

AGRICULTURAL ENTERPRISE DEVELOPMENT STRATEGY AND ITS EFFICIENCY IN THE MODERN ECONOMIC CONDITIONS

Inna Tomashuk¹, Olga Timhenko², Tetiana Zakharova³

Abstract. *The purpose* of the article is to study the diversity of approaches to understanding the concept of corporate strategy and to analyse the influence of external and internal environmental factors on its activities, with the aim of forming an effective strategy for the development of an agricultural enterprise. *Methodology.* In the process of research the basic provisions of modern economic theory, theory of entrepreneurship, scientific works of Ukrainian and international scientists on the problems of strategic development of agricultural enterprises and ensuring their effective operation were used. The following research methods were used in the research process: dialectical, system-structural analysis, monographic, statistical-economic, balance, abstract-logical, graphic, economic forecasting, cartographic. To analyse the innovation strategy for the development of agricultural enterprises, the article uses system-structural analysis, the method of analysis of the functioning environment, correlation and regression analysis, statistical and economic, abstract and logical analysis to substantiate the organisational and economic support for the efficiency of agricultural enterprises, including the diversification of agricultural sectors. The *results* of the work indicate that the key component of strategic management is a correctly chosen strategy. The main objective of an agricultural enterprise's strategy is to achieve competitive advantages that will ensure its sustainable operation and economic development in the long term. In order to be effective, the strategy should be as transparent as possible and include not only the setting of priorities, but also the distribution of resources and the definition of responsibilities between actors. The results of the research are presented in the form of tables, figures, graphs, schemes and diagrams. *Practical implications.* When developing and implementing a strategy, it is necessary to constantly take into account changes that occur under the influence of the external and internal environment, so the strategy should be adjusted in a timely manner. Over time, additions are made to the strategy, and it acquires new qualitative values. Lack of financial, material and technical, information and intellectual resources does not allow agricultural enterprises to successfully develop and implement a strategy even under the most favourable external conditions. *Value / Originality.* When developing any strategy, it should be borne in mind that even with a well-developed strategy development model, a company can succeed only if it has a qualified management team, combines the efforts of managers and the entire team, and mobilises the creative potential of employees to achieve strategic goals. An important role in the development of a development strategy is also played by the correct selection and use of tools and methods of strategic management and development of the company's strategy, which can be done using SWOT analysis, other analytical methods, forecasting, portfolio analysis, mathematical methods, etc.

Keywords: strategy, agricultural enterprises, management, competitive advantages, diversification, potential, planning, innovation.

JEL Classification: L19, Q10, O13, M11, M21

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1. Introduction

In the current socio-political and economic environment, agricultural enterprises are faced with the task of ensuring their continuous operation and realising opportunities to increase the efficiency of resource potential use in the long term.

Every company, as a market entity, must develop and implement its own strategy, which includes a planned and thought-out course of action, as well as the ability to respond appropriately to changes in the external environment. The need for strategic planning arises from the very process of the company's economic development and its main objective is to increase production efficiency.

The economic independence of agricultural enterprises requires them to develop their own strategies, analyse market opportunities, identify strategic threats and opportunities, and achieve competitive advantages. A well thought-out strategic vision, the ability to react to changes in the situation and the ability to implement the developed strategy can ensure that agricultural enterprises achieve the set strategic goals and sustainable competitive advantages (Kadyrus, Donskikh, Tereshchenko, 2020).

The article is aimed at studying the diversity of approaches to understanding the concept of enterprise strategy and analysing the impact of external and internal environment factors on its activities with a view to forming an effective strategy for the development of an agricultural enterprise. In order to achieve the goal, the following tasks were completed: a summary of the key aspects of the strategy for the development of the agrarian enterprise and its effectiveness was produced; a system of strategic management for the development of an agrarian enterprise was defined; an algorithm for strategic management of the development of agricultural enterprises was established; a classification of strategic intentions for the enterprise was created; the main characteristics of the formation of an innovative strategy is defined, as is the impact of diversification on the strategic development of an agrarian enterprise. A scheme of the hierarchy of strategies of an agrarian enterprise is proposed, as is the general structure of the management model for the strategic development of an agrarian enterprise. Finally, a model of management of strategic development of an agrarian enterprise is proposed.

The study uses the fundamental provisions of modern economic theory, entrepreneurship theory, scientific works of Ukrainian and foreign scholars on the problems of strategic development of agricultural enterprises and ensuring their effective functioning. The following research methods were employed in the research process: dialectical, system-structural analysis, monographic, statistical-economic, balance

sheet, abstract-logical, graphic, economic forecasting, cartographic. In order to analyse the innovative strategy of the development of agrarian enterprises, a number of different analytical techniques were employed. These included system-structural analysis, the method of analysis of the operating environment, correlation-regression analysis, statistical-economic analysis, and abstract-logical analysis. The objective of this was to substantiate the organisational and economic support for the efficiency of the activities of agrarian enterprises, including the diversification of the branches of agriculture.

This study examines the most crucial elements of the strategic development of an agricultural enterprise and its efficacy in contemporary business contexts. It encompasses the formulation of business strategies for agricultural enterprises, which should incorporate an assessment of their economic efficiency.

The paper emphasises that the strategy of development of an agricultural enterprise in the current economic environment is critical for ensuring stability, competitiveness and sustainable development. It is noted that the most effective strategy is the strategy of sectoral diversification. After all, it covers all areas of the agricultural sector and allows acting in such a way as to consolidate its position and ensure the best result. It is noted that the conditions for successful implementation of the strategy are: ensuring that the strategy is consistent with the environment; confidence of staff and managers in their abilities; and readiness of the enterprise for change.

2. Key Aspects of an Agricultural Enterprise Development Strategy

The strategy of agricultural enterprise development in the context of modern business conditions is of critical importance for ensuring stability, competitiveness and sustainable development. In the conditions of market globalisation and an unstable external environment, there is a need for agricultural enterprises to utilise an effective strategic management mechanism to ensure the competitiveness of their own products. The dynamic development of the modern market and the rapid impact of scientific and technical progress increase the need for strategic management of the development of agricultural enterprises (Pisarenko, Demyanenko, Nazarenko, 2018). Table 1 illustrates the key aspects of the agricultural enterprise development strategy and its effectiveness.

A properly designed and effectively implemented development strategy allows an agricultural enterprise to achieve sustainable success in today's business environment.

Agriculture is the basic element of the agro-industrial complex of Ukraine. The agro-industrial complex is

Table 1

Key aspects of an agricultural enterprise development strategy and its effectiveness

N ^o	Key aspect	Main characteristics
1	Analysis of internal and external environment	<ul style="list-style-type: none"> – Internal environment: assessment of own resources, technical equipment, staff qualifications and management structure. – External environment: analysis of the market, competitors, legislation, climate and environmental conditions.
2	Formulation of the mission and goal definition	<ul style="list-style-type: none"> – Formulating a clear mission and setting strategic goals. – Consideration of and compliance with the principles of sustainable development.
3	Product diversification	<ul style="list-style-type: none"> – Expansion of the product range to ensure greater resilience to market fluctuations. – Study of new types of crops or animals that may be popular on the market.
4	Implementation of the latest technologies	<ul style="list-style-type: none"> – Implementation of modern agricultural solutions to increase productivity and optimise production processes. – Use of information technology for resource management and data analysis.
5	Risk management and financial stability	<ul style="list-style-type: none"> – Development of a system for managing risks associated with changes in the market, natural disasters and other factors. – Application of effective financial planning and management of working capital and fixed assets.
6	Human resource development	<ul style="list-style-type: none"> – Personnel training and development is carried out in such a way that it meets the requirements of the modern market. – Recruitment of highly qualified specialists and creation of an effective HR management system.
7	Social responsibility and environmental sustainability	<ul style="list-style-type: none"> – Ensuring compliance with environmental and public health standards. – Participation in social programmes and local hromadas' development.
8	Marketing & sales	<ul style="list-style-type: none"> – Development of an effective marketing strategy to promote products on the market. – Interaction with the entire supply chain, from production to the consumer.
9	Implementation of a performance monitoring and evaluation system	<ul style="list-style-type: none"> – Identification of key performance indicators (KPIs) and regular monitoring of their implementation. – Adaptation of the strategy is based on the data and analysis results.
10	Continuous improvement	<ul style="list-style-type: none"> – Evaluation of the ability to adapt to changes in the economic environment and respond quickly to new trends and opportunities.

