include the development of new varieties, improvement of cultivation technologies, improvement of quality, etc.

5. Pricing, where setting the right pricing policy is important to achieve a balance between product competitiveness and profitability.

6. Sales and distribution, that is, it is important to choose optimal sales channels that will allow products to reach the target audience. This can be done through wholesalers, retailers, farmers markets, etc.

7. Promotion, where advertising, PR events, participation in exhibitions and

other marketing services help to talk about products and attract the attention of the target audience.

8. Communication with customers, that is, it is important to maintain interaction with consumers, listen to their wishes and feedback, and also answer their questions.

9. Analysis and optimization, where regular analysis of the results of marketing activities helps to identify effective and ineffective strategies. Based on the analysis, adjustments can be made to improve the results.

10. Sustainability and ethics, i.e. preservation of consumer trust and adherence to high ethical standards are important components of agricultural marketing success [149].

The development of a marketing strategy begins with the analysis of the external environment in which entrepreneurial activity will be carried out. It is necessary to accurately define the market or its specific segment, which is planned to enter, and within the defined market space, to allocate a share where marketing activities will be carried out. This field of enterprise activity within a specific target market or its separate segment is called a strategic business area. The purpose of strategic economic zone analysis is to assess development prospects from the point of view of growth scales, stability, market capacity, technology prospects and profit rates [172].

The main goals of the marketing strategy of agricultural enterprises are:

1) attracting more customers and increasing the number of orders to increase the level of product sales;

2) offering goods or products with more attractive conditions for the target audience;

3) ensuring the growth of the agricultural enterprise's profit;

4) coverage of the widest possible market segment with its products, goods or services;

5) achieving a leading position in the selected segment [164, 166].

In order to determine the development strategy of an agricultural enterprise, it is necessary to analyze the components and resource provision of its marketing potential.

This will make it possible to identify «bottlenecks» and predict measures to increase the manufacturer's competitiveness, as well as to choose the most optimal strategy, which, thanks to competitive advantages, will help maintain or even increase market share [153].

An optimally developed marketing strategy of an agricultural enterprise contributes to the effective use of production capabilities, new devices and the application of innovative technologies, which in turn positively affects the satisfaction of consumer demand for profit through the maximum satisfaction of society's needs.

These strategies allow agricultural enterprises to effectively use the advantages of digitalization to achieve market success and ensure sustainable business development. Marketing strategy in conditions of digitalization thanks to the Internet acquires a greater influence on the success of agricultural enterprises, contributing to their sustainable development.

Table 2

Key strategies for agricultural enterprises according to the components of the marketing complex in conditions of digitalization

No. n/p	Name	Essential characteristic
1	Digital presence and online promotion	Development of a website or mobile application for the presentation of products and services. Using e-commerce to directly sell agricultural or processed products
2	Digital marketing	Using digital tools such as search engine optimization (SEO), contextual advertising, social networks, email marketing to attract customers and improve product circulation
3	Analytics and performance measurement	Implementation of systems for measuring the effectiveness of marketing campaigns, analysis of consumer data and interaction with them to optimize strategies
4	E-commerce and exchange platforms	The use of online platforms for the sale of products that ensure transparency, reliability and accessibility for customers
5	Educational programs and content marketing	Development of educational resources and content to open new markets and raise awareness of production or quality standards
6	Network interactions and cooperation	Participation in network platforms and communities for sharing experience, finding new partners and sales markets
7	Digital product innovation	Use of modern technologies to improve product quality, reduce losses and increase competitiveness

Source: [166]

Due to the variability of the choice of methods and methods of displaying the financial state defined in the accounting policy, in modern conditions, enterprises can largely manage profitability indicators (due to the choice of the method of amortization deductions, the method of capital assessment, allocation of expenses, income assessment, assessment of expenses at fair value, liabilities according to the current assessment, created reserves, etc.). Given the fact that one of the tasks of accounting policy is to ensure standard characteristics of financial reporting, important objects of increasing investment attractiveness are its components, with the help of which reporting indicators acquire a certain orientation [157, 162].

The main tool of influence of the marketing service of an agricultural enterprise on the environment, in particular on the target market, is the marketing complex, which includes: innovative activity of the enterprise, planning of production and product range, formation of price and sales policy, as well as building a system of marketing communications [166, 167].

So, agricultural marketing management involves:

- clear definition of marketing goals for the optimal connection of market opportunities with the enterprise's research, production, sales and service potential;
- planning of all marketing activities and their effective organization to achieve the specified goals;
- development of the most optimal marketing system, which ensures complete satisfaction of consumers and achievement of the goals of the agro-industrial enterprise;
- effective control, analysis and assessment of all marketing activities of the enterprise with constant adjustment of its goals, means and methods;
- timely operational intervention in the course of agricultural marketing processes in connection with the change of circumstances and situation;
- stimulation of the effective work of all personnel engaged in marketing, to obtain the maximum creative return;
- providing managers of marketing activities with objective and comprehensive

information about the state of the external and internal marketing environment, about opportunities and threats [172].

Agricultural marketing is an integral part of the intra-farm management system. Its activities include research and analysis of the market situation, study of the relationship between supply and demand, development of marketing measures for the orientation of the sales activities of enterprises, as well as the formation of an assortment policy for the production of competitive products that meet the needs of consumers [137]. Marketing activity should include not only various activities, but also it should be clearly coordinated and planned in modern conditions.

In agricultural enterprises, the effectiveness of marketing activity depends on the active participation of all employees of the management apparatus and production units. Today, only a limited number of such enterprises have specialized marketing services, which are mainly focused on sales aspects. The effective operation of these services consists in a deep analysis of the current situation and productive cooperation with all departments of the enterprise.

The marketing strategy is an integral part of the overall strategy of the enterprise, and their goals should be interconnected [134]. Developing a strategy for the economic development of an agricultural enterprise is a complex process that includes economic analysis, forecasting of possible risks, assessment of resource needs, alternative options and their profitability. The economic forecast is the basis for a well-founded choice of the company's strategy and decision-making regarding the development of its production and economic activity. Forecasting allows you to determine the long-term perspective of the development of an agricultural enterprise and apply the necessary means for its successful management. Thanks to performance forecasting, the company can better plan its work with customers, ensuring timely fulfillment of orders and quick response to their needs. This increases the level of customer satisfaction and promotes their loyalty. In this context, predicting labor productivity is a key factor for effective planning and implementation of a marketing strategy that ensures stable development of the company and satisfaction of customer needs [166, 183].

An integral part of the activity of marketers is the evaluation of the market of agricultural products, the study of the assortment of competitors, the analysis of market segments and positioning of products, the development of promotion strategies, the determination of the cost price, optimal price and profitability of products.

Russia's war against Ukraine had a significant impact on the marketing strategies of enterprises. There has been a change in consumer attitudes, because consumers have become more cautious in spending, concentrating on basic needs. Marketing strategy must take these changes into account, focusing on essential products or adapting communications to new customer priorities. In addition, the state of war significantly affected the logistics supply chains, which led to the need to review distribution channels, optimize logistics and move to other sales markets. Thus, the state of war requires companies to be flexible and quick to respond to changes in market conditions, as well as to rethink marketing strategies to ensure stability and further business development in crisis conditions [166, 159].

Marketing activity in agriculture ensures flexible adaptation of the company's production, financial, trade, sales and personnel processes to the ever-changing economic situation and consumer demands on the market. The difference between agricultural marketing and other types of marketing, such as industrial, commercial or banking, is determined by the specifics of agriculture: significant dependence on natural conditions, the importance of the product itself, the variety of forms of ownership, the difference in working and production periods, the seasonality of production and supply of products, the variety of organizational structures and the interaction of foreign economic relations, as well as state interests in the development of the agrarian sector of the economy and its branches. Natural and economic processes in agribusiness interact, creating specific conditions for production and marketing organization [143, 166].

The organization of marketing activities in agricultural enterprises involves the creation of an effective marketing management structure, the selection of qualified specialists, a clear definition of their powers and responsibilities, as well as the

establishment of interaction between the marketing service and other departments of the enterprise [145, 166].

The marketing strategy of agricultural enterprises plays a key role in establishing relationships with consumers, whose needs determine sales volumes, profitability and, as a result, the financial health of the enterprise. A well-chosen and correctly implemented marketing strategy provides the company with advantages manifested in increasing its competitiveness and products, reducing the sensitivity of consumers to prices, as well as facilitating access to financial, informational and labor resources.

DOI: 10.46299/979-8-89692-747-1.7

7. Features of the formation of the financial potential of agricultural enterprises in the conditions of European integration

Development integration on European levels there are modern a sign progressive changes in agrarian sector and comparatively new directly of research domestic agricultural science European orientation provide agrarian sector appropriate vector development and open new ones opportunities for Renaissance agriculture, create additional comparative advantages on agro-food market in conditions globalization economy.

Systemic reforms of Ukraine's economy, gradual overcoming of crisis processes and movement towards economic growth based on global integration create the need to adapt the agricultural sector to new requirements. It is put goal achievement European equal sustainable socio - economic development that predestination - tea orientation state financial politicians on formation maximum effectiveness sector and optimal distribution financial resources.

Activation activity of Ukraine on international markets in conditions globalization and European integration requires radical reformation economic systems. This process complex and long because connected from reorganization relations property, structure production, systems distribution, improvement market infrastructure, system support priority branches of the economy. Ukraine has a developed food complex, which is able not only to fully provide the country's population with food products, but also to form an active position of the country on the international markets of a number of key agro-food products. Thanks to traditionally strong food exports, Ukraine is one of the guarantors of food security in the world. Before the full-scale war, in terms of export volumes, Ukraine was one of the five largest grain exporters in the world, $\frac{3}{4}$ of what was produced was exported, domestic grain consumption was only 20–25%. Ukraine supplied 10% of world exports of wheat, more than 14% of corn and more than 47% of sunflower oil [189 195]. Currently, thanks to the help of partners, Ukraine remains a key supplier on the world markets of

grain and sunflower oil, with a share of more than 10% of international trade. In 2023, 16.1 million tons of wheat were exported to 65 countries, 26.2 million tons of corn to 80 countries, and 5.7 million tons of sunflower oil to 130 countries [222].

At the same time, the military actions taking place in Ukraine as a result of the large-scale aggression of the Russian Federation on February 24, 2022, led to the deterioration of food security in Ukraine, which is caused, in particular, by broken logistics chains, destroyed infrastructure, farms and productions, a decrease in the amount of food produced at working enterprises. As of June 2023, the amount of direct damage caused to the agro-industrial complex of Ukraine is 8.7 billion dollars. USA (losses related to the destruction and damage of agricultural machinery amount to more than 4.7 billion US dollars; losses due to the destruction and theft of manufactured products are estimated at 1.9 billion US dollars). Indirect losses of the agro-industrial complex are estimated at 40.3 billion dollars. USA [206].

According to FAO estimates, rural households in Ukraine suffered about 2.25 billion dollars as a result of the war. US losses. Of them, about 1.26 billion dollars. In the USA, losses were incurred in the field of crop production and 0.98 billion dollars. USA - animal husbandry. In Ukraine, 25% of agricultural households stopped or reduced the volume of production due to the war, in the frontline regions – 38% [195].

Systemic reforms of Ukraine's economy, gradual overcoming of crisis processes and movement towards economic growth based on global integration create the need to adapt the agricultural sector to new requirements. The goal is to achieve the European level of sustainable socio-economic development, which involves the direction of the state financial policy on formation maximum performance sector and optimal distribution of financial resources [229].

In the conditions of an unstable economy, which is characterized by significant changes in macro- and microeconomic factors and the variability of the competitive environment, the priority task of enterprises is the formation of financial potential and the search for effective methods of managing it for their market development. In this

context, the study and assessment of the existing financial potential and the identification of opportunities to increase it become particularly relevant.

In modern economic conditions, characterized by the instability of the development of the market economy, the strengthening of the processes of globalization and competition, war, domestic enterprises must function more efficiently, directing their activities not only to meeting current needs, primarily in the form of profit, but also to planning future activities and increasing financial potential. In this context, the study of the main features inherent in the financial potential and its connection with the production, innovation, investment, marketing and organizational and management potentials of the enterprise acquires special relevance.

The level of economic development of the subject is determined by its resource potential, in particular the conditions of its formation and efficiency of use, which are determinants of the effective functioning of the enterprise on the market and its competitiveness.

Let us add that this applies both to a separate enterprise and to the country as a whole. In turn, the effective functioning of the enterprise is the result of successfully organized management of its financial potential, which will contribute to increasing the effectiveness of the economic entity.

In economic literature, there are a large number of definitions of financial potential, different in interpretation, but similar in essence. The term potential comes from the Latin language and means hidden possibilities, which in production practice, thanks to some efforts, can turn into reality.

The formation of a mechanism for managing the financial potential of sustainable development includes the choice of such a financial policy, in which with optimal interaction of components the total potential will reach the highest equal. The potential management mechanism itself is formed under the influence of three groups factors: financial and economic, social and managerial (Fig. 1) [229].

Financial potential is a key lever that forms the mechanism of dynamic transformation of resources into the results of the enterprise's economic activity. At the

current stage, it becomes possible to solve many economic problems by enterprises under the conditions of increasing the efficiency of the use of available resources.

In a generalized form, the potential is considered as means, stocks and sources that are available and can be mobilized to achieve a defined goal, implement a production program and solve existing problems. The potential of the enterprise indicates not only the availability of opportunities to implement formulated tasks, but also the use of these opportunities to achieve a defined goal [215].

The structure of the financial potential is explained by the presence of structural components, their relationships. Communicability characterizes the relationship and interdependence with the external environment.

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Hierarchy of financial potential means that each of its components can be considered as a subsystem of a wider global one system (for example, aggregate potential agricultural enterprises, region etc). Ability to develop means that the financial potential of agricultural enterprises must be able to develop. Sources of financial development potential can be: growth of investment activity; expansion of product sales channels, increase in the amount of state subsidies, subventions, etc.

