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ANALYSIS AND ARGUMENTATION OF THE PRESENT-DAY FACTORS OF UKRAINIAN AGRICULTURE

Abstract. *It is investigated the modern development factors of the agricultural sector of Ukraine. It is proposed a set of measures aimed at improving the profitability and competitiveness of the agricultural sector of Ukraine. In the paper it is analyzed the current state of agriculture in Ukraine. It is attempted the basic problem of domestic agricultural enterprises and developed solutions. It is proved that the market conditions for businesses of the agricultural sector of Ukraine's economy one of the main factors of production is to improve the use of available resources.*

Keywords: *agricultural sector, resources, profitability improving, competitiveness, future development.*

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АНАЛІЗ ТА ОБҐРУНТУВАННЯ СУЧАСНИХ ЧИННИКІВ РОЗВИТКУ СІЛЬСЬКОГО ГОСПОДАРСТВА УКРАЇНИ

Анотація. *Досліджено сучасні чинники розвитку сільськогосподарської галузі України. Запропоновано комплекс заходів, спрямованих на підвищення прибутковості та конкурентоспроможності сільськогосподарської галузі України. В статті проаналізовано сучасний стан сільського господарства України. Визначені основні проблеми розвитку вітчизняних сільськогосподарських підприємств та розроблені шляхи їх вирішення. Обґрунтовано, що в ринкових умовах господарювання для підприємств сільськогосподарської галузі економіки України одним із головних чинників розвитку виробництва є підвищення ефективності використання наявних ресурсів.*

Ключові слова: *сільськогосподарська галузь, ресурси, підвищення прибутковості, конкурентоспроможність, перспективність розвитку.*

Statement of the problem. Sustainable development of agricultural sector, which is one of the most important in the national economy of Ukraine needs the research and practical recommendations, these are capable to provide the increasing of profitability and competitiveness of the agricultural production and food security of the country. This task is associated primarily with the usage efficiency increasing of the procured resources and on this basis to determinate the strategic guidelines of agricultural development.

Analysis of recent research and publications. A significant contribution to the research of issues and factors of the Ukrainian agricultural sector development did O.M. Borodina, O.L. Galtsova, L.Yu. Melnyk, V.A. Ilyashenko, O.V. Pokatayeva, A.M. Sobchenko, O.V. Hrynychak, O.H. Davlethanova, Ya.L. Mykolaychuk [1-3] and many others. The works of economists, such as: V.G. Andriychuk, S.I. Demyanenko, E. M. Kyrylyuk, Yu.Ya. Luzan, Yu.O. Lupenko and others [5-7] are devoted to the issue of the nature, formation, usage and analysis of the agricultural sector resources.

Unsolved aspects of the problem. However, the existing implementation should be further promoted towards the formation of an integrated system of the resource usage efficiency increasing, the improvement of methods to determine the effectiveness of their use, the process of forming a rational structure of resources, the optimizing sources of their formation, which is essential for the creation of an integrated mechanism of the development of agricultural sector of Ukraine. Also, despite the great diversity of existing scientific problems and the depth of their research in modern economic science is not enough attention paid to the study of scientific and theoretical principles of resource efficiency usage of the agricultural sector. Special attention to the problem study of resource efficiency increasing in the agricultural sector acquires at a crisis period in the economy and its agricultural sector. The severity and urgency of these issues led to the choice of the research topic.

Task formulation. The aim of article is to analyze the present-day state of the agricultural sector of Ukraine and to identify the main development factors of domestic agricultural enterprises.

Main material exposition. Ukraine has considerable potential for the development of the agricultural sector, to increase its profitability and competitiveness. The development of the agricultural sector and improvement of the agricultural enterprises efficiency in Ukraine is affected by numerous factors. Of particular importance in increasing of the profitability and competitiveness of the agricultural sector matter very much to ensure the effective use of available resources of the agricultural sector.

