

## APPROACHES, PRINCIPLES AND FACTORS OF AGRICULTURAL ENTERPRISES RESOURCE POTENTIAL FORMATION

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### ABSTRACT

Theoretical approaches of agricultural resource potential formation have been observed in the article. It has been determined that the process of resource potential forming of the enterprise is a part of its strategy. The classification of theoretical approaches of agricultural resource potential formation has been presented according to the sphere of enterprise activity. Sustainability has been determined as the main principle of agricultural resource potential formation. The groups of factors influenced on resource potential formation have been mentioned in the article. Reproduction of all resources in agriculture has been defined like the main condition of their effective using. It has been improved that all the elements of resource potential should be taken into account while fulfilling the process of simple or extended reproduction. It has been

proposed that the process of reproduction of resource potential in agriculture should be done with state participation.

**KEYWORDS:** agriculture, resource potential, factors, efficiency, reproduction.

**JEL CLASSIFICATION:** O13, Q10, Q26

## 1. INTRODUCTION

The issue of agricultural enterprises optimal provision with manufacture resources as well as the issues of their rational structure formation, efficiency and the expanded reproduction of manufacture in order to create high-quality resource potential are nowadays among extremely complex and urgent ones in the plane of both theoretical research and practical application.

National and foreign scientific literature has not got a clear vision of the nature of the process of the agricultural enterprises resource potential forming. The main problem of this dissonance is, in our opinion, that the content of potential forming is rather deeply in terms of all its elements and the synergy effect is achieved through their combination.

## 2. THEORETICAL BACKGROUND

The most common interpretation of the "resource potential formation" term is the process of identifying and creating a range of business opportunities, its structuring and creating certain organizational forms for sustainable development and efficient reproduction (Arefyeva, 2008; Fedonin, 2004); the process of identifying the existing and hidden potential and resource support, assessment of existing capacity in accordance with the goals and objectives. In other words, the company potential formation, in general, is a part of its economic strategy (tactics) that aims to provide enterprises with certain amount of high quality resources to allow the result of their interaction to achieve the company's main goal – revenue - and meet the needs of the members of the production process.

## 3. MATERIAL AND METHODS

The objective of this article is substantiation of theoretical approaches to generalization of principles and factors agricultural enterprises resource potential formation.

To achieve the goal set, the following was used for this article: monographic method, comparison, generalization etc.

The researchers engaged in solving these problems have identified several approaches to the enterprise potential development (see Table 1).

**Table 1.** Approaches to agricultural enterprises resource potential forming and their contents

Approach	Essence and implementation at the enterprise
System	Enterprise systemic adaptation to the enterprise environmental factors change
Comprehensive	Considering climatic, technical, environmental, economic, institutional, social, psychological and other aspects of the agricultural enterprise activity
Functional	Orientated towards enterprise future functions related to its activity areas (production, processing, performance, services or their combination)
Market	Investigating consumers needs and tastes (each element of the resource potential should be based on market analysis and opportunities, capacity etc.)
Reproductive	Focused on resources constant renovation, their quality characteristics improvement for manufacturing resources cost products
Optimization	Forming the optimal resource potential of the company on the following criteria: composition, size, structure
Regulation	Setting quality standards and production capacity resources for the most important elements of the resource potential
Innovation	Focused on enterprise innovation activity in the course of resource potential forming
Integration	Preliminary synergetic assessment of the effect of interaction between the resource potential individual components
Dynamic	Change of resource potential parameters in the dynamics and analysis of factors causing these changes
Behavioral	Human resources, including the motivation, make a defining a part of the resource potential
Administrative	Regulation of functions, rights, obligations, quality standards and costs related to implementation of potential elements in regulation acts

Source: authors' generalizations

National scholars argue that the formation of resource potential of agricultural enterprises is based on certain principles, foremost of which are the following:

1) socially, environmentally and economically grounded and structurally balanced in all aspects of forming the resource potential in all areas of agribusiness (sustainability);

2) systemic and economically secured expanded reproduction of resource capacity of national and regional agribusiness through the effective use and scientific technological progress;

3) improving agro-industrial production resource potential structure and increasing its technical and technological level and the efficiency of its environmental security to develop a model of sustainable development for the national agriculture;

4) nature capacity, primarily land capacity and agricultural production complexity reduction through introduction of highly efficient farming systems, nature- and energy saving technologies, withdrawing low-efficient, degraded and eroded arable land from agricultural use;

5) quantitative increase and qualitative improvement of biological and logistical components of the resource potential of agribusiness based on agriculture regional characteristics, its specialization, concentration and resource environmental safety requirements (Suhay, p. 234);

6) environmental and ecological safety of conditions;

7) manufacturability, reliability, versatility and equipment comfort;

8) efficiency cost and energy (Suhay, p. 235).