Source: formed on the basis of research results

a set of branches of the national economy, including agriculture and fisheries, food industry and processing of agricultural products, as well as their logistical and financial support. Agriculture provides food, economic, environmental and energy security, ensures the development of technologically related industries, socio-economic foundations for the development of rural areas. In Ukraine, the agricultural sector accounts for an average of 10% of GDP and about 40% of export earnings. Employment of the population in agriculture, fishing and forestry – 17% of all employees (2020, estimate). As of 1 January 2020, the area of agricultural land in Ukraine amounted to 41,310.9 thousand hectares (68.5% of the total land area). Thus, arable land comprises 32,757.3 thousand hectares, pastures – 5,250.3 thousand hectares, hayfields – 2,283.9 thousand hectares, perennial plantations – 852.7 thousand hectares, and fallow land – 166.7 thousand hectares. Ukraine's arable land area is equal to 30% of the European Union's arable land area and 2.1% of the World Bank's arable land area. Ukraine is home to about 25% of the world's most fertile black soil, which, in a temperate climate, provides Ukrainian producers with significant natural competitive advantages and unique agricultural

potential (Ukraine: agriculture). Figure 1 shows the share of agricultural production in Ukraine's gross domestic product between 2001 and 2020.

The development of the agricultural sector in Ukraine took place in the conditions of a rapid transformation of the command-administrative system of management into a market system. This transformation took place in parallel with the processes of asserting the sovereignty of the state and forming power structures – the implementation of a number of reforms affecting the main aspects of agrarian relations (Ukraine: agriculture). Therefore, it is extremely important for each agricultural enterprise to form its own development strategy.

The strategy covers all the activities of the company, all the employees, and aims at their progressive development and the achievement of high results. The process of developing a strategy begins with the realisation that something needs to be done in order to be better than the competition, to gain certain advantages over them.

When developing and implementing a strategy, it is necessary to constantly take into account the changes that occur under the influence of the external and internal environment, so that it can be

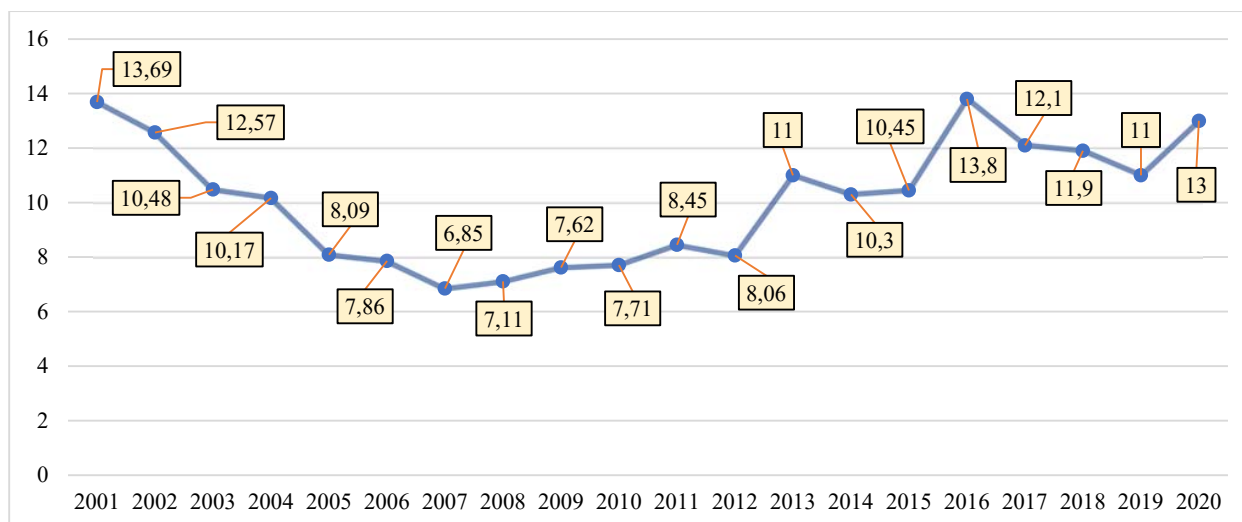


Figure 1. Share of agricultural products in the gross domestic product of Ukraine, 2001–2020, %

Source: (Ukraine: agriculture)

adapted in a timely manner. Over time, the strategy will be supplemented and will acquire new qualitative values.

With regard to agricultural enterprises, it should be noted that only a small number of domestic enterprises in the agricultural sector are engaged in the development and implementation of strategies, while making a profit. For most of them, it is not possible to determine the directions of development for the future due to the lack of sufficient knowledge, skills and abilities in the field of strategic management (Kadyrus, Donskikh, Tereshchenko, 2020).

The main objective of the company's development strategy is to achieve long-term competitive advantages that will ensure its survival, sustainable operation and development (Zorya, 2019).

Studies show that the main reasons for the ineffective implementation of strategies in agricultural enterprises are: inflexibility of existing organisational structures that are not amenable to changes in accordance with the chosen strategy and the justification for strategic changes; insufficient understanding by managers of specific tasks and deadlines for achieving goals, as well as what specific changes are needed in the behaviour and actions of each of them; low efficiency of the mechanisms for monitoring the effectiveness of the implemented strategies and making the necessary adjustments in case of deviations; inadequate consideration of the issues of identifying, securing and allocating the necessary resources for the implementation of strategies, including financial, information, human and time resources; absence of a system of collective decision-making on the directions of strategic development of the enterprise; lack of a sense of responsibility for achieving strategic goals

throughout the entire period of their implementation; unpreparedness of managers to overcome resistance associated with new strategic changes; insufficient experience and qualifications of managers in the field of strategic management; inadequate efficiency of sales activities, underdeveloped marketing activities; high differentiation of products by assortment, sales channels and market promotion, which leads to advertising content of products and inconsistency of advertising orders with seasonal fluctuations in their sales; high costs associated with reorientation of production and sales of certain types of products and services (Belko, 2014).

The process of forming a strategy for the development of an agricultural enterprise should include four main stages: strategic analysis, identification of strategic alternatives, strategy development, and strategy implementation (Zorya, 2019). Figure 2 shows the system of strategic management of the development of an agricultural enterprise.

Moving from theoretical developments to practical implementation of strategies, it should be noted that in the context of globalisation, agricultural enterprises around the world are seeking to localise or standardise their strategies in emerging markets and strive for global leadership. In order to be competitive, agribusinesses must try to enter a new market very quickly after assessing its attractiveness in order to establish a stronger identification of their own brand (their own market position) and gain a larger market share (Tsai, Eisingerich, 2013; Ilin, Nazarenko, Suprunova, Tomashuk, Shevchenko 2020). Companies compete with each other on the basis of price, quality and customer needs, each trying to achieve above-average profits for their industry.

