

FINANCIAL MECHANISM IN THE SYSTEM OF ECONOMIC VECTORS OF DEVELOPMENT OF HOTEL AND RESTAURANT AND AGRICULTURAL ENTERPRISES

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Abstract. The *purpose* of the work is to study the aspects of the financial mechanism of the hotel-restaurant and agricultural sectors of the economy that interact in the market for the provision of services and sales of products, the definition of its constituent elements, the justification of the proposal to improve the financial instruments of state influence on solving the problems of development of the hotel-restaurant sector and the agricultural sector in the conditions of the emergence of new risks and threats, as well as the need for Ukraine's integration into the global economic space. *Results.* Thus, it can be argued that the increase in the production of crop products contributes to the increase in the export potential of agriculture. Thanks to the introduction of a preferential regime for rural and urban products. At present, support for the main branches of production (agriculture, food industry) will provide an opportunity to ensure domestic demand and satisfy external demand. Ukraine has joined the countries of the world, which are committed to ensuring sustainable development in accordance with the global SDGs. In 2019, the directions of the country's economic audit and vectors of economic development until 2030 were developed in Ukraine. This document defines 30 development tasks and 170 basic indicators for achieving economic development, taking into account the specifics of the country. An important element in ensuring Ukraine's sustainable development is the financial component. This can be achieved by improving the functioning of certain sectors of the Ukrainian economy. The strategic importance of agricultural development is highlighted, and the interdependence of GDP growth and agricultural exports is calculated. The financial mechanism is influenced by world financial processes and globalisation, therefore it is expedient to adapt the leading experience of foreign countries. International practice shows that the reform of the financial mechanism of agricultural enterprises is carried out mainly at the expense of strengthening the direct and indirect levers of state influence. Government influence is exercised through price regulation of agricultural products and farm incomes, budgetary financing of agricultural activities, provision of affordable credit, transparent and comprehensible taxation, regulation of exports and imports of agricultural products, support for scientific and technical progress, social support for farmers, etc. The success of agriculture in the leading countries of Western Europe, the USA, Canada, China and Japan is due to the fact that the self-regulating mechanisms of the market have been limited by external levers. This is government support for agriculture through subsidies, prices, quotas, credit and tax policies, etc. *Methodology.* The article develops methods of financial risk management, which include identification, analysis and development of methods of neutralisation of financial risks of a company. *Value/originality.* The proposed model can be used to guide further GDP growth with the help of other factors. It is necessary to take into account other factors contributing to GDP growth. In general, each country chooses the optimal balance between different instruments for regulating agricultural enterprises, depending on the national characteristics of the development of the agricultural sector and the priority objectives of the agri-food policy. Prospects for further research are related to the development of optimal sources of financial support for agrarian entrepreneurship in Ukraine. Thus, summarising all the above, it can be noted that decision-making is one of the main issues in management, and in the current conditions of unpredictable challenges and changes, every manager faces the need to be creative in solving the tasks. That is why it is necessary for the management

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of hotel and restaurant facilities in this time of challenges and new business conditions to make certain adjustments to the management decision-making process, applying the considered managerial and organisational features. Since efficiency and consistency in making management decisions is one of the indicators of effective management of any organisation.

Key words: financial mechanism, system of economic vectors, hotel and restaurant enterprises, agricultural enterprises, Ukraine.

JEL Classification: L83, Q10

1. Introduction

The relevance of the topic lies in the fact that in the current conditions of financial instability caused by the global financial crisis, financial work in the state should reach a qualitatively new level, based on the goal of the organisation's survival in the face of fierce competition and limited credit resources. In this respect, the specifics of the financial and economic activities of an organisation determine the peculiarities of financial management.

In modern conditions the forms of financial relations are undergoing serious changes. The formation of the financial mechanism for the development of the economy of Ukraine led to the denationalisation of the economy, privatisation of enterprises, their demonopolization, as well as to the creation of a free economic sector in, the development of competition, liberalisation of prices and foreign economic relations of enterprises, to the financial recovery of the national economy, to the creation of an adequate system of financial relations.

The management of the financial mechanism in the state is carried out by higher management bodies, which determine the financial strategy of the state, approve financial plans and report on their implementation. Financial flows are directly managed by the state leadership and specially created financial services, which develop draft financial plans, make decisions on the allocation of financial resources to various types of assets, and interact with financial and credit organisations.

This study has a multifaceted focus, especially after the Russia's invasion: it is necessary to rebuild the activities of Ukraine's hotel, restaurant and agricultural enterprises operating in the war, find new ways to sell products and ensure the sustainable functioning of the Ukrainian economy. It is difficult to overestimate the importance of Ukraine for global food security. Ukraine is an important exporter of grain crops, namely wheat, corn and barley, and the largest exporter of sunflower oil in the world. Some countries are more dependent on Ukraine than others: wheat imports from Ukraine are crucial for some Middle Eastern countries, such as Egypt; Ukraine accounts for 44% of China's total wheat flour imports, 55% of corn, and 59% of sunflower oil. The war in Ukraine has fundamentally changed both

society and the economy. And while society felt these changes from the first minutes of Russia's invasion of Ukraine, the economy felt them a little later, with a certain time lag. Depending on the sector and region, the impact of the war on the hotel and restaurant business ranged from zero (e.g., fast food in Chernivtsi or Ivano-Frankivsk) to absolutely devastating (e.g., the destruction of the Hotel Ukraine in Chernihiv), with businesses ceasing to exist.

