

2.4. DEPENDENCE OF ECONOMIC EFFICIENCY OF VEGETABLE ENTERPRISES ACTIVITY ON THE INFLUENCE OF GLOBALIZATION PROCESSES

Theoretical views on the process of economic development, improvement of the efficiency of enterprises and ways of their sustainable development were improved during the 20th century, from the new positions were analyzed and evaluated the key moments of the formation and interaction of enterprises, markets and world national economies. But as to which of these areas of economic thought can be considered a "modern economic theory", which is acceptable for use in the modern world, the scientists still do not have this united idea yet. Some researchers consider contemporary theoretical studies since the beginning of the twentieth century. (B. Seligmen, M.G. Pokidchenko, J. Schumpeter, G.G. Fetisov): others consider contemporary only Keynesianism, which complemented the neoclassical microeconomic analysis of the study of macroeconomic processes (V. Avtonomov, S. Weintraub, P. Yukhimenko).

Despite the time period and the concept of the corresponding economic theory, it can be noted that most scholars recognize the decisive role of the effectiveness of organizational and economic activity of the enterprise for the national economy. Therefore, the formation of the strategy of economic development of the enterprise in the conditions of globalization is undergoing a long process depending on the types of activity, needs, policy of the state, formulated forecasts, doctrines, concepts, scenario conditions, programs of all levels of government. On the basis of this, the mission of the enterprise is formed, with the choice of which strategy should be assessed from the standpoint of socio-economic efficiency¹. But the economic efficiency of the agrarian enterprises of the vegetable industry can not be considered detached from the efficiency of the wholesale market of vegetable products, since the vast majority of the produced products is sold on it. Agrarian enterprises have huge potential of production of vegetable products, but they are able to realize it only under the condition of a well-functioning sales system under a stable economic situation in the state. However, the efficiency of an agrarian enterprise primarily depends on the level of organization of the wholesale market system within the country and the liberalization of the world market.

It is believed that a mutually beneficial need for deepening Ukraine's integration links stems from historically formed complementary industries based on the use of country-specific climatic resources. According to O. Belorus, the current globalization of the world economy is a complex process of strengthening the interconnection of national economies of the world, which is expressed in the formation of the world market of goods and services, finance, the formation of a global information space, the transformation of knowledge into the main element of social wealth, the exit of business beyond national boundaries through the formation of TNCs, the introduction and domination of international relations and the domestic political life of the peoples of fundamentally new ones in the everyday practice and universal liberal-democratic values, etc.²

In the process of globalization, there is a blurring of economic boundaries and a violation of economic conditions in which there was a national economy. According to I. Bochan, the global economy should be considered as a historical socio-economic process, the content of which is the growing interconnection and interdependence of national economies, the merger of national markets into a single world market³.

It is believed that globalization contributes to the efficient allocation of resources in an open economy. It also allows the national economy to realize its potential and increase efficiency from the growth of production. In addition, trade can promote technological progress by spreading

¹ Dukus, A.V., Simchenko, N.O. (2012): Economic development of an enterprise: essence and definition. Actual problems of economy and management: a collection of scientific papers of young scientists, no 6. URL: http://ela.kpi.ua/bitstream/123456789/12350/1/2012_4_Dakus.pdf

² Bilorus, O.G.(2003): The Economic System of Globalism: Monograph. K.: KNEU, 360 p.

³ Bochan, I.O., Mykhasyuk, I.R. (2007): Global economy. K.: Knowledge, 403 p.

knowledge and fostering competition both within the country and internationally, which leads to optimization of production¹.

Taking into account that the market of vegetable products is an integral part of the world agrarian market, and then the regulation of conditions, rules of conduct of operations by subjects of market activity is one of the most important requirements. Thus, improvement of the management system of agrarian enterprises in the wholesale market of vegetable products also has a socio-economic and political significance, and is intended to guarantee the food security of Ukraine and create opportunities for attracting investment and innovative development of agrarian enterprises.

The horticulture sector is one of the most capital-intensive and energy-intensive industries and represents a significant share of the sphere of material production of agriculture in Ukraine, and in the current economic situation, it can no longer be considered as a separate part of the world's economic space. But in the opinion of the scientists M. Malik and O. Shpilkyak, when creating the infrastructure of the agrarian market in Ukraine, the formation of an effective economic mechanism remains incomplete. The construction of a market economy mechanism involved the formation of a pricing mechanism, the creation of a favorable credit and tax system and adequate market conditions for the management system².