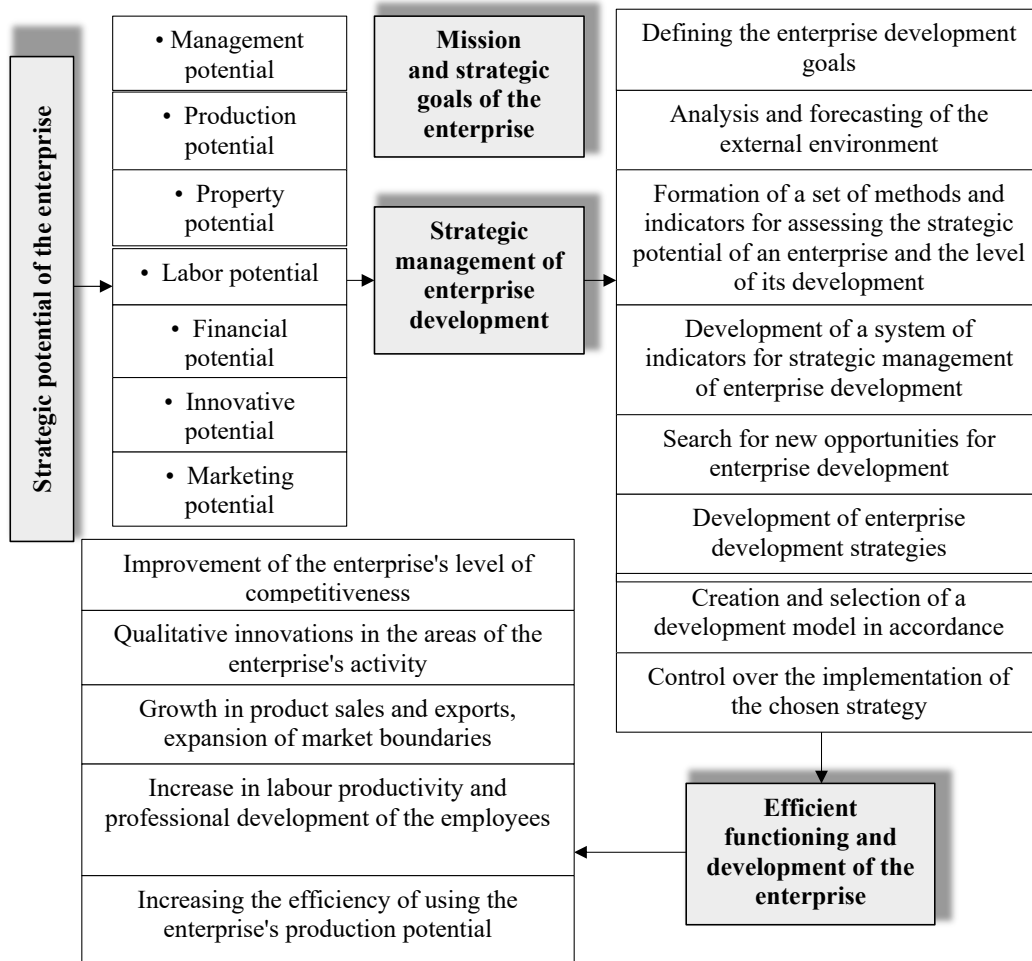


Figure 2. System of strategic management of agricultural enterprise development

Source: formed on the basis of research results

3. Strategic Management of the Development of Agricultural Enterprises

The modern conditions of economic development pose new tasks to the managers of companies, the positive solution of which requires taking into account past experience and forecasts of the company's future development. That is why the majority of world market leaders abandon strategic management based on intuition, short-term strategic planning and forecasting, and emphasize the development of strategies that ensure the realisation of the mission and goals of business development in the long term, taking into account the formed strategic intentions with an acceptable level of risk and within the limits of opportunities of the enterprise (Shvydanenko, Boychenko, 2015; Vdovenko, Ruda, Koval, Horlachuk, Herasymchuk, 2023).

In theory and practice, various approaches and schemes for the formation of competitive strategies are used, namely: a step-by-step process of strategy development; a factor scheme for determining the competitive strategy of an enterprise; a mechanism for

forming alternatives; cyclic and hierarchical models of the strategic planning process, etc.

In view of the above, it is advisable to apply an algorithm for the formation of competitive strategies of an enterprise in the conditions of the globalised environment of functioning of agrarian formations (Granovska, 2016).

Enterprise management is the activity of relevant bodies and officials aimed at ensuring effective use of material, labour, financial and natural resources for profit, satisfaction of social and economic interests of the enterprise's employees. The main goal of strategic management of the economic activity of agricultural enterprises is the creation of such a system that, based on the analysis of external and internal strategic potential, provides an opportunity to ensure the effective long-term existence of the enterprise in the environment (Pisarenko, Demyanenko, Nazarenko, 2018; Portukhay, Lyko, Mudrak, Mudrak, Lohvynenko 2021). The algorithm for strategic management of the development of agricultural enterprises is shown in Figure 3.

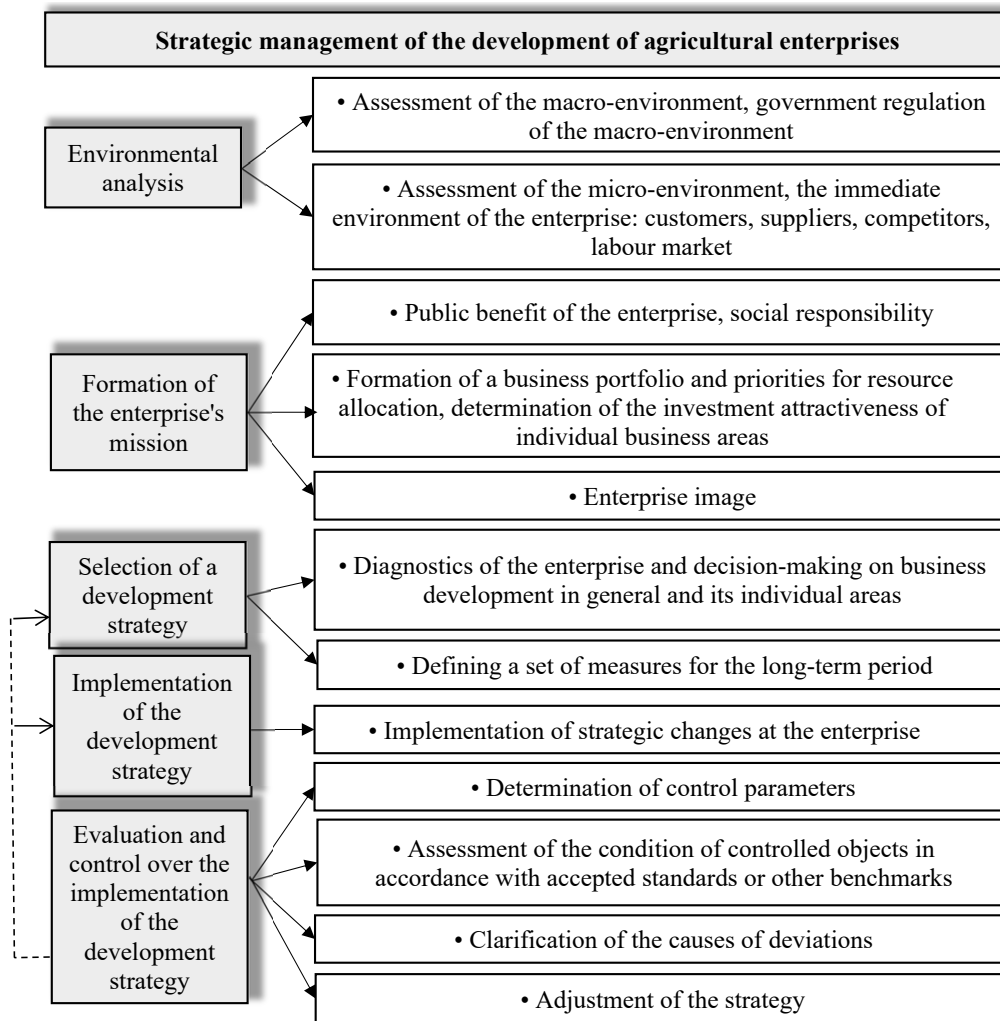


Figure 3. Algorithm for managing the strategic development of agricultural enterprises

Source: formed on the basis of research results

Taking into account the complexity of the tasks of managing the effective development of an economic entity as a process of purposeful qualitative transformations that determine the positive dynamics of its activity indicators, it is necessary to develop and use scientifically based modern management technologies, as well as mechanisms that motivate development in the long term, taking into account strategic intentions and risks of the external and internal environment of functioning (Shvydanenko, Boychenko, 2015; Kuznetsova, Gorbatiuk, Mulyk, Piskun, Pashchenko, Hridin 2021).