The purpose of the work is to study the aspects of the financial mechanism of the hotel-restaurant and agricultural sectors of the economy that interact on the market for the provision of services and sales of products, the definition of its constituent elements, the justification of the proposal to improve the financial instruments of state influence on solving the problems of development of the hotel-restaurant sector and the agricultural sector in the conditions of the emergence of new risks and threats, as well as the need for Ukraine's integration into the global economic space.

2. The Impact of the Economic Crisis on Consumer Behaviour

According to S. P. Zakharchenko, financial policy is manifested in legislation (determines the content of laws); laws, in turn, outline the construction of the financial mechanism; therefore, the design of the financial mechanism is determined by the content of financial policy. In the role of a concept related to the financial and legal mechanism, the financial activity of state and municipal entities appears, which is always regulated by the rules of law and is a type of purposeful activity of public legal entities and their authorised bodies, officials regarding the creation, distribution and use of monetary funds. Thus, E. D. Sokolova proposes to understand the financial activity of the state as "a special type of state activity, which is expressed in the implementation of organisational, legal and actual actions by state bodies of all three branches of government aimed at creating, distributing and using monetary funds, both centralised and decentralised, necessary in market conditions for the financial support of society and the state".

In the theory of financial law, the financial activity of the state is considered to be the organisational

activity of a powerful entity (competent state bodies and local authorities) in relation to the formation, distribution and use of centralised and decentralised monetary funds ensuring its uninterrupted functioning at one or another stage of historical development, the process of planned formation, distribution and use of financial resources by the state and local authorities through their monetary funds for the fulfilment of assigned tasks, the planned process of mobilisation of monetary funds, creation of funds and spending of monetary funds for the effective fulfilment of the state's tasks and functions. Paul Marie Godme notes that public finances are in constant flux and examines "...the levers that set them in motion", pointing to the important role of the Ministry of Economy and Finance in "managing public funds".

Thus, financial activity is primarily an activity related to the functioning of state finances, which is carried out by specially authorised bodies. In the process of financial activity by these bodies, financial relations are created (changed and terminated). Effective functioning of each component of the financial system is possible under the condition of clear legal regulation of their interaction. At the same time, the movement of funds should be coordinated through financial management. "Financial management as a complex system is extremely difficult," notes Professor D. A. Bekerska, "it requires a high level of qualification from the performer. Without the appropriate knowledge and skills, it is impossible to achieve a qualitative level in the management of financial activities, and through it – socio-economic development in the country." The objectives of public administration of the financial system include, in particular: ensuring the stability of the financial system; ensuring adequate growth of public revenues; ensuring the efficient use of public funds; mobilising the financial system to address economic and political challenges facing the state; and organising money transfers between countries.

Financial activity is a management activity of a coordinating nature, in the course of which, depending on the circumstances, an appropriate ratio of expenditure to revenue of budgets of different levels is established through budget regulation, and this activity extends to the issuance, tax, currency and other areas of financial activity of the state. In a market economy, a fundamental element of the financial management system is financial policy, which expresses the principles of relations regarding the protection and realisation of financial (monetary) interests of some entities in contrast to similar interests of others.

Thus, A. T. Kovalchuk notes that the direct connection of the method of legal regulation of

financial relations with the main directions of monetary, currency, budgetary and other areas of financial policy is also a distinctive feature of the nature and content of the methods of financial and legal regulation. The approach of S. P. Zakharchenko, who advocates a proposal to use a mechanism based on a combination of budgetary and credit methods.

In Ukraine, this is called "financial support through the mechanism of cheaper loans". This proposal of the scientist deserves special attention, since it can become a truly effective method for its use in the field of business entities' activities, while the function of the State's guarantor and the credit institution's profit will be realised. In this case, the interests of the state, the credit institution and the business entity will be realised. Under this condition, the interest rate may be set at a preferential rate or zero. As for other methods of securing the financial mechanism, the author defines them as financial instruments and as elements of the financial mechanism, which are used to transfer value (in monetary terms) between subjects of the financial system on the basis of one or another financial method. An important point in the implementation of the mechanisms is that everything should be built in such a way that the mechanisms do not interfere with each other, but, on the contrary, complement each other and contribute to the achievement of the set goal.

3. Differences in Consumer Behaviour between Age Groups

To achieve these goals, the work involves solving the following tasks:

- To consider the theoretical and legal framework for the functioning of the financial mechanism of economic development;
- to analyse the operation of the financial mechanism of economic development;
- to formulate ways to improve the development of the financial mechanism of hotel, restaurant and agricultural enterprises in the structure of the Ukrainian economy.

This will contribute to solving the problems of developing the financial mechanism of hotel and restaurant businesses, agricultural enterprises and the economy of the country. A widespread problem today is soil contamination by unexploded ordnance, improvised explosive devices and spilled fuel. But the biggest problem is undoubtedly landmines. According to the latest estimates, about 13 per cent of Ukraine's territory is mined by the Russians. The Russian military uses "Zemledeliye" remote mine-laying systems, which are designed to quickly plant mines over large areas and pose a great danger to farmers and their equipment. This is a global food security issue, as the regions affected by the Russia's

invasion need to be supplied with food. Therefore, it is important to develop a new system of functioning of the financial mechanism of agricultural enterprises and the economy as a whole. At the same time, there are threats to information security, such as direct cyber-attacks and information security. They can be roughly divided into two groups: changes in the external business environment; changes in the internal environment of the business entity.