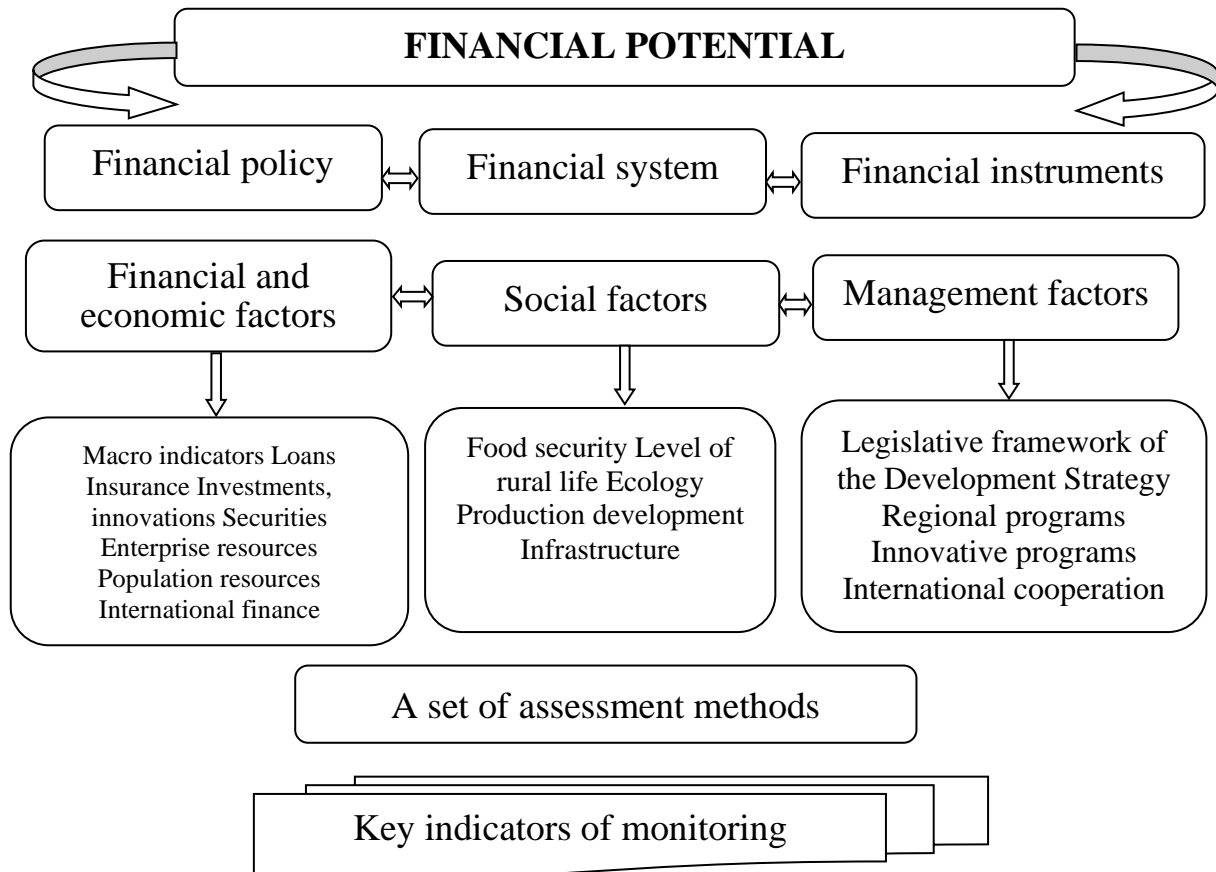


Fig. 1. Constituents mechanism formation and using financial the potential of the agricultural sector for sustainable development

Every agricultural enterprise to ensure survival in conditions of competition should take into account and use additional sources development In modern business conditions, if the financial potential has exhausted its sources, there is no basis for growth, then this is the path to bankruptcy. Realization this or that component of the financial potential is subject to the achievement of specific goals of agricultural enterprises. Diversification components of the financial potential implies its long-term functioning as an economic system in the rapidly changing conditions of the external environment.

The process of forming the financial potential of agricultural enterprises is oriented towards maximum interaction with the external environment, taking into account the requirements of the market and time and aimed at ensuring economic

growth in the realization of set goals. There are exogenous and endogenous factors of formation of financial potential of agricultural enterprises.

Exogenous include economic, social, political and legal factors. Such, as a rule, are natural and climatic, investment terms, tax and interest rates, insurance payments, etc. In addition, an important exogenous factor is also market conditions, to the change of which the agricultural enterprise must quickly respond by expanding sales markets due to the timely detection of weak positions of competitors.

Endogenous factors include, first of all, the company's strategy, for the implementation of which the financial potential, experience and skills of managers are formed, providing buyers with agricultural products of the highest quality, obtaining profit and respecting the interests of shareholders, renouncing long-term financial obligations for the development of the company, personal initiative, collective work. External factors have a significant influence on the formation of the final results of agricultural enterprises, in particular, an imperfect legal framework, high interest rates for using credit, high taxes, inefficient financial planning and management assets causes the need for timely diagnosis of financial activity in the management of financial potential in general. Therefore, it remains relevant the problem of effective management of the financial potential of agricultural enterprises.

Solving these problems involves the implementation of an effective systems of managing the financial potential of industrial enterprises, which is impossible without the development of fundamentally new approaches to determining the role and place of financial potential management in conditions of uncertainty and dynamism of the external economic environment [228].

The basis of the financial potential of agricultural enterprises is the available financial resources, and the result of its implementation at the lower level is the production of agricultural products, and in general - a stable financial condition. The process of forming the financial potential of agricultural enterprises takes into account

the relationship and interaction of its structural components, which change according to the requirements of the market and time.

So, based on the analysis of scientific sources, it is possible to determine the main features of financial potential, namely:

- financial potential is a broader concept than the financial resources of the enterprise;
- financial potential determines the financial capabilities of the enterprise and their implementation under certain conditions;
- financial potential affects the financial stability and competitiveness of the enterprise;
- financial potential implies the achievement of positive financial results as a result of its use [215].

At the same time, it should be noted that financial potential is interconnected with economic potential. Such a relationship should ensure the most effective implementation of goals, taking into account the characteristics of each stage of the enterprise's development and the possibility of transforming various types of potential into financial results.

The relationship between financial and economic potential is represented by the diagram (Fig. 2) [221]. Each of these types of potential contributes to the formation of final financial results. As a result, it is necessary to take into account and form the structure of the components of the company's potential in order to achieve the maximum result. In the process of analysis and assessment of structural characteristics, certain difficulties arise related to the functioning of all its elements.

Management potential is manifested through the stable financial condition of the enterprise, its profitability and profit, the implementation of the defined strategic tasks of the enterprise.

In practice, it is difficult to establish the value of each type of resource and its contribution to potential. Among the components of the financial potential, an important place is given to the organizational potential, which is characterized by the

ability to ensure a stable position of the enterprise on the market and the implementation of the defined general strategy of the enterprise. This potential is determined by the level of progressiveness of the enterprise (introduction of scientific and technical developments and innovations) and its organizational structure.

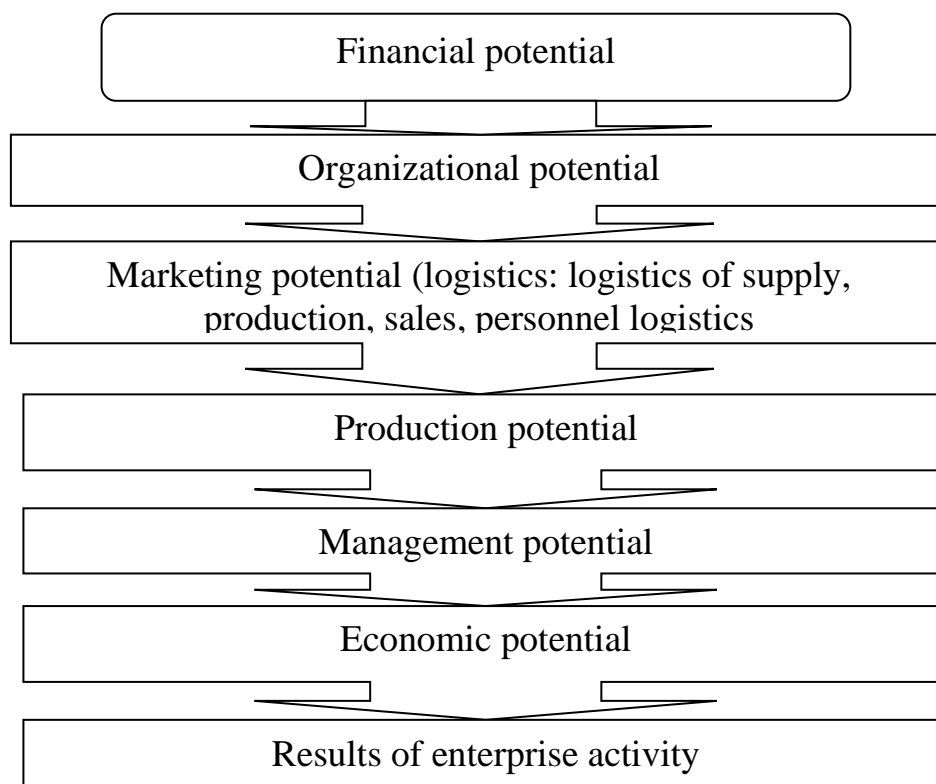


Fig. 2. Structuring of the financial potential and its relationship with the economic potential of the enterprise

Marketing potential is related to the ability of the enterprise to effectively identify, form and satisfy the needs of consumers. In the composition of marketing potential, such a component as logistics potential (logistics of supply, logistics of production, logistics of distribution or sales; logistics of personnel; logistics of materials and finished goods; logistics of energy and information flows) is separately distinguished.

The latter can be defined as the functional capacity of systemically integrated units, which cover all types of movement in space and movement in time: personnel - transportation of employees, their placement; movement of materials and finished

products according to the time schedule of work – transportation, storage, preservation, sorting and redistribution of energy and information flows [209].

Marketing potential is closely related to production potential. During the formation of the company's production strategy and production program, we are talking about comprehensive consideration of its resource and market opportunities . At the same time, both the production and marketing potentials of the enterprise should be considered and investigated in an inseparable unity and relationship.

The economic potential of the enterprise is a set of organically interconnected resources and their ability to provide basic business processes within the given limits of risk in order to acquire economic benefits [230].

Financial potential (provided an effective process of its formation), first of all, its volume and level, should be considered as an important component of the mechanism for ensuring innovative activity.

For the needs of management, the system-forming segments of financial potential are market, entrepreneurial, budgetary, investment, and as a superstructure, administrative, innovative, social. By these indicators, combined into groups, form a management matrix. The effectiveness of financial potential management is assessed by a set of certain indicators (indicators), according to which a monitoring program is developed (Table 1).

Monitoring the effectiveness of financial potential agricultural sector of Ukraine has to build with taking into account the following components.

The assessment of the formation and state involves the analysis of the legislative framework, the economic environment, the proportions of consumption and accumulation, and the place of the agrarian industry in the economy. The formation takes place at the expense of financial ones resources enterprises, the financial market, the state, investors and the population, which should be taken into account in the assessment. At this stage, the formation mechanism and tools are defined FP: macroeconomic and industry indicators, the peculiarities of the financial agrarian balance, the level of rural life, the state of the financial infrastructure, etc. are taken into account.

Table 1

The main ones indicators monitoring financial potential agricultural sector

Blocks analysis	Indicators	Application
State	Industrial potential: - volume and structure of income, savings and financial enterprise assets ; - are involved resource	Definition financial potential of business entities. Analysis state financial resources of agricultural sector enterprises. Monetary and non-monetary goals
	State potential - budgetary potential; - tax potential	Adjustment existing forms and methods of state regulation of agriculture economy
	Investment potential: - are involved investment by species and sources	Definition investment potential Objective assessment and involvement
	Infrastructural potential - loans; insurance; - investments; - leasing	Definition status: - financial infrastructure; - credit, insurance and other potential; Conditions formation competitive market environment. Optimization financial relations
	Export potential - balance export-import operations	Formation directions food integration in world economic and financial space
	thrifty potential - savings population	Definition equal rural life
Efficiency	Financial analysis streams; preventive rating losses; analysis of the intensity of cash flows; rating budgetary capabilities; rating tax capabilities; assessment of creditworthiness; investment attraction analysis; export analysis; analysis savings	Definition optimal amounts of financial potential - dynamics growth volumes of lending, insurance, investment; - growth income food chain participants; - assessment of the relationship between potential and factors, which form its mechanism
Development trends	Rating reasonableness industry development projects and strategies; financial provision of food security	Planning production, market and consumer behavior. Formation information development environment. Macroeconomic regulation industry as part of the country's economy

Source: [201]

Performance evaluation involves a number of indicators of increasing the effectiveness and efficiency of financial flows.

The optimal level of financial potential is assessed here; analysis of the state of management, conditions for the growth of lending volumes, insurance, investment, income participants of the food chain, that is, the relationship between the potential and the factors that shape this process is analyzed.

The assessment of development trends involves the analysis of indicators related to the management of the expansion of the FP, its growth at the expense of internal and external components, the achievement of stability through monetary and non-monetary goals, and the formation of strategies for the development of the industry.

According to the results of research, it was established that What financial potential agricultural sector can be defined as: ability to mobilization financial resources of agrarian enterprises as a result of interaction with the state, the rural population and the market agents; valuable rating aggregate financial assets these economic subjects; basic model potential sources financing of sustainable agricultural development.

The development of the enterprise in the future and the possibility of investing money are influenced by external and internal factors. The first are related to the state of the economy as a whole, legal regulation of the company's activities, political processes in society, as well as financial resources of the state, etc. The second should be considered as internal capabilities and available resources that the company can rely on to achieve its goals [203].

Therefore, the financial potential should be considered as a synthesis of resource and production potentials involved in economic activity. It is the basis for determining the strategic directions of development of the economic entity, forming the mechanism of transformation of resource and production potentials into financial results of the enterprise. IN as part of the diagnosis of the financial potential, it is necessary to systematically analyze the financial condition and determine the financial security of the enterprise. Information on key indicators of the financial condition should be used when assessing the achievement of defined goals and solving set tasks both in the

current period and in the future, when making balanced management decisions taking into account the level of investment and reserve financial support.

In this context, the entire sphere of financial potential is quite clearly expressed in the thesis of the Ukrainian researcher G.V. Korniychuk «Financial potential is a dynamic economic phenomenon. It undergoes various metamorphoses during the entire life cycle of the enterprise. At the stage of the emergence of the enterprise, certain organizational and economic prerequisites are created, which are important for the formation and further development of financial potential. The ownership structure of a new enterprise significantly affects the definition and implementation mechanisms of its economic policy. And the economic policy determines the contours and trends of the development of the financial potential, for the realization of which it is formed. Depending on the importance given to the financial potential by the owners and managers of the enterprise in the extended reproduction, its organizational component is formed: the management structure, its personnel support and the organization of information flows in the financial potential management system [209].

The organizational and economic component of the financial potential remain its active components even at further stages of the enterprise's life cycle, as they influence the key parameters of its development and use.