A company's strategic intentions are the basis for defining its mission, vision and strategic goals. They define where the company is heading and how it plans to achieve its goals. The importance of strategic intentions lies in several key aspects:

- Goal orientation and long-term development, i.e., strategic intentions, help define the main goals and objectives of the enterprise aimed at achieving long-term success;

- creating a common vision, where intentions help to create a shared vision among management and staff, which helps to unite efforts and develop a common strategic position;
- orientation to the external environment, where intentions allow the enterprise to adapt to changes in the external environment, taking into account market trends, competitive pressure and other factors;
- decision-making direction, where strategic intentions serve as a basis for making strategic decisions that determine how to achieve strategic goals and fulfil the mission;
- motivation and engagement of staff, i.e., if the intentions are clear and well communicated, they can become a source of motivation for staff and arouse interest in achieving common goals;
- focus on competitive advantages, where strategic intentions help determine how the company plans to differentiate itself from competitors and create unique competitive advantages;

– the ability to attract financial and other resources, i.e., clear strategic intentions can be a key factor in attracting financial investments and other resources;

– responsibility and accountability, where intentions define the standards and criteria for success, which helps the company to remain responsible and accountable for achieving strategic goals. The classification of an enterprise's strategic intentions is shown in Figure 4.

Clear and honestly articulated strategic intentions play an important role in shaping a successful strategy and contribute to the thoughtful development of an enterprise.

4. Influence of Innovations on the Formation of the Innovation Strategy of Agricultural Enterprises

In market conditions, the level of competitiveness and financial stability of the enterprise depends on the innovation strategy. The innovation strategy is a part of the development strategy of the enterprise and can be aimed at the effective use and increase of the potential of the enterprise and is often considered as an appropriate response to the changes in the macro-environment (Semenyuk; Pidvalna, Kachala, Romashchenko, 2022). It is one of the means of achieving the enterprise's mission and goals, which differs from others in its novelty for the enterprise and, possibly, for the industry, consumers and the market.

Developing an innovation strategy for agricultural enterprises can significantly increase their productivity, competitiveness and sustainability. Table 2 summarises

some of the key aspects that should be considered when developing an innovation strategy for an agricultural enterprise.

The innovation strategy should be adapted to the specific conditions and needs of the agricultural enterprise, taking into account its size, market conditions and technical capabilities.

The Global Innovation Index is calculated to provide a multidimensional assessment of the national innovation sector, which is tasked with determining the country's position in terms of innovation development in the global context. In 2023, Ukraine was ranked 55th out of 132 countries according to the (Dutta, Lanvin, León, Wunsch-Vincent, 2023) (Table 3, Figure 5). According to the State Statistics Service of Ukraine, expenditures on innovation by type of economic activity in Ukraine in 2020 amounted to 23.329,625 million UAH (Official website of the State Statistics Service of Ukraine) (Figure 6).

Innovation strategies are the basis of modern innovation management in the face of constant changes in the external environment.

5. The Impact of Diversification on the Strategic Development of an Agricultural Enterprise

Global experience shows that the most effective strategy is the strategy of sectoral diversification. It covers all areas of the agricultural sector and allows to act in such a way as to strengthen its position and ensure the best result.

Table 2

Key characteristics of innovation strategy development

№	Main aspect	Main characteristics
1	Use of modern technologies	• The use of modern agricultural technologies, such as IoT (Internet of Things), drones, sensors, and visualisation technologies, can help to improve the efficiency of agricultural operations.
2	Digital solutions	• Implementation of digital farm management systems that allow monitoring and management of all processes using computer systems and Internet technologies.
3	Agricultural technologies and genetic technologies	• The use of advanced agricultural technologies, including genetically modified organisms (GMOs), can increase yields and pest resistance.
4	Data management	• Collection, analysis and use of data for strategic decision-making. A large amount of data can help to understand and predict trends and optimise agricultural processes.
5	Ecologically sustainable agriculture	• Implementation of practices aimed at preserving the environment, such as reducing the use of chemicals, using renewable energy sources and other environmentally friendly methods.
6	Development of new products and markets	• Research and development of new products and expansion of sales markets can become additional sources of income.
7	Partnerships and cooperation	• Entering into partnerships with other businesses, academic institutions and NGOs to share knowledge and resources.
8	Personnel training and development	• Investing in personnel training and development to master new technologies and management methods.
9	Financial support	• Attracting financial support through subsidies, grants and other financial instruments to implement innovative projects.
10	Consideration of social aspects	• Consideration of social aspects in terms of job preservation, engagement with local communities and fair agricultural practices.

Source: formed on the basis of research results

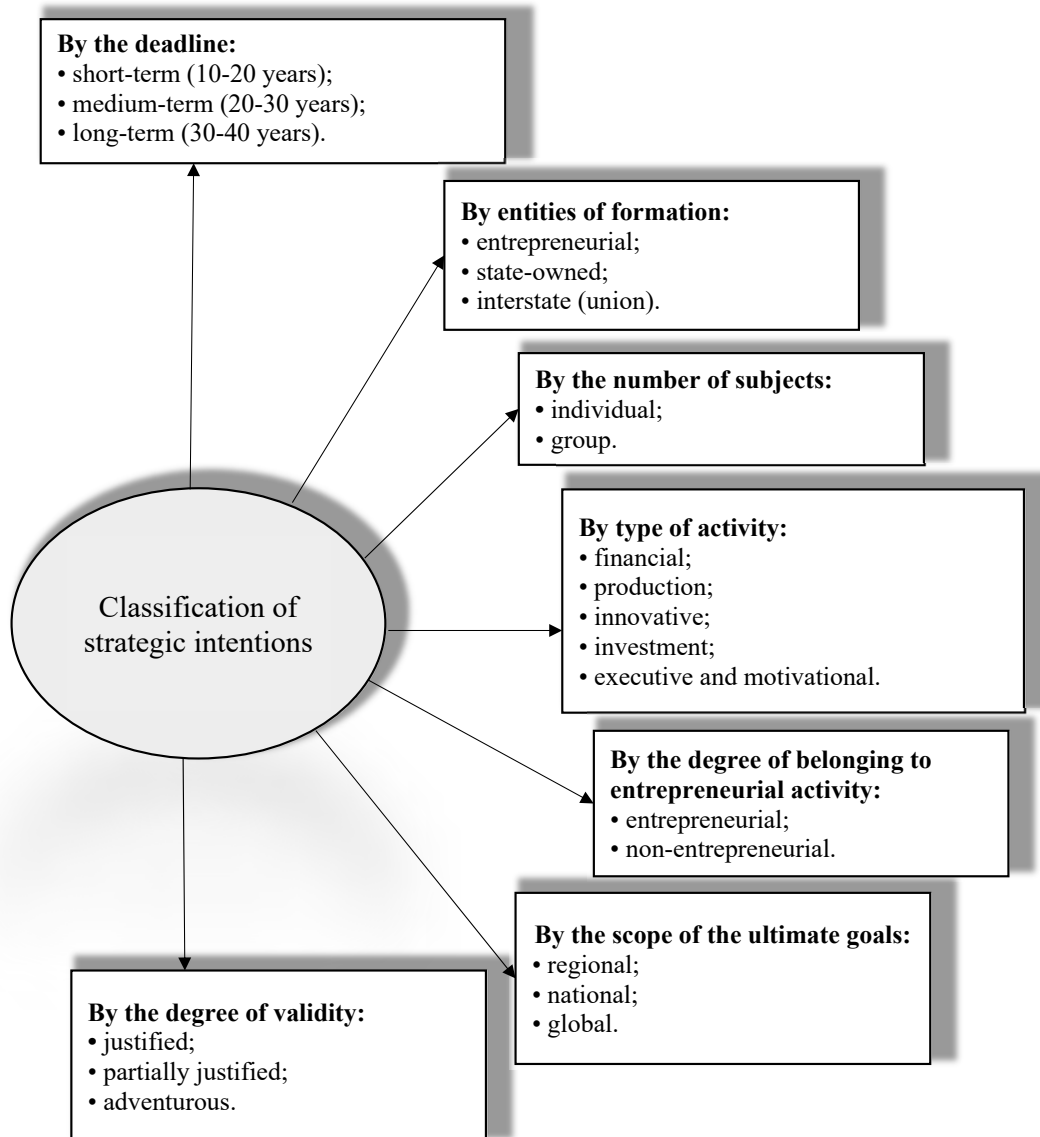


Figure 4. Classification of strategic intentions of the enterprise

Source: formed on the basis of research results

At the current stage of development of the Ukrainian economy, there is an objective need to diversify the branches of agriculture, which involves the allocation of resources to new types of agricultural and non-agricultural activities in the countryside and contributes to the creation of opportunities for better use of human capital, increasing the profits of enterprises and households, raising the standard of living in villages, and also serves as a multiplier of new jobs (Kutsenko, 2014).