As for the external environment, it can be said that it has become a source of danger for a business entity in the physical sense, when the entire territory of Ukraine is under the potential threat of missile, bomb, artillery, jet, etc. attacks, and some regions are under the threat of hostile land invasion. Hostile propaganda, discrediting of partners (especially foreign ones, for example, aggregator sites for booking hotel services of Russian origin), confusion and irritation of customers, radical decrease or, on the contrary, increase in their number as a result of internal migration from war zones and dangerous areas.

In times of war, hotel and restaurant companies cannot exist separately from agricultural enterprises and how they receive raw materials from them to produce their products.

4. Research Methodology

Analytical studies of the hotel services market show that despite the losses suffered by Ukraine's tourism industry due to the war, in the first six months of 2022, the amount of tourist tax amounted to 89,4 million UAH, which is almost 28.8% more than in the same period in 2021, when the budget received 69,4 million UAH. A significant decrease in tourist tax was recorded in the areas where hostilities were or are ongoing, as well as in the occupied territories. The amount of tourist tax decreased by 63% in Mykolaiv Oblast, 60% in Luhansk Oblast, 48% in Sumy Oblast, 46% in Kherson Oblast, and 41% in Zaporizhzhia Oblast. The State Agency for Tourism Development estimates that due to Russia's full-scale invasion, state budget revenues from the tourism industry have fallen by almost 26%. Nevertheless,

hotels and resorts paid the most taxes in the first half of the year – almost 461 million UAH. Revenues from the operation of boarding houses and dormitories used as shelters for IDPs increased by 39%. The share of the tax paid by campsites, tent cities and children's health camps decreased by 59%. Kyiv and 4 regions are among the top 5 leaders in terms of tourist tax payments. The capital has replenished its budget by more than 20 million UAH. The largest increase compared to the same period in 2021 was recorded in the Lviv region – 193%. The budgets of the communities in this region received 19,7 million UAH. In Ivano-Frankivsk Oblast, the amount of tourist tax increased by 76.4% to 9.4 million UAH. The Zakarpattia Oblast earned 8,872,000 UAH of revenue from tourism, which is 144% more than in the same period.

In November 2020, the Cabinet of Ministers of Ukraine defined the directions of the country's Economic Audit and the Vectors of Economic Development until 2030, identifying 30 priority vectors among them. It is noted that this strategy will become a roadmap and a clear benchmark for qualitative changes. Based on this document, priority steps were identified to achieve the following goals: attracting foreign investment, stimulating domestic investment and improving the efficiency of public capital investments; increasing the efficiency of public finances; stimulating exports of goods and services; and increasing the purchasing power of the population by stimulating economic development and improving welfare. Strategic indicators were also identified to ensure the recovery and further growth of Ukraine's economy.

In order to achieve the above vectors and indicators of development, it is necessary to use an appropriate financial mechanism that will ensure the application of progressive methods of economic manoeuvring of financial resources in the face of changes in the external environment. A generalised indicator of the effectiveness of the financial mechanism at the macro level is the GDP growth rate.

Nominal GDP is the GDP calculated at the prices of a given year. Nominal GDP is affected by the

Table 1

Options for strategic indicators according to think tanks

Indicator	2019	Previous target (2030)	Current level of countries in the region (2019)	
			Poland	Turkey
Nominal GDP per capita, USD	3659	7300-11200	15595	9042
Labour productivity, USD per employee	8286	From 18,400 to 26,000	41675	44153
Foreign direct investment, billion USD	5.8	From 15 to 23	14.4	9
Exports of goods and services, billion USD	67	From 120 to 160	324	236
Public finances (expenditures from the budget and extra-budgetary funds), billion USD	53	From 90 to 140	176	249

Source: generated by the authors

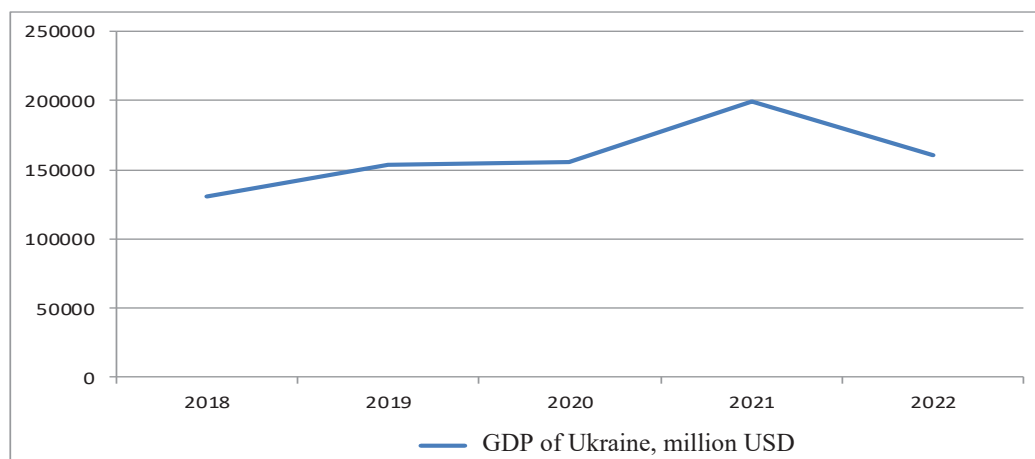


Figure 1. Nominal GDP of Ukraine, million USD

Source: compiled by the authors on the basis of data from the State Statistics Service of Ukraine

following factors: 1) changes in real output; 2) changes in the price level.