According to the Institute of Economic Forecasting of the National Academy of Sciences of Ukraine, the natural, economic, technological and scientific potential of our country still can, despite the significant losses of past crisis years, compete with the potential of many developed countries of the world: it has all the branches of the economy of a large, European scale, a modern country; its natural resource potential per capita is 1.5-2 times higher than the US resource potential, 4 times - Germany, 12-15 times - Japan³.

But this natural resource potential remains unfulfilled, but the way out of this situation is the export of vegetables to markets in Western Europe. The modern export of vegetables to these countries is about 2%. So, Ukraine has all the conditions to become the main exporter of fresh vegetables and vegetable products to EU countries. Market capacity and solvency of EU partners are much larger, and their ability to participate in industrial integration, especially when it comes to creating high-tech products, at this time, exceeds the capabilities of countries that were part of the CIS. At the same time, integration will allow agrarian enterprises to specialize in the production of certain types of products, while other countries will be able to develop mutually complementary types of production, which will allow them to achieve higher production results at the expense of the "scale effect" and increase the competitiveness of products at the international level. It is possible to note the special significance of strengthening the integration links between farms, processing enterprises and trade, acquires in the conditions of globalization of the economy, in the competition of local and foreign producers.

Objective preconditions for international cooperation in the agrarian sphere have been realized in Western Europe due to the historical features of the region. The greatest discrepancy between the high level of economic development of the main countries and the narrow boundaries of their domestic markets manifested itself. The emergence of national customs barriers increasingly hindered the international division of labor, the transnationalization of production and capital. The states of Western Europe were looking for a way out of these contradictions towards the consolidation of their internal markets, the conduct of a common economic policy. At the same time, in Europe there were some points that allowed resolving this contradiction: the high level of interregional trade, the similarity of income levels and the high degree of industrialization, favorable for intra-industry specialization and co-operation.

Integration of Ukraine into the EU conceals the threat to the development of domestic producers of goods in this section. This is, first of all, an increase in competing import on the

¹ Bernard, A.B., Jensen, J.B. (2004): Why Some Firms Export. *Review of Economics and Statistics*, 86(2) pp. 561-569.

² Malik, M.Yu., Shpykulyak, O.G. (2011): Institutes and institutions in the development of the agrarian sector of the economy. *Economy of agroindustrial complex*, № 7, pp. 169-177.

³ *Economic Encyclopedia: in 3 t. / [rep. edit S.V. Mocharyn] (2003): K.: Academy Publishing Center. T.2., 848 p.*

domestic food market of Ukraine for the probable extension of the restriction of domestic exports to the EU countries due to its non-compliance with European standards¹.

The attitude towards the development of agrarian policy has two main reasons. First, food security is always the key task of any state. This goal is only achievable in the case of self-sufficiency in agrarian products and the creation of stocks that guarantee the provision of food, including in the case of poor crops. Secondly, agriculture is a special sector of the economy, because it is very dependent on environmental conditions that people can not always influence.

Each of the EU states, having developed its national agrarian and food policies, agreed to adopt a common agricultural policy (EAP): which would meet the requirements of all EU member states, in combination with support for markets for food security, protection against cheap imports, primarily from the United States, to ensure its own stable production and support for food exports.

At the time of the formation of the European Economic Community, about one third of the population of Western Europe lived at the expense of agriculture. The agrarian policy of the EEC was initially aimed at supporting family farms and preventing the uncontrolled migration of rural population to cities. In addition, one of the central ideas of a unified agricultural policy was to achieve a positive effect from the association of agricultural production and food markets in Western Europe². Such a coherent agrarian policy of Europe was based on such fundamental principles.

The first principle was the formation of a single market. In the framework of the creation of a common market for agrarian products, there were rules that were replaced by a single European system of supply and demand regulation. This helped to prevent price deformations and provide a stable income for the peasants. For 98% of agricultural products fixed purchase prices were fixed.

The second principle was to give preference to products produced by commodity producers of the European Union, instead of spreading agrarian imports. This was an additional guarantee of the economic stability of European farms. In practice, the implementation of this principle has become the introduction of customs duties on imports from those countries where agricultural products could be produced at lower costs than in the countries of the general market, as well as in export subsidies. The facts that purchasing prices in the EU countries were higher than the average in the world, European farmers' products are becoming too expensive on the world market. Financial solidarity has become the third principle of a unified agrarian policy. According to this principle, all costs of financial support for agrarian policy should have been covered equally by all the members of the common market³.