Diversification in the context of an agricultural enterprise involves the expansion of activities and production in different directions or market segments. The impact of diversification on the strategic development of an agricultural enterprise can be significant, with both positive and negative consequences (Table 4).

To make the right strategic decisions, a company must carefully analyse all aspects of diversification, taking into account its resources, goals and risks. Figure 7 shows the hierarchy of strategies of an agricultural enterprise, the key feature of which is the strategy of a diversified enterprise.

Diversification has its positive and negative sides. The main danger of diversification is related to the dispersion of forces, as well as problems of management of diversified industries and enterprises (Kutsenko, 2014). A diversification strategy is implemented when a company or industry cannot develop in a given market.

Despite its shortcomings, sectoral diversification is essential for the Ukrainian economy in general and agriculture in particular. This is because Ukraine is one

Table 3

Global Innovation Index 2023 rankings

GII rank	Economy	Score	Income group rank	Region rank
1	Switzerland	67,6	1	1
2	Sweden	64,2	2	2
3	United States	63,5	3	1
4	United Kingdom	62,4	4	3
5	Singapore	61,5	5	1
6	Finland	61,2	6	4
7	Netherlands (Kingdom of the)	60,4	7	5
8	Germany	58,8	8	6
9	Denmark	58,7	9	7
10	Republic of Korea	58,6	10	2
11	France	56,0	11	8
12	China	55,3	1	4
13	Japan	54,6	12	4
14	Israel	54,3	13	1
15	Canada	53,8	14	2
16	Estonia	53,4	15	9
17	Hong Kong, China	53,3	16	5
18	Austria	53,2	17	10
19	Norway	50,7	18	11
20	Iceland	50,7	19	12
21 (41)	Poland	37,7	36	26
22 (45)	Slovakia	36,2	39	29
23 (55)	Ukraine	32,8	3	34
24(65)	Georgia	29,9	14	8
25 (86)	Egypt	24,2	11	15
26 (89)	Azerbaijan	23,3	28	16
27 (111)	Tajikistan	18,3	27	10

Source: (Dutta, Lanvin, León, Wunsch-Vincent, 2023)

Table 4

The impact of diversification on the strategic development of an agricultural enterprise

Nº	Influence vector	Essential characteristics
<i>Positive impact of diversification</i>		
1	Risk reduction	<ul style="list-style-type: none"> • Diversification can help reduce the impact of market price fluctuations or changes in weather conditions on certain products. • Different areas of business may be differently sensitive to external factors, which reduces overall risk.
2	Income stability	<ul style="list-style-type: none"> • A variety of products can provide more stable revenue streams throughout the year and protect the business from declining profits due to the same type of problems.
3	New markets and opportunities	<ul style="list-style-type: none"> • Diversification allows a business to expand its market and enter new industries, which can lead to increased sales and profits.
<i>Negative impact of diversification</i>		
4	Managing complexity	<ul style="list-style-type: none"> • Additional lines of business can lead to more complexity in business management, especially if they require different competencies and strategies.
5	Internal infrastructure costs	<ul style="list-style-type: none"> • Expanding operations may require additional costs for new infrastructure, technology, personnel, etc.
6	Change focus	<ul style="list-style-type: none"> • Diversification can lead to a loss of a clear strategic direction, especially if different areas conflict with each other.
7	Failures in new industries	<ul style="list-style-type: none"> • If the new directions are not successful, this can lead to financial losses.

Source: formed on the basis of research results

of the most vulnerable countries in terms of internal and external challenges. Therefore, strengthening sectoral diversification can play an important role in reducing the country's vulnerability to internal and

external threats, strengthening its "economic immunity" and returning to the trajectory of dynamic and sustainable growth (Kutsenko, 2014; Tomashuk, 2023). That is, sectoral diversification creates opportunities

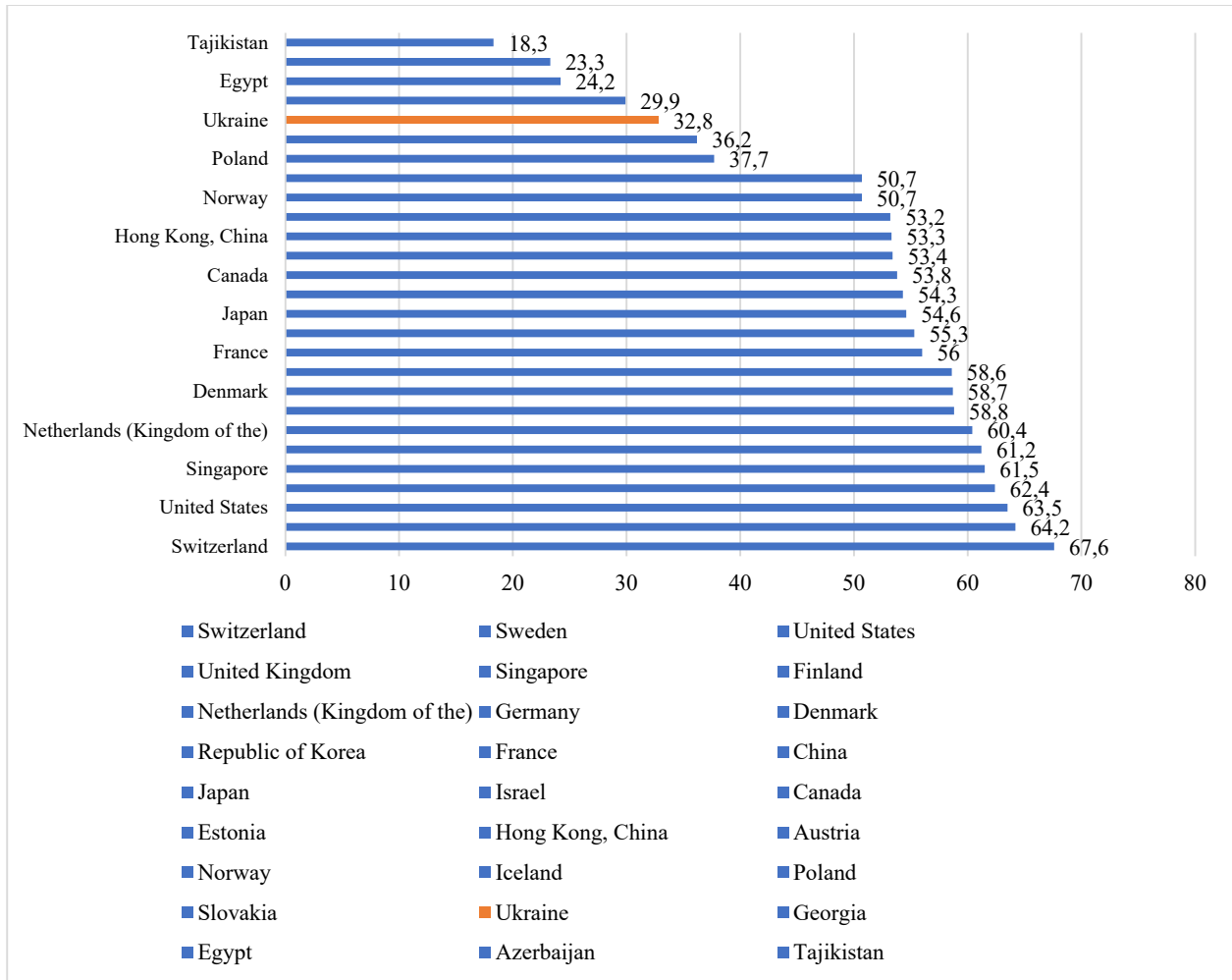


Figure 5. Global Innovation Index 2023 rankings

Source: (Dutta, Lanvin, León, Wunsch-Vincent, 2023)