In 2018–2021, the nominal GDP of Ukraine had an annual growth trend. However, such dynamics indicated a slight growth of the economy of Ukraine as a whole. Nevertheless, in 2022, the nominal GDP decreased by 19.5%, with an error of 2%, which is a better indicator than the previous forecast. This is the worst result since independence, but better than most experts expected at the start of the full-scale invasion, when estimates ranged from a 40-50% fall in GDP and more. World practice shows that without the active involvement of foreign direct investment it is impossible to carry out a structural restructuring of the economy to ensure the competitiveness of domestic products on the world market. This means that foreign direct investment is one of the factors ensuring positive macroeconomic changes.

According to the data of the State Statistics Service of Ukraine, the indicator of direct investment in the manufacturing sector showed an upward trend until 2020. However, the political crisis and military actions led to an uneven inflow of foreign capital as a factor in the development of the industrial sector of the

economy. In 2021, the volume of direct foreign investments in the economy of Ukraine for all types of economic activity amounted to 6,687 billion USD, which characterises a significant improvement in this direction. The increase in the volume of investments contributed to the expansion of the sphere of production and the development of the labour market of Ukraine. That is why it is necessary to attract foreign investors, create the most favourable conditions for the injection of foreign capital and its use in the country's economic cycle. However, it is not only the lack of foreign investment that is an obstacle to increasing the labour productivity indicator in Ukraine. The demand for goods of foreign origin is growing and their number on the Ukrainian market is increasing. The relationship between exports and imports of goods can be seen from the graph in Figure 3. The excess of imports over exports of goods was observed almost throughout the analysed period. The foreign trade balance fluctuated from -8.6% in 2018 to -1.1% in 2020–2021. Reducing the burden of foreign goods on the domestic market promotes the development of national production, stabilises the prices of Ukrainian goods.

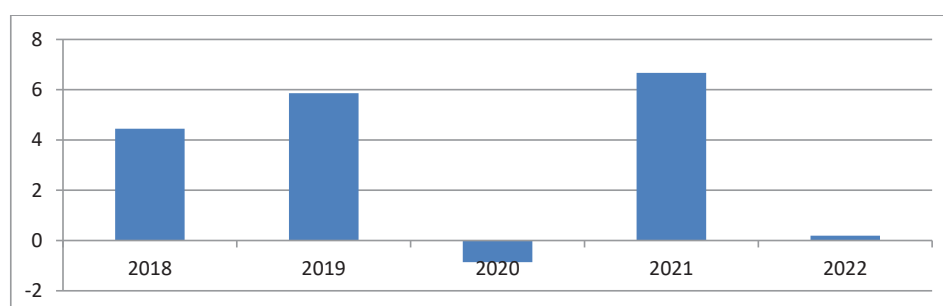


Figure 2. Dynamics of foreign direct investment in Ukraine, billion USD

Source: compiled by the authors on the basis of data from the State Statistics Service of Ukraine

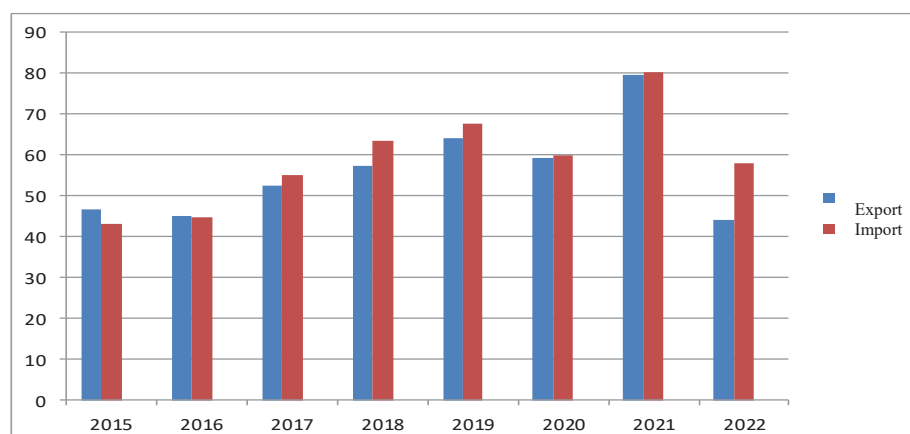


Figure 3. Dynamics of volumes of exports and imports of goods and services, billion USD

Source: compiled by the authors based on the data of the State Statistics Service of Ukraine

According to the results of 2022, the export of goods from Ukraine decreased by 35% in terms of money and by 38.4% in terms of mass. Under normal conditions, such indicators might seem catastrophic, but in the conditions of war it is a feat. Ukraine's main exports in 2022 were corn – 5.94 billion USD; sunflower oil – 5.46 billion USD; iron ore – 2.9 billion USD; wheat – 2.6 billion USD; rapeseed – 1.54 billion USD; sunflower seeds – 1.26 billion USD; soybeans – 862 million USD; poultry meat – 852 million USD. The European Union accounted for 63% of exports, with Turkey and China becoming the largest export markets outside the EU. The programme document highlights the agricultural sector as one of the priority vectors of economic development, as Ukraine is one of the global centres of food security, a world leader in the supply of high value-added food products and technology-intensive services for the agricultural sector. Over the past five years, the agricultural sector of Ukraine's economy has maintained a growth trend, which is the main source of foreign exchange earnings for Ukraine and a key factor in maintaining the trade balance. The impact of the agricultural sector on the economy as a whole:

- Ukraine's agricultural sector has the potential to raise up to 10 billion USD over the next 10 years after the land market is fully opened, and to increase GDP growth by 0.9-2% annually;
- according to Latifundists, creating conditions for increased processing of Ukrainian products and more active implementation of digital technologies in the agricultural sector can increase labour productivity per employee by 6 times;
- implementing the irrigation and irrigation strategy could increase the irrigated area by 1.2 million hectares and attract additional investments of 4 billion USD. The strategy will help to adapt agriculture to climate change.

