

## RESOURCE PROVISION FOR THE COMPETITIVE DEVELOPMENT OF FARMING ENTERPRISES IN LVIV REGION: ASSESSMENT OF THE CONDITION AND WAYS OF IMPROVEMENT

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### *Abstract*

*The article is devoted to the necessity of competitive development of farming enterprises in Lviv region to ensure food security both at the state and regional levels in particular. As part of the research, a thorough economic and statistical analysis of their economic activity and resource provision was conducted. It has been found that the farming enterprises of Lviv region are characterized by positive trends of development. In particular, there is a consolidation of farmers by the area of land use, an increase in the number of agricultural products, which had a positive effect on the sale of the main types of agricultural products in the region and beyond. The objective necessity is substantiated for intensive development of cooperation of farming enterprises in Lviv region under conditions of unstable financial and economic situation in the state, which will provide an opportunity to attract investment and innovation resources for their effective development, will ensure production of ecologically clean food products and creation of new jobs. Among the priority directions for the development of farming enterprises in Lviv Region, special attention is focused on the diversification of activities, which is expedient to consider in production, technological and marketing aspects. The study proved that farming enterprises of Lviv region have all the prerequisites for effective business management. Their strategic development should be focused not only on increasing the volume of production, but also on improving the quality of products, which will ensure a high level of their competitiveness on domestic and foreign markets.*

*Key words:* competitiveness, resource potential, farming enterprises, agricultural production, effective business management, investments

### INTRODUCTION

In the conditions of wartime and, therefore, the difficult economic situation in Ukraine, the dynamic development of agrarian entrepreneurship is extremely urgent to ensure the country's food security and to solve many problems of the socio-economic nature of its regions. The growing role of farming as a special form of business, which has the potential to expand the business environment, to form and stabilize the middle class in society, is undeniable today. Considering the current situation, each of farming enterprises aims to increase the profitability of its activities based on the production, processing and sale of agricultural products, provided that all types of resources are used effectively. The question of effective use of resource potential is an integral component of the competitive functioning of all subjects of

agrarian entrepreneurship. This problem is especially relevant for farming enterprises, because today they are entrusted with the task of solving the food security of the state, supporting fair competition in the market of agricultural products and solving the social problems of the village. World experience confirms that farming has a high degree of adaptability to market signals, which allows them to have certain advantages compared to medium and large agricultural enterprises. However, the lack of working capital, a weak material and technical base, the complexity and constant change of the taxation system, the instability of state support restrain the development of farming enterprises in the domestic economy. Therefore, in the future, the production and economic activity of farmers requires a constant search for mechanisms that would ensure their effective functioning and competitive development.

In the economic literature, the business activity of farming enterprises is studied in various aspects. A significant contribution to the development of theoretical and practical issues in this field was made by domestic scientists, namely: Berezivskyy P.S. [3], Borodina O.M. [4], Cherevko G.V. [5], Hubeni Yu.E. [6], Ihnatenko M.M. [7], Kropyvko M.F. [8], Lupenko Yu.O. [9], Lypchuk, V.V. [10], Shpykuliak O.H. [11], Shulskyi M.H. [12], Skrypnyk S.V. [13], Yatsiv I.B. [14], Yavorska T.I. [15], and others. In particular, Professor G. Cherevko is convinced that in the future farming enterprises in Ukraine will be preserved and developed as an effective and competitive form of production organization in agriculture, because they have advantages in the production of many types of agricultural products. However, the scientist considers a favorable state policy to be a necessary condition for ensuring the effective functioning of farming enterprises, as evidenced by the practice of developed countries in Europe and the USA. Therefore, farming requires finding new approaches to the formation of alternative opportunities for its development with higher financial results of economic activity and competitiveness not only in the domestic, but also in the global market environment [5, p. 78-79].

Famous scientists of the Institute of Agrarian Economy believe that functioning of farming enterprises in the modern competitive environment depends on the chosen development strategy, which, on the one hand, reflects their strengths and weaknesses, the position in the industry, and on the other hand, the structure of the industry, which influences the balance of forces that determine the competition in it [9, p. 218]. At the same time, many researchers link the prospects of the development of organizational and legal forms of agriculture in Ukraine with the terms “innovative economy” and “innovation”. That is, from the standpoint of the theory of institutionalism, innovation economy is an economy that leads to innovation product/services and in which business entities and industries develop by constant generation of innovations by innovators

transformed from scientific and fundamental developments, ideas for achieving profit and improving the quality of life of society. Thus, innovation is the result of creative activity, and the innovator is aimed at the development and distribution of the latest technologies that bring social and economic effect; introduction of new rules and norms of institutional management, forming a new economic order, a new quality of life in society [7, p. 850].

