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DEVELOPING THE EXPORT CAPACITY OF AGRICULTURAL ENTERPRISES IN THE CONTEXT OF DECENTRALIZATION**O. Bulyk**, Candidate of Economic Sciences (PhD), Associate Professor

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<https://doi.org/10.31734/agrarecon2023.01-02.081>**Bulyk O., Zelisko N., Havryliuk I. Developing the export capacity of agricultural enterprises in the context of decentralization**

The article is devoted to the study of the impact of decentralization on the export potential of agricultural enterprises, cooperation between community and business, and assistance in export operations. Amalgamated territorial communities, as subjects of agricultural business development management, can provide both real financial support and certain management tools. The article shows the relationship between the activities of Truskavets territorial community and the foreign economic activity of local agricultural enterprises, which combine several factors: location of land on the area of one community, the main activity involves cultivation of grain and vegetables, and most of the grain production of these enterprises is sold to resellers abroad. Based on the study of community materials, the authors suggest a model for establishing cooperation with agricultural producers and the territorial community as to their entry into the foreign market. The spheres of agricultural enterprises' activities in Truskavets territorial community are analyzed. Basing on the conducted analysis, the work identifies crops that will be in demand for export. The main objectives of development of both the agro-industrial complex and rural areas in the community are outlined, namely, increasing the productivity of agricultural enterprises while maintaining high quality products to ensure their competitiveness. The main results of the scientific research include identification of the interdependence of the influence of territorial communities on formation of the export properties of agricultural enterprises on the territory of these communities. The study has shown that agricultural enterprises should be united into cooperatives and thus, they get the opportunity to enter foreign markets.

Key words: agricultural enterprises, territorial community, export, capacity, opportunities, vectors.

Булик О., Зеліско Н., Гаврилюк І. Формування експортного потенціалу сільськогосподарських підприємств в умовах децентралізації

Досліджено вплив децентралізації на експортний потенціал агропідприємств, співпраці між громадою та бізнесом, допомоги в експортних операціях. Адже об'єднані територіальні громади, як суб'єкти управління розвитком аграрного бізнесу, можуть забезпечити як реальну фінансову підтримку, так і певні інструменти управління. Показано взаємозв'язок між діяльністю Трускавецької територіальної громади та зовнішньоекономічною діяльністю місцевих сільськогосподарських підприємств, які поєднують у собі кілька чинників: розміщення земельних ділянок на території однієї громади, основний вид діяльності – вирощування зернових та овочів. На основі вивчення матеріалів громади сформовано модель налагодження співпраці з агровиробниками та територіальною громадою щодо їхнього виходу на зовні-

иній ринок. Проаналізовано напрями діяльності сільськогосподарських підприємств Трускавецької територіальної громади. На основі цього аналізу визначено культури, які будуть затребувані на експорт. Окреслено основні завдання розвитку як агропромислового комплексу, так і сільської місцевості на території громади, а саме підвищення продуктивності сільськогосподарських підприємств при збереженні високої якості продукції для забезпечення їх конкурентоспроможності. Виявлено взаємозалежність впливу територіальних громад на формування експортних властивостей сільськогосподарських підприємств на території цих громад. Доведено, що сільськогосподарські підприємства мають об'єднатися в кооперативи для подальшої можливості виходу на зовнішні ринки.

Ключові слова: сільськогосподарські підприємства, територіальна громада, експорт, потужність, можливості, вектори.

Problem setting. Building a democratic, social and legal state in the context of decentralization and administrative reform in Ukraine leads to development of local self-government institutions, with the territorial community as the main subject. Apparently, territorial community plays a leading role in the life of a person and society as a whole, since most of the social needs of residents are met in a particular community. In modern conditions, society is beginning to realize that conditions of economic development of the country directly depend on the ability and willingness of communities to participate in the local development of their territorial community.