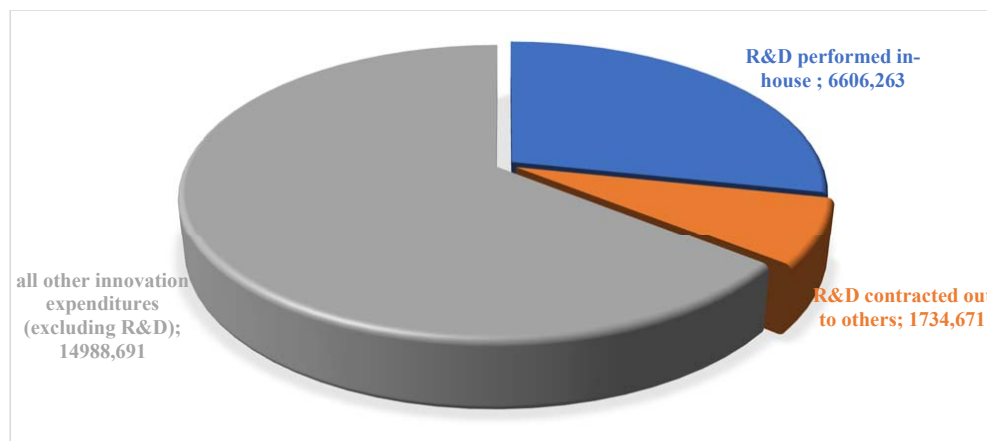


Figure 6. Innovation costs by types of economic activity in Ukraine in 2020, mln. UAH

Source: (Official website of the State Statistics Service of Ukraine)

Note: * Data exclude the temporarily occupied territory of the Autonomous Republic of Crimea, the city of Sevastopol and part of the temporarily occupied territories in Donetsk and Luhansk oblasts.

** The data are for legal entities with an average number of employees of 10 or more.

for sustainable growth of the national economy due to a favourable business environment, availability of qualified personnel and access to global markets.

Thus, the sectoral diversification of agriculture:

- Ensures diversity in the industry by creating conditions for the emergence and development of new organisational development structures and forms of management;
- promotes the rational and effective use of natural resources and human potential;
- creates opportunities for the social development of the village by increasing the economic well-being of the population;
- is a potential for increasing employment and creating favourable conditions for the development of related industries;
- support for the creation and development of micro-enterprises to promote entrepreneurship and the development of the economic fabric;
- development of tourism activities in rural areas;
- improvement of tax and budget systems to fill local budgets of rural areas (Kutsenko, 2014; Tomashuk, 2017).

Thus, the sectoral diversification of agriculture allows achieving a multiplier effect, which involves a combination of both social and economic effects. The social effect is the expansion of opportunities to use the human potential of the population, self-improvement and self-realisation. In turn, the economic effect is manifested in increased incomes, rational use of resources and increased efficiency in agriculture.

6. Formation of a Management Model for Strategic Development of an Enterprise

Today, managing an organisation is a complex and multifaceted process that requires, first of all, a competent and responsible approach. Any modern company must react and adapt quickly to dynamically changing external conditions (Teslenok, Pavlova, 2021).

A strategic development management model is a system of concepts, tools and approaches aimed at effectively defining, implementing and monitoring development strategies to achieve long-term success. Such a model may include several stages and key aspects (Table 5).

The model can be adapted to the specific needs and characteristics of a particular organisation. It is important to remember that strategic management is a process, not a one-off event, and requires constant analysis and improvement. Figure 8 shows the model for managing the strategic development of an agricultural enterprise.

The development and implementation of a model of strategic management of agricultural enterprises, based on the implementation of functional competitive strategies, taking into account the challenges of the globalised environment and adapted to national economic conditions, should ensure the active formation of competitive advantages of agricultural formations, strengthen their market positions and with the help of the implementation of the principle of complexity create the so-called buffer enterprise zone (Granovska, 2016; Tomashuk, Tomashuk, 2021).

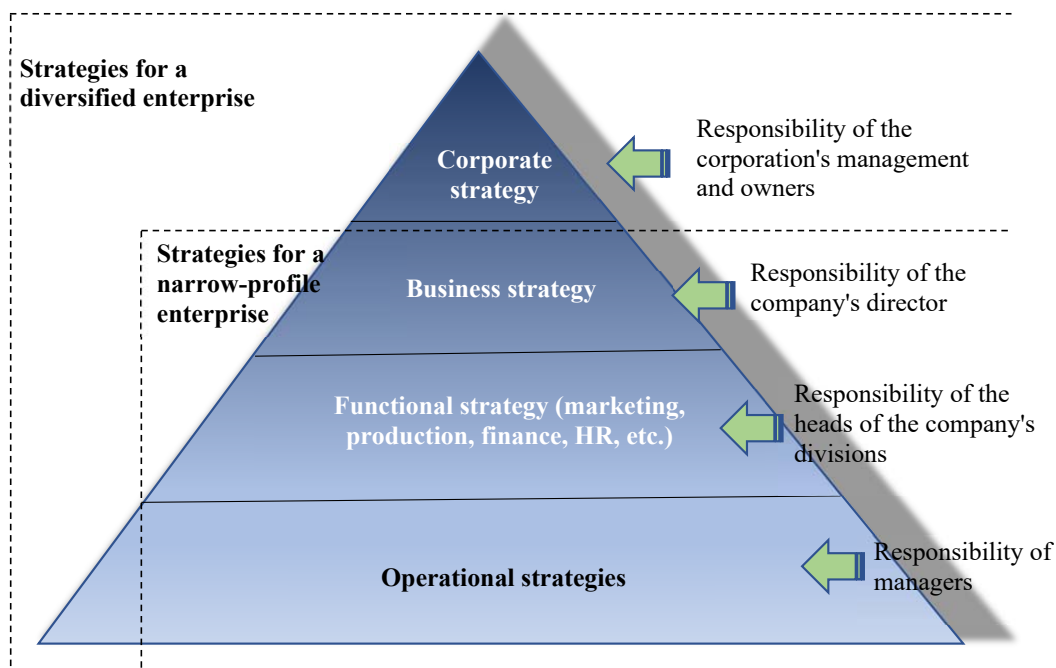


Figure 7. Hierarchy of enterprise strategies

Source: formed on the basis of research results

Table 5

General structure of the enterprise strategic development management model

Nº	Structure of the management model	Essential characteristics
<i>Environmental analysis</i>		
1	Environment	– Analysis of markets, competitors, economic factors, etc.
2	Internal environment	– Assessment of internal resources, competencies and limitations.
3	Identification of mission, vision and goals	– Definition of a specific mission (the essence of the enterprise), vision (future state) and strategic goals.
4	Strategy formulation	– Selection of strategies to achieve defined goals. – Identification of competitive advantages and risk management.
5	Business plan development	– Creation of specific business plans for the implementation of strategies. – Determination of resources, budgets, schedules and responsibilities.
6	Implementation and monitoring	– Launch of strategies and internal changes. – Systematic monitoring of implementation and adjustment of plans if necessary.
7	Evaluation and reporting	– Evaluation of strategy implementation results and measurement of compliance with goals. – Accountability to stakeholders, shareholders and other participants.
8	Proofreading and revision	– Analysis of market changes and response to them. – Adjustment of strategies and plans to adapt to new conditions.
9	Management and stakeholder engagement	– Involvement of management and staff in the process of strategic management.

Source: formed on the basis of research results

As a result, the creation of such a zone will make it possible to improve the conditions for the strategic reorientation of the company for the development of a set of new tactical and strategic management objectives, as well as to slow down the negative manifestations of the external environment.

The formation of a successful strategy depends on the constant analysis of such elements of the enterprise as the financial state of the organisation (determines what strategy the management will choose in the future), production (is of great importance for the timely adaptation of the internal structure of the organisation to changes in the external environment and its survival in the competitive environment) (Belko, 2014; Kaletnik, Lutkovska, 2020), personnel (implements the strategy), organisational culture and image of the enterprise (forms a competitive position on the market).

