Competitiveness of agricultural enterprises as the main factor of sustainable development of agricultural sphere


Abstract
The essence of sustainable development of agrarian sphere enterprises has been grounded as their capacity through the mobilization of their internal resources to create a rational structure of production. The mentioned structure has to mitigate the adverse impacts and obtain minimal deviations from the current trends of development. The interrelation between the sustainable development of agricultural sector and competitiveness of agricultural enterprises has been considered. The basic criteria of sustainable development have been defined. The structural model of sustainable development of the agricultural sector and its interim mechanisms have been formed. It includes such innovation as “corporate social responsibility” of the agricultural enterprises for safe life activity and competitiveness.

Keywords: agrarian sphere; agricultural enterprises; sustainable development; mechanism of development; competitiveness.
спроможність через мобілізацію внутрішніх резервів створити таку раціональну структуру виробництва, яка б при випадкових зовнішніх впливах сприяла пом’якшенню неприятливих наслідків і одержанню мінімальних відхилень від сформованої тенденції розвитку. Встановлено взаємозв'язок між сталим розвитком аграрної сфери і конкурентоспроможністю сільськогосподарських підприємств. Визначено основні критерії сталого розвитку. Сформовано структурну модель сталого розвитку аграрного сектора економіки і його забезпечувальних механізмів, серед яких нововведення – «корпоративна соціальна відповідальність» сільськогосподарських підприємств за безпечну життєздатність та конкурентоспроможність.

Ключові слова: аграрна сфера; сільськогосподарські підприємства; сталий розвиток; механізми розвитку; конкурентоспроможність.

JEL classification: F14; O33

The problem setting. The problem of economic mechanisms formation for sustainable development of agricultural sector of the national economy in the context of rational use and restoration of natural resources in agricultural sector takes an important place in agricultural economic science. The components of this mechanism enable a deeper understanding of the nature of its operations.

The period of systemic social transformation of the agricultural sector in Ukraine should lay the foundation for sustainable integrated development of businesses, industries and state as a whole. An important role in this process plays the problem of agricultural sector enterprises’ sustainable development of the national economy and the mechanisms of its providing. The main tools to achieve this goal are the interim mechanisms of social and economic growth and environmental development.

The defined negative tendencies and problems of agricultural enterprises’ development, which exacerbated in the transformation period, including the deepening of economic, social, demographic and ecological imbalances require a comprehensive study and solution to ensure balanced development based on long-term growth when negotiating national and business interests.

In modern conditions the prior quality characteristics of production is the level of interdependence of economic dynamics, social and environmental progress, which reflects the policy of sustainable enterprise development. Systematic formation of long-term growth principles of agricultural enterprises and a new quality of life in Ukraine requires in-depth theoretical development of modern conceptual approaches and mechanisms. These tools will enable the realization of sustainable development that is leading for national economic strategy.

Thus, the formation of agricultural enterprises’ competitiveness based on sustainable development determines the urgency and importance of the researched problem.

Recent research and publications analysis. The problems of interaction between economy and ecology, formation of scientific basis for sustainable development are reflected in the works of such prominent scientists and economists as S. O. Bila (2011), B. V. Burkinskiy, V. N. Stepanov, S. K. Kharichkov (2007), V. A. Ivanov, A. S. Ponomareva (2013), N. A. Mikula, S. I. Shakhraiu-Ko (2015), O. L. Popova (2011), O. V. Shubravska (2007). However, in the conditions of overcoming the consequences of the global financial crisis and in the context of sustainable development the improvement and definition the mechanism’s components of economic insurance of natural resources rational use in agriculture require a further study.
The aim of the article is to define the essence of agricultural sector sustainable development as the basis for the competitiveness of agricultural enterprises and justify its interim mechanisms.

Key research findings. “Sustainable development”, which became the makro aim of world economic system, firstly appeared in 1987 in “Bruntland Report” of UN International Commission on Environment and Development. Sustainable development is the development, when the ensuring of vital needs of modern humanity and future generations is achieved (The outcome document of the UN Conference on Sustainable Development "Rio + 20" “The future we want”, 2014).