Territorial communities transform from being managed objects into management agents and form their viability. Local self-government bodies have been empowered and motivated to properly exercise their functions. For the first time since independence of Ukraine, territorial communities have to plan their own economic development and budget, attract investments and develop entrepreneurship. The foreign economic activity of agricultural enterprises in Ukraine is quite active and has the following natural competitive advantages: favorable climatic conditions such as sufficient labor force, large available agricultural resources, sufficient water resources, recent progress in agricultural trade and enterprise development, and proximity to major foreign markets with constantly growing demand for agricultural products. Therefore, the study of the formation of the export potential of agricultural

enterprises in conditions of decentralization is relevant and requires further development.

Analysis of the recent researches and publication. Theoretical and methodological, as well as practical aspects of the analysis, formation of decentralization processes and formation of territorial communities were considered in the works of many leading domestic scientists. In particular, N. Ya. Spasiv (2019) studied the concept of a amalgamated territorial community as a new subject of local self-government. On the other hand, Sava A., Biskup V., Petruk I., Pokotylska N. (2020) provided justifications for forecasting models of the regional socio-economic development of the village. Based on their research, a model of cooperation between Truskavets Amalgamated Territorial Community and agricultural enterprises for the export of agricultural products was formed.

The directions of organization and improvement of cooperation of territorial communities in Ukraine are highlighted in the works of T.M. Lozynska and Aranchii H.A. According (2021) to them, amalgamated territorial communities, as subjects of agricultural business development management, can provide both real financial support and with the help of certain management tools. Khomiuk N.L. (2019) in her work argued that the territorial community is the basis for ensuring the development of rural areas in Ukraine, and priority development of rural areas should be ensured through the implementation of a number of tasks. Cherven, I.I., Pavliuk S.I. (2019) studied decentralization

reforms and their impact on the development of rural areas in Ukraine. Management of strategic development of united territorial communities, particularly innovative approaches and tools, is highlighted in the works of Seriohin S.M. and Sharova Y.P. (2019). To provide financial support, it is necessary to draw up and forecast the community budget correctly and constructively. Traditionally, economic literature considers the issue of determining the essence of export potential in terms of the national and regional economy, determines the factors of external influence on the development of export potential at the appropriate level, and analyzes the criteria for the efficiency of the export potential use. Unfortunately, only a small part of research is devoted to the problems of diagnosis and development of the export potential of territorial communities. However, modern economic science still pays insufficient attention to the problems of effective management and development of the export potential of territorial communities, to the formation of a unified methodology for its assessment. Therefore, research in this direction is very relevant.

Task setting. *The purpose of the article is to identify the interdependence of the influence of territorial communities on the formation of export properties of agricultural enterprises in the territory of these communities. The object of research is the agricultural enterprises of Truskavets territorial community. The research hypothesis is based on the study of the use of the main advantages of decentralization to improve the performance of agricultural enterprises within the community and develop their export potential.*

Methodology of the research and materials. For the purposes of the research, the analysis method was used to study the key features and trends in the activities of agricultural enterprises; a comparison method was applied to identify changes in the activities of enterprises influenced by certain factors; a generalization method was used for visual representation and determination of specific vectors of activities of

enterprises; analysis, synthesis, induction, and deduction were applied to develop a typical model of cooperation between Truskavets amalgamated territorial community and agricultural enterprises for the export of their products. The study was carried out based on the statistical data of the State Statistics Committee, the State Fiscal Service of Ukraine, the official website of Truskavets Territorial Community, the returns of agricultural enterprises, and the authors' observations.

Main materials. Foreign economic activity in the agriculture of Ukraine has the following features:

- main type of foreign economic activity of agricultural enterprises is the export of agricultural products;
- foreign trade turnover of agricultural products has a positive balance;
- 55% of agricultural exports go to 10 countries, and the top 10 products account for 80% of total exports (Bulyk and Seneiko, 2021);
- imports of agricultural enterprises largely constitute seeds, plant protection agents, fertilizers, and agricultural machinery;
- increased presence of agricultural enterprises in EU markets, establishment of mutually beneficial relations with Chinese companies;
- increased foreign investment in agriculture; a significant number of Ukrainian agricultural producers sell their products to traders without entering the foreign market on their own;
- increased activity of state agencies (Ministry of Economic Development, Trade and Agriculture, State Service of Ukraine for Food Safety and Consumer Protection, State Service of Ukraine for Geodesy, Cartography and Cadastre, etc.) and non-governmental organizations (Ukrainian Agribusiness Club, Ukrainian Chamber of Commerce and Industry and its regional offices, Ukrainian Grain Association, etc.).