The central component of the enterprise's financial potential is the resource component. It includes own, borrowed and borrowed financial resources, which the company is able to attract to finance production and investment activities. There is a direct relationship between them: the greater the amount of financial resources an enterprise can generate at the expense of its own sources, the better its conditions of access to financial resources of external creditors and investors. On the other hand, the greater the volume of financial resources that the enterprise can attract from external sources, the greater the opportunities for expanding the base of the formation of its own financial resources. An important element of the resource component of the enterprise's financial potential is the structure of the balance sheet, i.e. the key relationships

between its asset and liability elements or between resources and sources of their formation» [198].

Taking into account the opinion of scientists presented above and taking into account the specifics of economic analysis as a tool for assessing financial potential, we believe that financial potential is a complex economic process, and therefore it is a complex object of economic analysis. The complexity lies in the fact that the financial potential covers the totality of management objects and various types of economic activity, shows the interaction between them and the impact on the effectiveness of the economic activity of the enterprise.

The problem of forming the financial potential of enterprises is relevant in today's conditions. This is related to the rational use of own and borrowed financial resources, the formation of tools and the construction of methodical approaches to building up financial potential. For agricultural enterprises, most of which are subsidized, the financial security system must function constantly and be aimed at strengthening the financial potential, ensuring stable development of the agricultural sector of the economy. In view of this, it is necessary to develop a set of measures that will create an effective tool for the stable financial potential of agricultural enterprises and their economic growth in general [198].

The modern agricultural market is characterized by the instability of prices for agricultural products, sharp fluctuations in supply and demand, changes in the competitive environment, therefore it is important for agricultural enterprises to form an optimal structure of financial potential that will ensure their effective functioning [228].

In today's conditions, any financial plan is actually based on the expectation of a certain development of the market situation, which is characterized by instability and variability, and requires constant checking for suitability in case of possible market changes.

The characteristic features of the development of the financial potential of agricultural enterprises are:

- a system-complex approach to the study of the problem in the unity of technical, economic, social, managerial, psychological and other aspects;
- growth in the number of financial ties between business entities;
- scarcity of financial resources;
- relationship and interaction of structural components;
- variety of organizational and legal forms of management;
- seasonal nature of production in agriculture;
- globalization of competition and production;
- strengthening the role of the human factor in profit management as the main lever for ensuring financial security [204, 223].

The process of forming the financial potential of agricultural enterprises is oriented towards the maximum interaction with the external environment, taking into account the requirements of the market and time, and is aimed at ensuring the economic growth of the realization of the set goals. There are exogenous and endogenous factors of forming the financial potential of agro-industrial enterprises (Fig. 3) [219].

Each agricultural enterprise must take into account and use additional sources of development to ensure survival in competitive conditions. In modern economic conditions, if the financial potential has exhausted its sources, there is no basis for growth, then this is the path to bankruptcy. The implementation of this or that component of the financial potential is subject to the achievement of specific goals of agricultural enterprises. The diversification of the components of the financial potential implies its long-term functioning as an economic system in the rapidly changing conditions of the external environment. Exogenous include economic conditions, social, political and legal factors. Such, as a rule, are natural and climatic, investment terms, tax and interest rates, insurance payments, etc. In addition, an important exogenous factor is also the market conditions, to the change of which the agricultural enterprise must quickly respond by expanding sales markets due to the timely detection of weak positions of competitors.

Endogenous factors primarily include the company's strategy, for the

implementation of which the financial potential, experience and skills of managers are formed, providing buyers with agricultural products of the highest quality, obtaining profit and respecting the interests of shareholders, renouncing long-term financial obligations for the development of the company, personal initiative, collective work . External factors have a significant influence on the formation of the final results of agricultural enterprises, in particular, an imperfect legislative framework, high interest rates for using credit, high taxes, inefficient financial planning and asset management, which necessitates the need for timely diagnosis of financial activities in the management of financial potential in general. Therefore, the problem of effective management of the financial potential of agricultural enterprises remains relevant [232].

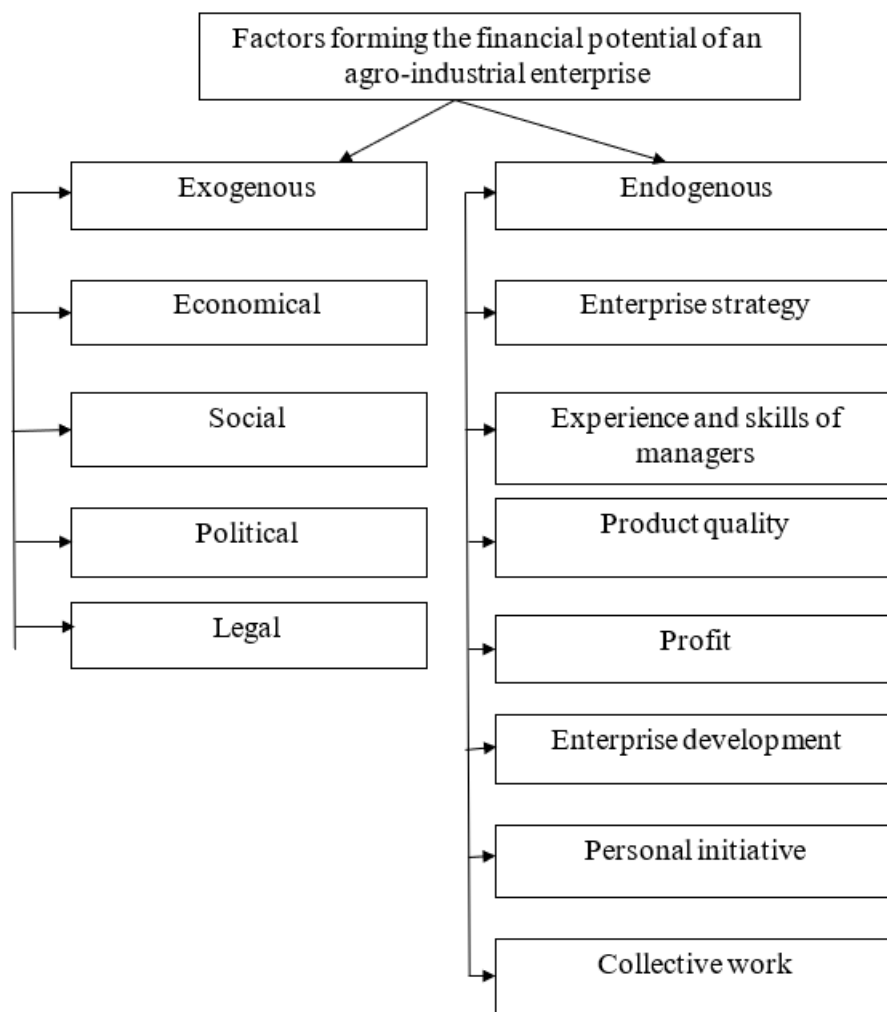


Fig. 3. Factors of formation of financial potential of enterprises

The main problem of the development of agricultural enterprises today is the slow renewal of the technical base with a high degree of wear and tear of the main production assets. In such conditions, the financial and investment capabilities of the enterprise determine the prospects for its innovative development and the ability to ensure and maintain the necessary level of competitiveness both on the domestic and international markets.

Only under the condition of developing an effective mechanism for managing the company's financial potential is it possible to adapt it to constant changes in the internal and external environment on the basis of ensuring production and financial flexibility, justified by a sufficient level of financial capabilities and the presence of real prospects for financial development.

It is worth noting that for the effective formation and use of financial potential, it is necessary to take into account the human factor as well namely entrepreneurial abilities. In our opinion, at any enterprise it is necessary to adequately assess current and prospective financial opportunities and transform input resources into economic and financial benefits. This is the task of the head of the enterprise, who, subject to the presence of a high level of entrepreneurial abilities, will be able to maximally satisfy the needs of the organization in the conditions of constant dynamism of the business environment.

Financial potential plays a significant role in the functioning of the enterprise:

- affects production potential from the point of view of free financial resources, sufficiency of funds for technological innovations;

- affects management potential through stable financial condition for building strategic potential, ensuring profitability and profitability of business, implementation of effective economic strategies;

- affects the market potential due to financial opportunities for conducting marketing research, ensuring a flexible pricing policy, a significant market share, low sales costs and bringing products to the consumer [234].

Taking into account the content of the two concepts «management» and

«financial potential» analyzed above, as well as the opinions of economists on this matter, it is possible to form a definition of «financial potential management»: it is a mechanism for making rational economic decisions, the implementation of which will lead to the optimization of cash flows, ensure

Therefore, in modern realities, the basis of the financial potential of agricultural enterprises is the available financial resources, and the management of financial potential involves the organization and control of financial resources in order to conduct successful production and economic activities to achieve the strategic goals of the enterprise and ensure financial stability, solvency, liquidity and profitability of sub of the enterprise taking into account the actions of factors[202, 216].

The mechanism of managing the company's financial potential is closely related to the action of factors that are characterized by dynamism and rapid variability at the moment. Therefore, every agricultural enterprise needs to form such a mechanism for managing financial potential, which would allow timely response to the influence of adverse factors and ensure their elimination.

The problem of finding ways to improve the system of managing the financial potential of the enterprise in both scientific and scientific-methodological aspects is multifaceted, therefore it requires a complex and systematic and targeted approach to its research and solution. At the same time, according to the methodology of scientific research, the main attention should be focused on the development of methods of forming the mechanism of managing the financial potential of the enterprise [189, 216].

In order to determine the stages of the mechanism of managing the financial potential of the enterprise, it is necessary to clarify the meaning of the very concept of «mechanism». In the economic context, from the standpoint of system analysis, the mechanism is considered as «a set of purposeful influences of an organizational and economic nature on the organization as an open socio-economic system or on a process with the aim of increasing the efficiency of the process (system) or achieving a certain result» [224]. That is, the meaning of the mechanism as a phenomenon consists of a set of «levers» that, under the action of the controlling subject, influence a certain

object to increase the value of the final result.

The structure of the mechanism for managing the financial potential of an agricultural enterprise ensures the efficiency of the functioning of the economic mechanism and the performance of its functional tasks.

The mechanism of managing the financial potential of the enterprise consists of measures carried out in accordance with the economic entity, including the influence of external and internal factors. A set of measures represents certain types of actions, the sequence of execution of which is clearly observed. Measures are formed in accordance with the set goal and tasks.

Each measure that is included in the complex management of the financial potential of the enterprise has a goal that is characteristic of this stage of management. Thus, at the stage of forecasting, the formation of financial potential is carried out for long-term development and effective use of the financial potential of the enterprise. However, at this stage, a solution to the problem is foreseen, which consists in the insufficient level and pace of development of the financial potential, the suboptimal structure of financial sources. Upon successful drawing up of a plan for the use of the financial potential of the enterprise, diagnostics and evaluation of the use and development of the financial potential are carried out, and key factors of influence are determined. This measure provides for the formation of resource, organizational and information support for the development of elements of financial potential. Monitoring the implementation of the financial potential management mechanism is the last stage, at which the analysis of the implementation of the set goals is carried out and the possibilities of deviations in the company's activity indicators are determined. Thus, the mechanism of managing the financial potential of the enterprise is a system that ensures the interaction of diagnostics, regulation and monitoring of indicators characterizing the financial state of the agricultural enterprise (absolute, normal, crisis) and provides an opportunity to increase the efficiency of managing the financial potential of the enterprise [203].

The mechanism of financial potential management is necessary for the enterprise

to ensure its further development. In order to ensure the absolute type of financial state of the enterprise, a management structure is used that maximally contributes to the achievement of the enterprise's goal, takes into account the influence of external and internal factors.

Possibilities of agricultural enterprises regarding access to loanable financial resources are limited by credit risks, which affect relations with credit institutions. It doesn't help formation of agricultural financial potential enterprises at the expense of loan resources.

Since the beginning of the year, 10,693 agricultural enterprises have received 78.2 billion hryvnias of bank loans for development. Of these, 6,807 farms were financed for more than 34 billion hryvnias under the state program «Affordable loans 5-7-9».

«Supporting farmers, especially in difficult times for Ukraine, is extremely important. And today, the Ministry of Agrarian Policy has various state programs for this. Despite everything, it is important for us to develop the agricultural sector, because it is one of the foundations of Ukraine's economy. This is a point of growth and development,»– said the Minister of Agrarian Policy and Food of Ukraine Vitaliy Koval.

According to the program «Affordable loans 5-7-9», the enterprises of the following regions received the most:

Kyivska – UAH 4.3 billion for 658 farms;

Vinnytsia – UAH 2.9 billion - for 679;

Kirovohradsk – UAH 2.7 billion for 881;

Odesa – UAH 2.7 billion for 629;

Kharkiv – UAH 2.5 billion for 406;

Dnipropetrovsk – UAH 1.9 billion for 436;

Lviv – UAH 1.9 billion for 479;

Volynsk – UAH 1.9 billion for 363.

Farmers of the following regions received the largest amount of loans under various programs:

Kyiv – UAH 18.4 billion allocated for 1,030 enterprises;

Dnipropetrovsk – UAH 5.5 billion for 781;

Cherkasy – UAH 5.1 billion for 439;

Lviv – UAH 4.6 billion - for 682;

Odesa – UAH 4.5 billion for 920;

Ternopilsk – UAH 4.5 billion for 400;

Kirovohradsk – UAH 4.4 billion for 1,281;

Vinnitsia – UAH 4.4 billion - for 1,035.

Preferential financing of agricultural producers under the «Affordable 5-7-9» Program during 2024-2025 is possible thanks to the support of the World Bank as part of the «Emergency project of providing inclusive support for the recovery of agriculture in Ukraine (ARISE)». The program simplifies the access of micro and small businesses to bank lending. Farmers can get a loan of up to UAH 90 million. Lending is provided at 5–9% per annum, depending on the credit category and business entity. This year, 6,807 agricultural enterprises received more than 34 billion hryvnias under the program «Affordable loans 5-7-9» [227].

Identification of factors affecting credit risk and assessment of its level is a necessary component in the creditor's decision to grant a loan in order to protect the economic interests of banking institutions. However, credit risk concerns not only the creditor, but also the borrower himself, that is, an agricultural enterprise. Not receipt of future income and loss of collateral characterizes credit the risk of the enterprise in case of non-return of the loan to the bank institution To prevent such consequences, agricultural enterprises have two ways: the first is not to attract credit resources, the second (more constructive) is to develop minimization measures credit risk (Fig. 4) [201].

Along with credit resources, it has an important place in formation of the financial potential of agricultural enterprises investment resources.

However, attracting investment is also enough problematic for agricultural enterprises due to lack of supply low level of investment attractiveness. Investment attractiveness characterizes the agricultural enterprise from the point of view of prospects development, its liquidity, financial stability and solvency, as well as asset utilization efficiency and performance.

