



# MANAGEMENT OF THE 21ST CENTURY: GLOBALIZATION CHALLENGES. ISSUE 2



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**MANAGEMENT OF THE 21ST CENTURY:  
GLOBALIZATION CHALLENGES. ISSUE 2**

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In edition I.Markina, Doctor of Economic Sciences, Professor



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## **RESOURCE POTENTIAL OF THE AGRARIAN SECTOR OF ECONOMISTS AS AN OBJECT OF SCIENTIFIC RESEARCH**

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Complex issue researches in search for opportunities for effective and rational use in production process of own resources, opportunities for positive progress of business entity have a particular importance since their solution permits implement to the fullest extent of using economic facilities, rational distribution of available costs and increasing of products and services qualitative characteristics, competitive advantage and it's stability and quantitative increase of interested consumers. The resource capacity of agriculture forms as a distinct types of resources, that are subordinated to enterprises own use. Such a set represents a material security inproductive capacity. The amount of last factor depends on more than just amount

of own resources, but also on material resources of other business enterprises and organizations that play any role as agricultural producers.

The diversity of «resource potential» requires a variety of approaches to the disclosure of content and directions for improving the mechanism for its formation and use. The theoretical concepts of the development of the resource potential, its structure and properties, which are the basis of its use, are multidirectional, therefore there is an objective need to find new approaches to ensuring its effective use.

The adoption of measures to build capacity is oriented towards the prospect and is based on actual conditions of development of relevant factors, that is, specific requirements. The needs of customers have particular importance and influence their quality. In addition, very important prerequisites are related with competitors, because the investigated potential of the enterprise may lose its value exactly under their load. Also, internal preconditions related to the guidelines adopted within the enterprise should be taken into account.

Solving important problems of the country's development depends to a large extent on the scale and nature of the transformation processes, the effectiveness and activation of which are closely interrelated with the most full use of all components of available resource potential. Insufficient utilization of the main components of available resources leads to deformation of the production structure, constraints and reduces the efficiency of production activities, which requires the development and implementation of well-considered measures to create a mechanism for ensuring the conservation and rationalization of the use of resource potential.

Under the resource potential of the country they imply a set of interrelated natural, industrial, labor, financial, investment, innovation, infrastructure and information resources, the use of which provides an economic effect. Like the economy in general, resource potential is a dynamic system characterized by a change in the proportions and relationships between its constituents in both time and space. Being in functional dependence, the change of some components of the resource potential leads to the modification of others, causing changes in the proportions of functional and territorial nature. The analysis of economic literature has shown that the range of definitions of resource potential of economic entities is rather voluminous – from a fundamentally narrow understanding of it as the annual volume of production to general categories.

The Resource Potential, Strategy and Competitiveness are the three basic components of an organization that determines the formation of strategic management. The implementation of the enterprise in the conditions of a market environment necessitates the conduct of their worthy competitive work, the need for the formation of certain competitive advantages. Their content depends on the external environment and opportunities of the economic entity - its resource potential. This aggregate forms the material basis of production potential, the size of which depends not only on the amount of labor, material and land resources of the enterprise, but also on the material resources of other enterprises and organizations



directly necessary for the production of agricultural products.

The research of the prospects of the company's activity gives an opportunity to reveal the essence of the notion of a strategy of ensuring competitiveness through the prism of a set of thought-out management decisions, which focus on the prism of the formation of resource potential and ensure the qualitative development of its main competitive principles and promote its growth. The process of developing and implementing the strategy is carried out in accordance with the rules of organizational development and accumulated own resource potential.

The evaluation of resource potential of an enterprise can be defined as the sum of the actual values of the components. For example, the potential of agrarian enterprises is proposed to measure the cost of reproduced resources.

The questions of the effectiveness of their engagement are important and permanent for all kinds of resources. The essence is to give an assessment of the effectiveness of one or another type of resource and determine the useful result of the enterprise, compared with the cost of obtaining this useful result.

The positive result of enterprise activity from the use of resources is called an effect. Two important indicators which called the effect are: profit (revenue) and profitability. The calculation of these indicators and their comparison with the size of the resources used determines the rate of effectiveness of the use of these resources. Consequently, this economic category characterizes the useful result of the enterprise. These indicators are actively used both in general and in its individual components to analyze the effectiveness of the operation of the enterprise.

To determine the size of the resource potential, the most common two methodical approaches are: integrated assessment of production resources in monetary terms and on the basis of determining the area of comparable agricultural land.

The provision of agricultural production resources can be characterized by absolute and relative indicators. An absolute indicator is a resource utilization coefficient, which reflects the correlation between the actual value of resource potential and its normative need.

It should be noted that the opportunities for economic growth of an enterprise are not always characterized by the presence of these resources. Resource potential of the enterprise is explained by four main factors:

- real possibilities of a business entity in various spheres of its activity (including unrealized opportunities);
- the volume of available and own resources used in production;
- the ability of staff to use resources and ability to manage them rationally;
- the kind of activity and specialization of a concrete enterprise.

