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FORMATION OF SUSTAINABLE DEVELOPMENT OF THE ENTERPRISE

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ФОРМУВАННЯ СТІЙКОГО РОЗВИТКУ ПІДПРИЄМСТВА

The article examines the scientific opinion regarding the theoretical and methodological aspects of the formation of sustainable development of the enterprise. It has been established that economic growth is always systemic and represents a long-term process of increasing the effectiveness and efficiency of the functioning of agrarian enterprises and finds expression in the extended reproduction of technical, economic and social-ecological production results.

It is proven that the type of enterprise development depends on the ratio of the specific weight of extensive and intensive factors: if the specific weight of intensive factors is low, and the economic growth of agricultural enterprises is carried out mainly at the expense of extensive factors, then "growth without development" occurs. If the production system is dominated by progressive qualitative changes, then there is an approach to "development without growth". At high rates of economic growth of agrarian enterprises with a predominance of intensive factors, "development-based growth" occurs. The type of economic growth in each individual enterprise depends on the goals, specific conditions, characteristics of the system, motives and opportunities. The need for economic growth is determined by the law of growing needs, population growth, the need to support and increase the competitiveness of production, and increase the level of people's material well-being.

It was determined that the most common is "economic growth combined with development", in which economic growth occurs due to both extensive and intensive factors. Economic growth and development of agricultural production are important for the prosperity of any country, but they are of particular importance for Ukraine. In the situation that developed in its economy at the beginning of the 21st century, economic growth and development is the way to become a highly developed country.

Given the backwardness of agricultural enterprises in the technical and technological spheres, for Ukraine, as for most countries, the most desired economic growth is based on development or in combination with development, which ensures the highest rates of economic growth, increasing the competitiveness of agricultural production and rapid growth of the material well-being of the population. Scientific and applied aspects of these progressive concepts need further study and development.

В статті досліджено наукову думку щодо теоретико-методичних аспектів формування стійкого розвитку підприємства. Встановлено, що економічне зростання завжди системне і являє собою довгостроковий процес підвищення результативності й ефективності функціонування аграрних підприємств і знаходить вираження в розширеному відтворенні техніко-економічних та соціально-екологічних результатів виробництва.

Доведено, що тип розвитку підприємства залежить від співвідношення питомої ваги екстенсивних і інтенсивних факторів: якщо питома вага інтенсивних факторів низька, а економічне зростання аграрних підприємств здійснюється переважно за рахунок екстенсивних факторів, то відбувається "зростання без розвитку". Якщо у виробничій системі переважають прогресивні якісні зміни, то відбувається наближення до "розвитку без зростання". При високих темпах економічного зростання аграрних підприємств з переважанням інтенсивних факторів відбувається "зростання на основі розвитку". Тип, за яким буде здійснюватися економічне зростання в кожному окремому підприємстві, залежить від цілей, конкретних умов, характеристик системи, мотивів і можливостей. Необхідність економічного зростання зумовлюється законом зростання потреб, збільшенням чисельності населення, необхідністю підтримки й підвищення конкурентоспроможності виробництва, підвищення рівня матеріального добробуту людей.

Визначено, що найбільш поширеним є "економічне зростання у поєднанні з розвитком", при якому економічне зростання відбувається як за рахунок екстенсивних, так і інтенсивних факторів. Економічне зростання й розвиток сільськогосподарського виробництва важливі для процвітання будь-якої країни, але особливе значення вони мають для України. У ситуації, що склалася в її економіці на початку ХХІ ст., економічне зростання й розвиток — це шлях у високорозвинуті країни.

Зважаючи на відставання аграрних підприємств у технічній і технологічній сферах для України, як і для більшості країн, найбільш бажане економічне зростання на основі розвитку або у поєднанні з розвитком, що забезпечує найбільш високі темпи економічного зростання, підвищення конкурентоспроможності сільськогосподарського виробництва і швидке зростання матеріального добробуту населення. Наукові та прикладні аспекти цих прогресивних концепцій потребують подальшого вивчення й розвитку.