We agree with Gutorov (2009) suggests to supplement this list with the following principles:

1) principle of production resources saturation, which is related to the category of production concentration;

2) the principle of resources substitution or mutual complementarity, and, as the authors note, the short term interaction between resources is based on the principle of complementarity and the long one – on the interchangeability principle;

3) the principle of marginal utility, the essence of which consists in the fact that the income from the additional resources use should exceed the costs associated with the resource potential increase.

In our opinion, the list of principles of the agricultural enterprises resource potential should also include the following ones:

- the principle of balance (compliance with the resources quantitative and qualitative features proportionality);

- the principle of effectiveness (maximum possible effect can be achieved only when the company will be provided with the resources according to the modern production technologies requirements);

- the principle of consistency (all the elements of the resource potential make a single system, which are interrelated).

Since the agricultural enterprise resource potential forming is inseparable from the company external and internal functioning conditions, we are going to consider the factors and the extent they determine the process and define a set of the components and their potential structure. It should be noted that the factors influencing the company resource potential forming imply a set of arguments (reasons) determining the features of certain economic processes development in a particular company.

Scientists give different definition the set of factors forming agricultural enterprises resource potential. Some researchers link this process with enterprises financial capacity, national economic policy, strategy, company management, interest groups, corporate culture, etc., others - with price, technology, quality and organizational factors.

Thus, Zhuk (2009) classifies the totality of the factors affecting the forming and further efficiency of agricultural enterprises resource potential into the three groups - economic, organizational and technological. Economic factors include investment, tax, financial and credit policies in agro-industrial production as well as the marketability level, technological process support and correlation of products prices and the resources spent on its production. Organizational factors, according to the author, include: ownership, management structure, the system of responsibility and interest in the production results; technological influence factors include production technology,

agriculture enterprise quantitative and qualitative provision with material and technical means, process discipline of quality and timely execution of works.

Another scientist classifies the factors of enterprise resource potential forming into objective and subjective, as well as permanent and temporary, and the objective factors influenced by historical, genetic and external situational preconditions, according to the researcher, include: natural resources; inputs; financial resources; workforce; economic and geographical position of the region; natural conditions; market conditions; region infrastructure development. Subjective factors are purposeful activity of various structures, economic entities, public organizations, state and municipal authorities. According to the author, permanent factors are those including scientific and technical progress, the territorial concentration of capital, government regulation; the temporary ones are those working sporadically. i.e. social or other conflicts, natural disasters, emergency situations and so on (Zhuk, 2009, p.p. 99, 101).

We assent to Galtsova (2009), that among other factors of agricultural enterprise resource potential forming, special place for institutions, namely the functional interaction of institutions of industrial infrastructure of agribusiness with agricultural producers.

As for specific characteristics of resources, described Vyshnevskaya's papers (2011, p. 22), it should be noted that the scholar links each of them with external and internal factors affecting the efficiency of any system operation. Thus, integrity, complexity, order sequence, elements interdependence and interchangeability as well as their relationships and interaction, according to the author, make the basis for ensuring internal factors of the system, while the ability of enterprises to perceive the elements of scientific progress, flexibility and capacity – for external ones.

#### **4. RESULTS AND DISCUSSION**

Following the idea of the majority of scientists, we believe that two groups of factors affect the of agricultural enterprises resource potential forming: external, arising and acting outside the company and are beyond the sphere of direct influence of the latter, and internal, which, on the contrary, arise within the company and depend fully on the mechanisms of its activity. The external factors include: climatic conditions, legal regulation of the national and regional economy, agricultural and food policy, the degree of state regulation of the economy in general and agriculture in particular, socio-

economic conditions of labor resources reproduction, the development of specific resources markets, parity of prices for farm products and industrial goods, the level of state support for agriculture and its effectiveness, technological progress pace, investment processes activity etc. Among the domestic factors, company specialization direction, the level of production concentration and cooperation, its integration and intensification, the degree of enterprise resources provision and their balance, advanced technologies, plants and animals genetic potential, management efficiency, financial position of the company deserve special attention (Shkuratov, 2012, p. 128).