Thus, although foreign economic activity of Ukrainian agricultural enterprises is, in most cases, a positive phenomenon that contributes to the development of the enterprises themselves, of

certain regions of Ukraine and of the national economy, there are a number of problematic aspects that slow it down. These problems can be overcome with the involvement of state authorities, local governments, public organizations and institutions and agricultural enterprises themselves. The amalgamated territorial communities, as entities managing the development of agricultural business, can both support it financially and by using certain management tools (Cherven and Pavliuk, 2019). These include: providing advice; auditing of monitoring agricultural activities; holding various roundtables and conferences with invited experts from the state authorities on foreign economic activity, enterprises that are already engaged in such activities, etc. To provide financial support, it is necessary to correctly and constructively draw up and forecast the budget of the community.

New technologies for exploiting the financial capacity of territorial communities include, among others, foresight: the most common tool for determining the development benefits and strategies. Territorial foresight provides for the involvement in the foresight process of representatives of authorities, science, and local self-government bodies along with non-governmental organizations and businesses. It is conducted in relation to a specific territory – a community or representatives of a group of communities formed under the influence of common political, social, demographic, and economic factors (Khomiuk, 2019).

However, despite the available theoretical basis for the management of the foreign economic activity of agricultural enterprises, most of the existing amalgamated territorial communities are reticent to apply it, leaving the enterprises alone with the existing problems and challenges. At the same time, amalgamated territorial communities want to get additional funding from agricultural enterprises operating on their territory for the development of industrial and social infrastructure, patronage, and support for various cultural and sports events. Therefore, it is believed that for the purpose of ensuring parity and mutually beneficial cooperation between the en-

terprises under study and the amalgamated territorial communities, the latter should not just nominally, but in practice help agricultural enterprises in the organization and implementation of foreign trade operations.

Lviv region is one of the most attractive centers for agricultural business. It is located within the forest-steppe and mountain zones of the Carpathians and is surrounded by a territory through which international communication routes pass, connecting Ukraine with Romania, Slovakia, Hungary, and Poland. This region provides everything needed for agricultural entities to function effectively and prosper: fertile soils, hardworking people, a favorable climate, and a good location. Truskavets territorial community is located on this place, excellent for agriculture, and serves as an example of the possibility of participation in the promotion of foreign economic activity of agricultural producers. In addition to tourism, the main occupation of the rural residents of Truskavets territorial community is agriculture; agricultural activities generate more than half of the budget revenues. Therefore, the further development of individual agricultural producers is beneficial for formation of the territorial community budget. Fig. 1 illustrates the interrelation between the activities of Truskavets territorial community and the foreign economic activities of local agricultural enterprises.

There are 11 agricultural enterprises on the territory of Truskavets amalgamated territorial community: LLC "Foreign Investment Enterprise "Koimpeks" (city of Truskavets); State Enterprise "Zdorovia", PE "ATM PLUS NEFTESERVIS" (village of Stanylia); Farm "Mariia" (village of Ulychne), LLC named after Shevchenko (village of Ulychne); Limited Liability Agricultural Company "Natan" (village of Ulychne); Farm Household M. Pylat (village of Ulychne), Farm "Halyshyn" (village of Ranevychi), LLC "Agrofirma "Vatra" (village of Dobrohostiv), Private Production and Commercial Company "Chysta Moneta" (city of Truskavets), Farm

Household Illia Futralash (village of Modrychi); LLC “Firma “ZELENBUD»” (city of Truskavets). All the above enterprises have several factors in common: location of lands within one community; their principal activity is to cultivate grains and vegetables; most of the grain of these enterprises is sold to resellers abroad.