The level of investment attractiveness is one of the important indicators of the general economic situation and prospects for the development of the economy as a whole and of enterprises in the agricultural sector in particular. Growth in the volume and scale of investment is one of the determining factors factors .

The result of the study was the determination that the limitation opportunities in a large part of the external financial resources involved agricultural enterprises negatively affects the formation financial potential. However, the predominance of own sources formation over those involved increases financial stability agricultural enterprises and provides financial security.

The latter is debatable due to the fact that its own sources of formation financial potential are not able to ensure development on an innovative basis based on their limitations.

Transformational processes in the economic environment require adaptation of industries to changes, encourage the increase of financial the potential of enterprises, predict threats and identify effective directions for further development. The mechanism of using the financial potential of agricultural enterprises performs its functions through the management of the objective component of the financial potential - financial resources, applying the competences of the management of the enterprise, which ensures the formation of financial potential with a certain amount of growth, which optimal conditions are used for the development of the enterprise. Problematic aspects of this area of activity of agricultural enterprises stands out insufficiency or impossibility of obtaining this increase, which in ultimately provides only simple playback capability.

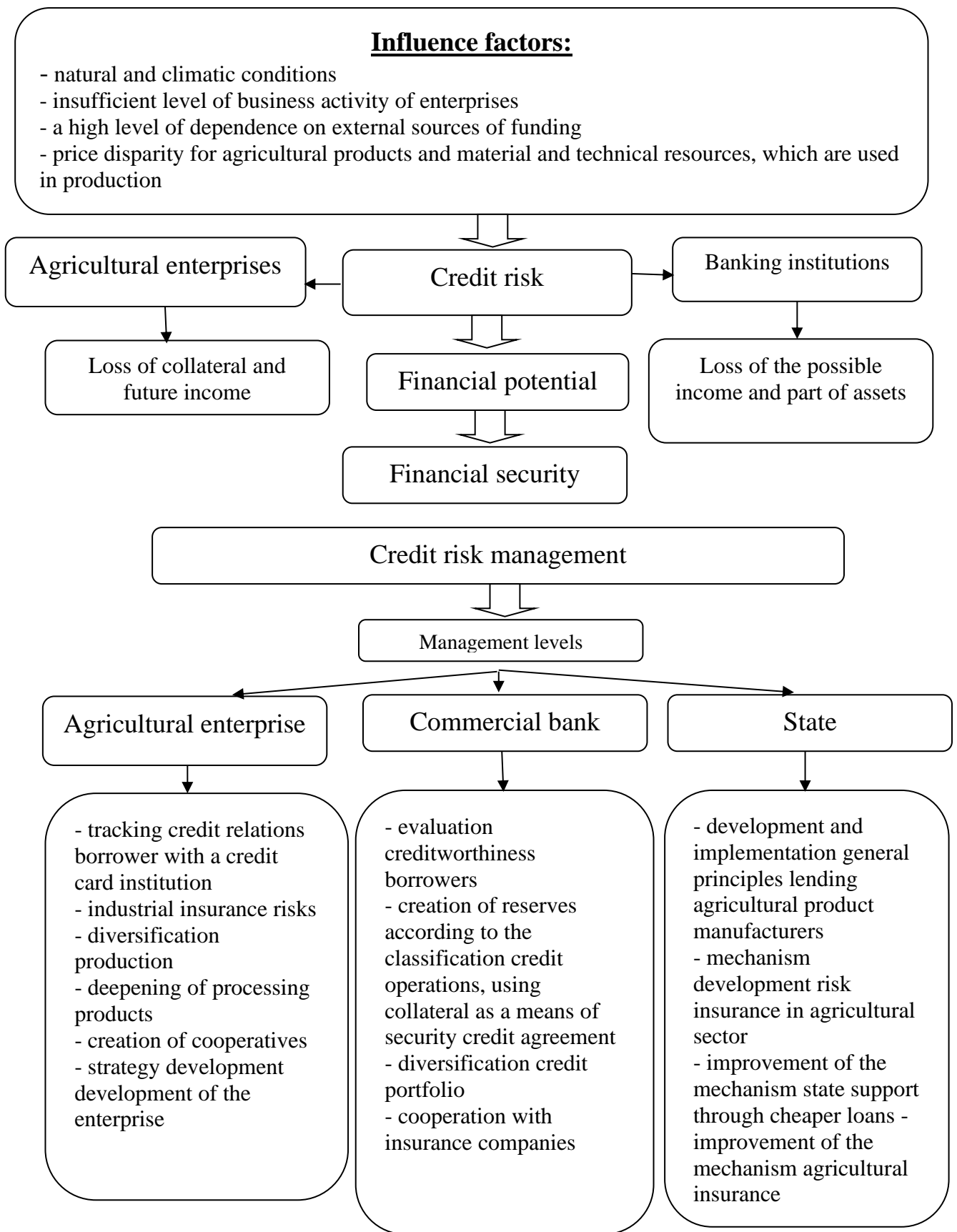


Fig. 4. Credit risks of agricultural enterprises by levels of management and formation of financial potential.

Use of the financial potential of agricultural the enterprise is closely related to the stages of its development, which make up life cycle of the enterprise. The concept of the life cycle of the enterprise as objective reality represents a successive change of stages its development. Each stage has its own characteristics functioning of the enterprise, which are reflected in the strategy, goals, tasks, use of potential and results of activity. On the process of changing stages of the agricultural life cycle enterprises are influenced by a number of internal and external factors external environment. Such factors are: general the economic situation in the state, the specialization of enterprises and their size, a set of competitive advantages, etc.

The main areas of effective management of financial potential include:

- competition, because through it enterprises take the risk of innovations in order to establish their position on the market;
- the optimality of the distribution of financial resources, as well as the efficiency of the enterprise's financial system;
- achieving a compromise between the requirements of profitability, reliability and capital liquidity;
- improvement of the innovation process, which ensures the improvement of the structure of management of economic resources and the search for hidden reserves of financial potential [231].

The formation of financial potential is also influenced by the enterprise management system. If we approach this aspect from the point of view of efficiency, then with inefficient, unsystematic management of the enterprise, elements of financial potential are also lost, which in the near future could be decisive for the development of the organization.

The formation of the financial potential of agricultural enterprises from the standpoint of tactical and strategic management goals should be considered as a single financial and economic system, which is characterized by the presence of a mechanism of continuous adaptability to both external and internal conditions that continuously change and improve behavior taking into account past experience, determining the

definition it as a self-organization in the presence of corporate ties and structures, resistant to institutional changes caused by state intervention in the development of agricultural enterprises.

However, in the conditions of financial and economic uncertainty (economic and military-political upheavals in the east of the country and the occupation of Crimea by Russian troops), it is quite a difficult task to give a holistic assessment of the financial and overall economic potential of enterprises and to conduct a comparative analysis in space and time in order to make effective management decisions.

The evaluation of the financial potential allows you to choose the main areas of activity activation of enterprises, to develop the necessary strategy of behavior aimed at minimizing losses and financial risk from investments in their activities.

The mechanism of forming a financial potential management strategy is divided into a number of stages:

- analysis and selection of priorities from the general strategy of the company's development in the formation of the financial potential management strategy.

- development of target guidelines, which are based on the following procedures: analysis and forecast of the financial and economic state of the external environment, analysis of the internal environment of the enterprise, identification of strengths and weaknesses.

- adaptation to environmental conditions.

- determination of the main directions of formation, accumulation, distribution of resources and search for new sources of loan financing.

- formation of elements of financial potential management strategy (planning and control of financial flows and resources, organizational and legal registration, selection of financial instruments, analysis and assessment of financial risks, tax planning).

- development and implementation of the financial potential management strategy within the framework of strategic plans.
- analysis and control of financial potential management strategy.
- using the results of the analysis to specify the strategic directions of the company's development.

Formation of the financial potential management strategy should include the following components: diagnostics and forecasting of the financial potential of the enterprise; strategic tactical planning; selection of effective financial instruments, including in the framework of investment decisions; financial risk management; tax planning; organizational and legal registration and further control of financial flows.

It should be noted that the specified elements of the financial potential management strategy ultimately determine the competitiveness of any enterprise whose goal is to extract a positive economic effect. The management system as a whole should ensure the achievement of this goal in the future [233].

Given the fundamental importance of the financial potential of agricultural enterprises, it should be noted that for business entities the main strategic orientations of the industry should be the achievement of high financial security, financial independence and stability of activity.

It should be emphasized that the opinion is the strategic guidelines of the financial potential of agricultural enterprises are in close interaction. Since the deterioration of financial security indicators necessarily disrupts the state of financial stability, affecting financial independence. And therefore, in practical activity, they should be applied in a complex manner.

The financial security of agrarian enterprises as a strategic reference point for strengthening their financial potential requires special attention. The implementation of this vector should be carried out in the following directions: increasing profitability and reducing costs of the enterprise; quality management of working capital; financial management of the enterprise; use of modern benchmarking methods to strengthen competitiveness; controlling activity; cash flow planning.

Increasing the profitability of activities will significantly improve the state of financial security, as the amount of financial resources will increase [233]. Accordingly, the financial potential of the enterprise will increase.

It is financial planning that makes it possible to establish a rational level of financial security, which helps to prevent bad debts and, as a result, stimulates financial independence and stability. We believe that financial security should be based on cash flow planning, as it contributes to the balancing of income and expenses of an agricultural enterprise.

The strengthening of the dynamics and stochasticity of changes in the external economic environment determines the need to expand and strengthen analytical and planning work and, at the same time, to develop a qualitatively new methodological toolkit and technologies for substantiating and making planned financial decisions. Solving this task requires expanding and deepening the theoretical basis of its implementation by the enterprises of the industry.

In order to make effective management financial decisions, it is necessary to have objective and high-quality information about the trends in the development of the financial potential of the enterprise. This is especially important in the context of its strategic development, which is associated with significant stochasticity and uncertainty of the enterprise's external economic environment in the future. One of the most effective tools for reducing the uncertainty of the future and minimizing financial risks is financial potential planning. This is due to the fact that planning makes it possible to quickly use favorable economic opportunities, to identify possible future problems in advance, to ensure coordination and interaction of the structural divisions of the enterprise, to optimize the distribution of financial resources between competing areas of their use.

Financial potential planning should ensure the solution of certain economic tasks that are within the competence of its functional purpose.

The most important among them are the following:

- maximum provision of own financial resources for production, investment

and financial activities;

- creation of prerequisites for expanding access to external sources of financing the enterprise's economic activity;
- establishment of rational relations with financial institutions, creditors and investors;
- identification of intra-economic development reserves and increasing the efficiency of the use of financial potential;
- optimization of the distribution of financial resources according to competing directions of their use;
- coordination and synchronization of the activities of responsibility centers and structural units of the enterprise in the field of development and use of financial potential;
- control over the effectiveness of the formation and use of financial potential;
- ensuring the financial adaptability of the enterprise [229].

The planning of the financial potential of the enterprise is based on certain scientific and organizational and economic principles, the observance of which ensures its high quality and effectiveness.

Financial stability is the strategic reference point for strengthening the financial potential of agrarian enterprises, the provision of which in modern conditions is quite a difficult task.

Such circumstances are associated with significant interference of the external environment in this process. Therefore, the key task in the context of the implementation of this vector should be called the creation of conditions for the flexibility of the financial system.

Agricultural enterprises should create a reserve fund in order to take advantage of its possibilities in the event of unforeseen circumstances.

At the same time, prevention of crisis phenomena, insurance of financial risks, leveling of the probability of bankruptcy and financial planning will contribute to

financial stability.

In addition, it is unacceptable to exceed the concentration of loan capital. The deviation of the corresponding indicator from the normative values reduces the financial potential of the agricultural enterprise, affecting its financial stability. It should be noted that it is not always possible to use exclusively own capital in the activities of agricultural enterprises. If credit resources are used, it is worth paying considerable attention to credit security, which significantly affects the financial stability of the enterprise. A significant role also belongs to the diagnosis of receivables [213].

An effective element of ensuring the financial stability of an agricultural enterprise should be the formation of a financial strategy (Fig. 5) [213].

The non-agricultural sphere is considered to be the promising direction of expanding the spheres of employment within the strategy of diversification of agro-industrial enterprises, but this requires the development of rural and green tourism; spheres of services, starting from household services, services of restaurants and car repair services, etc.; establishment of mini-bakeries, confectionery shops, mills, oil refineries, handicraft industries (production of ceramics, carpentry, forged products, weaving, etc.), organization of fishing, hunting, etc.

Today, among the economic goals of diversification of production in the agricultural sector, the following are highlighted: survival in modern unstable economic conditions; receiving economic benefits; timeliness of agricultural works; satisfaction of own consumer needs; leveling of production seasonality; reducing dependence on suppliers. But in addition to the stated goals, ensuring the flexibility of production in accordance with the needs of the market, improving the efficiency of the use of the available resources of the enterprise, including the labor potential, are of great importance; increasing the competitiveness of the agricultural enterprise, reducing the level of risk of economic activity, ensuring the stability of the functioning and planned development of the enterprise.