All economic work in agricultural production, in essence, is to find the best solutions to economic problems. Non-operational, or poor-quality, processed economic information leads to a decrease in the level of business activity. For example, untimely response to changes in macroeconomic indicators leads to a decrease in production and inflation. Econometric calculations and an analysis of

the microeconomic factors of social and economic phenomena and processes are even more influential on the development of the economy. Data collection at micro level and their analysis and estimation of econometrics is the basis of successful management of economic activity.

Using of mathematical modeling as one of the methods of financial literature planning allows to correlate quantitative correlations of various indicators and factors, to find their interconnections and to search for the tendency of financial and economic results. The economic-mathematical model as a mathematical generalization of the factors of financial analysis characterizes the structure and regularities of the change of the investigated economic phenomenon on the basis of mathematical calculations. Economic-mathematical modeling can be carried out both by functional and by correlation links, such actions allow to calculate and switch from average to optimal values. In turn the use of computer technology in the financial planning of the enterprise significantly affects the growth of its scientific significance and reasonableness, enabling the development of a significant number of variants of plans, focusing on changing competitive conditions of the environment, etc.

Mathematical and statistical research is a necessary vector in obtaining in-depth knowledges of the mechanism of the phenomena and processes studied. Correlation and regression analyzes are widely used to study the intensity, type and form of causative influences.

Determination of relations in the form of regression and its comparison of quantities with values obtained by substitution in the regression equation of values explain the variables, give an opportunity to better understand the nature of the phenomenon under study. This affects the identification of factors that affect the economic process in order to obtain the desired results. The multivariate correlation-regression analysis of financial stability of a particular enterprise was carried out by us on the financial statements of the company for five years. Net income was taken as a performance indicator (y). The most simple form of dependence is linear, that is, the dependence of the species:

$$y_0 = A_0 + A_1X_1 + A_2X_2 + A_3X_3 + \dots + A_nX_n,$$

where y is the resultant indicator;

$A_0$  is a free component of the equation;

$A_1, A_2, A_3, \dots, A_n$  - coefficients of the multiple correlation;

$X_1, X_2, X_3, \dots, X_n$  are quantitative characteristics of the factors that influence the performance index.

Correlation-regression analysis was carried out using the module «Multiple Regression». According to the results of correlation-regression analysis, the regression model has the form:

$$Y = -6224,148 + 0,14x_1 + 0,125x_2 - 1,479x_3 + 0,843x_4 + 0,006x_5 + 0,524x_6 + 0,118x_7 + 0,039x_8 + 0,004x_9 + 0,006x_{10}.$$

Table 1

**Output data for conducting multiple correlation-regression analysis of financial stability industrial agricultural enterprise «Zlagoda», ths. UAH**

Indexes	Year				
	2013	2014	2015	2016	2017
X1 – revenue from sales	27865	31367	48118	62415	76537
X2 – cost of sales	22944	26967	36146	50387	69302
X3 – administrative and marketing expenses	1861	2344	2655	5264	7020
X4 – gross income	4921	4400	11972	12028	7235
X5 – fixed assets, ths. UAH	5722	5693	9615	16322	26040
X6 – finished products and goods	42	54	112	38	17996
X7 – cash ths. UAH	325	632	802	1225	1537
X8 – current and long-term liabilities	7800	9105	13095	14325	26720
X9 – accounts receivable	1609	1026	4006	2795	3927
X10 – operating costs	48208	51949	53572	57073	88913

*Source: compiled by the author for f. №1,2 industrial agricultural enterprise «Zlagoda»*

The most influential factor according to the built model is the administrative costs – the management of the company must pay attention to the reduction of administrative and cost optimization, since each of them increase by 1 UAH, reduces net profit by 1,479 units. After all, the correct management of them can affect the value of net profits in the future. This conclusion is confirmed by the situation in 2017, when administrative expenses amounted to 7 million UAH, therefore the company received almost 3.5 million UAH of net loss, and the level of loss in production and financial activity in 2017 was 5%.

As a conclusion we note that the implementation of financial planning requires an analytical approach in determining the goal of the enterprise development or its components, as well as the level of implementation of the planned goal. Therefore, the current and perspective activity of the company is connected not only with the development but also with the implementation of the plans.

The balance of indicators of financial planning in enterprise is a prerequisite for their qualitative development, since the excess of planned or actual indicators relative to the normative values under normal business conditions of an enterprise indicates the unsatisfactory preparation of planned financial developments and the need for their recalculation. In comparison to planned, actual and normative indicators, not only the coefficients of tensions of financial plans, but also their level of risk are determined.

Consequently, the effectiveness of the use of resource potential influences the



financial and economic outcomes of the enterprise. The potential of an enterprise should be characterized by a set of indicators, using a value or a natural estimation. Resource potential of agriculture is formed by the size of certain types of resources at the disposal of enterprises. In today's market conditions, the achievement of a high level of development of agrarian enterprises is possible through the implementation of such actions aimed at improving the quality characteristics and efficiency management process concerning the resource potential of the economic entity. Thus, a complex model of formation and provision of the potential of an enterprise indicates that at different stages of its occurrence it acts as a result of the interaction of the resources that it provides. The resource potential of the agrarian sector is formed by combining different sizes of individual types of resources belonging to the enterprise.

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