In the authors’ view, it is expedient to facilitate cooperation between agricultural producers and the territorial community regarding their access to foreign markets. The model of such cooperation is illustrated at the Fig. 2.

It should be noted that Truskavets territorial community has to assume the role of the organizer of export operations, performing the function of motivating, organizing, planning, and controlling. At the first stage of implementation of the presented model, it is advisable to hold an open discussion on the possibility of joint formation of a batch of products for export. The result of these negotiations is to identify those willing to carry out an export transaction and the ability of each of the applicants to work towards achieving the common goal and economic impact.

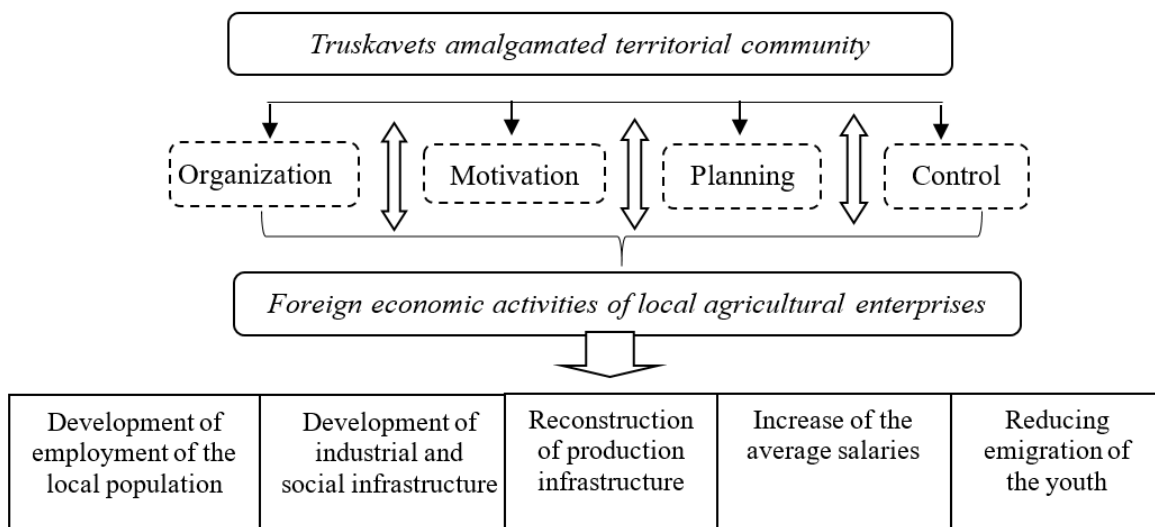


Fig. 1. Interrelation of the activities of Truskavets territorial community and the foreign economic activities of local agricultural enterprises

Source: Developed by the authors based on the study (Lozynska and Aranchii, 2021).

It should be noted that export of agricultural products is carried out by producers under the simplified taxation system (single tax payers) and does not require payment of certain taxes and fees (income tax), except for those paid when crossing the customs border of Ukraine. Thus, according to the official explanation of the State Fiscal Service of Ukraine, "...sub-clause 39.2.1.1 of clause 39.2.1 of clause 39.2.2 of clause 39.2 of Article 39 of the Tax Code of Ukraine No. 2755-VI dated December 2, 2010, as amended, provides that controlled transactions are transactions of a taxpayer that may affect the object of tax-

ation by corporate income tax. In accordance with paragraph 297.1 of Article 297 of the Tax Code of Ukraine, agricultural producers of the fourth group of single tax payers are exempt from the obligation to accrue, pay and submit tax reports on corporate income tax. The operations of such agricultural producers, which are carried out through the sale of agricultural products for export, do not and cannot affect the payment of corporate income tax, since such taxpayer is exempt from the obligation to accrue, pay and submit tax reports on corporate income tax (Organization of cooperation...2017).