Despite the fact that each country is a developed state not only with respect to the agrarian sector of the economy, the definition of postulates and principles of general policy has always been associated with certain difficulties and problems. The fact is that agrarian policy in the European Union since the very beginning of the integration of the states had a special position; it belongs to the priority foundations of the European Community. So, we see that, due to many internal and external causes, the EU countries are at different stages of readiness for cooperation. Ukraine should strive to reach the level of acknowledged leaders of the globalization process, which demonstrate in recent years high indicators of socio-economic development.

Domestic agrarian enterprises are experiencing rather large difficulties in the process of promoting manufactured products to the buyer. At the same time, many foreign agrarian enterprises are characterized by the strengthening of integration links between farms, processing enterprises and trade, which allows producers not only to receive high results, but also to reduce the cost of production, and optimal placement - to ensure the economy of transport and energy costs, minimize losses and maintain the quality of products. By R. Bilyk's definition, regional economic systems are

¹ Shubavska, O.V. (2014): Ukraine's Integration Perspectives: Benefits and Risks for the Agrarian Sector. *Ukraine economy*,1 (626): pp. 63-72.

² Prokudina, N.V. (2008): Legal regulation of general agricultural policy in the European Union: diss. Cand. jur Sciences:12.00.10. M., 204 p.

³ Semenova, N.N., Knyazkina, E.O. (2012): Financing of agricultural production in the context of food security. *Finance and Credit*, №4 (484): pp. 62-68.

in constant interaction in the global economic and institutional environment, which causes "... the need to be able to realize the goals of development, as well as to withstand a number of threats to their own existence"¹.

In modern economic science is considered a large number of species, forms of integrated formations, classified by various features. Most authors consider only individual elements of the classification: the degree of property control of the integrated structure, the composition of the participants or the purpose of integration, management methods, etc. The most complete classification is developed on the basis of the following criteria: the presence or absence of economic independence, the degree of centralization of economic functions of enterprises in the association, voluntary establishment of the association. This classification takes into account the current vision of forming the principles of creating integrated corporate structures.

Integration simultaneously increases the turnover of co-operating countries and reduces mutual trade with third-world countries. Under economic integration, we see the process of economic interaction of countries, which leads to the convergence of state economic mechanisms and which are in the form of intergovernmental agreements and is regulated by the created intergovernmental bodies. Thus, under these conditions, the economic integration of agrarian markets becomes an integral part of the overall economic and political cooperation of the EU countries, which includes such important aspects as the guarantee of collective security of states and their interaction on the international scene, cooperation in the energy, transport, investment, scientific, technical, financial, legislative, cultural and other fields.

Integration of the domestic wholesale markets of developed neighboring countries has a special significance in the modern world. It allows to overcome the negative effects of economic globalization, preserve the natural resources of the state, protect the vulnerable structural elements of the economy, protect the domestic market from the most effective competitors, especially from stronger competitors, to overcome the influence of the interests of the most economically developed countries. In this sense, the main goal of integration is the formation of a common economic space provided that the agricultural enterprises of different countries participate equally in the process of unification. So the concept of "integration strategy" includes the conditions and methods of combining agrarian enterprises and domestic wholesale markets of individual countries into a single economic system, and not only the union of economic interests or contractual relations.

Agro-industrial integration leads to uniting efforts and means into a single process of production of highly specialized and fully developed branches of production, processing, storage and marketing of vegetable products. Integration in the general sense means the process of combining the efforts of various subsystems to achieve the goals of the organization or the introduction of any individual parts into a single whole defined system. Economic integration is characterized by the formation of deep and stable cooperative ties between enterprises and industries.

The main objective of integrating vegetable enterprises into the wholesale market of vegetable products is to attempt to unite the interests of all market participants (agricultural producers, processors, transport companies, trading companies, intermediaries, retail trade, and buyers) mainly due to price and price policy. All markets are thus interconnected and affect each other through prices and price parameters. Each market type has its own mechanism of operation or price mechanism.