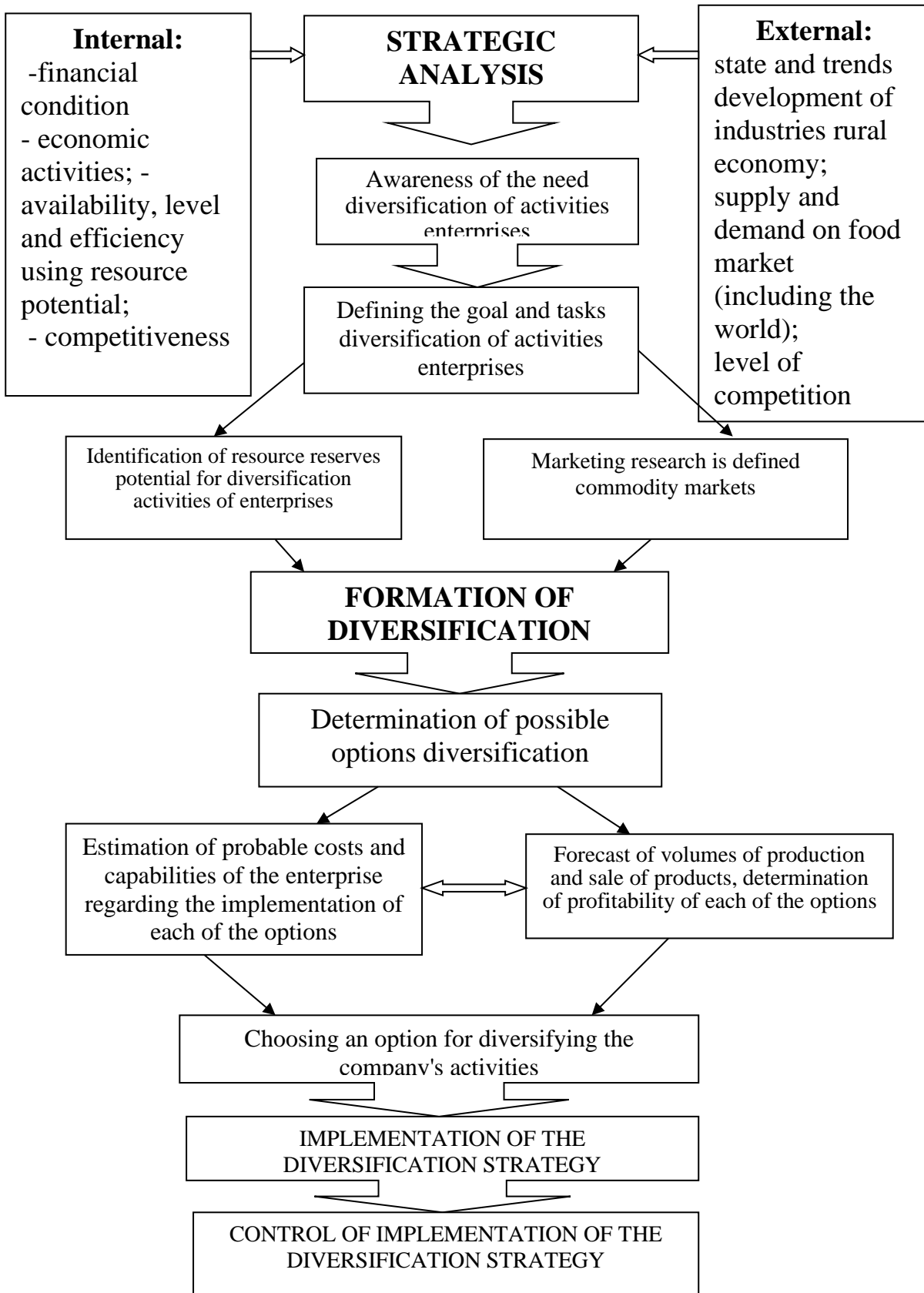


Fig. 5. Algorithm for the development of a strategy for diversification of the activity of an agricultural enterprise

The main tasks of the financial strategy are as follows:

- determination of methods of successful financial strategy and use of financial opportunities;
- determination of prospective financial relations with business entities, the budget, banks and other financial institutions; financial support of operational and investment activities for the future;
- studying the economic and financial capabilities of potential competitors, developing and implementing measures to ensure financial stability;
- development of methods of exiting the crisis state and management methods under the conditions of the crisis state of enterprises [197].

At the same time, the stability of enterprise development and stability in market conditions can be ensured by fulfilling the following conditions:

- the subject of economic activity must be compatible with other structures at the macroeconomic level and aimed at fulfilling strategic tasks of the development of the economy as a whole;
- to possess a certain level of independence and autonomy, i.e. to represent a whole formed organism that is constantly developing;
- preserve its overall property, functions when changing its form and structure; its reproductive processes must correspond to the dynamics of needs within the economic society and the macrosystem;
- have the potential of self-organization and self-development.

An equally important strategic guideline for strengthening the financial potential of agro- industrial enterprises. First of all, the provision of this vector requires careful attention to the current operations carried out by the agricultural enterprise. Financial independence requires giving up creditor financial resources, optimizing activities in order to avoid risky deals, cooperation with reliable suppliers, and, in addition, financial literacy of business entities.

One of the factors affecting the financial potential is the lack of financial resources, which can be caused by low profits, high costs and ineffective management

of working capital [199]. An indicator of a low level of income and a high level of expenses of agricultural enterprises will be profit, while inefficient management of working capital is expressed through operating cash flow.

Therefore, in order to improve the financial potential of agricultural and industrial enterprises, it is necessary to adhere to the provisions of the total cash management technology. The goal of total cash management (TCM) is to ensure efficient cash flows and their effective use. Therefore, TSM combines the following main elements that ensure the increase of the financial potential of agricultural enterprises: budgeting of capital investments, management of financial resources, current budgeting, management of commodity stocks, collection of receivables, control and management of costs, permanent management of financial resources.

Strengthening the financial potential of agro-industrial enterprises should be based on defined strategic guidelines inherent in each business entity. Their arsenal should meet the existing requirements and goals of the enterprise. It is advisable for agro -industrial enterprises to make management decisions based on the matrix of strategic guidelines for strengthening the financial potential, which should be calculated based on the data of the economic entity.

Based on the defined strategic guidelines, the main indicators that testify to the strengthening of financial potential should be: financial security indicators (solvency, financing, profitability and profit growth coefficients), financial independence indicators (financial independence (autonomy) coefficients), financial dependence indicators (equity multiplier) , concentration of loan capital, financial risk, long-term debt and interest coverage (coverage of financial expenses)) and indicators of financial stability (equity and loan capital concentration ratios, ratio of loan and equity capital and loan coverage ratio).

Financial potential plays a significant role in the functioning of the enterprise:

- affects production potential from the point of view of free financial resources, sufficiency of funds for technological innovations;
- affects management potential through a stable financial condition for building

strategic potential, ensuring business profitability and profitability, implementing effective business strategies;

– affects the market potential due to financial opportunities for conducting marketing research, ensuring a flexible pricing policy, a significant market share, low sales costs and bringing products to the consumer [199].

Therefore, in modern realities, the basis of the financial potential of agro-industrial enterprises is the available financial resources, and the management of financial potential involves the organization and control of financial resources in order to conduct successful production and economic activities to achieve the strategic goals of the enterprise and ensure financial stability, solvency, liquidity and profitability of sub of the enterprise taking into account the actions of factors.

The mechanism of managing the company's financial potential is closely related to the action of factors that are currently characterized by dynamism and rapid change. Therefore, every agro-industrial enterprise needs to form such a financial potential management mechanism that would allow timely response to the influence of adverse factors and ensure their elimination.

The structure of the mechanism for managing the financial potential of an agricultural enterprise ensures the efficiency of the functioning of the economic mechanism and the performance of its functional tasks.

The mechanism of managing the financial potential of the enterprise consists of measures carried out in accordance with the economic entity, including the influence of external and internal factors. A set of measures represents certain types of actions, the sequence of execution of which is clearly observed.

Each measure that is included in the complex management of the financial potential of the enterprise has a goal that is characteristic of this stage of management. Thus, at the stage of forecasting, the formation of financial potential is carried out for long-term development and effective use of the financial potential of the enterprise. However, at this stage, a solution to the problem is foreseen, which consists in the insufficient level and pace of development of the financial potential, the suboptimal

structure of financial sources. Upon successful drawing up of a plan for the use of the financial potential of the enterprise, diagnostics and evaluation of the use and development of the financial potential are carried out, and key factors of influence are determined. This measure provides for the formation of resource, organizational and information support for the development of elements of financial potential.

Monitoring the implementation of the financial potential management mechanism is the last stage, at which the analysis of the implementation of the set goals is carried out and the possibilities of deviations in the company's activity indicators are determined.

Thus, the mechanism of managing the financial potential of the enterprise is a system that ensures the interaction of diagnostics, regulation and monitoring of indicators characterizing the financial state of the agricultural enterprise (absolute, normal, crisis) and provides an opportunity to increase the efficiency of managing the financial potential of the enterprise.

The mechanism of financial potential management is necessary for the enterprise to ensure its further development. In order to ensure the absolute type of financial state of the enterprise, a management structure is used that maximally contributes to the achievement of the enterprise's goal, takes into account the influence of external and internal factors [226].

The processes of planning, organization and control of the enterprise's financial potential are key elements of its formation, use and development. Based on the above, there is a need to research and develop a mechanism for managing the financial potential of the enterprise [219].

The effectiveness of financial potential management is influenced by factors of both the internal and external environment. At the same time, a favorable internal environment is considered to be one that aims to increase the market value of the enterprise and adheres to a defined strategy for managing the enterprise's financial potential. So, having determined the main components of the mechanism of managing the financial potential of the enterprise, it becomes necessary to determine the

directions of its improvement. To improve the planning of the financial potential, it is possible to apply the optimization of the capital structure using the mechanism of financial leverage as a system for the future development of the company. Using this mechanism, it is possible to orient the management process to the maximum increase in profit, the cost of capital with minimal risk, provided that the solvency and liquidity of the business entity is preserved.

In order to exclude financial mistakes during the preparation and organization of the planning of the financial potential of the enterprise, it is necessary to always link the content of the documents to the requirements and objectively determined mechanisms of the enterprise's activity. And for this, it is necessary to study this mechanism. In the process of forming the financial potential, it is necessary to clearly define the strategic vision of the enterprise, the basic concept of management and the policy of its development, which will lead to the expected result. An important element of this process is the elimination of systems and structures that do not agree or contradict the expected results when implementing changes. These improvements will allow to effectively manage the financial potential of the enterprise.

The proposed mechanism for managing the company's financial potential allows for the formation of financial potential based on methodological approaches to management and taking into account the selected financial strategy. The mechanism of managing the financial potential of the enterprise depends on the chosen approach to its management, which affects the choice of model and indicators of its evaluation. Management of financial potential based on the implementation of fundamental management functions allows to ensure the priority directions of the enterprise's development with a sufficient amount of financial funds due to planned, organized and controlled influence on their structure and volumes.

The financial potential management mechanism combines planning, organization, control and monitoring of financial potential, including the influence of external and internal factors. In turn, the areas of effective management of the financial potential of an agricultural enterprise should stimulate the business entity to expand

sales markets, strengthen market positions, optimize financial resources, achieve an optimal capital structure, and introduce innovative production technologies [207].

Violation of the optimal proportions of a separate element of the financing structure causes a disproportion in the financial potential. Skillful mastery of the factors that influence the formation of financial indicators, substantiation of their scientific prerequisites makes it possible to have an immediate impact on unplanned deviations. Achieving the expected results is possible under the conditions of effective and timely response to current changes in the economy activities of agro- industrial enterprises. Therefore, ensuring the need for financing in order to achieve its optimal structure should be consistent with the mechanism of action of the financial potential based on the FEI financing optimality criterion (financing efficiency index), which should be considered as an indicator of financing efficiency [191].

Given the peculiarities of the current activity of agro- industrial enterprises, the model of effective financing includes the determination of the current value of financial resources. That is, other things being equal, the future value will be the higher the lower the weighted average cost of financing sources, or the minimization of the latter is equivalent to maximizing the value of the agricultural enterprise. Focusing on the highest level of profitability (profitability) from an economic point of view is fully justified. And the formation of production and investment programs to ensure it is the most rational approach to attracting funding sources. The implementation of such an approach presupposes, first of all, the availability of opportunities for product and regional diversification of production, as well as the existence of other financing alternatives.

At the current stage of economic development, most agricultural enterprises do not have sufficient opportunities for product diversification, and the localization of production on specific land plots limits its regional component. From this point of view, for agrarian enterprises, budgetary limitations in the amount of financing are more important than the choice of alternative opportunities based on the criterion of

the highest level of profitability (profitability). Therefore, for the optimal combination of sources and methods of financing, the change in the cost of loan sources is very important. To achieve the minimum cost of loan sources, restrictions on the most profitable sources of financing can become obstacles. A project is profitable if its profitability exceeds the average optimal cost of financing the economic activity of an agricultural enterprise, otherwise, a project that is profitable, but the profitability is below the average, can negatively affect the increase in the total debt of the business entity, reducing its financial stability. Thus, the optimal structure of financing and the ratio of internal and external financing methods should be determined by the criterion of ensuring the maximum market value of an agricultural enterprise. With a stable level of financial resources, income and market assets, the share of debt financing can be high in the total amount of financial support of an agricultural enterprise. Conversely, the unstable level of financial resources, with the use of specific assets, provokes a conservative policy of the enterprise in relation to the share of debt financing, ensuring the dominance of own sources and internal financing.

There are certain differences in the use of operating and financial leverage as an indicator of effective financing of an agricultural enterprise. Thus, the use of operating leverage as an indicator of effective financing of an agro- industrial enterprise is associated with features and limitations.

First, the production of several types of products is a characteristic feature of most of them. And, secondly, there is a certain specificity of the formation of production costs and the problem of their division into constant and variable. Using the effect of financial leverage, when the profitability (profitability) of the current activity is significantly lower than the price of the involved sources, it loses all meaning because it leads to a negative result. Currently, profit is not the basis of taxation for an agricultural enterprise. Therefore, the "tax shield" mechanism does not work. It can be assumed that the situation will change in the future. However, even under these conditions, its impact on reducing the weighted average cost of funding sources is unlikely to be significant. Therefore, a comprehensive approach to the optimization of

the financing structure of agrarian enterprises involves substantiating the conditions for providing the latter with own, borrowed and involved sources.

The optimization model of the financing structure in a dynamic environment determines the sources of effective attraction of financial resources of agricultural enterprises. But, when determining the advantages of one or another source of financing of agro-industrial complex enterprises, the emphasis of the research must be shifted towards the existing imbalance between production, investment and financial activities, which provokes an imbalance in the process of creating new resources – property assets (own competences), which ideally cannot be copied by competitor. At the same time, at the initial stage of the action of the financial potential of the subject of agrarian direction, the parameters of the internal economic environment should be used - the output of products: what to do, with what quality indicators, with what costs, for whom, in what terms, at what price; the level of provision of technical and technological equipment and equipment, organization of production, labor and management.

Next, the «entry» parameters are chosen (they must be competitive): the need for financial and informational resources in order to implement internal processes. The need for information resources is determined after studying the requirements for the production potential of agricultural enterprises and the parameters of its external environment (political, economic, socio-demographic conditions, infrastructure). The feedback communication between the «input» and «output» parameters is necessary for the adaptation of the financial component of agricultural business entities to the parameters of the market environment, which ensure the high quality of the implementation of the economic process.

Orientation of the entity to meet financing needs means that the formation of any element of the structure of sources of financial resources should be based on analysis and planning (forecasting) of market advantages, competitiveness, credit and solvency. At the same time, the priority of choosing a model of financing the economic activity of an agricultural enterprise is: improving the quality of realization of financial

potential (initial criteria) in accordance with the needs of consumers; saving financial resources by improving the quality of the final product or service.

The search for new, original management solutions to meet the existing financial needs of the economic activity of agrarian enterprises is considered as a set of financial resources and their properties, which determine the mechanism of action of the financial potential, orient potential consumers to the required volume of production financing, financial stability, competitiveness and solvency.