The concept of sustainable development implies certain limitations in the exploitation of natural resources, but these limits are not absolute but relative and related to the current level of technology and social organization, and the ability of the biosphere to cope with the effects of human activity. It should be emphasized that the choice of the term “development” rather than “growth” is not accidental. The term “growth” is often associated with the concept of “economic growth”, which comes to a total increase of national income per capita, while the term “development” covers such elements as quality of the environment, the level of health, education and life, quality of work, social stability etc (Burkinskiy B. V., Stepanov V. N., Kharichkov S. K., 2007).

Sustainable development of agrarian sphere is the process of optimizing the level of agricultural production, preservation and restoration of the quality parameters of the agricultural environment and improvement of social status indicators of the rural population in conditions of strengthening the state's food and environmental security. There is a relationship between the sustainable development of agricultural sector and competitiveness of agricultural enterprises. In the agricultural sector, any new products, technologies, methods and mechanisms that are necessary to the industry and its entities have been competitive are real means of increasing the ecological sustainability of the environment.

Therefore, sustainable development of the agricultural sector is the ability of the agricultural sector and its economic entities to create such rational structure of production, which could mitigate the adverse impacts and obtain minimal deviations from the established trends of development.

The main question in the system of sustainable development of the agricultural sector and agricultural enterprises is the rational use of natural resources, which is provided by using organizational and managerial, technical, technological and financial and economic mechanisms.

In the definitions of sustainable development in the context of agricultural development contained in the materials the session of the Food and Agriculture Organization (FAO) in Rome in 1996, it was stated that the main objective of the program of sustainable agriculture and rural development is to increase food production and food security. To solve this problem it is necessary to support educational initiatives to encourage the use of economic innovation and promote the development of new technologies, ensuring a stable access to food, according to the human needs of nutrients; access for poor groups; development of commodity production; reducing unemployment and increasing income in order to combat poverty; management of natural resources and the environment protection (Popova O. L., 2011).

A Ukrainian scientist O. Popova considers sustainable development in the context of agrosphere development and defines it as a system oriented to the interests and potential of man and society general adaptive by its nature and qualitivevo. Also by its essence targeted changes accompanied by the increasing of environmental and economic efficiency, social and economic progressiveness and environmental sustainability as for the previous invariant
conditions, and as for the achievement of rational models of sustainability at different stages of evolution (Popova O. L., 2011).

The above material lets us to conclude that the sustainable development of the agricultural sector should be considered as businesses’ ability to maintain rational proportionality between the factors of reproduction and necessary rate of its development in terms of uncertainty and variability of the environment in order to meet the needs of the population in food and goods. It produced taking into account the responsibility to create the necessary social conditions and the prevention of environmental pollution.

Taking into consideration the diversity of interpretation of the concept of sustainable development of the agricultural sector its essence can be seen through the prism of complex generalization of its components such as: sustainable economic development, sustainable environmental development and sustainable social development. The concept of sustainable development of the agricultural sector as a whole is inextricably linked with the growth of such factors as food production, efficient use of economic and intellectual resources, improving of the quality of life of the rural population, sustainable use of natural resources (Bila S. O., 2011).

The main criteria for sustainable development is the growth in production of safe food to meet the needs of population, ensuring economic efficiency, which will enable to stimulate expanded reproduction. The social component of sustainable development includes the improving of living standards and life quality of the rural population, stabilization of demographic and migration processes.

Effectiveness of the mechanisms of natural resources functioning is determined by a system of criteria and indicators for each target subsystem. Functional subsystems, or the mechanism elements implement economic methods of management, the use of which contributes to the goals achievement. Planning, forecasting, regulation, pricing, investment, financing, taxation, insurance, and accounting analysis are their components. These elements were presented in the system of economic management in a planned economy terms, but now the nature of their mechanisms should be rethought. It is necessary to use a system of evaluating indicators and criterion, legal, regulatory and information services in the structure of interim mechanisms subsystem (Mikula N. A., Shakhraiuks-Ofrei S. I., 2015).