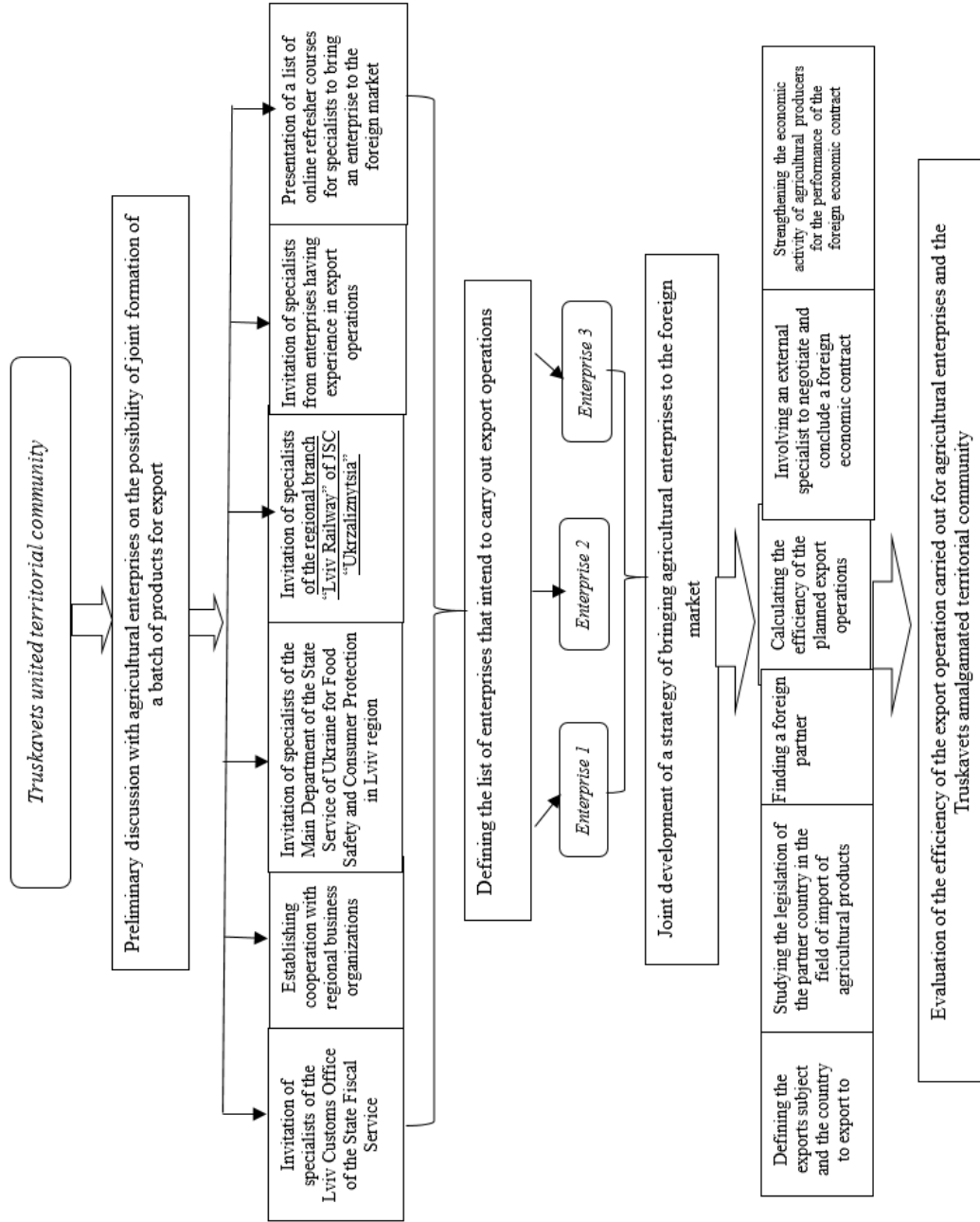


Fig. 2. Typical model of cooperation between Truskavets amalgamated territorial community and agricultural enterprises on the export of their products

Source: Developed by the authors based on the study of materials (Lozynska, Aranchii, 2021; On the recognition of business... 2022).

It is advisable to conduct a qualitative assessment of the effectiveness of a planned export operation, preferably for several export options, with a full understanding of the competitive advantages available to enterprises for each export option, as well as those that can be obtained in the future. It is important to correctly calculate the total export costs, revenue from export sales, economic impact and economic efficiency of exports.