Thus, the results of scientific research by domestic scientists are significant for modern times, but in the conditions of growing socio-economic uncertainty in Ukraine and its regions, the level of risk in the production and economic activity of farming enterprises is increasing. Therefore, there is an objective need to conduct additional applied research, in particular, regarding the analysis of resource provision for the competitive development of farming enterprises in Lviv region, substantiating the prospective directions of their activities, developing appropriate measures that would allow them to strengthen their positions on the market.

## MATERIALS AND METHODS

The purpose of the study is to assess the current state of resource provision for the competitive development of farming enterprises in Lviv region, to determine directions for its formation and effective use.

In the process of research, a number of general scientific and special methods were applied. In particular, the peculiarities of the development of farming were investigated using historical and theoretical methods of knowledge; monographical method - when processing literary sources; abstract-logical and dialectical methods - when clarifying the conceptual apparatus regarding the competitiveness of farming enterprises in the process of studying publications, new and already achieved practical results, formulating conclusions; statistical method – when calculating average values of indicators, deviations, growth rates and increase in resource provision of farmers; methods of mathematical statistics – when assessing the state of development of farming enterprises,

carrying out correlation-regression analysis; strategic analysis - when substantiating the conceptual directions of the strategy for the development of farming enterprises of Lviv region in the future.

The information and analytical base of the research was compiled by the State Statistics Service of Ukraine, the Main Department of Statistics in Lviv region, scientific literature on the subject of research, statistical reports of farming enterprises in Lviv region, the results of own research.

## RESULTS AND DISCUSSIONS

Farming enterprises are an important component of the agricultural sector of the Lviv region's economy. In today's conditions, they contribute to ensuring public needs in agricultural products, increasing the efficiency of the use of natural, human and capital

resources while preserving the environment, improving the quality of life of the rural population, forming investment and innovation zones and solving social problems of the village. One of the strengths of farming enterprises is their sustainability. All of them operate under conditions of risk and uncertainty, but retain their structure, function and self-identity. As a result of long-term institutional changes in the economy of the state, farming enterprises became the dominant form of business in the agrarian sector of the region (Table 1).

Basing of the made calculation we can see that during 2010-2020 the number of enterprises in the agriculture of Lviv region, which are reported on the operational reports, decreased by 8.4%, including farming enterprises – by 17.7%. In addition, the share of farming enterprises in the structure of enterprises in 2020 was 59.5%.

Table 1. Dynamics and structure of forms of management in agriculture of Lviv region

Forms of farming	2010		2015		2018		2020	
	Total, units	%	Total, units	%	Total, units	%	Total, units	%
Farming companies	250	17.3	224	15.7	357	25.7	338	25.6
Private enterprises	177	12.3	128	9.0	173	12.5	134	10.2
Agricultural cooperatives	13	0.9	16	1.1	38	2.7	40	3.0
Farming enterprises	956	66.2	1,044	73.1	792	57.2	787	59.5
State enterprises	10	0.7	6	0.4	9	0.6	7	0.5
Other enterprises	38	2.6	10	0.7	18	1.3	16	1.2
Total	1,444	100	1,428	100	1,387	100	1,322	100

Source: Calculated by author based on [1, p. 67; 2, p. 163].

The dynamics and peculiarities of resource provision of farming enterprises in Lviv region are presented in Table 2.

As the table shows, the number of farming enterprises are decreasing annually and in the reporting year 2020 made up 787 units. The number of employees during the researched period similarly decreased by 18.2%. At the same time, the area of agricultural lands has increased significantly during 2010-2020, namely by 42.5%, including per one enterprise – by 73%. This trend indicates the consolidation of farming enterprises in Lviv region. However, the area of agricultural lands in most enterprises remains less than 100 hectares. Such small farming enterprises have limited opportunities to introduce modern

technologies, scientifically based crop rotation, investment projects, etc. However, they can achieve efficiency in soil farming, in growing of perennial crops, vegetable growing, and livestock farming.