It should be noted that in recent years, agriculture has accounted for 9% of GDP, 18% of employment and 6% of tax revenues. The importance of agriculture in Ukraine's economy has been growing over the past 15 years. The largest changes in the share of the agricultural sector in GDP/exports are observed during economic crises, which indicates the relative resilience of the sector to crisis phenomena: in an economic downturn, the agricultural sector falls much less than other sectors of the economy. Agricultural and food products occupy leading positions in the global market.

In 2021, agricultural production accounted for the largest percentage of GDP among all sectors of the economy – 10%. Agricultural products account for 41% of Ukraine's total exports. Gross production of cereals and pulses remained almost unchanged in 2018–2020. The share of these crops is the highest, accounting for 61% of total crop production. The largest grain harvest was in 2021. This period also saw a gradual increase in sunflower production, as this product is export-oriented. Sugar beet production is gradually decreasing: in the period from 2018 to 2022, it decreased by 4,526.3 thousand tonnes. The significant reduction in sugar beet production is due to its unprofitability. The cultivation of soybeans, rapeseed, potatoes and vegetables did not change significantly during the years under study, with small fluctuations in production volumes primarily due to the yield of these crops. The production of fruit and berry crops in 2018–2021 decreased by 336.2 thousand tonnes due to low yields caused by natural and climatic conditions.

According to the Ministry of Agrarian Policy, in 2022, Ukraine harvested more than 67 million tonnes of grain, which is among the top five best figures in 30 years. Despite the military situation, Ukraine has remained one of the world's guarantors of food security.

The state of the livestock industry in Ukraine is primarily related to the level of profitability of livestock products, primarily cattle and pigs. While in 1990 the profitability of livestock farming was 20.6%, over the past five years it has been unprofitable, although production volumes have remained at 475 thousand tonnes. An analysis of theoretical and practical works on livestock development in Ukraine reveals the following main reasons for the reduction in livestock numbers: high costs of raising cattle, low purchase prices, and a long payback period. It should also be noted that beef is in less demand than chicken and pork, due to the lack of consumption traditions and high prices. Pig breeding is a traditional livestock industry in Ukraine. It has a significant impact on the nature of the reproductive process in livestock. It should be noted that in recent years, the pig industry has been rapidly losing livestock, but it has been recovering at an equally rapid pace. Overall, the pig industry is developing at a fairly stable pace, with production volumes increasing by 5.6 thousand tonnes. The gradual decline in beef production and the unstable situation in pork production have led to a significant increase in demand for poultry meat. Poultry production is growing year on year, with exports of this type of product increasing and its geography expanding. During the reporting period, production volumes increased by 55.2 thousand tonnes. All other types of livestock products demonstrate stable production during the study period, and their share in total production is insignificant. However, in 2022, all production indicators decreased significantly due to the military invasion.

Increased production volumes and stable demand affect the key financial indicators of agricultural production. Analysing the level of profitability of

agricultural products, it should be noted that in recent years 83.2% (2020) – 86.8% (2018) of agricultural enterprises have been profitable. This indicates the profitability of certain areas of agricultural production. Thus, agricultural production in Ukraine is one of the vectors of development that has potential opportunities. Therefore, it is necessary to look for ways to increase the cultivation of high value-added crops; to continue the value chain, which will ensure greater profitability of agricultural production. This paper uses economic and statistical modelling techniques for Ukrainian enterprises to determine the impact of agricultural production and exports on nominal GDP.

In accordance with the task, the resulting indicator will be (y) – nominal GDP of Ukraine, billion USD; factor attribute: x_1 – production of major crops, thousand tonnes; x_2 – total exports of plant products, billion USD.

The parameters of the multiple regression equation are calculated using the least squares method by solving a system of equations:

$$800.465 = 5a_0 + 50661.4a_1 + 113.92a_2$$

$$8170460 = 50661a_0 + 494221861a_1 + 1140317a_2$$

$$17559 = 113.92a_0 + 1140317a_1 + 2384a_2$$

Divide each equation by the coefficient at a_0 :

$$160 = a_0 + 10132 a_1 + 22.78 a_2$$

$$161 = a_0 + 9755 a_1 + 22.5 a_2$$

$$154 = a_0 + 10009 a_1 + 20.9 a_2$$

Subtract the first and third equations from the second equation:

$$1 = -377 \text{ and } a_1 - 0.28 \text{ and } a_2$$

$$7 = -254 \text{ and } a_1 + 1.6 \text{ and } a_2$$

Divide the resulting equations:

$$0.002 = a_1 - 0.0007 a_2$$

Table 2

Initial and calculated data for multiple correlation

Year	Production of major crops, thousand tonnes x_1	Total exports of agricultural crops, billion USD x_2	GDP of Ukraine, billion USD y	x_1^2	x_2^2	$x_1 x_2$
2018	10540.06	18.61	130,832	111091600	346	189720
2019	10758.08	22.14	153,781	115736285	490	236676
2020	9254.86	22.17	155,582	57887853	491	203588
2021	11968.87	27.7	199,77	143253849	515	323136
2022	8139.55	23.3	160,500	66252274	542	187197
Total	50661.4	113.92	800,465	494221861	2384	1140317

$y x_1$	$y x_2$	y^2
1378949	2434	17108
1654365	3404	23648
1439737	3449	24205
2391021	5533	39908
1306397	2739	25760
8170469	17559	130629

$$0.027 = a_1 + 0.006 a_2$$

Hence $a_2 = 4.71$; and $a_1 = 0.0349$; and $a_0 = 30.89$.