Key words: reproduction, growth, enterprise process, system approach, sustainable development, factors of production.

Ключові слова: відтворення, зростання, процес підприємства, системний підхід, сталий розвиток, фактори виробництва.

INTRODUCTION

Content, factors and figures of economic growth traditionally belong to the most urgent matters of economic theory. The political economy considers this problem within the theory of extended reproduction. However, there is a specific deficit of theoretical studies of this subject. In particular, there is no clear interpretation of the undefined concepts. Many important issues are still insufficiently explored. This includes the problem of the quality of economic growth, theretofore it doesn't become a subject of a special theoretical analysis in economic theory. A qualitative analysis of economic growth requires taking into account a number of circumstances that contribute to GDP growth. In particular, the growth of potential output could be caused by extensive and intensive factors. The content of economic growth could be the formation of a type of economy with the predominance of a different industry structure, which determines the place of the country in the world division of labor and its historical perspective. At this time, a qualitative analysis of economic growth is one of the main theoretical and methodological tasks, where the investment policy of country and its future depend on the successful decision.

RESULTS OF THE STUDY

The theory of economic growth began its development in the 1920's, while the first theoretical

developments were associated with discussions about perspective planning. At the same time, the question of economic growth was considered as one of the most important socio-economic problems, aimed to determine the conditions for the country's transformation into an industrialized state with a modern material and technical base. The scholars' works of that period contain enough detailed analysis of the factors of economic growth in the transition period and after its completion. In this case, a special attention was paid to growth factors related with capital and labor: accumulation and increasing the efficiency of the use of productive assets, and increasing the labor productivity. G. Feldman in the late 1920's developed the economic-mathematical model that foreseen many provisions of the theory of economic growth, developed later in the overseas. However, his ideas at that time were unclaimed.

The researches has determined that the most important factor in economic development is the accumulation of capital [3]. Based on different estimates, scientific and technological progress provides from 60 to 90% of economic growth [2]. K.R. McConell and S.L. Bru in their work "Economics: Principles, Problems, and Policies" explains the importance of the investment component of economic growth in such a way that the capital accumulation is stimulated by itself, and the process of accumulation has a cumulative nature [1].

Considering the impact of investments on economic growth, Swedish economist K. Eklund emphasizes: "The growth of real or existing, accumulated capital is a determining factor in the rapid increase of the material standard of living in industrialized countries for the last 100 years. The fact is that STP improves a labor productivity. In this context, today's welfare is largely a result of yesterday's investment and today's investments, in turn, lay the foundations for tomorrow's productivity growth and higher welfare" [6]. It is considered that the core of macroeconomic policy should be the creation of favorable conditions for production activities, the increment of investment (innovation) activity, the restoration of normal capital turnover [1]. Actually, the term "economic growth" in the domestic literature began to be widely used since the 1960's, but the content of this concept different researchers treated different ways. In general, economic growth was not confined to the concept of potential GDP growth, but included a whole range of problems of the dynamics of social production and its cause-and-effect linkage with a change in the ratio of various factors of production, the interaction of production and consumption, with changes in the structure of the economy, etc. Those years the reduction of the problem of economic growth to a purely quantitative increase in production was criticized. It was emphasized that economic growth implies not only the growth of production volumes, but also qualitative changes in production and its results.

The concept of "economic growth" is not limited by the category of "production growth". Economic growth is a long-term process of increasing the efficiency and effectiveness of the economy as a whole, which finds expression in the expanded reproduction of technical and economic and socio-environmental results of production. Economic growth is not only an increase of output volume but also economic development. Therefore, always when the rates of economic growth is studying, it is necessary to concretize: the growth of only physical and cost of production volume or they include the pace of qualitative changes in the economy as a whole. In the latter case, the dynamics of quantitative figures does not provide exhaustive information regarding the process of economic growth. The concept of "economic growth" includes a complicated relationship between the rate and the quality of growth, therefore, the deployed system of its evaluation is required. The economic policy aimed at stimulation of economic growth is most often associated with cyclical fluctuations in the short-term period. Herewith, the economic growth is interpreted as a long-term trend without clearly marked time limits and criteria. As growth is associated with the long-term period, there is a problem of finding the criteria for distinction between the short-term and long-term periods.