The basis of the technical and technological base of farming enterprises is the tools of labor – tractors, agricultural machines, equipment, etc. The scale of use of labor items depends on the level of technology development - seeds, fertilizers, plant and animal protection products, fuel, various types of raw materials and energy resources, fodder, and auxiliary materials. At the same time, technical support of farming enterprises in Lviv region requires a system update.

Table 2. Resource provision of farming enterprises in Lviv region

Indicator	2010	2013	2015	2018	2020	2020 as compared to 2010, %
Number of farming enterprises, units	956	1,025	1,044	792	787	82.3
Area of agricultural lands, ha	52,066	52,306	52,348	65,900	74,200	1,425
including: arable land, ha	47,450	49,027	48,286	61,265	68,309	1,440
per one enterprise, ha	54.5	51.0	50.1	83.2	94.3	173.0
Number of employees, persons	2,392	2,540	2,340	2,031	1,956	81.8
including hired workers, persons	1,910	1,580	1,483	1,547	1,493	78.2
Agricultural products, million UAH	1,325.1	1,377.2	1,429.4	2,107.8	2,497.6	188.5
including: per one employee, thousand UAH	553.9	542.2	610.9	1,037.8	1,276.9	2,305
per 100 ha of agricultural lands, thousand UAH	2,545.0	2,632.9	2,730.6	3,198.5	3,366.0	1,323
Availability of agricultural machinery at the end of the year, units						
Tractors	619	904	937	818	854	1,380
Combines	281	306	298	247	274	97.5
Beet harvesting machines	26	12	17	6	6	23.1
Seeders	238	285	333	253	263	1,105
Cultivators	168	299	325	297	316	1,88.1

Source: Calculated by author based on [1; 2].

For example, in the last ten years among the units of agricultural machinery we have seen only an increase of tractors by 38.0%, and in the case of beet harvesters – a significant reduction – by 76.9%. However, modern conditions of economic activity encourage farmers to introduce new means of production, to change the composition and structure of labor items on the basis of accelerating resource-saving processes and introducing innovative and energy-saving technologies into production. Therefore, the current use of means of production takes place in conditions of their gradual renewal, modernization under the influence of scientific and technical progress. The state takes an active part in solving such issues. Without government support, farmers will not be able to compete in the market. In particular, in 2021 among the regions of Ukraine Lviv region took the third place in the amount of paid grant for the maintenance of cows. This grant was received by 77 farming enterprises for the total amount of 9.6 million UAH.

The Department of Agro-Industrial Development of the Lviv Regional State Administration has developed a comprehensive program of support and

development of agriculture in the Lviv region for the period 2021-2025. The program envisages support of farming enterprises, the founders of which are the participants of the Joint Forces Operation in the form of budget subsidies for the unit of cultivated land at the rate of 5,000 UAH for 1 ha. In addition, the Program envisages support of economic entities in the field of organic production, namely: 300 thousand UAH in the form of budget subsidia for 1 ha of cultivated land at the rate of 1,000 UAH for 1 ha, but not more than 50 thousand UAH per year, as well as 200 thousand UAH in the form of a partial refund of the cost of organic production certification, but not more than 20 thousand UAH per year. Typical programs provide many directions for support of agriculture in the region, but they are not always available to farmers with a land use area of less than 500 ha. For the most part, such farming enterprises rely only on their own capabilities and resources.

The agricultural production increased by 88.5% in farming enterprises during the period under investigation, which positively influenced the realization of major agricultural products in the region. However, in 2020, this form of management accounted

for 10.4% of the structure of agricultural products in Lviv region. More than half of the products produced by farmers (57.3%) are crop products, 42.7% are animal products. In crop production, farming enterprises provided 11.3% of the total production volume of grain and leguminous crops, 2.3% of sugar beets, and 1.2% of vegetable crops. The share of farmers in meat production was 27.3%, wool – 22.2%, eggs – 1.6%, milk – 1.6% (Table 3). We consider that in the future livestock products for farming enterprises in Lviv region will become an important condition for increasing production volumes, improving the

efficiency of using all types of resources, and primarily land resources, creating higher added value and profitability of activities. In modern conditions, the proper level of investment support is necessary for the effective development of farming enterprises in Lviv region, which is an important condition for their development and increasing competitiveness. However, for a potential investor, the main attraction factor is business efficiency and prospects for its development. We will evaluate the level of profitability of production of the main types of agricultural products in the farming enterprises of Lviv region (Figure 1).