Taking into account that the listed agricultural producers of Truskavets territorial community are farms, they are recommended to pay attention to growing white beans for export. This crop is niche, so the export consignment is minimal, while transportation costs will also be minimal. In addition, there is a stable export demand at the markets of Poland, Romania, Georgia and Bulgaria, as domestic producers have already established themselves as reliable partners who supply quality products at reasonable prices. However, certification of production for compliance with international quality systems is not a prerequisite for exporting to these countries. In the authors' opinion, the main competitive advantage of these markets should be exporters' competence management, but it depends only on their skills and willingness to export.

It is also important to use agricultural insurance to minimize the impact of adverse weather conditions on future crop production, that is, to reduce the risk of producers' insolvency, which is an additional guarantee for borrowers. The priority development of rural areas should be ensured through the implementation of a number of tasks, with the main ones being (Shtal, 2018):

- motivation through the increase in the purchasing power of citizens, namely the increase of salaries and pensions for the development of the agricultural market.

- obtaining state aid to improve the level of rural development as a sphere of life, activity

and everyday life of peasants, and to distinguish between policies to support agriculture and rural development;

- creation of incentives for the social responsibility of business in the agricultural sector, ensuring appropriate conditions for the social development of rural areas;

- diversification of agricultural production, development of priority economic activities in rural areas;

- motivating the employment of residents on rural areas outside the sphere of agricultural production;

- creation of favorable conditions for investing in the country's agriculture on mutually beneficial terms for the investor country.

An important task for development of the agricultural sector is to increase the productivity of agricultural enterprises while maintaining high quality products to support their competitiveness. The directions for the development of business entities of the agrarian sector in Truskavets territorial community are presented at the Fig. 3.

This can be achieved through mastering new agricultural production technologies, which would help to reduce energy consumption while increasing production volumes, and it requires reconstruction of the available production capacities. Stable operation of modern processing enterprises is predicted as a result of the development of new technological processes and by extending the range of products.

Integration of agricultural enterprises, for example, based on a cluster model, can facilitate the technical re-equipment of enterprises, promote introduction of the energy-saving equipment, machinery and technologies. After the export operation is carried out, it is advisable to assess its actual efficiency, identify problematic aspects and develop a plan to minimize them in the future, if necessary, to justify the directions of commodity and geographical diversification of exports.