The multiple regression equation describing the dependence of GDP on total crop production and exports will be as follows:

$$y_{x_1, x_2} = 30.89 + 0.0349 x_1 + 4.71 x_2$$

The estimated regression coefficients show the percentage change in GDP when the respective factor changes by one unit, provided that the second factor included in the equation is at the average level.

The coefficients a_1 , a_2 indicate the average efficiency of factors x_1 , x_2 , as they reflect the average increase in output per unit of factor. For example, the coefficient a_1 shows that, given average production volumes, an increase in production by 1 thousand tonnes contributes to an increase in GDP by 0.0349 thousand USD. The coefficient a_2 means that under the same conditions, an increase in total agricultural exports by 1 billion USD will increase GDP by 4.71 million USD, all other factors held constant.

Thus, it can be argued that the increase in crop production contributes to the growth of the export potential of agriculture. Thanks to the introduction of a preferential regime for agricultural products, Ukraine was able to stabilise the ratio of revenues to GDP, reaching the same level as in 2020. Currently, support for the main production sectors (agriculture, food industry) will help to ensure domestic demand and meet external demand.

Ukraine has joined the countries of the world that have committed themselves to sustainable development in line with the global SDGs. In 2019, Ukraine developed the directions of the Economic Audit of the country and the Vectors of Economic Development until 2030. This document defines 30 development objectives and 170 basic indicators for achieving economic development, taking into account the specifics of the country.

An important element in ensuring Ukraine's sustainable development is the financial component. Increasing GDP in Ukraine is a priority task of economic development vectors. This is possible by improving the functioning of certain sectors of the national economy of Ukraine. The strategic importance of agricultural development is highlighted, and the interdependence between GDP growth and the export of agricultural products is calculated. On financial mechanism affect the world financial processes and globalisation, therefore, it is appropriate to adapt leading experience abroad International practice shows that what reform financial mechanism of agricultural enterprises is mainly due to strengthening direct and indirect levers state influence. State influence is carried out through price regulation on products agricultural manufacturers and farmers' income, budgetary

financing activity farmers, software available credit, transparent and understandable taxation, export regulation and import agricultural products, support of scientific and technical progress, social support of farmers, etc. The success of the rural economies of the leading countries of Western Europe, the United States, Canada, China, and Japan is due to the restriction of market mechanisms of self-regulation with the use of external levers. This includes government support for agriculture through subsidies, prices, quotas, credit and tax policies, etc.

In addition, regardless of the level of development of the country's economy, it is state regulation that determines the state and level of development of agricultural financing, as it requires significant state involvement in its activities due to its production characteristics. Today, there are two most effective approaches to state regulation in the world: North American and European.

Agriculture in the United States is a leading and important sector of the country's economy. It enjoys constant government support and regulation in all areas of its operations. Agricultural legislation in the US is flexible, allowing it to cover all aspects of agriculture. The first basic mechanisms of state financial regulation were laid down in the legislation of 1933 and 1938. Franklin D. Roosevelt's New Deal legislation, which laid out the foundations for targeted support for the agricultural sector, is considered the primary source of state regulation of the US economy. Every five years, programmes to support the development of the rural economy are reviewed as part of the legislative package "On Agriculture". In 1937, the Law on Agricultural Marketing Agreements was adopted and price support for farm products was introduced. Later, agricultural laws were signed to stimulate demand for farm products.

These acts introduced food stamp programmes and free breakfast in schools. In the 1970s, the agricultural acts included precautionary measures aimed at developing markets in other countries, making products available on the US domestic markets, and encouraging the export of agricultural products.

In the USA, in the 80s of the 20th century, the signed agrarian laws provided for active support for farms. These acts stated that farmers were entitled to support for their activities in the form of various collateralised loans, compensation payments, etc. These acts also provided for control over crop areas, and farmers received payments in the event of a natural disaster. Thus, so-called farm reserves are created, export subsidies are paid, and active price control and support is provided in case of an embargo on the export of American agricultural products.

Starting in the 1990s, agricultural laws were signed to make farmers more responsive to market signals,

but significant state support remained. According to US agricultural statistics, direct government payments in net farm income accounted for 45.1% in 1999 and 46.8% in 2000. In the 2000s, government programmes for farms in the United States were implemented in accordance with the provisions of the Farm Security and Rural Investment Act. In 2013, the level of state support to farmers decreased to 7.3%. This was due to changes in the government's agricultural policy, the impact of WTO policies, competition from other countries and favourable price dynamics in the agricultural market.