In order to use security mechanisms for sustainable development it is necessary to assess the impact of environmental factors. It is also necessary to consider environmental factors at an early stage of economic decision-making with the aim of minimizing its harmful effects to environment components. This assessment is a form of environmental protection and environmental management, in modern conditions, and this procedure is a tool to prevent possible negative impacts on environmental components at the planning stage of activity and is used not only for production activities, but also for new substances, materials, etc. which can be used in production and be environmentally hazardous. The essence of the term “influence” means “any effects of the proposed activity on the environment, including health and safety, flora, fauna, soil, air, water, climate, landscape” (Burkinskiy B. V., Stepanov V. N., Kharichkov S. K., 2007).

We formed structural model of sustainable development of the agricultural sector and its interim mechanisms (Fig. 1).
As it is shown in Fig. 1, the sustainable development of the agricultural sector based on economic, environmental and social development and is provided by appropriate mechanisms. The main components of economic development mechanisms are: following economic laws of development; balanced development of productive capacity; optimization of production and distribution relationships. Mechanisms of environmental development include: compliance with the laws of nature; the use of resource-saving technologies; ensuring waste-free production. Mechanisms of social development include: the full development of human capital; full employment and solidarity; a high level of well-being and quality of life.

So, on the way to sustainable development of the agricultural sector, based on three
components (economic, environmental and social), there is a need to achieve a balance between social and environmental costs in economically profitable activity. In particular, social expenditures are aimed at achieving certain tangible and intangible benefits. Environmental costs are intended to prevent pollution and promote the transition from non-renewable to renewable resources, implementing processes that would have minimal environmental impact.

Grounding the interim mechanisms for sustainable development, we must take into account the fact, that agriculture is characterized by high dependence on climatic conditions, the use of land as a limited resource, poor infrastructure, low wages and inadequate protection against risks. The combination of these factors causes less stability of the agricultural sector compared to other sectors of the national economy. Also, this view is confirmed by the fact that land is a limited resource with different baseline characteristics, creating various potential opportunities of production per unit of spent resources. Based on the existing diversity in the agricultural sector factors, they can be divided into two groups: external and internal.

Such external factors as: availability of resources; the competitive environment; sophistication of domestic demand; government support; scope and sophistication of markets; institutional environment; state science and technology policy; investment climate; price and tax policies; environmental conditions; environment and natural resources; cooperative-integration ties in agri-food system; social development of rural areas; foreign economic conditions play a decisive role in formation of the sustainable development of the agricultural sector. This group of factors is one of the most important conditions for the agricultural sector functioning. It also affects directly the efficiency of economic entities and regulates internal factors stimulating or restraining them.

The influence of internal factors is largely dependent on management factors, namely the availability of skilled managers who are able to make better management decisions using the best world achievements, modern technologies in order to modernize and diversify production, efficient use of resource potential to adapt to changing environmental conditions. Sustainable development of the agricultural sector is also influenced by such internal factors as location, specialization and concentration of agricultural production; economic potential and intellectual resources; internal infrastructure; quality and competitiveness of products; organizational forms of business enterprise; organization of production and management; investment and innovative activity; recording and responding to fluctuations in demand, supply and market prices; availability of reserve capacity, resources, agricultural raw materials; labor motivation (Popova O. L., 2011).

It should be noted that the agricultural sector as a complex production system will operate sustainably if all factors of production are balanced, if the socio-economic and agricultural policy is accompanied by a legal and financial support. On the other hand, the system will be unstable if the factors of production will remain unbalanced, and the level of resource potential is low.

The overall final result of businesses functioning as a system of production institutions of agricultural sector is projected for the future, representing the stability of food security and the maintenance of a stable position in the highly competitive global market.

In this context, the main factor for sustainable development of the agricultural sector is competitiveness. It provides a creation of a standard system for food quality. Enterprises producing uncompetitive products using outdated processes will not succeed in the long term perspective (Ivanov V. A., Ponomareva A. S., 2013). Therefore, they should be changed according to the best international traditions in the enterprise, develop insurance system and
implement environmentally sound stimulation of production of certified products that would meet international standards.