The conditions for successful implementation of the strategy are considered to be: ensuring compliance with the environmental strategy; confidence of employees and managers in their abilities; readiness of the enterprise to change. The problems associated with the implementation of the strategy are: its inconsistency with the structure of the enterprise; high risk; lack of skills (Belko, 2014; Honcharuk, Tomashuk, 2022); weakness of information systems; imperfection of methods of activity.

To ensure the development of economic entities, it is necessary to improve the system of managing the competitiveness of enterprises in order to ensure the most efficient distribution and use of production capacities, as well as their orientation towards meeting potential consumer demand for competitive products

(Granovska, 2016; Mazur, Tomashuk, 2019). The creation of an effective system of managing the competitiveness of enterprises requires a clear, scientifically based methodological apparatus, the core of which should be the competitive strategy of the enterprise, created on the basis of in-depth economic analysis and forecasting with the obligatory construction of various models of the behaviour of the system as a whole and its individual subsystems.

7. Findings

Achieving the strategic intentions of an agricultural enterprise is a complex task, given the various factors that influence the agricultural sector. The authors propose several ways that can contribute to the achievement of the strategic goals of an agricultural enterprise:

- Market and competitiveness analysis, i.e., conducting a thorough market analysis to identify opportunities and threats;
- study of competitors to build own competitiveness;
- Implementation of innovations, where the use of modern technologies and innovations will help to improve production efficiency;
- development of new methods of soil cultivation, plant hybrids, and agricultural technologies;
- continuous improvement of production processes, including the introduction of quality management systems and safety standards;
- monitoring and updating equipment to optimise production;
- risk management, i.e., identifying and assessing risks associated with market conditions, weather conditions and other factors;

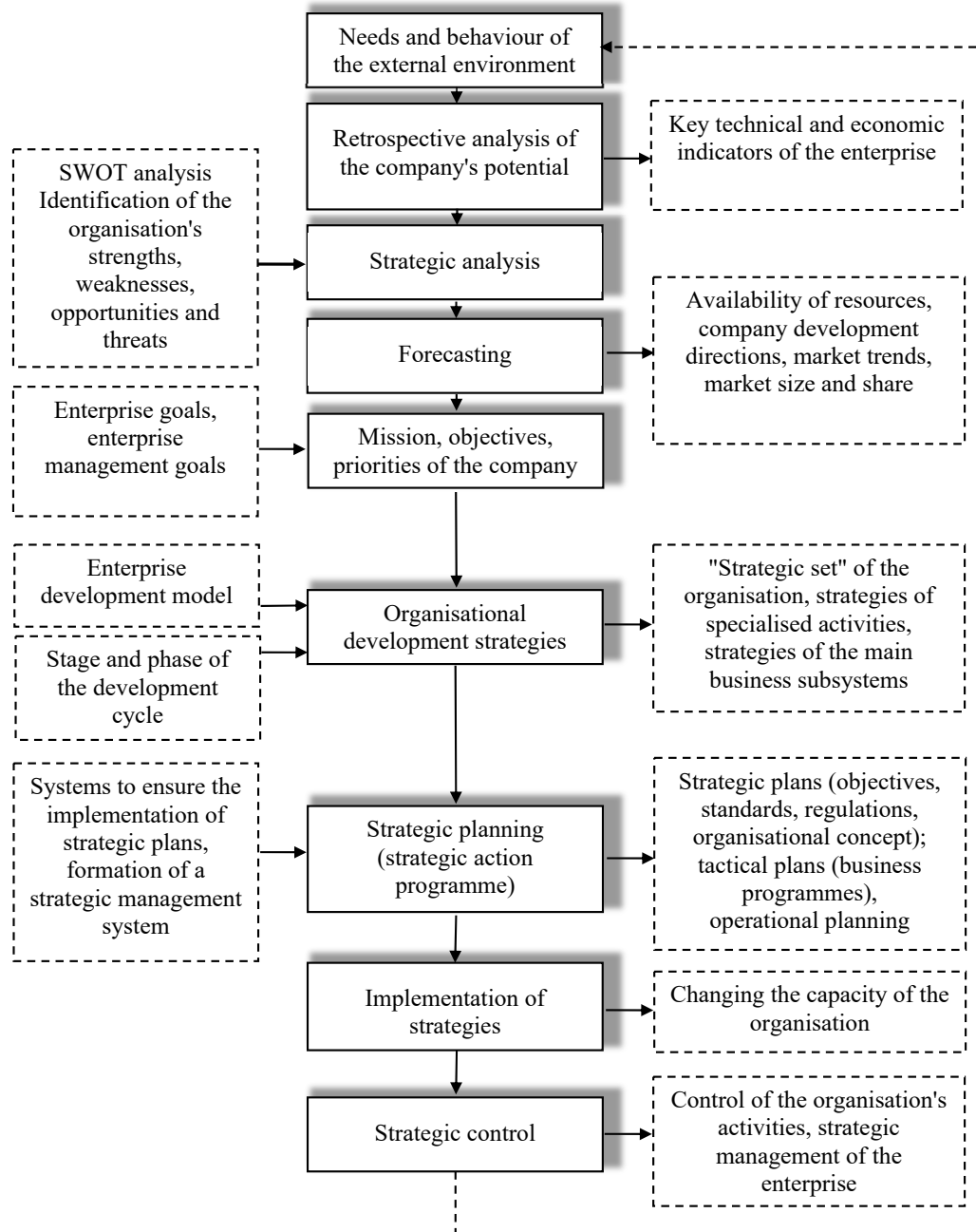


Figure 8. Management model for the strategic development of an agricultural enterprise

Source: formed on the basis of research results

- development of strategies to minimise risks and ensure production stability;
- HR development, i.e., improving staff skills through education and training;
- ensuring teamwork and identifying talented employees;
- strategic partnerships and marketing, that is, entering into strategic partnerships for joint project development and resource sharing;
- use of effective marketing strategies to promote products;

- sustainability of environmental sustainability, which means the introduction of environmentally friendly technologies and production methods;
- compliance with environmental safety and sustainable development standards.

These approaches may differ depending on the specific conditions and objectives of the agricultural enterprise. It is important to develop an individual strategy that takes into account the specifics of the industry, region and current market conditions.

The technology for achieving an agricultural enterprise's strategic intentions is shown in Figure 9.

In the Vinnytsia region (Ukraine) the number of economic units in the agricultural sector (agriculture, forestry and fishing) is 4 196 units, which is only 6.16% of the total number of economic units in this region (Table 6, Figure 10) (Official website of the Main Department of Statistics in Vinnytsia Region).

The successful strategy of each agricultural enterprise is aimed at the formation of an efficient, socially oriented agricultural sector of the economy, which should meet the needs of the domestic market and secure leading positions in the world, based on its complexity and the priority of supporting farms whose owners live in rural areas, combining the right to land with work on it, as well as own economic interests with social responsibility to the community (On the approval of the Strategy for the Development of the Agricultural Sector of the Ukrainian Economy for the Period Until 2020, 2013).

The Ukrainian agricultural sector has a production potential that significantly exceeds the needs of the domestic market, can contribute to the development

of the national economy and its effective integration into the global economic space, and thus to the growth of the incomes of the rural population engaged in the agricultural economy, which accounts for more than one third of the total population of the country (On the approval of the Strategy for the Development of the Agricultural Sector of the Ukrainian Economy for the Period Until 2020, 2013), and also ensures the multiplier effect on the development of other branches of the national economy.

The goal of the strategy is to create organisational and economic conditions for the effective development of agricultural enterprises by ensuring the unity of economic, social and environmental interests of society to ensure stable supply of high-quality, safe, affordable domestic agricultural products and agricultural raw materials for industry.

8. Conclusions

When developing a development strategy, a company should clearly define its mission and goals.