The Agricultural Act came into force in February 2014 and expired at the end of 2018. Sections of this Act are aimed at regulating relations between the state and producers and consumers of agricultural and food products in the areas of agricultural production, crop insurance, land conservation, lending, rural development, research and advisory activities. It was planned to spend 489 billion USD to implement all the necessary measures under the Agricultural Act. Of this amount, 80% is allocated for food programmes, 8% for agricultural risk insurance, 5% for various commodity programmes, and the remaining 7% for other programmes.

Today, one of the main areas of agricultural regulation in the United States is the regulation of agricultural prices. For several decades, two types of "support prices" have been officially in place in the United States:

1) Target (guaranteed) prices define the lower level of farm income. This type of price does not function in the market, but is used in the calculations of the price and income regulation apparatus to determine the compensatory price premium. The use of target prices allows the state to define the minimum level of income in agriculture and further determine the sources of financing farm incomes. Thus, if realised prices are higher than the target price, farmers receive income exclusively at the expense of consumers. If market prices fall below the target level, the mechanism of direct support for farmers' incomes through market price supplements in the form of direct government payments is activated.

2) Prices for collateral. Under the collateral price, a farmer gives his produce to the Commodity Credit Corporation if prices are set below world market prices. The emergence of the collateral price was facilitated by high prices in the US domestic market, which prevented exports. At the same time, the target price, which determined the level of farmers' income, failed to keep the market price from falling.

In the European Union, only 25% of farms have their own funds to finance their activities, 35% partially use credit, and 40% of farmers are completely dependent on borrowed funds. Therefore, the problem of lending to farmers is relevant for European countries.

Many countries are developing and implementing special government programmes for lending to the agricultural sector. The purpose of these programmes is to facilitate the implementation of national and international projects for both economic and social development of agriculture.

In Germany, both individual entrepreneurs and family businesses, organisations, and cooperatives, regardless of their legal form of ownership, can receive financial support from the state. Government support is provided to them in the form of subsidies, various bonuses, grants, and allowances from consolidated funds from the EU budget, as well as directly from the budget of Saxony-Anhalt. Co-operative banks play a very important role in the lending system for German agricultural producers. They first started operating as savings banks for rural cooperatives, and the country also has an investment promotion programme. Under this programme, it is possible to obtain a preferential government loan: 1% per annum with a 3.5% interest rate for the construction of houses and other buildings in rural areas. In Germany, funds are the leading lenders and managers of funds to the agricultural sector: the National Association of German Cooperative Banks and Raiffeisenbanks, which includes more than 1,470 credit unions, mainly comprising farmers and other entrepreneurs operating in rural areas; the German savings bank system; the Agricultural Rent Bank in Frankfurt; the German Mortgage Bank in Bonn; the Recovery Credit Institute in Frankfurt; and private mortgage banks. German farmers who participate in the Investment Incentive Programme or the General Agricultural Credit Programme are granted preferential lending in the form of 1% per annum or by reducing the interest on existing loans by 4-7%. The current high level of agricultural development in Sweden is largely due to the effective operation of cooperative organisations with extensive experience. All farms in the country are covered by co-operatives. The first cooperatives specialised in milk processing and pig slaughter. Later, cooperatives that supplied inputs, provided production and technical services, and credit cooperatives appeared. The current structure of agricultural cooperatives in Sweden includes the following types of associations: production, supply, marketing, agricultural processing, procurement and marketing, credit, and others. In practice, many associations perform a full range of vertically coordinated technological functions that ensure the production and sale of a particular type of finished product. Vertical cooperatives collect, process and sell products manufactured by their members. This is the most developed area of cooperative activity. In recent years, the role of credit cooperatives in the Swedish cooperative

movement has increased. Credit cooperatives provide loans to agricultural producers. Cooperatives carry out extensive advisory activities and actively promote the introduction of the latest scientific achievements.

The UK is characterised by a low level of government regulation of agriculture. There is no specialised agricultural lending system in this country, and farms are supported by government subsidies. And in recent years, the agricultural sector of the economy has been viewed by the state as self-sufficient to reproduce and function on a market basis without any external interference. The UK is characterised by a high level of division of labour between different financial institutions, a wide network and a large variety of financial and banking institutions. Various government subsidies from the country and the EU are channelled through commercial banks, making credit in many cases concessional. Lloyd Bank, Midland Bank, Barclay Bank and others have the largest agricultural lending operations. The financing of investments in agriculture is mainly carried out under the so-called permanent loan – the banker and the entrepreneur annually negotiate the interest rate, loan amount, and type of debt depending on the economic situation of the farm. Crediting to agriculture is mainly provided by cooperative banks. The central role in the agricultural system credit in of Lending to agriculture is carried out mainly by cooperative banks. Credit Agricool plays a central role in the French agricultural lending system. Over the past decade, however, other financial institutions have joined the concessional lending system. The mechanism of concessional lending in the rural economy of Western countries is based on the principles of bonification, i.e. the state paying the bank the difference between the contractual interest rate and the rate of the concessional loan granted to the farmer. The procedure for calculating bonuses to the basic contractual interest rates introduced as a result of the reform of the preferential lending system.

Therefore, the main element of the financial mechanism in developed economies is state regulation of agricultural prices, namely, setting a minimum threshold level of market prices below which they cannot fall. For this purpose, two main instruments are used: sub-commodity loans and direct government purchases of products. In developed countries, the regulation of agricultural prices and farm profits involves monitoring the dynamics of a number of economic indicators, including: production costs by groups of specialised farms (in the EU) or by product type (in the US); price parity for agricultural inputs and agricultural products; and profitability of farms and industries, as well as of agriculture as a whole.