Practical implementation of sustainable development of the agricultural sector requires setting of priorities, which would take into account the economic interests from the standpoint of social and environmental responsibility of economic activity subjects. In this context the following priorities can be defined:

- formation of interconnected, integrated approach towards economic, environmental and social development;
- Introduction of sustainable and environmentally sound land use. This concept covers many aspects, such as: protection and restoration of soil fertility, increase of humus, compliance with technological features of tillage, reducing pollution by nitrates, pesticides, heavy metals and other harmful substances that enter the soil;
- spatial organization of natural resource use that aims to ensure appropriate conditions for the rational use of potential resources available without violating the ecological balance for certain administrative units and the state in general;
- optimal combination of private interests with public in the sphere of natural resources reproduction (Shubravska O. V., 2007).

However, the presence of many priorities causes the systematic approach necessity follow in their implementation.

The conducted analysis allows to conclude that sustainable development could be achieved if the reproduction of productive capacity, human resources and environment are ensured in unity and cooperation. A key role in the sustainability of the agricultural sector and its individual branches is the consideration and adjustment of external and internal factors influence. It applies particularly to the agricultural sector, directly associated with the use of natural resources.

Economic reforms are needed to go to the principles of sustainable development. Their strategic direction which should be strengthening their social and environmental focus, implemented through the following main objectives: improving the social, economic and industrial conditions; increasing of real incomes on the basis of state regulation of wages and pensions; increasing of educational and cultural level of the population; creating of favorable conditions for health protection, maternity-and-child protection (Popova O. L., 2011).

Based on the absolute priority of human development, economic reforms necessity and at the same time providing them with the support of the general public, the government should provide employment and maintain incapacitated population. Ensuring of free basic health services and free education guaranteeing is also important.

Changes in the social and economic sphere and the environment need to be reformed in political system and adequate institutional reforms that are designed to ensure social stability of the state. One of the immediate tasks in this area is to ensure the rights and freedoms of citizens, carried out as part of creating an open society. Such a society is going to provide the role of major population groups in the formation of social and economic changes in terms of state and market economy.

The primary task of Ukrainian society transformation during the transition to sustainable development is to promote the widest population activity, their creative participation in the reforms implementation. The main factor is democratization of social relations that is an important component of the transition process (Burkinskiy B. V., Stepanov V. N., Kharichkov S. K., 2007)

An important feature of the democratization process in Ukraine is increasing the role of non-governmental organizations that represent the vanguard of further destruction of
monopoly in politics, governance, social and environmental organization of society, the formation of an open democratic type state.

The transition to sustainable development must take place within a rational combination of efficient functioning of the market system and the state regulation of the economy through coordination in all areas of society, reorienting socio-political relations, social, economic, environmental and political institutions of the state.

The implementation of sustainable development primarily associated with an active structural policy in the sphere of material production. It's essence is in creation of a highly economic complex and meeting the requirements of the market economy and environmental safety. Environmentally oriented state structural policy should be implemented through targeted comprehensive programs (Bila S. O., 2011). They need to reach a balance of production and consumption, as well as species, technological, sectoral, reproductive and territorial structure of the productive forces. The construction of a social market economy which will ensure adequate standard of living, greening production, reduction of anthropogenic impact on the environment and material consumption, the transition to new methods of human activities, which are based on environmentally friendly technologies, improving economy balance by the reorientation of production to meet the needs of the population are the basis of the state structural policy (Popova O. L., 2011).

Sustainable development requires the formation of efficient production combined with changing consumption structure in industry, agriculture, energy. This will ensure economic growth while reducing the cost of energy, raw materials and waste.

Sustainable energy and resource conservation contribute to the formation of sustainable development basis. It acts as a precondition for the rise of industrial development, mechanisms for effective and economical use of fuel and energy. The main directions of solving the problems of energy saving are:
- development and implementation of mechanisms for energy savings, including the improvement of pricing policies;
- modernization, reconstruction and replacement of technologies that will reduce energy consumption;
- efficient use of its own base of energy resources.