At the same time, constant planning of the technological process for the production of high-quality agricultural products with lower resource intensity ensures the intensity of reproduction of the production potential and the need for financing from own sources. This means that the main direction of planning (forecasting) the financial component of the economic activity of agricultural enterprises is a mandatory comparison of the best period of effective use of financial resources and the formation of financial indicators adjusted for changes in the tax burden, the level of inflation, interest rates for credit services, that is, before the beginning involvement of financial resources in the technological process, with indicators of past periods [200].

The formation of a complex financing model that implements the mechanism of action of financial potential in the economic activity of agricultural and industrial enterprises depends on the degree of compliance of the structural elements of financing within the economic link, which are directly related to the functional property of financial resources. At the same time, the risk of uncertainty in the cost base of the resources involved increases. In order to reduce it, it is necessary to determine the functional interdependence of financing components, which give rise to a qualitatively new property of the mechanism of action of the financial potential - to form the financial component of the economic activity of agrarian under.

The conceptual approach to the formation and use of the financial potential of agricultural enterprises is based on the ability to accumulate internal and external sources of financing, provided that there is a sufficient level of solvency and mutual agreement of interests in order to level threats, optimize costs, financial stabilization,

and increase the level of investment activity.

The research results form the prerequisites for the development of a strategy for the formation of the financial potential of agricultural enterprises, which are the basic ones on which the development of an individual strategy for each agricultural enterprise should be based. In the process of developing a strategy, it is necessary to take into account individual characteristics and aspects of the enterprise's development: the stage of the enterprise's life cycle; financial condition of the enterprise; technological readiness; personnel potential, etc.

Alternative strategies for forming the financial potential of agricultural enterprises are proposed, which can become basic for enterprises of a separate group. The presented strategies for the formation of financial potential are quite different and take into account the financial condition of the enterprise and the type of its development. The first strategy is aimed at stabilizing the company's financial condition (Fig. 6) [201].

FINANCIAL STABILIZATION STRATEGY
PURPOSE OF THE STRATEGY : improvement of the financial condition due to the implementation anti-crisis measures; ensuring financial security; ensuring financial balance
MAIN DIRECTIONS OF STRATEGY IMPLEMENTATION: optimization of the asset structure; mobilization of enterprise resources; reduction of the amount of receivables; reducing the volume of operational and financial activities; decrease in the level of resource intensity of production; activation of internal control; allocation of resources as needed; optimization of price policy
EXPECTED RESULTS: increase in liquidity and solvency; decrease production costs; increasing profitability
GENERAL RESULTS OF STRATEGY IMPLEMENTATION: social - preservation of jobs; economic - reducing the cost of production; increasing solvency increasing profitability; ensuring financial security; technological - compliance with technological standards; ecological - preservation of biological features of natural resources

Fig. 6. Strategy of financial stabilization of agricultural enterprises

The strategy of financial stabilization is developed for those agricultural enterprises or in cases where their financial condition deteriorates over the course of several years, dependence on external sources of financing increases and there is a threat to financial security.

The second strategy is aimed at cost optimization, which partially excludes the introduction of innovations due to their cost (Fig. 7) [201] .

COST OPTIMIZATION STRATEGY
PURPOSE OF THE STRATEGY: increasing the efficiency of the enterprise at the expense of cost minimization taking into account resource potential and market opportunities; ensuring financial security
MAIN DIRECTIONS OF STRATEGY IMPLEMENTATION: decrease in the level of resource intensity of production; technological renewal of production; increasing the effectiveness of internal control; allocation of resources as needed; optimization of the technological process
EXPECTED RESULTS: decrease in the cost of production, increase in competitiveness positions, technological update
GENERAL RESULTS OF STRATEGY IMPLEMENTATION: social - raising the standard of living of employees; economic - reducing the cost of production; increasing financial results; ensuring financial security; technological - compliance with technological standards; ecological - preservation of biological features of natural resources; decrease negative impact on ecosystems

Fig. 7. Cost optimization strategy of agricultural enterprises

The cost optimization strategy is directed mainly to the use of own sources of financing, and therefore has a close connection with the potential liquidity of the enterprise in the future. The third strategy is based on the investment and innovation approach, which involves appropriate financial investments (Fig. 8) [201].

STRATEGY FOR INCREASING INVESTMENT ACTIVITY
PURPOSE OF THE STRATEGY: ensuring economic development and financial security agricultural enterprises based on the formation of prerequisites for adaptation to changes external investment and innovation environment
MAIN DIRECTIONS OF STRATEGY IMPLEMENTATION: technical and technological re-equipment of factories; diversification of production; expanding the range of products; increasing competitiveness; increase investment attractiveness; building innovative potential; creation integration formations; development of micrologistics systems; process improvement storage of agricultural products
EXPECTED RESULTS: improvement of the quality of agricultural products by species; expansion of market opportunities; increasing the level of business activity; material and technical renewal of production; introducing the concept of logistics in the organization of activities, increasing the level of income (revenue) from the realization of agricultural products; increasing financial potential
GENERAL RESULTS OF STRATEGY IMPLEMENTATION: social - raising the standard of living of employees; improvement of the qualification level and self-realization of employees; economic - ensuring financial security; growth in the level of investment attractiveness; technological - implementation of innovative production technologies; ecological - improvement of product quality; minimization of environmental risks; increasing the volume of organic and ecological products; greening of production

Fig. 8. Strategy for increasing investment activity of agricultural enterprises

The goal of the strategy to increase investment activity is to ensure development with additional involvement of external financial resources. Investment-innovation activity of agricultural enterprises is formed under the influence of investment-innovation policy, resource limitations, the influence of globalization processes and ensures development in a combination of economic and social-ecological priorities.

In addition, the construction of a multi-level structure of financing of agro-industrial enterprises allows to adjust the share of financial resources in current assets

according to their liquidity and riskiness in order to increase the profitability of economic activities of economic entities. The model of effective financing will have the right to life only under the condition of stable economic development of the financial market, which determines the cost of sources of financing directed to the operational cycle of agricultural enterprises in the form of active (mobile) instruments of financial potential. Also, the presented model can be used in the long term to calculate the future development of agricultural enterprises. The main emphasis is placed on the analysis of the dependence of profitable activity or business activity of agrarian enterprises, using the amount of state financial support, the amount of short-term and long-term as influencing factors.

DOI: 10.46299/979-8-89692-747-1.8

8. Harmonization of Ukraine's agricultural policy with the EU in the context of European integration

Agriculture in the EU is one of the sectors of the economy where active state regulation takes place. The EU provides the highest level of protection for its agricultural producers among leading countries. Gradually, the EU is shifting its policy priorities to other areas, such as regional development, ecology, and food safety. The more than fifty years of experience in implementing the Common Agricultural Policy can be utilized by other countries striving to combine market and state mechanisms for coordinating processes in the agricultural sector.

One of the leading roles in this process is played by Ukraine's agricultural policy and the national legislation that regulates agricultural activities and food production. This is due, on the one hand, to the fact that the agricultural sector is a key branch of Ukraine's national economy, providing a significant share of export revenues and playing a notable role in ensuring food security for other countries around the world. On the other hand, the Common Agricultural Policy (CAP) has always played a key role in shaping the Community's common internal market, being established at the level of the founding treaty of the EU, and remains one of the pillars on which the European market is built today. Therefore, the success of European integration and Ukraine's accession to the EU depends on how quickly and effectively the agricultural policies of Ukraine and the EU are harmonized, along with the alignment of legislation developed to implement these policies [236, p. 56].

At the same time, the situation in Ukraine regarding effective European integration remains complex and chaotic. There is a deep gap not only in the content of agricultural policy but also, and perhaps more critically, in the culture of strategic planning itself. The state apparatus lacks the necessary mindset and skills to formulate and implement policy. In the agricultural sector, doubts persist about the need to align national agricultural policy with the EU's Common Agricultural Policy (CAP), given the specific nature of Ukraine's agricultural sector, where large businesses still hold

dominant positions in both influence and information, despite the growing number of small farmers.

Leaders of a rather strong layer of traditional farms, which manage several thousand hectares of land, also take a cautious stance. This is due to the insufficient awareness within Ukraine's agricultural community about how sectoral policies are formed and implemented in the EU, as well as the European approaches to supporting agricultural sector development – particularly at a time when the sector is undergoing radical changes.

The updated CAP provides room for action for member states, and Ukraine must already:

- First, become thoroughly familiar with the content, requirements, and opportunities of the CAP;
- Second, shape its national agricultural policy in line with the CAP framework, coming as close as possible to its standards.

This analytical report represents the first attempt to acquaint Ukraine's agricultural community with the documents governing the CAP, drawing parallels between the legislative and regulatory foundations for developing agricultural sector strategies and policies in Ukraine and the EU, highlighting commonalities and differences. Ukraine needs to develop a well-crafted «roadmap» for convergence with the CAP, outlining yearly tasks and setting indicators to measure progress.

Currently, with the suspension of previous support programs and the budget replenished by external funds, this is much easier to achieve than under normal circumstances. This window of opportunity must be fully leveraged.

The Common Agricultural Policy (CAP) of the European Union is outlined in three key normative documents of the EU acquis:

1. Regulation (EU) 2021/2115 of December 2, 2021, which establishes the rules for supporting national strategic plans developed by EU member states within the framework of the CAP Strategic Plans, and is funded by the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural

Development (EAFRD).

2. Regulation (EU) 2021/2116 of December 2, 2021, which pertains to the financing, management, and monitoring of the Common Agricultural Policy.

3. Regulation (EU) 2021/2117 of December 2, 2021, which amends and supplements Regulation (EU) 1308/2013, establishing a common organization of the markets for agricultural products; Regulation (EU) 1151/2012, regarding quality schemes for agricultural and food products; Regulation (EU) 251/2014, on the definition, description, presentation, labeling, and protection of geographical indications for aromatized wine products; and Regulation (EU) 228/2013, which establishes specific measures for agriculture in the outermost regions of the EU [237, p. 284].

Regulation (EU) 2021/2115 is of fundamental importance as it defines the content and key principles for the implementation of the EU's Common Agricultural Policy (CAP). The financial matters are mainly addressed in Regulation (EU) 2021/2116, although the general framework for funding the CAP implementation is provided in a separate section of the foundational Regulation (EU) 2021/2115. Regulation (EU) 2021/2117 includes provisions regarding changes in the status of certain products (primarily wine) within the internal market and in export operations, derived from the rules set forth in Regulation (EU) 2021/2115.

Special attention in these EU normative documents is given to ensuring compliance with international standards, such as the UN Sustainable Development Goals, the WTO Agreement on Agriculture, and core EU framework documents, such as the Treaty on the Functioning of the European Union (TFEU), and Regulation (EU) 2018/1046 of July 18, 2018, which establishes financial rules for the budgetary sphere, among others. Each regulation includes a comprehensive preamble (Regulation 2021/2115 has 144 recitals, Regulation 2021/2116 has 112 recitals, and Regulation 2021/2117 has 86 recitals), providing guidance for regulating the respective area, explaining the rationale, content, and conditions for implementing the provisions of each document.

The legislative acts governing the CAP were developed and adopted based on the principles outlined in the European Commission's Communication to the European Parliament, the Council, the European Economic and Social Committee, and the Committee of the Regions titled «The Future of Food and Farming» on November 29, 2017 [238, p. 21].

The EU's agricultural sector is one of the world's largest food producers, occupying 48% of EU land, providing jobs for 55% of the population, and remaining the most integrated food market globally. Given the sector's importance, the fundamental principles of the CAP, which aimed for the continuous development of the agricultural sector and value chains, were laid out in the Treaty establishing the EU. However, the sector remains vulnerable to natural disasters, weather extremes, price volatility, pest infestations, and diseases. It also exerts pressure on the natural environment, challenges exacerbated by climate change [4, p. 144].

As of the end of 2017, 7 million farms, which cultivated 90% of agricultural land, received direct financial support. This assistance accounted for an average of 46% of farm incomes, with the figure being even higher in some regions, ensuring stable incomes for producers. From 2014 to 2023, there was a shift in financial support toward the promotion of innovation, risk management, environmental protection, climate change mitigation, and rural community development. However, these efforts are still insufficient, and such approaches need to be further developed. In addition, the procedures for managing financial support need modernization and simplification.

The formation of the new CAP was based on public opinion research, which revealed that 64% of farmers believe the CAP should provide more incentives for environmental protection and climate change action (92% of the general population agreed). Additionally, 79% of farmers (and 53% of the general population) felt that farmers need income support through direct payments. Moreover, 96% of citizens believed that the position of primary producers within value chains should be strengthened, and 81% supported the acceleration of restructuring and innovation in the agricultural sector.

The CAP is increasingly integrated into the context of regional development. Agricultural policy must align with the UN Sustainable Development Goals and the Paris Climate Agreement, ensuring equality among member states, considering the EU 2030 Climate and Energy targets, and addressing the European Commission's proposals on land and forest management (LULUCF – Land Use, Land Use Change, and Forestry).

Given that the size of agricultural land determines the environmental and climate impact of farms, and farmers are the first to affect these areas, direct financial assistance should be linked to the size of agricultural land. Additionally, maintaining the system of direct payments is essential to ensure income stabilization for farmers through the Income Stabilisation Tool (IST), which complies with the Treaty establishing the EU and ensures the smooth operation of the internal food market.

However, the direct payment system (fair income support) needs to be improved by introducing a payment cap to mitigate its negative impact on employment, implementing a regressive payment scale based on land size, and providing targeted support to small and medium-sized farms, especially those focused solely on agriculture. Moreover, the CAP aims to increase farmers' market rewards by promoting restructuring, modernization, adoption of new technologies, digitalization, precision farming, big data usage, and clean energy deployment.

The previous experience has shown that concentrating regulation, control, auditing, and sanctions at the EU level is overly burdensome and inefficient. Therefore, moving forward, the EU should establish only the basic parameters of the Common Agricultural Policy (CAP) – policy goals, general formats for support, and basic requirements – while member states should take on more responsibility for how they achieve the set objectives and fulfill assigned tasks. Member states must conduct their own monitoring of support distribution, evaluate the effectiveness of policy implementation, and report these findings to the EU.

However, member states should not act in isolation. At the EU level, there should be a procedure for forming national strategic CAP plans by member states, considering

other EU policies and financing, both from the EU (Pillar I) and at the national level (Pillar II). The European Commission will approve these national CAP strategic plans to enhance the effectiveness of goal achievement, ensure coordinated policy implementation, and create synergies. Setting detailed rules for support provision at the EU level should be avoided.

The updated CAP should promote knowledge dissemination, the introduction of innovations and digital technologies, food safety, generational renewal among farmers, the prosperity of rural areas, environmental protection, climate change mitigation, the adaptability of the agricultural sector, and fair farmer incomes. The continuation and enhancement of existing tools is expected, including the European Innovation Partnership for Agricultural Productivity and Sustainability (EIP-AGRI), the European Innovation Partnership for Water Resources, the Agricultural Knowledge and Innovation Systems (AKIS), agricultural advisory services, producer organizations, including their associations and cooperatives.