The agricultural sector in Ukraine is an important sector of the economy and at the end of 2013 unites 48423 enterprises, employing more than 3 million people. Share of this industry is 8-10% of the total gross added value [4]. For a long period the economic situation of the agricultural sector enterprises is difficult. Tight fiscal policy, the annual deepening prices disparity, insufficient resources influenced on the agriculture development negatively. Much of the enterprises of the agricultural sector are on the verge of bankruptcy, and at others there is an annual decrease of agricultural production. Even some of the successes of recent years make it hard to predict the stable development of agricultural production in the future.

Analysis of the volume of major crop and livestock in 2013 compared to 2007 shows an increase in output in the following types of products: eggs by 35,9%, wool almost 8%; grains – at 57,76%, sugar beet by almost 9%, sunflower seed production in two times, potatoes – by 21,72%, vegetables (open and closed ground) – by 46,55%.

Trends in reduced production during the analyzed period are observed, as follows: all kinds of meat in live weight by 20,23%, milk – by 7,21%, due to a reduction in livestock, poor food reserve and low cattle productivity. Along with the growth of major products, we can also observe a positive general financial result of the agricultural sector.

Table 1

Financial result before taxation of agricultural enterprises in Ukraine, mln. grn.

Country / region	2007	2008	2009	2010	2011	2012	2013	The growth rate
Ukraine	7624	6042	7997	17989	25566	26993	15147	198,67
Dnipropetrovsk region	640	574	712	1038	2035	1377	1353	211,52

Source: author's calculations from data [4]

However, despite the increase of production of almost all agricultural products, the positive financial result in the whole sector, the the present-day state of the Ukrainian economy, characterized by a certain loss degree of all sectors of the economy, and agriculture in particular. The reason is unstable economic environment and a large number of destabilizing factors that directly affect on the agricultural sector of Ukraine and the composition and structure of resources in particular.

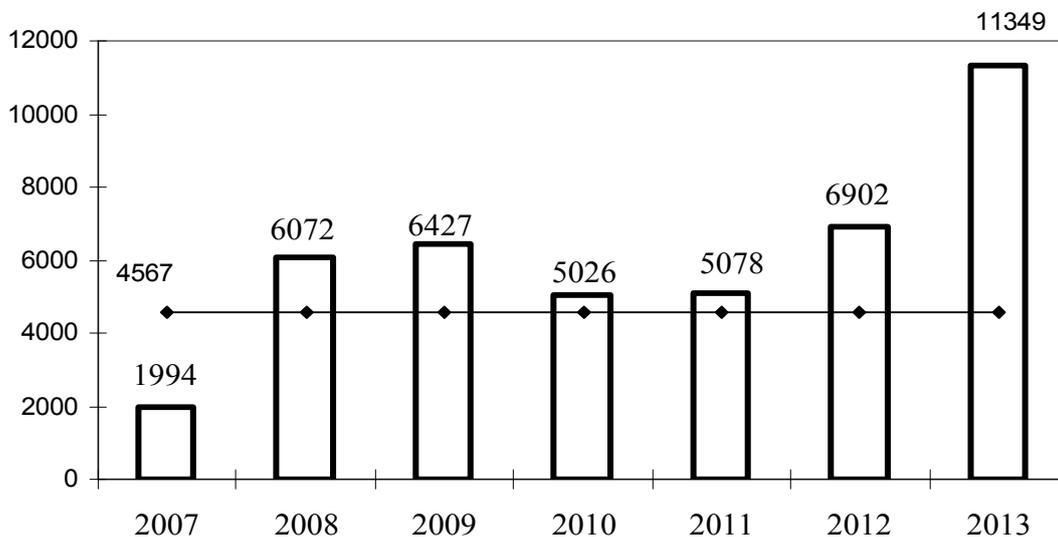


Fig. 1. Dynamics of value losses of the agricultural sector of Ukraine, mln. grn.

Source: author's calculations from data [4]

The global problem of defaults and losses growth led to an increase in the deficit of current resources, which resulted in the inability of production capacity, market expansion and introduction of new products. Thus, resources are important criteria in determining the profits of enterprises of the agricultural sector. Unprofitable agricultural sector can be caused by many factors, one of these factors is the lack of current resources and inefficient usage of them, since the structure of the total assets of the enterprises of the agricultural sector current resources occupy more than 50% (Table 2).

