Lomovskykh L.
Doctor of Economics, Professor,
Kharkiv National Agrarian University named after V. V. Dokuchaiev, Ukraine;
e-mail: lomovskykh@knau.kharkov.ua; ORCID ID: 0000-0002-0760-0215

Ponomarova M.
Ph. D. in Economics, Associate Professor,
Kharkiv National Agrarian University Named after V. V. Dokuchaiev, Ukraine;
e-mail: univerms@ukr.net; ORCID ID: 0000-0001-8463-821X

Chip L.
Candidate of Economics, Associate Professor,
Poltava State Agrarian Academy, Ukraine;
e-mail: chipljudmila@gmail.com; ORCID ID: 0000-0001-5977-8579

Krivosheya E.
Postgraduate Student,
Kharkiv National Agrarian University named after V. V. Dokuchaiev, Ukraine;
e-mail: jenyakrivosheya@gmail.com; ORCID ID: 0000-0003-3596-7767

Lisova O.
Postgraduate Student,
Ivano-Frankivsk National Technical Oil and Gas University, Ukraine;
e-mail: lisovaoksana2016@ukr.net; ORCID ID: 0000-0003-3941-7295

MANAGEMENT AND ORGANIZATIONAL AND ECONOMIC CONDITIONS OF STRENGTHENING THE MARKETING ACTIVITY OF THE ENTERPRISE AND MAINTAINING EFFICIENT AGRO BUSINESS

Abstract. The analysis of the activity of agricultural enterprises indicated its inherent high degree of risk. Unlike other industries, a significant share of integrated risk for agriculture is weather risk. It is this risk that necessitates the diversification of agricultural marketing into three forms: with a deficit of the main commodity product of the agricultural enterprise in the market; with the balance of sales and supply and with the market surplus of marketable products. It is pointed out that in order to reduce the risk, a significant number of medium-sized producers rely on multi-product production and management has to simultaneously make use of all the intended forms of marketing. It has been established that the marketing activities of agricultural enterprises for a number of reasons: established tradition, lack of financial resources, etc. are often sporadic, fragmented, not a systematic, purposeful activity with defined goals, well considered tools, adequate funding and resources. Therefore, a number of specific steps have been proposed for the implementation of effective agribusiness: changing the traditional way of thinking; formation of a holistic systematic approach to marketing policy as a single coordinated complex of management and marketing; thorough study of the market of products manufactured by the agricultural enterprise, and the formation of the forecast for the next season. To strengthen marketing activities and conduct effective agribusiness, algorithms have been developed to gain a competitive advantage. It is shown that agricultural marketing today is becoming a broader field of activity than providing pure production and marketing using the main levers — price, product, sales and communication. It must best meet the needs and requirements of consumers, in particular, by shifting the main emphasis from price and sales aspects to communication. This is one of the main ways to ensure the function of agribusiness efficiency. It is proposed to use the experience of developed countries and more widely employ modern information technologies of management and marketing, in particular, decision support systems and analysis of risks and forecasts for the next period. The following ways are proposed for the use of modern decision support systems, risk analysis and forecasts in Ukrainian agricultural management and marketing: cooperation, use of these information systems on the basis of lease or, less relevant, expert risk assessment. A
mathematical method of taking into account the degree of risk in the business processes of agricultural enterprises is proposed.

**Keywords:** marketing, management, management, manager, agricultural management, agribusiness, information technology marketing.

**JEL Classification** M11, M31, Q13

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Ломовських Л. О.
доктор економічних наук, професор,
Харківський національний аграрний університет імені В. В. Докучаєва, Україна;
e-mail: lomovskykh@knau.kharkov.ua; ORCID ID: 0000-0002-0760-0215

Пономарьова М. С.
кандидат економічних наук, доцент,
Харківський національний аграрний університет ім. В. В. Докучаєва, Україна;
e-mail: univerms@ukr.net; ORCID ID: 0000-0001-8463-821X

Чіп Л. О.
кандидат економічних наук, доцент,
Полтавська державна аграрна академія, Україна;
e-mail: chipljudmila@gmail.com; ORCID ID: 0000-0001-3977-8579

Кривошея Є. В.
аспірант,
Харківський національний аграрний університет ім. В. В. Докучаєва, Україна;
e-mail: jenyakrivosheya@gmail.com; ORCID ID: 0000-0003-3596-7767

Лісова О. В.
аспірант,
Івано-Франківський національний технічний університет нафти та газу, Україна;
e-mail: lisovaoksana2016@ukr.net; ORCID ID: 0000-0003-3941-7295

МЕНЕДЖМЕНТ ТА ОРГАНИЗАЦІЙНО-ЕКОНОМІЧНІ УМОВИ ПОСИЛЕННЯ МАРКЕТИНГОВОЇ ДІЯЛЬНОСТІ ПІДПРИЄМСТВА
І ВЕДЕНИЯ ЕФЕКТИВНОГО АГРОБІЗНЕСУ