5. Findings

The practical use of the financial mechanism is carried out by special organisational structures created for financial management. The management process includes a number of functional elements: forecasting, planning, operational management, regulation and control. In financial policy, the financial mechanism is the most dynamic component. Its changes are driven by various tactical objectives, so it is responsive to all the peculiarities of the current social and economic situation. Currently, due to the volatility in the foreign exchange market, rising lending rates, and Western sanctions, businesses are in crisis.

Today, new groups of social relations are emerging (for example, in the area of financial markets) with the participation of the state, in which it acts as a "global" regulatory entity in terms of the principles and economic methods of market influence, but with due regard for the public interest; reforms in the area of tax, customs, currency, and budget policy in Ukraine have been implemented too often in recent decades. At the same time, Ukraine does not use the positive experience of other developed countries in implementing reforms, namely, testing planned reforms in a separate territory (city, region) to ensure the effectiveness of these changes.

It is justified that currently the Ukrainian financial system is facing the most difficult test in its history, and this is the test of strength by war. As global experience shows, even in a war economy, it is possible to survive and win, but to do so, new challenges need to be addressed. Today, the National Bank of Ukraine is in full control of the entire situation in the financial sector and responds to new challenges in a timely manner, which demonstrates the country's resilience.

6. Conclusions

The increase in crop production is helping to boost the export potential of agriculture. Thanks to the introduction of a preferential regime for agricultural products, Ukraine was able to stabilise the ratio of revenues to GDP, reaching the level of GDP as in 2020. At this time, support for the main production sectors (agriculture, food industry) will help to ensure domestic demand and meet external demand.

Ukraine has joined the countries of the world that have committed themselves to sustainable development in line with the global SDGs. In 2019, Ukraine developed the country's Economic Audit and Economic Development Vectors until 2030. This document defines 30 development objectives and 170 basic indicators for achieving economic development, taking into account the specifics of the country.

The system of state support for the formation of the financial mechanism of agrarian entrepreneurship should be aimed at creating conditions for their integration into the system of social agrarian relations, since their market positions are unstable due to limited resource potential. The successful development of agrarian entrepreneurship in the leading countries of the world is due to an integrated approach to its development, which is reflected in the programmes of state support and state regulation. The main forms of state support and regulation of the formation of an effective financial mechanism for agrarian entrepreneurship include price regulation, direct subsidies, financial and credit support, tax regulation and support for cooperation.

The analysis of the state of functioning of hotel and restaurant business enterprises and agricultural enterprises of Ukraine, as well as a survey of entrepreneurs working in them, allowed to identify the main problems of development and management of enterprises. These include the following: extent of development of related infrastructure that could ensure the proper functioning of hospitality facilities (car parks, campsites, roads); the non-transparency and complexity of legal and procedural actions arising from the allocation of land plots and the implementation of infrastructure projects (permits, licences) and the corruption component that still occurs in the implementation of certain investment projects; lack of regional and local hospitality development management bodies; low investor interest and lack of guarantees to protect investments in the development of hospitality infrastructure; insufficient use of automated management systems for hotel, restaurant and other hospitality businesses; low level of digitalisation of hospitality enterprises, including the use of information systems; absence of a marketing focus of management, including promotion of the Ukrainian brand, image and branding of hotel and tourist complexes, restaurants and entertainment centres; failure to develop an effective strategy for managing the development of the hospitality sector at both the regional and company levels.

This study recommends a proper definition of the financial mechanism for the development of an agrarian enterprise – a complex structure, the elements of which depend on the multisectoral financial relations of agrarian enterprises, it is also a set of elements characterised by the forms and

instruments of formation and use of financial resources in the process of managing financial relations aimed at the effective functioning of agrarian enterprises.

The issue of applying innovations in the economic (namely, tax, customs, currency, and budget) sphere requires a set of measures: planning, testing in a certain territory of the state, phased implementation, and targeted monitoring of implementation. Only such a sequence of actions and measures can avoid the enormous financial costs of implementing new reforms. However, the creation of a new state body entails millions of public expenditures. In addition, during the period of organising the activities of such a new body, problems arise in the implementation of the functions of this body, since, as a rule, methodological recommendations for performing functions are formed after the start of the work of this body, which complicates the entire work process. The proposed model can be used to guide further GDP growth with the help of other factors. Other factors that contribute to GDP growth, such as food exports, should also be taken into account. According to the NBU, in 2022, merchandise exports decreased by 35.2%. The main factors behind the decline were a 63% drop in exports of ferrous and non-ferrous metals. Despite the sharp decline in certain export commodity groups, exports of oilseeds (by 54%), meat (by 9.3%) and dairy products (by 19.6%) increased. In general, each country chooses the optimal balance between different instruments of regulating the activities of agricultural enterprises depending on the national characteristics of the agricultural sector and the priority goals of agri-food policy. Prospects for further research are related to the development of optimal sources of financial support for agricultural entrepreneurship in Ukraine. Summing up the above, it can be noted that decision-making is one of the main issues in management, and in today's environment of unpredictable challenges and changes, every manager faces the need to be creative in solving tasks. That is why the management of hotel and restaurant business in this time of challenges and new business conditions needs to make certain adjustments to the management decision-making process, applying the considered managerial and organisational features. After all, efficiency and consistency in making management decisions is one of the indicators of effective management of any organisation.

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