Enterprises specificity of some sectors of the economy is a significant amount of current resources as part of their total resources. According to the data in Table 2 current resources of sectors such as agriculture, industry, building, trade, financial activities consist for more than half of its assets. For enterprises of these sectors the problems of organization and usage efficiency of current resources are significant.

In order to assess the overall efficiency of the enterprise current resource of agricultural sector, we have calculated the key indicators of their use, such as turnover rates and consolidation ratios. In selected agricultural sector enterprises of Dnepropetrovsk region to study, there is a tendency to increase turnover ratio and lower the consolidation ratio, this trend is considered

effective. The result of this is to accelerate the turnover of resources and the release of a certain amount.

Table 2

The share of current resources in the total resources structure of national economy of Ukraine on January 1, 2013, mln. grn.

Economic activity	Current Resources	Total assets	Share of current resources, %
Agriculture, hunting and forestry	139993,4	228308	61,32
Industry	713575,4	1385960	51,49
Building	107481,1	178312	60,28
Trade	858473,1	1061988	80,84
Hotels and restaurants	7438,7	27530,7	27,02
Transportation and communication	104653,5	356494	29,36
Financial activities	264895,8	339730	77,97
Real estate	371888,3	1031715	36,05
Education	594,6	2191,9	27,13
Total	2584162,5	4676102	55,26

Source: author's calculations based on data [4]

On set of enterprises we have studied in 2013, there is a low coefficient of turnover (less than 1) in 32 of the 74 companies. Consequently, the rotation period of one year is observed in 32 companies that is negative trend. This is due to a reduction in sales, growth of resources value. It is necessary to assess the degree of participation of each element of current resources in total assets. Assessment may be based on factors determining the participation of each resources element in total assets. Turning to the element composition of current resources, it appears that the largest portion of their structure in 2013, is stocks in 15 companies from 74, accounts receivable – 20 companies, the prevalence of work in progress observed in 14 companies. Consequently, the low turnover rate and the turnover period at the studied enterprises are due to the large proportion of the additional (possibly non-liquid) stocks or outstanding receivables in the structure of resources. The presence of additional reserves indicates that current assets are immobilized for a long time in inventories, resulting in slowed their reversibility. This situation is not conducive to the efficient use of resources. Large size of receivables is also a negative trend. The main reason for the formation of receivables is a trade (commercial) loans, notably indirect lending by means of that entity other companies. And the amount of commercial loans and therefore the amount of accounts receivable is directly proportional to the scale of production and sales.

Agricultural sector suffers losses from depreciation of receivables. It is necessary to raise the issue of establishing a system of accounts receivable management, which would have provided the tools and schemes of timely repayment. Prolong of funds in accounts receivable was due to financial difficulties of buyers. Research of resources turnover indicates that the resource efficiency of the individual enterprise of agricultural sector depends on the sector and the economy as a whole. In turn, the economy state depends on the condition and use of resources of individual agriculture enterprise. Duration of sales resources varies in different sectors. In agriculture duration is slower than in other sectors. It depends on the length of the production cycle and the circulation process.

As turnover is closely related to the profitability of resources and is one of the most important indicators characterizing the intensity of resource use of agricultural sector enterprises and their business activity, it is necessary to examine the rates of resources turnover to establish at what stages of the cycle was slowing the means progress. make a table of the current resources elements turnover analysis of the analyzed companies of agricultural sector (Table 3).

Table 3

Elements turnover of the current resources of agricultural enterprises of Dnipropetrovsk region in 2013

Indicator	Total value of enterprises, units	
	with a turnover ratio of more than 1	with turnover ratio of less than 1
Turnover ratio of current assets	42	32
Inventory turnover ratio	38	36
Receivables turnover ratio	32	42
Turnover ratio of cash	74	0

Source: Calculated by the author

As shown Table 3, the elements of the current resources elements turnover rates for most companies are more than 1, it means that the period of rotation is less than a year. This is a positive development of enterprises of the agricultural sector and it points to the efficient use of resources. We conclude that the most companies use effectively some types of resources, but what slows the turnover of the total resources and as a result, it doesn't only reduce the mobility and efficiency of resources, but also solvency in general, worsening financial situation of the agricultural sector.