In the course of resource capacity use restoration of all elements is essential to ensure its effectiveness. Reproduction in agriculture is a constant repetition and continuous resumption of agricultural production process. There are two types of the reproduction: simple and extended. In the process simple reproduction restoration of material goods production is carried in previous amounts while production amounts in extended reproduction increase continuously. Thus, we can note that agricultural enterprises resource potential reproduction is a constant and continuous recovery of its all components. The simple reproduction of resource potential is characterized by the restoration of its elements in a constant scale in terms of quantity and quality while the expanded one - in a magnifying scale (Fathutdinov, 2000, p. 75).

The issue of natural biological potential reproduction process, namely its ingredients like land resources and biological assets, is rather topical nowadays. According to Borysova (2010, p. 87), the main prerequisites for the development of conceptual bases of AIC natural biological potential reproduction are: total public awareness that the future of Ukraine is closely connected with its environmental safety priority, that environmental imperatives in the economy restructuring, the greening of agriculture technologies, land and groundwater protection, etc.

Agricultural production development requires the working out a qualitatively new approach to organization of agricultural nature management. This approach should be based on harmonization of production relations, society and nature, on implementation of sustainable nature management, on orientation towards the strategy of environmentally sustainable development. For Ukraine, the priorities of this approach is further agricultural production ecologization (Zbarskii, 2009, p. 178; Stelmashchuk, 2010, p. 178).

According to Klocar (2011, p. 262), agricultural sector transfer to the model of sustainable and ecologically safe operation is possible at the expense of introducing environmentally sustainable, nature-, resource- and energy-efficient farming systems with scientifically grounded and ecologically balanced structures of agricultural landscapes, crops farmlands; as well as of adaptive ecologically safe technologies of agricultural land cultivation, The latter enables to increase its fertility, to prevent nature depletion and degradation, especially of land and water resources, soil erosion, nature and energy saving irrigation and drainage systems and low water-retaining irrigation methods considering macro- and micro-conditions for agricultural regions, bioecological parameters of crops growing; integrated environmentally reasonable mechanization and automation of production processes, use of ecologically safe technologies, low-power equipment, agricultural machines of new generation, designed to meet the requirements of resource- and environmental security as well as global technical and environmental standards.

Equally important part of agricultural enterprises resource potential reproduction process is updating its fixed and working capital. In a market economy material and technical resources initial forming, their operation and extended reproduction is carried out at the expense of financial resources which are formed by means of own, borrowed and debt capital (Bulda, 2011, p. 100). The main source of fixed and working capital reproduction is company profit and depreciation costs. Equally important are investments. However, as Bachevskii noted, due to previous losses in sectoral capital caused by wear and tear and deterioration, rising prices for basic tools and prices disparity, the actual amount of investment is not enough for its full reproduction (2011, p. 23). There is also lack of own financial resources due to prices for industrial and agricultural products disparity. Depreciation system is defective as: firstly, the size of depreciation does not meet the costs of capital, and, secondly, the depreciation fund money is used for other purposes. Today depreciation costs makes it difficult to reproduce the existing fixed assets in 14 years, and it takes 92 years to form capital in accordance with the full requirements of 2017 (Vyshnevska, 2011, p. 51).

A special place in providing productive and efficient use of agricultural enterprise resource potential is ranked by human resources development and reproduction process. According to Zelenska, two components affect directly the



efficiency of agricultural sector labor reproduction, namely internal (measures aimed at employees' labor motivation improvement) and external (overall policy of general improving the quality of farmers' working life) (2011, p. 219).

## 5. CONCLUSIONS

The main prerequisites for development of agricultural enterprise resource potential reproduction conceptual base, in our opinion, are in company's authorities' full awareness that the results of future activity are closely related to timely reproduction of fixed resources. To ensure the effective reproduction of resource potential agricultural enterprises should form a special fund at the expenses of budget allocations, grants and subsidies, investment etc. which allows to update the land resources, re-equip and upgraded fixed assets, to apply new efficient technologies in crop and livestock production as well as to encourage workforce.

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