**Анотація.** Аналіз діяльності агропідприємств вказав на притаманний їй великий ступінь ризику. На відміну від інших галузей, значну питому вагу в інтегральному ризику для сільського господарства становить погодний ризик. Саме цей ризик зумовлює потребу диверсифікації аграрного маркетингу на три форми: за дефіциту на ринку основного товарного продукту агропідприємства; за балансу збуту-пропозиції і за ринкового надлишку товарної продукції. Вказано на те, що для зменшення ризику значна кількість середніх виробників спирається на багатотоварне виробництво і тому менеджментові доводиться іноді одночасно опрацьовувати всі загадані форми маркетингу. Установлено, що маркетингова діяльність агропідприємств за низьки причин (усталеної традиції, браку фінансових ресурсів тощо) часто має спорадичний, фрагментований характер, не є системною, цілеспрямованою діяльністю з означеними цілями, зваженими інструментами, належним фінансуванням і забезпеченням ресурсами. Тому для реалізації ефективного агробізнесу запропоновано низку конкретних кроків: зміна традиційного трібу мислення; формування цілісного системного підходу до маркетингової політики як єдиного узгодженого комплексу менеджменту і маркетингу; ґрунтовне вивчення ринку продукції, яку виробляє агропідприємство, і формування прогнозу наступного сезону. Для посилення маркетингової діяльності та ведення ефективного агробізнесу розроблено алгоритми, які мають на меті набуття конкурентних переваг. Показано, що аграрний маркетинг сьогодні стає більш широкою сферою діяльності, ніж забезпечення сутно виробництва і збуту за використання основнихlégi — цінового, товарного, збутового і комунікаційного. Він має забезпечити найбільшим чином потреби і вимоги споживачів, зокрема за перенесення основної ваги з цінового і збутового аспектів на комунікаційний. Це є одним з основних
Introduction. Agricultural production has a significant difference from other branches of the economy, which, in the first place, is that the profitability of agro enterprises is largely dependent on weather conditions. It is precisely the weather risks that determine the organizational and economic conditions of work in the next season of managerial, production and sales units of agrarian enterprises. Weather conditions determine either a deficit in the market of the main commodity product of agro-enterprise, or balance of sales, or excess of commodity products. This cardinaly changes the management and marketing policy of agro-enterprise. Since the nomenclature of agro-products is quite wide, then crop failure of some kind is compensated by the heavy crop of something else. Therefore, small agricultural enterprises are not single-product in its nomenclature of agro-products. The situation is also worsened by the fact that, according to a survey conducted during this study, most small businesses are unable to maintain a marketing service. For Ukraine, the situation is also worsened by the fact that, according to a survey of the majority. That, in turn, leads to a complication of high-quality marketing activities in many directions. For Ukraine, the situation is also worsened by the fact that, according to a survey conducted during this study, most small businesses are unable to maintain a marketing service. The purpose of this article is to study agricultural management and marketing in Ukraine and develop proposals to strengthen them to ensure the effectiveness of agribusiness.

Analysis of recent research and publications. Many scientists have dealt with the problem of management and formation of organizational and economic conditions for strengthening marketing and conducting effective agribusiness in Ukraine. Studies of Ukniat L. M. [1], Bilan Yu. V. [2], Zamula I. [3], Yatsenko O. M. [4], Ostapenko R. [5], Bazaluk O. [6; 7], Osaulenko O. [8], Saiz-Rubio V. [9], Nitsenko V. [10, 11], Kucher A. [12], Baharun R. [13] are well known. There is a growing understanding among scholars and practitioners that management and marketing must take into account the risks of agribusiness, and therefore there are tools aimed at identifying risk in agriculture in all its aspects — Ushkarenko Iu. and Soloviov A. [14]. Western scientists are increasingly relying on digital technology to increase the effectiveness of management and marketing in agriculture. For example, Saiz-Rubio V. [15] studied approaches to the introduction of «smart» agriculture according to the concept «Agriculture 5.0». SvyrinDenko D. and Stovpets O. [16], Kondarevrach V. [17] considered the prospects of using Big Data in the management and marketing of agribusinesses. To increase marketing and management efficiency information systems are introduced in agriculture of developed countries, in particular, decision support systems (DSS), which were studied by Rupnik R. [18], Frantsuz A. [19], Yankovyi O. [20], Soroka L. [21] in their research.

The purpose of this article is to study agricultural management and marketing in Ukraine and develop proposals to strengthen them to ensure the effectiveness of agribusiness.
coordinated management and marketing complex. The third step consists in a thorough study of the market of products manufactured by agroenterprise and the formation of the forecast for the next season. It is the risks of agribusiness, to a significant degree - weather risk, that form the conditions and set tasks for management and require diversification and strengthening of marketing activities of agroenterprise. They program the three indicated marketing directions (Fig. 1). Since a significant number of small agricultural enterprises are not single-product, in accordance with their commodity nomenclature and heavy crop or crop failure, the agroenterprise must simultaneously work in all these directions.

![Fig. 1. Organizational and economic conditions of marketing by agricultural enterprises](chart.png)

The study confirms this thesis. Data analysis of Fig. 2 indicates significant fluctuations from year to year of the financial result of agricultural enterprises.