Short-term fluctuations include the growth of output for the expense of the intensive use of existing production factors, with the no changing their quality and quantity. Also, this category should include the growth of production due to the use of surplus resources that have not been used before. If GDP growth is carried out by increasing the number and (or) quality of production factors, then we are talking about growth, but not about cyclical

fluctuations. At the same time, the time period is of no importance.

Traditionally, the economic growth is associated with increase of material wealth, the ability of the economy to meet the existing needs more effectively. However, since the late 1970's, the understanding of economic growth, associated only with the increase in material wealth, with profits, with GDP growth, was criticized. The reason was a sharp aggravation of environmental problems, increasing global social inequality, etc. It would serve as the basis for rethinking the theory of economic growth. Economic growth is an integral indicator that characterizes the economic development.

Period 1974—1986 was characterized by a significant decline in the average annual rate of investment. It could be explained by the fact that the process of expansion of production capacity at the former technical level has practically ceased. The reserves for increase of the economic and technical efficiency of using most traditional technologies and modernization have been exhausted. A price factor also played its role. Further investing to old resource-intensive technologies meant inevitable reduction of competitiveness. Corporations refrained from investing in technical re-equipment at all, in order to avoid spending money on the purchase of old technologies. Decrease in the growth of capital investments could not but affect the growth rate of GDP. Period 1987-1990 was characterized by increasing capital investments to the economies of developed countries. From the late 1980s, an active process of rethinking the content and purposes of economic growth started in the economic literature. A peculiar landmark was the emergence of a concept of human development, developed by UN experts. The basic idea of the concept is to recognize that human and his development are the ultimate purpose of economic development. In this context, the category of economic growth also gets a little different meaning: human development becomes the main criterion of social progress. According to this idea, the quantitative measure of the level of human development, consisting of three components: 1) education level; 2) expected life expectancy; 3) GBP per capita, calculated in USD at the parity purchasing ability, was proposed and still developed. The emergence of this concept has objective preconditions, which are associated in many ways with the strengthening of the social orientation of the market economy in the developed world economies. The nomination of human development as the central purpose of social and economic progress is directly related to the matter about new way of social development, new social structure of society, its new social and economic nature.

Thus, by fulfilling its reproductive function, the social sphere contributes to the achievement of sustainable social and economic development of society. Today there are several basic approaches to defining the content of the concept of sustainable economic development in the economic literature. Sustained economic development has always been associated with an environmentally friendly way of producing economic goods and meeting people's needs. At the same time, this term "sustainable development" occurred as a result of finding the optimal balance between economic growth and the need to preserve the

human environment. The sustainable development was understood as the ability to meet the needs of the modern people generation without loss to meet the needs of future generations. Hereafter, the content of the concept of sustainable development was significantly expanded. In particular, the sustainable development was attributed not only environmental issues, but also demographic, social and others. There are two main approaches to this category: sustainable development began to be considered in a broad and narrow sense. In the narrow sense, the sustainable development means activities that don't cause a damage to nature. In the broad sense, demographic, social, technical, and financial sustainability belong to this category. However, in a broad interpretation, the imperative is maintained, according to which the sustainable development recognizes such activity, in the implementation of which the satisfaction of current needs should not be carried out at the expense of future generations.