One of the main tasks of and preconditions for sustainable development is the creation of appropriate conditions for sustainable use of natural resources for the benefit of present and future generations. It provides the following measures: reduction to the optimal output and consumption of natural resources; optimization of correlation between the production of the production means and consumption, which also has social and economic importance; formation of effective investment policies for development and use of nature- and resource-saving, low-waste and non-waste technologies, the production of environmentally friendly products (Burkinskiy B. V., Stepanov V. N., Kharichkov S. K., 2007).

A large proportion of land resources determines the need for balanced development of the economy towards agriculture, conservation and rational use of land resources.

To solve these problems it is needed to reduce plowing land and increase soil fertility, while stopping their degradation. It is also necessary to achieve ecological balance of land in zonal systems of land use. The urgent task is to optimize and increase the efficiency of the use and protection of land resources in Ukraine.

Among these interim mechanisms such notion as “Corporate Social Responsibility” is an innovative one. The basis of corporate responsibility are the ideas, which are the continuation of the sustainable development concept. The enterprise in its activity corresponds not only to current but also to future generations and that is why it should monitor both economic, social and environmental indicators of its activities.
Corporate Social Responsibility is a philosophy of an entity’s behavior, the concept of its activities with the state, enterprises-contractors, and other businesses with a focus on the following guidelines: manufacturing of quality products and providing quality services; creating attractive jobs; payment of legal wages; investment in human development; legal compliance, tax, labor, environmental and other; efficient business. It is also important the consideration of social expectations and generally accepted norms of doing business and maintaining the idea of civil society formation through funding of relevant programs (Ivanov V. A., Ponomareva A. S., 2013).

Corporate Social Responsibility is the way in which an entity manages its business processes, making a positive contribution to society. That is, according to this approach, every enterprise has economic, environmental and social responsibility, thus ensuring its viability and competitiveness.

In Ukraine, only in recent years the researches have begun to pay attention to this issue and made the first steps towards forming their own vision of corporate social responsibility of enterprises especially with economic, political, cultural and social development of our country. We consider that it is necessary to include this concept as part of the mechanism of economic sustainable development of agrarian sector.

Thus, the results of the study show that the mechanism of economic sustainable development of agricultural sector of Ukraine’s economy must include both well-known elements and components as EIA corporate social responsibility that will ensure the implementation of environmental management in agriculture, its environmentalizing and implementation of basic principles of sustainable development in agriculture.

Conclusions of this study. The essence of sustainable development of agricultural sector as its capacity through the mobilization of the internal resources to create a rational structure of production has been grounded. The mentioned structure would be the manifestation of random external influences contributed to mitigate adverse impacts and obtaining minimal deviations from the current trends.

The interrelation between the sustainable development of agricultural sector and competitiveness of agricultural enterprises has been set. The latter is the main factor of sustainable development, the real mean to improve the ecological sustainability of the environment. It provides creation of a system of standards of food quality. Enterprises producing uncompetitive products using outdated processes will not succeed in the long run perspective.

We defined such basic criteria of sustainable development as: the growth of safe food production; ensuring of the economic efficiency of production; improving of the level and quality of rural population life, stabilization of demographic and migration processes.

Sustainable development of the agricultural sector is based on economic, environmental and social development and provides appropriate mechanisms. The main components of the mechanisms of economic development are: respect for economic laws of development; balanced development of productive capacity; optimization of production and distribution relationships. Mechanisms of environmental development include: compliance with the laws of nature; the use of resource-saving technologies; ensuring of waste-free production. Mechanisms of social development solve the following problems: the full development of human capital; full employment and solidarity; a high level of well-being and quality of life.

Such innovations in the structure of security mechanisms as “Corporate Social Responsibility” have been grounded. According to these mechanisms every enterprise has economic, environmental and social responsibility, thus ensuring its viability and competitiveness.
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