![Fig. 2. Financial result (balance) before taxation of agribusiness enterprises, ths. UAH](chart2.png)

*Source: *formed on the basis of the Official site of State Statistics Service of Ukraine [22].

Moreover, the influence of risks on large, medium and small enterprises are different, sometimes (see 2018—2019) even having a different vector. The situation in 2018—2019 emphasizes a successful strategy for medium-sized enterprises in its bulk to reduce risks for multi-product production (for example, simultaneous livestock and crop production), unlike single-product large and small manufacturers. The study found (Fig. 3) that for the considered time interval of 2010—2019 for large enterprises the share of unprofitable enterprises reached 23.1% in 2010, 21.4% in 2014 and 20.6% in 2019. Only 2019 and 2018 were without losses for large agricultural enterprises. For medium-sized enterprises, the percentage of unprofitable enterprises varied from 8.4% (2015) to 23.1% (2013). For small enterprises — from 11.7% (2015) to 34.2% (2010).
The analysis showed that the largest fluctuations in the share of loss-making enterprises to their total number are demonstrated by small enterprises and the smallest fluctuations are among medium ones. A significant share of unprofitable large enterprises proves the fact that their management, assessing the risks of losses takes them aiming, in contrast to the agribusiness of developed countries, not to reduce the risks using modern technologies, but to obtain a certain level of average profit over a considerable period of time. The number of loss-making agricultural enterprises (see Fig. 3) is in fact a real estimate of the effectiveness of national agricultural management and marketing.

The main lever for conducting effective activities is, in our opinion, ensuring competitive advantages. Two main layers can be distinguished here: traditional and innovative. Traditional one is based on the rental advantage, smaller logistic costs, cheap labor resources, cheaper raw materials, etc. But these component advantages are fleeting. Innovative one is a new form of trust in the relationship with the consumer, the use of the latest technologies, new products and services, highly qualified and highly motivated staff, etc. A classic approach to the classification of competitive advantages divides them into external and internal ones. According to this approach, the basis of external advantages is the quality of products that should guarantee stability of sales. Internal advantages, according to this approach, should be based on reducing the cost of products, which will allow for a flexible pricing policy as for major competitors. In modern conditions, as the survey showed, this approach is not indisputable, because reducing costs at some point will lead to lower product quality. And, as research has shown, the price of products today does not always correlate with sales — the consumer sometimes agrees to pay more, taking into account not economic but emotional or other factors. Thus agromarketing today is becoming a broader field of activity than providing purely production and sales using the basic levers — price, product, sales and communication. It, using the same levers, should best meet the needs and requirements of consumers, in particular, to transfer the main emphasis from the price and sales aspects to the communication. It is also worth paying attention to the experience of developed countries and more widely use modern information technology management and marketing [13—21]. The use of modern DSS systems for small agricultural enterprises is uncommon. And their financial resources do not allow them to purchase modern information systems. The following ways are possible here: cooperation, use of DSS-systems on a paid basis (lease) or, less relevant, expert risk assessment.

One can consider the effect of risk probability for a business process that is described by a function of $x$ (for example, crop yield) as follows:

Fig. 3. The share of agribusiness enterprises that have received losses from all enterprises of a homogeneous group in the industry, %
Source: formed on the basis of the Official site of State Statistics Service of Ukraine [22].
where \( f(x) \) is the probability of risk.

Regarding product leverage — marketing should focus on creating the appropriate range of products. The marketing algorithm will then be as follows: study of current consumer needs and the formation of new needs; research of all aspects of competitors’ activity; comparative assessment, according to all indicators, of product quality of the enterprise and competitors; providing information to management on the withdrawal of products for which its own company is inferior to competitors in producing; finding promising opportunities to expand the range of products, based on a comprehensive assessment of consumer needs, the capabilities of competitors and the ability of its own production. Fulfilling this algorithm can be very difficult for marketing and then management often focuses not on the manufacture of products that the consumer needs, but rather on those the enterprise is able to produce according to technological and other indicators. This leads not to the competitive advantages of its own enterprise, but rather to the benefits of competitors. For the orientation of marketing activities to a price lever, the algorithm should be as follows: rational conduct of production activity; reduction of the cost of the product unit increasing its volume; use of synergistic effect by simultaneous production of various types of products; cooperation; integration to ensure joint supply of resources and sales organization; production for consumers with special needs and requirements.

**Conclusions.** Based on the information obtained during the study, it has been established that a significant degree of risks, first of all, weather risk is decisive for management and marketing of agricultural enterprises. This allowed to identify the main forms of marketing and offer steps to implement effective agribusiness: a change in traditional thinking; formation of a holistic systematic approach to marketing policy as a single coordinated management and marketing complex; the thorough study of the market of products manufactured by an agricultural enterprise and the forecast of the formation for the next season. Algorithms intended to acquire competitive advantages have also been developed. It is stated that agricultural marketing should become a broader field of activity than providing purely production and sales. It should meet and shape the needs of consumers, in particular, by shifting the main emphasis from the price and sales aspects to broader field of activity than providing purely production and sales. It should meet and shape the needs of consumers, in particular, by shifting the main emphasis from the price and sales aspects to

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