Table 3. The share of farming enterprises in Lviv region in the production of agricultural products, %

Indicator	2010	2013	2015	2018	2020	Deviation, +/-
Grain and leguminous crops	11.7	7.4	7.8	10.9	11.3	-0.4
Sugar beets	13.0	3.4	3.6	5.5	2.3	-10.7
Potato	0.1	0.7	0.6	0.6	0.6	0.5
Vegetable crops	2.0	2.2	1.8	1.8	1.2	-0.8
Fodder maize	13.3	14.2	18.9	30.4	33.3	20.0
Meat in live mass	20.4	23.9	18.6	20.3	27.3	6.9
Milk	0.6	0.8	0.8	1.2	1.6	1.0
Eggs	4.1	3.8	3.5	2.6	1.6	-2.5
Wool	8.3	2.5	2.1	27.4	22.2	13.9

Source: Calculated by author based on [1, p. 69-71].

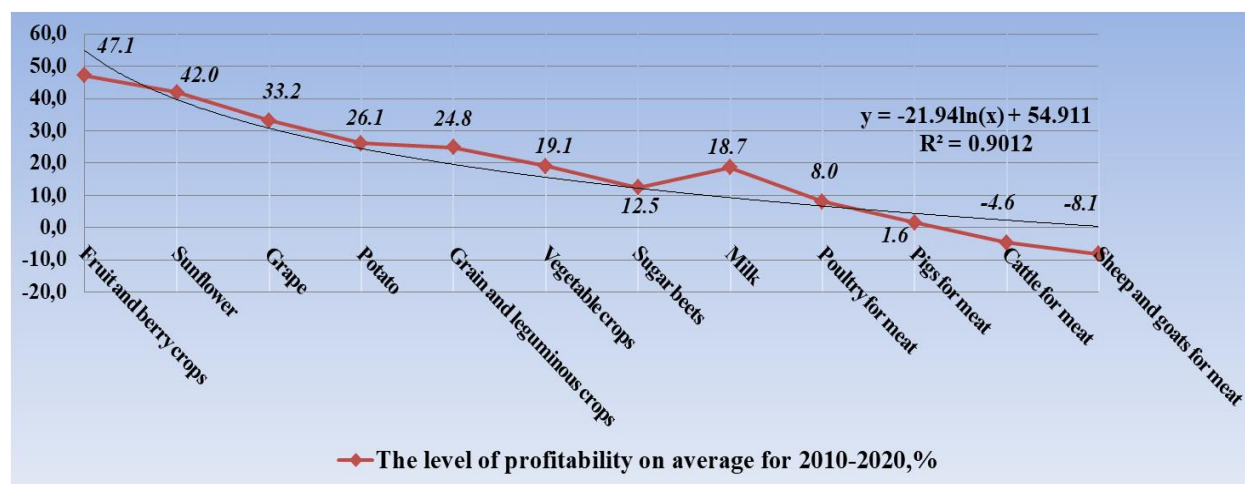


Fig. 1. Investment-attractive agricultural products in the farming enterprises of Lviv region, 2010-2020

Source: Calculated by author based on [1; 2].

Therefore, among the most attractive crop products are fruit and berry crops (the average profitability level for 2010-2020 was 47.1%, including 134.6% in 2020) and sunflower (42.0%). However, in the conditions of armed conflict in Ukraine, the cultivation of grain and leguminous crops deserves special

attention. Over the last ten years, the average profitability of these crops was 24.8% in the farming enterprises of Lviv Region, but if necessary and with proper financing, this situation can be improved. Although at the regional level, the cultivation of this type of crops is the prerogative of enterprises with

much larger areas of agricultural land, the number of employees, and material and technical support. In the livestock sector, the most attractive for investors is milk production (18.7%). Breeding of cattle for meat, sheep and goats is not profitable. Thus, Lviv region has the best potential for the development of innovative activities, the creation of a favorable business climate, which will make it possible to increase the level of competitiveness of farming enterprises in the region, strengthen their positions on the market, and improve the efficiency of production and economic activities in particular.