Emphasis is also placed on overcoming the investment gap observed in the agricultural sector through innovative financial instruments. This includes utilizing existing tools such as the European Fund for Strategic Investments (EFSI), the European Structural and Investment Funds (ESIF), and the European Investment Bank (EIB).

Ensuring guaranteed income for agricultural producers within the framework of the CAP has always contributed to mitigating the impact of negative factors on agricultural activities. Moreover, a number of risk management tools have been introduced, ranging from market interventions to compensation for adverse events and insurance support. The new CAP also focuses on establishing a risk management framework to address risks caused by price volatility in agricultural and food markets, crises related to the spread of animal and plant diseases, natural disasters, and the impact of climate change. For this purpose, a permanent EU-level risk management communication platform is planned to be established. The mission of this platform is to raise farmers' awareness of risk prevention and management methods. At the same

time, it is necessary to develop an integrated approach to risk management, distributing responsibilities between the EU, member states, and risk management tools offered by specialized market companies, including insurance, mutual support funds, and deposit reserves.

At the new stage, the CAP must focus more on measurable results regarding resource efficiency, environmental care, and actions aimed at preventing climate change. Member states will have the competence to define a range of mandatory and voluntary measures within the framework of financing from both the EU and their own budgets (Pillars I and II) in order to best achieve the tasks set at the EU level. Support for maintaining an adequate level of income for farmers will continue to be linked to their compliance with mandatory environmental protection and climate change prevention requirements. Compliance with voluntary standards and best practices will also be financially encouraged.

An integral part of the updated CAP is also the issue of socio-economic development in rural areas (Rural Development Policy). It is expected that economic growth and increased employment levels in these areas will occur through the development of clean energy production, bio- and circular economies, and ecotourism. Special attention is given to the development of smart villages by enhancing their capacities, supporting innovation, networking, and utilizing innovative financial instruments, including those aimed at developing infrastructure, services, and skills. High hopes are placed on the «bottom-up» approach, which is particularly supported by the LEADER program (Liaison Entre Actions de Développement de l'Économie Rurale). At this new stage, more emphasis needs to be placed on achieving synergy between the EU sectoral policies related to rural areas and the coordination of funding that supports the implementation of these policies.

A central issue of the CAP is also the generational change in the agricultural sector. Its resolution is delegated to the level of member states, as issues related to inheritance, land allocation, spatial planning, and taxation are addressed there. Member states are required to include provisions for supporting young farmers in their national

strategic CAP plans as a mandatory measure. Additionally, support for newly established farms is also mandatory, although countries have the freedom to determine the priorities and specifics of such support.

In response to societal demands for the safety and quality of food products, reducing the use of pesticides and antibiotics, environmental protection, and animal welfare, the updated CAP should encourage producers to adhere not only to mandatory norms and rules but also to voluntary ones. The role of the CAP also includes promoting healthy eating, combating both malnutrition and obesity, and helping agricultural producers adapt to changing consumer food preferences. Effective tools in this context are the European Institute of Innovation and Technology's Food Partnership (EIT) and the EU Food 2030 research strategy. One of the objectives of the CAP is to reduce food losses and waste, including through the development of a circular economy.

In a global context, the EU is seeking opportunities for cooperation and synergy with countries that share the CAP approaches and aim to achieve the UN Sustainable Development Goals, including eradicating poverty. Among other things, the CAP provides tools for integrating forced migrants into European society. In the international context, the CAP is also aimed at meeting the demand of international markets regarding the food preferences of the middle class and changing eating habits. The EU strives to maintain its position as a leader in the WTO; however, it holds the view that not all segments of the internal food market can withstand complete trade liberalization, and these issues should be resolved through negotiations. The EU must also be confident in the quality of the products supplied to the internal market, and therefore supports the implementation of non-tariff barriers concerning sanitary and phytosanitary measures [240, p. 833].

Currently, there is no clearly defined and properly approved agricultural policy in Ukraine. Until the end of 2022, the document «Concept of the State Target Program for the Development of the Agricultural Sector of the Economy for the Period up to 2022», approved by the Cabinet of Ministers of Ukraine (CMU) order №1437-r on

December 30, 2015, was in effect. There is also a law «On State Support for Agriculture», which contains general provisions that are further used as a basis for forming the regulatory framework for providing state subsidies. State subsidies by direction began to be granted in Ukraine in 2017, replacing a special VAT accounting mechanism that left this tax revenue with agricultural producers in a non-targeted manner.

Before the start of the war, state support was provided through programs aimed at subsidizing agricultural machinery and equipment produced domestically (CMU Resolution №130 of March 1, 2017), subsidizing loans (CMU Resolution №300 of April 29, 2015), supporting the development of viticulture, horticulture, and hop farming (CMU Resolution №587 of July 15, 2005), supporting livestock development and agricultural product processing (CMU Resolution №107 of February 7, 2018), and supporting farm enterprises (CMU Resolution №106 of February 7, 2018). In 2021, programs began to support the production of specific crops per unit of cultivated land (CMU Resolution №886 of August 11, 2021, with the Ministry of Agrarian Policy regularly determining and changing the list of crops – in 2021, it was buckwheat), compensation for losses from completely lost (destroyed) crops due to emergencies of a man-made or natural nature (CMU Resolution №885 of August 11, 2021), and support for potato producers (CMU Resolution №1008 of September 22, 2021). A regulatory framework for state support for agricultural product insurance is also being developed, but it remains ineffective for now.

In 2022, despite the war, the formation of a regulatory framework for state support to agricultural producers continued in areas such as support for farmers using reclaimed land and water user organizations (CMU Resolution №973 of August 30, 2022). Grant financing was introduced for businesses involved in the development of horticulture, berry growing, viticulture, and greenhouse farming (CMU Resolution №738 of June 21, 2022). There was also special support per unit of cultivated land for farmers (up to 120 hectares) and for the maintenance of cattle (up to 100 heads) (CMU Resolution №918 of August 16, 2022).

Currently, Ukraine lacks a properly formed and approved mechanism for developing national development strategies. However, there is considerable activity in this direction in practice. To gain some guidance, it is worth structuring the existing precedents and initiatives at the macroeconomic level concerning agricultural policy, rural development, and the state of legislation regarding national strategic planning.

In the field of strategic planning, the law «On State Forecasting and Development of Economic and Social Programs of Ukraine» has been in effect since 2000. It establishes principles and provides guidelines for formulating national strategic plans, although it misuses the term «forecast» instead of a more appropriate term like «strategic goal». In essence, it concerns the formation of strategic goals and the determination of ways to achieve them (in the format of economic and social development programs). In furtherance of this law, the law «On State Target Programs» was adopted in 2004. This law establishes the types and directions for formulating target programs, requirements for the programs, and procedures for their development. There are noticeable post-Soviet approaches to public administration in this law, although, with appropriate adjustments, it can be utilized adequately. Since 2011, the draft law №9407 of November 3, 2011, «On State Strategic Planning», has been under consideration in the Verkhovna Rada of Ukraine. This document reflects more modern approaches to national strategic planning, although it lacks provisions regarding sectoral policies, including agricultural policy.

The framework documents for the agricultural sector are the National Economic Strategy for the period until 2030, approved by CMU Resolution №179 of March 3, 2021, and the State Regional Development Strategy for 2021-2027, approved by CMU Resolution №695 of August 5, 2020.

The Economic Strategy 2030 outlines tasks related to Euro-integration, decarbonization, and alignment with the EU Green Deal, as well as the digitalization of public administration. It establishes directions of movement that are unacceptable, including the improper use of budget funds and the deterioration of the environment.

Among the expected results are the development of innovations, modernization of sectors of the economy, and the development of human capital [6, p. 18].

The strategic course is implemented through the following directions: conducting macroeconomic policy, strengthening the principle of the rule of law, forming an appropriate regulatory environment, ensuring proper management of state and communal property, strengthening international policy and trade, improving the country's reputation in the international arena, ensuring investment attractiveness, developing information and communication technologies, sectoral industrial development, including the development of the agro-industrial sector and food industry, regional development, entrepreneurship, digital economy, cultural and holistic transformation, and improving the quality of life. All these directions and tasks serve as a framework for the formulation and implementation of agricultural policy [242, p. 343].

As for agricultural policy itself, the overall economic strategy defines the objectives of implementing stimulating and advisory agricultural policies, ensuring the sector has quality infrastructure (land, irrigation systems, finance, education and science, transport, storage facilities), providing accessible material and technical resources, balancing the production of high- and low-margin products, promoting processing development, optimizing sales in domestic and foreign markets, and ensuring the production and export of safe and healthy agricultural and food products.

The State Strategy for Regional Development until 2027 includes the establishment of a rural development fund in the national budget. However, the document contains almost no norms regarding agricultural development. It only anticipates the development of various forms of cooperation and farming, ensuring market access for small and medium-sized agricultural producers, as well as storage infrastructure; introducing new technologies and equipment for processing agricultural raw materials, and improving communication between rural entrepreneurs and local executive authorities and local self-governments [243, p. 59].

In the area of rural development, the situation looks much better than in agricultural policy. Since 2015, the Law on the Principles of State Regional Policy has been in effect. This document envisions the establishment of an effective environmental conservation system, the assessment and reduction of anthropogenic and ecological pressure, the adaptation of the regional economy and human living conditions to climate change, strengthening the resilience of territorial communities to climate, demographic, and economic challenges, and improving the material, financial, informational, staffing, and other resource support for regional development, while promoting digital transformation and digital development in the regions. In contrast, the goals for the development of the agricultural sector, agricultural and farming enterprises, processing, and the production of finished food products are not included in the strategy, and relevant business development directions are not mentioned.

Unlike the agricultural sector, a conceptual framework for rural development was successfully established in 2015. The concept of rural development was approved by a resolution of the Cabinet of Ministers of Ukraine. Specifically, it aims to diversify economic activities, increase real income levels from both agricultural and non-agricultural activities in rural areas, achieve guaranteed social standards, protect the natural environment, preserve and restore natural resources, maintain the rural population as carriers of Ukrainian identity, culture, and spirituality, and align rural development legislation with EU standards. The objectives include ensuring incentives for young farmers to stay in rural areas, protecting and conserving natural resources, preventing soil and water pollution, promoting agricultural cooperation, improving access to finance and markets, developing a consultancy system, creating rural development projects, and establishing a rural development fund. However, the most significant aspect of this document is that it shifts the focus of agricultural policy from supporting the agricultural sector to supporting rural development – improving the quality of life and economic well-being of the rural population.

In the subsequent resolution of the Cabinet of Ministers of Ukraine (CMU) №489-r dated July 19, 2017, an Action Plan for the Implementation of the Concept for

Rural Development was approved, covering the period from 2017 to 2025. The plan outlines measures aimed at improving the quality of life for the rural population, protecting and conserving natural resources, diversifying the rural economy, enhancing the management system for rural areas, and developing education and informational-consultative support. The implementation of these measures is assigned to the Ministry of Regional Development and the Ministry of Agrarian Policy in almost equal proportions.

In Ukraine, there is a practice of forming basic strategic documents. However, compared to European practices, it is more varied and less effective, and the selection of strategic priorities is sometimes made subjectively. As mentioned above, the regulatory framework for strategizing generally exists. However, it has a noticeable post-Soviet emphasis, with the paradigm of Soviet state planning and its methodological support remaining prevalent among specialists. The process of forming a modern system of public administration in Ukraine is still in its early stages, and a systematic approach is currently lacking. Despite this, based on existing legislative and regulatory acts, a unified document (possibly a code) could already be created to regulate national strategic planning, the formation of general and sectoral policies, and the introduction of tools for their implementation, including financial ones, in line with European and global practices. At the stage of acquiring EU membership, Ukraine urgently needs to accelerate the development of this area.

Particular attention needs to be paid to the issue of aligning legislative and regulatory documents with public opinion. It has already been mentioned that a worldview political document in the EU arises in response to issues identified during broad public discussions. A draft of such a document must be agreed upon with the parliaments of member states, the European Court of Auditors, the European Economic and Social Committee, and the Committee of the Regions. Only after this does it begin to move through the standard legislative procedure of the EU, which is based on a system of checks and balances and is quite slow. In Ukraine, there is also a developed legislative procedure, regulated by the Law on the Regulations of the Verkhovna Rada

of Ukraine. However, the right of legislative initiative in Ukraine, according to the Constitution, is granted to the President, the Cabinet of Ministers of Ukraine, and individual members of parliament. There is no mandatory preliminary coordination of legislative proposals with the public at the legislative level, nor does it occur in practice.

Moreover, the implementation of sectoral policies in the EU (such as agricultural policy, international cooperation policy, etc.) is accompanied by the identification of financial instruments and the allocation of budgetary funds. In Ukraine, the Regulations of the Verkhovna Rada also stipulate that during the adoption of a law in the third reading, the Cabinet of Ministers presents a plan of organizational, financial, informational, and other measures aimed at implementing the law. However, in practice, the legislative procedure is reduced to the adoption of the law «in the second reading and as a whole», with the third reading often being bypassed. This is unlawful, and the issues related to compliance with and successful implementation of adopted laws are directly linked to this practice [244, p. 305].

The Common Agricultural Policy (CAP) of the EU has traditionally focused on supporting a guaranteed minimum income for agricultural enterprises, linked to 1 hectare of land. Recently, the support rates per hectare have become increasingly differentiated based on political objectives (such as the implementation of eco-schemes, climate change mitigation, animal welfare, and youth engagement, among others). In this new phase of agricultural policy, member states have gained even greater freedom in shaping incentives to achieve the set goals by differentiating the amount of payments per hectare [245, p. 55]. Overall, it is planned that by 2026, the share of payments related to sustainable development goals will reach 85%. In Ukraine, farmers are also provided with support calculated per hectare. Initially, this program applied only to farmers managing no more than 500 hectares, but in 2021, the acreage limitation was lifted, and the range of beneficiaries was expanded to include farmers with a net income of up to 20 million UAH (500,000 euros). This support is not

classified as guaranteed income support and is not linked to sustainable development goals. Payment rates per hectare are not differentiated.

In addition to everything else, guaranteed income payments per hectare protect EU farmers from the consequences of adverse circumstances, ensuring financial stability for agricultural businesses. Notably, the EU has a much broader interpretation of force majeure circumstances compared to Ukraine. In addition to traditional natural disasters, destruction, and epidemics affecting animals and plants, it also includes the loss of means of production (which we refer to as raiding), the death of the owner, and the owner's professional inability to properly manage production [246, p. 53].