The market mechanism functions due to price competition, which, in particular, in vegetable growing, is manifested in the following types: the reduction of prices during the implementation of homogeneous products, the growth of prices during the sales of one industry, the ratio of demand levels and supply of vegetable products. At the stage of product sales there is a competitive struggle at the level of sales prices, volumes and quality of commodity products. Price marketing and its policy are designed to adapt to the ever-changing demand and supply in the markets. Specifics of

¹ Bilik, RR, Varnalij, Z.S. (2017): Institutional Foundations and Organizational Mechanisms for Regional Development Policy: The Problems of European Reform. Socio-economic problems of the modern period of Ukraine. № 3 (107): pp.3-11.

the market mechanism in the agrarian sector of the economy are manifested through the existence of problems of imperfection of pricing mechanisms in the agricultural market, the impossibility of creating economic conditions for the corresponding economic growth of the industry, the problems of reproduction of the social and labor potential of rural territories, ensuring sustainable development of rural areas by maintaining an appropriate level of employment in agricultural production, prevention of food insecurity threats and forming preconditions for job creation in agriculture and manufacturing.

The agrarian sector of the economy, and not only our state, is characterized by problems in the functioning of the market mechanism, the uncertainty of the functions of its self-regulation and the lack of regulatory levers of influence on the establishment of a balance in economic relations with business entities in other sectors of the economy. This determines the need for the regulatory influence of state structures on economic processes in the agrarian sector. As an example of the EU countries, we see that the vast majority of economically developed countries implement a policy of so-called agrarian protectionism, which is reflected in maintaining the necessary profitability of agribusinesses.

The importance of justifying the ways to increase the competitive potential of agrarian enterprises is determined by its priority for agrarian enterprises. By definition, A. Shepitsen: "Competitiveness of an enterprise should be interpreted as an opportunity to ensure the release and sale of products which, at their price and non-price factors, are more attractive than the products of competitors, using competitive advantages and potential opportunities to ensure the competitiveness of products in the future in the event of a change market situation and consumer demand"¹.

This implies assessing the region's need for vegetable products in the long run, as well as identifying the potential of the region and its producers in saturation of the market in the event of an increase in market demand. Solving the problem requires the availability of resources in the region to meet the needs of the region in the field of vegetable products in the future and in the current competitive situation to eliminate the competitive disadvantages that impede the marketing of products and the identification of competitive advantages that should be effectively used to realize the potential available in the region and its producers.

Taking into account the factors that determine the level of activity of agrarian enterprises provides an opportunity to really assess the existing competitive potential of the enterprise and develop a strategy for the activities of agrarian enterprises and identify ways to integrate them into the wholesale market of vegetable products. The connection of markets of factors of production with the market of vegetable products in the system of social production is direct and rigid. The disadvantages of any of these markets affect the performance of the entire system, and then on other markets. After all, in a market economy, the results of any production, including agricultural, can become real only if the product is brought to the consumer. As it was mentioned earlier, the consumer for the agricultural commodity producer is the processing industry, which, in turn, brings the final product to the population through the wholesale and retail trade system. In this case, the manufacturer separates from the end user several levels of different groups of intermediaries, who are much closer to the end consumer and who directly determine the price and therefore have a profit. Therefore, their position forces society to use a regulatory mechanism, that is, it is an objective requirement of state regulation in the system of agricultural production; otherwise, the economic results of this production will not be objectively meet the costs and needs, and hence the whole system of interconnection of the results of agricultural production with its factors will be violated.

Summarizing the foregoing it can be determined that the factors determining the integration processes in the world are the deepening of the international division of labor, the development of productive forces under the influence of the world-wide nature of the NTP, the rapid development

¹ Shepitsen, A.O. (2003): Methodology of complex evaluation of the competitive environment in the markets of agrarian products. Scientific notes of the Ternopil State Pedagogical University, № 14, pp.135-137.

of communication capabilities, the objective need for a common solution of global problems of human existence, etc. .

The effectiveness of agribusiness in Ukraine depends to a large extent on the functioning of the entire set of markets that are active at this time regardless of location. The existing infrastructure of the domestic wholesale market of vegetable products is not yet perfect, since most of its elements are at the initial stage of development and can not fully ensure the efficient exchange of goods and the uninterrupted flow of goods to end-users. For domestic agroindustrial complex, in addition, it is necessary to develop a mechanism for further integration of agro-industrial enterprises into an international competitive environment.

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