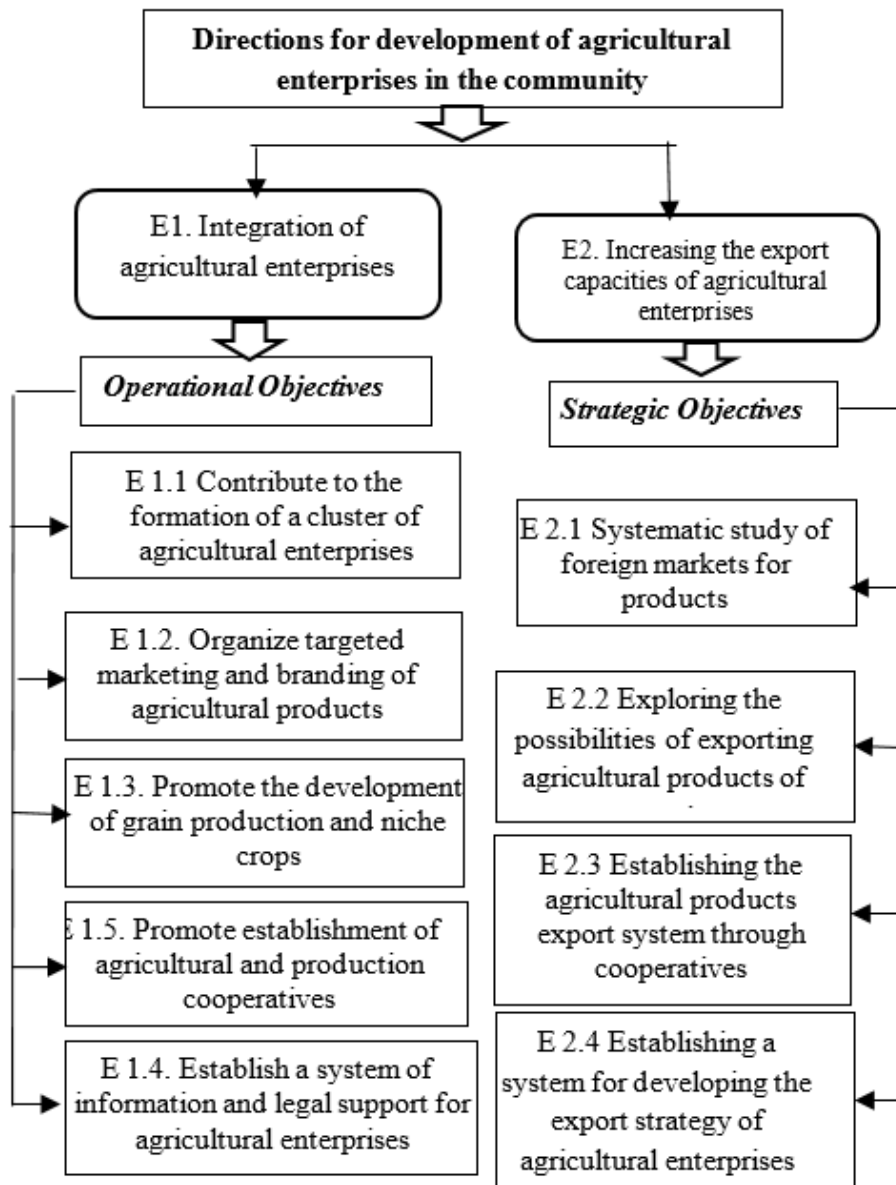


Fig. 3. Vectors of activities of the agricultural enterprises in Truskavets territorial community

Source: developed by the authors based on the analysis (Seriohina, Sharova; 2016, Strategy for the..2022; Truskavets amalgamated...2022)

Conclusions. To sum up, characteristics of the development benefits of the agro-industrial complex of Truskavets territorial community are as follows: natural resources and climatic conditions; resort potential, tourists as consumers of products; a unique place combining active and green tourism perspectives; vacant land plots; vacant territories for the development of agro-

processing enterprises; normal ecological conditions of the territory; fast-growing small business; great cultural traditions of growing and processing agricultural products; presence of large enterprises coexisting with small and medium-sized farms. Thus, preparation, implementation, and evaluation of the results of an export operation (for enterprises of Truskavets territorial commu-

nity) may take several years. Therefore, it is necessary to start the organizational activities of the rural territorial community in spring or summer, so that in autumn agricultural enterprises can carry out all the necessary agrochemical measures for sowing a particular crop. Next year, it will be necessary not only to harvest, but also to finally determine the country to export to, find a foreign partner, and take all respective steps to organize the export operation. It is recommended to sell products in the middle or at the end of the marketing year when the price is the highest.

It is also important at the initial stage of preparation for the export operation to set out the benefits that Truskavets territorial community would get from successful export operations. The authors of the research consider that in order to consolidate the social and economic impact of the export operation of the studied Truskavets territorial community, it is also necessary to assist in organizing international certification. After all, international certification of agricultural production immediately stimulates development

of the social and industrial infrastructure on rural areas. An important factor in ensuring the economic development of the community is to create all necessary conditions for functioning of the budget-generating enterprises, which are the primary sources of financial resources for local budgets. In this regard, stimulating development of the foreign economic activities of agricultural enterprises in the community is one of the most efficient business management practices in the given community. Since foreign economic activity generates foreign exchange earnings, it contributes to improving the quality of agricultural products. This is something that can not only bring positive results for the community, but also increase its social potential. It is important that the authorities of the territorial community initiate the conduct of foreign economic operations by local agricultural producers, since this would anchor mutually beneficial parity cooperation and determine the parameters of the specific effect of such cooperation on the community.

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