Summing up the activity of agricultural producers of Lviv region as a whole, it is expedient to note the positive trends in 2021 as compared to 2020. Thus, the production of crop production in the region increased by 6.0%, livestock production – by 4.6%. The increase in production volumes in the livestock industry occurred as a result of the growth in meat production by 10.4% in the live weight of farm animals sold for slaughter. Similarly, the production of eggs obtained from domestic poultry increased by 3.3%.

In farms of all categories, in 2021 compared to 2020, the number of pigs increased by 18.6%, domestic poultry – by 10.9%, but the number of cattle decreased by 12.3%. The number of cattle as of January 1, 2022 was 126.6 thousand heads (including cows – 76.0 thousand heads), pigs – 430.0 thousand heads, domestic poultry – 11.4 million heads. Such trends in the agrarian sector of the region are the result of a correctly selected strategy for the development of the industry at the state and regional levels. The directions of financial support are constantly being improved, taking into account the needs of economic entities. A special emphasis is placed on supporting farming, which encourages the population to create their own business in the countryside. In the long term, this will slow down the trend of cattle herd reduction in the commercial segment and restore milk production to the level required by the region's milk processing industry. In 2021, more than 278 million UAH was raised from the state and regional budgets to support the farmers of Lviv region, of which almost 43

million UAH was directed to subsidies and partial reimbursement of costs related to the acquisition and maintenance of cattle in agricultural enterprises of Lviv region.

However, the war in Ukraine brought its own corrections and caused numerous losses for the Ukrainian economy. Many previously accepted and worked out strategies for its development have been destroyed. The main attention of the government is focused on the defense complex of the state. Substantial financial support is directed to agriculture and its producers. Thus, in March, the Government made a number of changes to the program "Affordable loans 5-7-9%" for the successful implementation of sowing during the period of martial law. They, in particular, provide for the possibility of receiving preferential loans at 0% annual interest with a guarantee from the Government at the level of 80%. Thus, 13,016 farmers received loans. The following regions are the leaders in crediting: Kirovohrad region (4 billion 81 million UAH), Kyiv region (3 billion 370 million UAH), Vinnytsia region (2 billion 916 million UAH), Dnipropetrovsk region (2 billion 522 million UAH), Odesa region (2 billion 480 million UAH). In addition, more than 1 billion UAH were attracted by Volyn, Lviv, Poltava, Ternopil, Kharkiv, Khmelnytsky, Cherkasy, and Chernihiv regions.

In military conditions and an unstable financial and economic situation in the state farmers are difficult to conduct their economic activity in a profitable manner. It is not always possible to get government support, investments, use modern technologies, withstand growing competition in the market due to a number of subjective and objective factors. Thus, there is an urgent need for the intensive development of agricultural service cooperatives. The actual problem become the expansion of intermediary entrepreneurship, the dependence of farmers on commercial structures, which today act as monopolists in the field of processing and sale of agricultural products, supply of machinery, fuel and lubricants, seeds for the technological process, etc. That is why one of the most successful methods of fighting monopoly of

intermediaries in agriculture is the development of service cooperation, through which farmers will be able to solve urgent problems collectively without losing their own independence, that is, their work will be directed directly to solving their own problems. This includes purchasing the necessary material and technical equipment and efficient use of it; processing of own products, its long-term storage and sale; possibility to monitor the situation of the food market, in particular in the EU countries.

## CONCLUSIONS

The farming enterprises of Lviv region have all the prerequisites for development, which depends on the political and economic stability of both the region and the country as a whole. Their strategic development should be focused not only on increasing production volumes, but also on improving the quality of products at optimal production costs, which will ensure a high level of efficiency of their production activities and competitiveness in the domestic and foreign markets. The future of farming enterprises in Lviv region with the obligatory development of organic type of growing vegetables, fruits, berries, potatoes and niche crops while simultaneously restoring the economic efficiency of the livestock industry. All their activities should be based on proven and clear knowledge of the market, consumer demand, assessment of their advantages and disadvantages, taking into account long-term development strategies, provided that the volume of state support increases and the mechanisms for obtaining it are simplified. The economic activity of farming enterprises should become a driving force for the development of rural areas by creating new jobs, industrial and social infrastructure. Thus, the farming enterprises of Lviv region contribute to the employment of broad segments of the population, are distinguished by the effective use of the region's natural resources, saturate the market with the necessary food products and accumulate the growth of tax revenues to the budget, which in wartime conditions is objectively

necessary for supporting the economy of the country and the region in particular.

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