The largest number of companies with turnover rate of less than one is observed in the study of receivable – 42 companies with turnover rate of receivables is less than one, that is the period of turnover of the resource element is over a year. Also, many studied companies of agricultural sector have low inventory turnover ratio. Thus, these two elements have the greatest impact on the turnover of the total current resources. In all studied agricultural sector enterprises the cash turnover ratio is less than a year. Next, you need to consider the availability of agricultural sector enterprises by own current resources, that is the excess of current assets over current liabilities, which proves adequacy of current resources. 47 of the 74 companies have their own current resources, and the remaining enterprises current liabilities exceed current assets.

Increasing the value of their own current resources can show the growth of the financial sustainability of the agricultural sector enterprises. But this growth, in most cases, is caused by increase of illiquid stocks or growth of overdue receivables. This may adversely affect to the turnover. Reducing the value of the own current resources, in addition to deterioration of stability, suggests the need for growth capital. Solvency of the agricultural sector is determined primarily by the size and maneuverability of its own current resources. As lack of the own current resources and their surplus is negative sign.

Thus, in identifying trends for growth or decline of some type of resources it is necessary to analyze whether this is growth or decrease due to unreasonable diversion of resources from productive turnover, which ultimately can lead to an increase in accounts payable and worsening financial condition. However, the restructuring of the agricultural sector enterprise resource can not be interpreted unambiguously. The analysis can establish the positive and negative reasons for changing the types of resources and the consequences of the existing enterprise resource structure of the agricultural sector. Agricultural sector must balance between the risks associated with a lack of resources risks, possible jeopardy of production plans disruption risks and risks caused by excess resources.

For example, the increasing of the share receivables supposedly indicates an improvement in sales, accelerating the rotation of resources. But if it happens simultaneously reducing inventory, this is negative trend because volume of output is reduced. Decrease in cash balances is reflected not so much the high level of cash flow management in enterprises as an acute shortage of funds caused by inflation, non-payments crisis and other factors. Financial standing of the agricultural sector is directly dependent on how quickly the means invested in resources are converted into real

money. The lower the duration of one revolution, the more resources will make turns. When accelerating turnover need resources are reduced, it is made a reserve to increase output.

So for further research the agricultural sector companies were divided into three groups, the share of current resources in total assets. Grouping by this interval allows dividing the companies and defining as the value of current resources influences on the efficiency of their use and the final results of the agricultural sector.

According to these studies we can conclude the agricultural sector enterprises with a coefficient of the real value of current resources in the business property less than 40% received the lowest financial activities. Thus, the gross output produced by these companies 3,12 thousand grn. per 1 ha, received 0,63 thousand grn. profit from ordinary activities per 1 ha, turnover of current resources was 1.60. As a result of calculations it was shown that current resources are a collection of many important links, which are indispensable for the production process and normal functioning of enterprises and the agricultural sector as a whole. After receiving the current state factor diagram it is necessary to obtain an expert assessment on the present-day trends of the factor changing. Of course, based on the past experience, experts have an idea of the possible trend change of a factor, and you can use to official state agencies, such as the State Statistics Committee. It is also useful to track information about the factors which lead to changes in losses and the factors which change leads to the possible profit.

Conclusions and recommendations for further researches in the direction to agricultural sector development. An analysis of the factors influencing on the agricultural sector development in Ukraine suggests that most of them have a deterrent than stimulating nature. To eliminate the negative impact of these factors we consider it is necessary to increase the efficiency of existing resources and on this basis to raise the profitability of the agricultural sector. Such measures have to be increased attention to agricultural sector resources. So long as an inefficient usage of them hinders the further development of the agricultural sector enterprises. Further research should be aimed at the economic and financial justification of practical measures to introduction of more efficient usage system of available resources at the enterprises of the agricultural sector of Ukraine.

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