The formation of a strategy for the development of an agricultural enterprise depends on a number

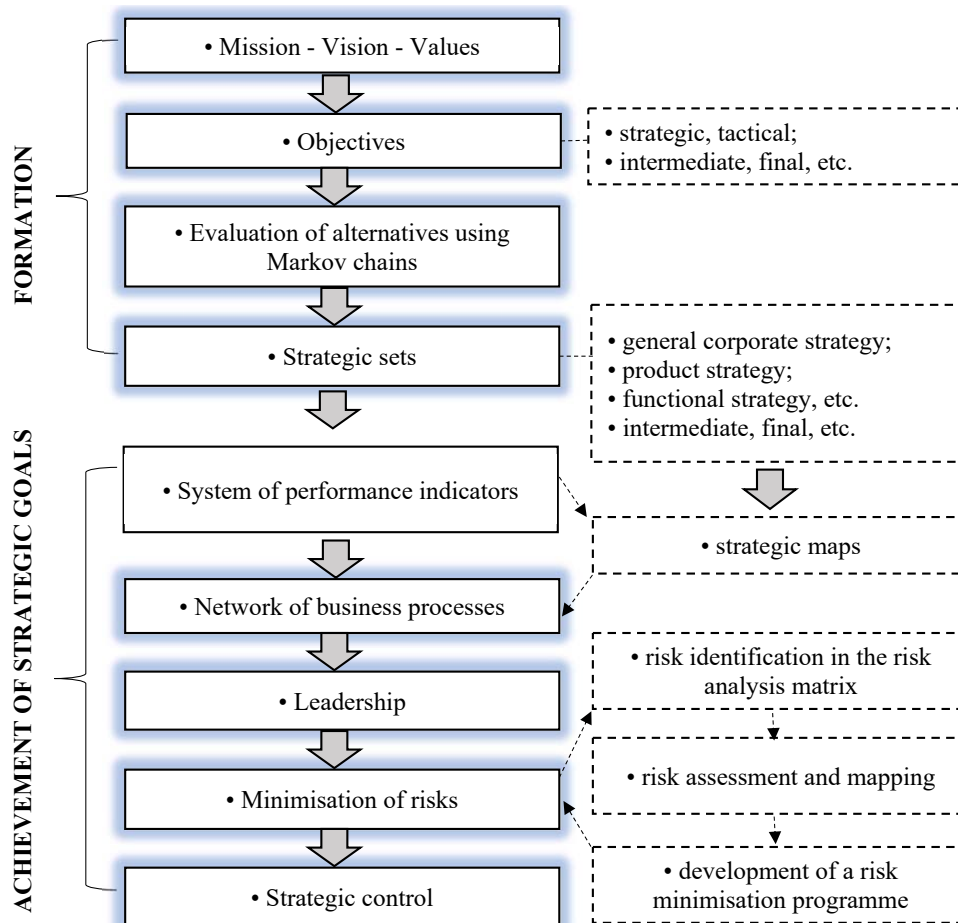


Figure 9. Technology for achieving the strategic intentions of an agricultural enterprise

Source: formed on the basis of research results

Table 6

Number of business entities by type of economic activity in Vinnytsia Oblast (Ukraine) in 2021, units^{1,2}

Indicator	Total, units	Including			
		enterprises		individual entrepreneurs	
		units	% to the total number of enterprises	units	% to the total number of individual entrepreneurs
Total	68102	10050	100,0	58052	100,0
– Agriculture, forestry and fishing	4196	2812	28,0	1384	2,4
– Industry	4222	1432	14,2	2790	4,8
– Construction	1789	728	7,2	1061	1,8
– Wholesale and retail trade; repair of motor vehicles cars and motorcycles	29853	2188	21,8	27665	47,6
– Transport, warehousing, postal and courier services	4680	382	3,8	4298	7,4
– Temporary accommodation and meals	2079	108	1,1	1971	3,4
– Information and telecommunications	7985	336	3,3	7649	13,2
– Financial and insurance activities	277	38	0,4	239	0,4
– Real estate transactions	2228	757	7,5	1471	2,5
– Professional, scientific and technical activities	3430	493	4,9	2937	5,1
– Activities in the field of administrative and support services	1433	357	3,6	1076	1,9
– Education	463	49	0,5	414	0,7
– Healthcare and social assistance	1268	267	2,7	1001	1,7
– Arts, sports, entertainment and recreation	366	32	0,3	334	0,6
– Provision of other services	3833	71	0,7	3762	6,5

Source: (Official website of the Main Department of Statistics in Vinnytsia Region, 2023)

¹ The data exclude the performance of banks and budgetary institutions.

² The information is based on the reports actually submitted by the companies and additional estimates of the indicators.

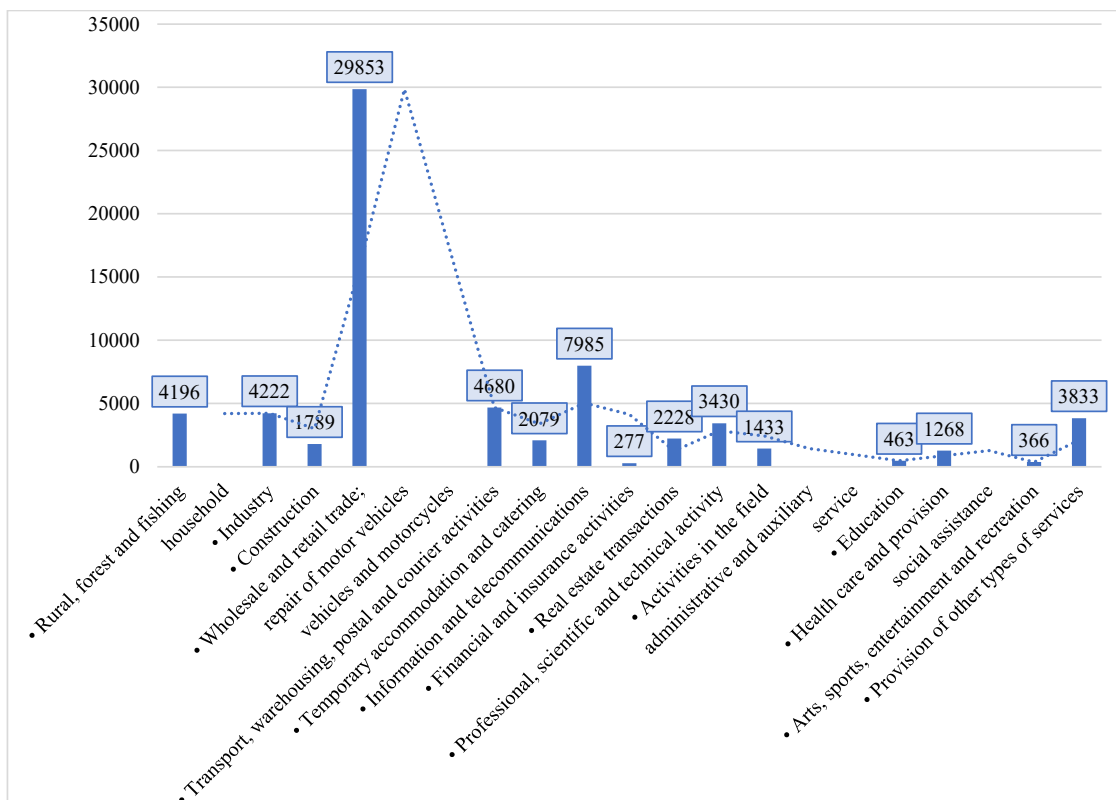


Figure 10. Number of business entities by type of economic activity in Vinnytsia region (Ukraine) in 2021, units

Source: (Official website of the Main Department of Statistics in Vinnytsia Region, 2023)

of factors, such as the potential of the enterprise, the mission, goals and objectives of the enterprise, production technologies of agricultural products and their characteristics, the state of the market, the position of the enterprise on it, the strategies of competitors, the needs of customers, the economic and political situation in the country, the level of development of scientific and technical progress, natural and geographical conditions, etc.

The main objective of the company's development strategy is to achieve long-term competitive advantages that will ensure its survival, sustainable functioning and development.

The process of forming a strategy for the development of an agricultural enterprise should include four main stages: strategic analysis, identification of strategic alternatives, strategy development, and strategy implementation.

The development of business strategies for agricultural producers is based on the detailed results of a strategic analysis of their operations.

In the context of globalisation, it is important to strengthen competitiveness in all types of economic activity, which enables an enterprise to change direction in a timely manner and adjust its strategic set in accordance with the new operating environment.

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