In Ukraine, against the backdrop of climate change, the issue of compensating for losses has become particularly urgent. In response to the sector's demands, a program for compensating losses from lost crops was introduced in 2021. This program provides for payments calculated per hectare and can be considered a certain analogue of the corresponding European instrument. However, this instrument is quite limited as it does not take into account other causes of financial losses, such as unstable market conditions [247, p. 881].

For a more radical fight against agricultural challenges in Ukraine, mechanisms for agricultural insurance with state support have been actively discussed for decades. However, a balance of interests between farmers and representatives of financial markets has still not been found, and the process of developing this area of state support for the agricultural sector is practically blocked. Recently, the EU has also raised questions about financial support for the introduction of risk management tools, discussing the implementation of an integrated approach and the distribution of functions between the EU and member states. However, this topic is addressed in the context of rural development and pertains to supporting the activities of advisory services.

Member states specify the size and conditions of support per hectare. However, they all must adhere to the rule of decreasing payments for large farms and increasing them for small ones. Countries are required to introduce regressive tax rates and

establish upper limits on the number of hectares owned by a single individual for which support related to achieving the objectives is provided. In Ukraine, in the initial stages of providing state support, its funds were usually accumulated by large farms. Only recently, within the framework of the interest rate compensation program, limits on the size of subsidies have been introduced: in the livestock sector, it is 15 million UAH (375,000 euros), and for other borrowers, it is 5 million UAH (125,000 euros).

In Ukraine, the lion's share of the total amount of subsidies has recently been allocated under the bank interest rate compensation program. This is because interest rates have remained high since the times when it was necessary to halt inefficient Soviet production. The discount rate and lending rates over the years have not allowed the agricultural sector to not only develop but even maintain working capital at an adequate level. A solution to this problem was found in the form of reducing the interest rates on loans to an acceptable level for farmers by having the state pay the corresponding difference to banks. This instrument supports not so much the agricultural sector as it does the imbalances in the national financial and credit sphere [248]. However, there is no indication that the situation may change here, and one can only be reassured by the fact that in the EU, support for innovations aimed at enhancing sustainability may, among other things, be provided in the form of bank interest rate compensation. Of course, in the EU, this does not concern the subsidization of loans for replenishing working capital.

Similarly, in the EU, there has never been talk of compensating for the cost of purchased agricultural machinery. This issue has always been resolved through the availability of adequate products in the monetary and credit markets of EU countries. Although the policy of technical modernization (if it was a policy) in Ukraine was implemented quite successfully. Before the full-scale war, domestic machinery manufacturing was supported under a program for compensating the cost of equipment, and virtually all global agricultural machinery manufacturers were represented in the Ukrainian market, making it quite active.

In contrast, support for specific sectors in Ukraine is quite similar to the situation in the EU. Just as in the EU, fruit production (subsidies for plantations, storage, and processing facilities) and beekeeping are supported in Ukraine. However, national programs do not cover the production of wine, vegetables, and hops. Nevertheless, countries in the EU are gaining more opportunities to define the sectors and the extent of their support in the new cycle of agricultural policy, so the situation in the sectoral support area in Ukraine can be considered quite similar.

In EU countries, forms of subsidies can take the shape of compensation for incurred expenses, payments per unit of area or head of livestock, one-time payments, or the establishment of a single funding rate. Like our Ukrainian State Fund, member countries can establish fully or partially repayable payments. This corresponds to the situation that exists in Ukraine. That is, the CAP and Ukraine's agricultural policy are quite similar in terms of the formats for providing support.

In the EU, direct subsidies to the agricultural sector focus on supporting the solvency and income levels of farms. They have never been directed at the development of the assets of enterprises as such. Recently, there has been talk of compensating for the costs of implementing modernization programs related to asset development. However, this primarily concerns the intangible aspects – implementing eco-schemes, innovations, and technologies, which of course are also linked to updating equipment. Such programs are mainly associated with the differentiation of payment rates per hectare, rather than the cost of modernized assets. It is stated that the CAP aims to increase farmers' incomes from selling their products in markets by introducing all the aforementioned measures.

The transfer of competence to the member states in the EU is accompanied by framework requirements, which include demands for agricultural enterprises to adhere to the standards of good agricultural practices (GAEC). In Ukraine, the provision of state support is also subject to certain requirements for its recipients. However, these requirements are concentrated around proper legal status and tax discipline. The practice of linking subsidies to compliance with current legislation on food safety,

environmental protection, and other issues, which are addressed within the standards and best practices, is generally absent. Moreover, at the national level, there is no even vague notion of what the national quality infrastructure should look like – while in EU countries, this topic is becoming a focal point of the common agricultural policy. Compliance with standards remains voluntary. However, it is mandatory when receiving subsidies.

In the EU, rural development policy is part of the agricultural policy, although the resources for its implementation are allocated across two budget funds: the EAGF and the EAFRD. Rural development policy focuses on issues such as clean energy production, bio- and circular economies, ecotourism, the development of smart villages, supporting innovation, networking, utilizing innovative financial instruments, providing advisory services and skills formation, supporting young farmers, and newly established enterprises. In terms of subsidies, priority is given to programmatic and compensatory forms of support. The separate LEADER program, which is funded through the EAFRD, stimulates bottom-up initiatives. Direct budget transfers from the country for rural development within the CAP are not provided [249].

Since 2015, regional development policy, which includes issues related to the development of rural areas, has progressed more successfully in Ukraine than agricultural policy. The processes of Euro-integration have been more noticeable here, while in the field of agricultural policy, there has been no mention of them at all. This is largely due to the absence of the influence of systemic, aggressively minded groups, such as large agricultural businesses in the realm of agricultural policy. Greater opportunities for Euro-integration and harmonization of national agricultural policy with the CAP currently exist in the field of regional development and the structure of state authorities that oversee it.

Trade policy is part of the CAP. The EU intends to continue its policy of protecting the internal market while ensuring a uniform level of consumer protection across all member states. Non-tariff barriers play a key role in these processes. Such barriers will cover not only the traditional sphere of sanitary and phytosanitary

measures but will also extend to compliance with labor, environmental, and climate protection requirements. However, the EU emphasizes and closely monitors that such measures comply with the WTO Agreement on Agriculture. Ukraine also has a fairly clear trade policy, traditionally overseen by the Ministry of Economy. However, it pertains exclusively to the part related to quotas and tariffs. The issue of establishing or overcoming non-tariff barriers is not raised at all.

In the EU, the financing of the implementation of the CAP is carried out through two systemic funds (the European Agricultural Guarantee Fund, EAGF, and the European Agricultural Fund for Rural Development, EAFRD). In Ukraine, the overall goal is to establish a rural development fund within the budget. However, at this stage, agricultural policy is funded from both general and special budget funds, which differ in the degree of guarantee for payments. General fund measures are prioritized for financing, while special funds are financed on a residual basis. In the EU, both funds receive guaranteed funding [250, p. 18].

In the EU, there is also a practice of regulating the maximum amounts of funding for various areas. In Ukraine, there are no pre-established limits on the amount of funding for different directions. Instead, there is a practice of preliminary allocation of the total amount of subsidies across various areas and operational adjustment based on the results of budget fund expenditure.

Like in the EU, Ukraine allows for co-financing support for the agricultural sector from regional and local budgets. However, unlike the EU, such support from central authorities is not coordinated and does not aim to achieve the objectives of agricultural policy, partly due to the overall uncertainty or lack of such goals. The formation and implementation of state support programs in the regions are managed by the agricultural development departments of regional state administrations. However, there is no practice of aligning central and regional budget support programs or procedures for regional reporting to the ministry.

In the EU, the funding of the CAP is outlined in a separate regulatory document – Regulation №2021/2116. In Ukraine, there is no separate document regarding the

financing of agricultural policy. The sector operates under the norms of the Budget Code, the regulatory framework governing the activities of the State Treasury (which acts as the paying agency), and the provisions regarding the payment procedures contained in the normative documents that establish the rules for state support by area. It cannot be said that the funding of agricultural policy in Ukraine is inadequately regulated. However, like the national budget system in general, it lacks several tools that would ensure targeted and effective use of funds and prevent corruption.

In particular, Ukraine lacks concepts such as accreditation and certification of bodies that carry out budget payments. The operations of the State Treasury are governed by regulations approved by the Cabinet of Ministers of Ukraine. It is stipulated that the treasury organizes its internal control independently. There are no procedures for the external evaluation of compliance of this state payment agency's activities, and such evaluations are not conducted in practice. Since 2010, Ukrainian legislation has allowed the use of international standards in accounting practices. However, assessments of the compliance of state aid providers with these standards are not carried out. The State Financial Monitoring Service of Ukraine does conduct state oversight aimed at preventing money laundering, but modern market mechanisms for ensuring compliance in the financial sector do not function effectively, just as they do not in other areas. Control remains state-run, corrupt, and ineffective.

Among the tools for monitoring fund expenditures, it is particularly important to highlight the issue of accounting for agricultural land. In the EU, significant attention is paid to the development of automated information accounting systems (for land, animals, beneficiaries of subsidies, etc.). Their integration into financial management procedures is carried out exclusively in a timely manner [251, p. 311].

In Ukraine, there is also an automated State Land Cadastre, and recently the State Agricultural Register has started operating, which records information, with data exchange facilitated through the Diya system. However, the State Tax Service of Ukraine has still been unable to establish proper land parcel accounting. Thus, financial management in Ukraine remains outside the state information systems.

In addition to the two main funds for financing the CAP in the EU, there is also an extensive network of specialized funds (EFSI, ESIF, EIB, European Social Fund Plus, Cohesion Fund, Just Transition Fund, European Maritime, Fisheries and Aquaculture Fund, Asylum, Migration and Integration Fund, EU Guarantee Fund, and InvestEU Advisory Hub), programs (HORIZON, COSME), and instruments (EIP-AGRI, AKIS, EIT, policy instruments for Financial Support for Border Management and Visa Policy). Additionally, the formation of agricultural policy is supported by specialized research institutions (Thünen, Constanța). Ukraine received partial access to some of these financial instruments (EIB, HORIZON, COSME) back in 2015. There are also special mechanisms such as IPA and IPARD for supporting countries that are in the process of EU membership. Nominally, fragments of these mechanisms exist in Ukraine: financing for research programs from the Ministry of Education and sustainable funding for the activities of the National Academy of Agrarian Sciences of Ukraine. However, this activity is usually poorly coordinated, and there is no direct link to the formulation and implementation of agricultural policy.

The practice of linking funding to the achievement of set goals through the establishment of indicators is completely absent in Ukraine. There is no legislative or regulatory document regarding the management, monitoring, reporting, and evaluation of agricultural policy implementation. There isn't even a separate form for financial and statistical reporting on receiving state subsidies [252, p. 82]. This is at a time when a special structural section in the main EU document (Regulation №2021/2115) is dedicated to these issues. Like all other pragmatic matters, the implementation of management, monitoring, reporting, and evaluation procedures has been delegated to the level of member states.

EU legislation requires member states to take all possible measures at the legislative, regulatory, and executive levels to ensure effective protection of the EU's financial interests. This means ensuring that Community funds are working towards achieving set goals. In Ukraine, funding is not at all linked to the achievement of policy

objectives (with exceptions, perhaps, concerning the political goals of certain officials and groups).

In the EU, the common agricultural policy was established at the most fundamental level – in the treaty establishing the European Union. In Ukraine, it is also worth elevating, if not agricultural policy, then strategic planning as such, to the highest constitutional level. Moreover, the status of a law, which is an instrument for implementing strategies, is precisely enshrined there. The Constitution should specify that the socio-economic development of the country is carried out based on sectoral and thematic national strategic plans, which are developed by experts based on public opinion surveys and approved in accordance with the procedure established by law.

Harmonizing legislation without harmonizing policies is not possible. After all, the law is an instrument for implementing policy; it regulates the functioning of policy objects and the relationships between its subjects. Legislative norms will never function properly without an understanding of the context of their introduction. Only after harmonizing policies should one begin to harmonize legislation. The same applies to the format of regulatory acts and the legislative approval process.

The fact that the updated CAP transfers the competence to specify agricultural policy to the level of member states gives Ukraine a chance for effective Eurointegration. The national agricultural policy should continue to evolve solely towards implementing the objectives of the EU's CAP, aligning the directions and formats of support provided to agricultural producers. Already today, it is possible and necessary to draw parallels between the tools of the CAP and the support for Ukraine's agricultural sector and align them as closely as possible.

The sphere of financing agricultural policy today does not align with EU practices not only at the level of norms and regulations but also at the level of culture. Entire blocks, such as monitoring, reporting, accreditation, certification, and evaluation, are missing. The financing sector requires a more detailed GAP analysis than what has been done in this report. Based on such an analysis, a separate roadmap for aligning Ukraine's and the EU's budget financing systems should be developed.

The task of harmonizing budget financing systems concerns all expenditure areas and goes beyond just financing state support measures for Ukraine's agricultural sector. However, it would be appropriate to implement a corresponding pilot project specifically in the agricultural sector. Already today, it would be possible to work on a block of norms regarding the financing of state support measures and to legalize them by amending the law «On State Support for Agricultural Production».

The processes of European integration in the field of rural development are progressing more intensively than in the field of agricultural policy. This is largely due to the fact that in the agricultural sector, political power is dominated by agribusinesses and other large producers. The relevant ministry prioritizes the interests of these entities, while insufficient attention is given to working with farmers.

The situation with relevant government authorities currently remains uncertain. The Ministry of Regional Policy has already been integrated with the Ministry of Infrastructure, and the Ministry of Agricultural Policy is awaiting liquidation. Against this backdrop, it makes sense to diversify the agricultural sector by concentrating the issues of large businesses, traders, and exports under the authority of entities responsible for forming and implementing agricultural policy, while focusing on policy formation for small and medium-sized agricultural businesses, as well as its innovative renewal in accordance with European standards and values, within the realm of rural development policy formation and implementation. This will help clarify the actual state of affairs and accelerate the processes of European integration in Ukraine.

Given the significance of the agricultural sector in Ukraine and the attention traditionally paid to agricultural policy in the EU, the activities aimed at defining national agricultural policy and its practical implementation should be contextualized within the framework of Ukraine's post-war reconstruction, which will occur according to the European Commission's communiqué «Ukraine Relief and Reconstruction».

To this end, it is essential to engage in negotiations with the Office of the Vice Prime Minister for European Integration and the EU Delegation in Ukraine regarding the provision of political support and technical assistance in the development of the

aforementioned roadmaps for harmonizing national agricultural policy with the EU Common Agricultural Policy (CAP) and aligning the methods and instruments for financing the implementation of national agricultural policy.

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