There is a number of insufficiently researched and debatable matters concerning the theory and practice of economic growth. Even there is no common opinion regarding this concept. Majority of authors, talking about economic growth, include the economic development to it. Some economists consider economic growth and development as separate concepts [4]. As like scientific paradigms and real phenomena of economic life of different countries, the concept of "economic growth without development" and the concept of "economic development without growth" are distinguished. The economic growth at the level of national economies is understood as an increase of the real gross domestic (national) product [6]. Some scholars understand the economic growth as the increase of production volume of gross output, and it is more fair when considering this category at the level of industries, regions, and individual enterprises. However, the increasing the gross output value could be occurred due to increasing material resources or using more expensive raw materials. In this premises, it is more appropriate to measure economic growth directly at enterprises not only in the amount of produced products in kind and in value, but in the volume of net products (newly created value, gross income), that is, the value of gross output, except for material costs. Thus, the economic growth at the macro level is an increase in GNP (GDP), and at the level of enterprises it is a growth of a net product, in other words, gross income. The economic growth without economic development implies only a quantitative increase of abovementioned figures. This is conducive to increasing the provision of population with of those or other consumer goods, provided that its size in the country is decreasing, remains stable or its growth rate is lower than the economic growth. Herewith, the economic growth carried out under the extensive type, in other words without qualitative changes of production, only at the expense of increasing the number of necessary elements (land, capital, labor) involved to the production process, don't lead to the increase of labor productivity, the decrease of material and capital intensity, and hence, to the reduction of the production prime cost. So, R. Solow's model shows that if no technical progress, there is a constant return on the increase of the volume of production factors: capital, labor and the level of

technology development. The profit margins in this case remains unchanged, and its mass may increase due to the growth of production in proportion to the latter.

However, the economic growth without development in modern context usually tends to reduce the profit margins that connected with the use of industry more spatially distant, deeper and poorer according to the content of natural raw materials. In agriculture, it is connected with the involvement of less fertile land to the turnover. If take into account the increase of labor cost, the economic growth without development does not ensure an increase of the competitiveness of agricultural products at a price. In the best case, it supports it at one level, and more often, it reduces competitiveness, as socially necessary labor costs tend to decrease.

Today the issues of economic growth are of particular importance. If we bring the economic growth to output growth, then any increase of GDP or another figure compared to the previous year can be defined as a transition to economic growth. Nevertheless, such conclusion is wrong, because economic growth has both financial and physical (natural-material) content. Despite their unity in practice, a special attention should be payed to both parties of this process. Otherwise, negative trends of structural deformation may be hidden on favorable values.

The economic development provides a quality production change. It involves the application of intensive and cost-effective production technologies, the use of more productive and reliable machines, the spread of plant varieties and breeds of animals with higher genetic potential of yield and productivity, etc. In this case, a qualitative improvement also should touch and labor resources by using the labor more professionally trained, disciplined, creative, initiative workers. At the same time, more perfect organization of production and labor, more effective incentives for effective work could be used in production.

It is considered that the economic development of agrarian enterprises is a qualitative, progressive change in the production system and its infrastructure, which increases economic efficiency. In this definition, we would like to emphasize that economic development is a multifaceted, multidimensional phenomenon that is determined not only by the positive changes in the production system, but also by progressive changes in the demographic situation, the development of culture, education, health care and a number of other social institutions. In addition, the economic development has a feedback with all of the above-mentioned processes and results not only in economic, but also in the broad social impact.

The economic development without growth could be applied in the countries with very high level of well-being. It is more possible in agriculture, if production is carried out at the level of optimal nutrition standards for population, but it is necessary to improve the quality of products and their environmental purity. Under these circumstances, the production volume won't increase, but the production will become not only more qualitative due to the use of more advanced technologies and other innovative elements, but also the decrease of cost of capital, labor and production.

This scenario is most realistic with a stable population, which takes place in many highly developed countries, and

in some of them there is a slight decrease of inhabitants. The increase of the food quality and competitiveness of agricultural products happens under this development without economic growth. A simple reproduction according to intensive type due to increasing labor productivity and return on assets is carried out here.

In our opinion, the conceptions "economic growth without development" and "economic growth without growth" should be added by the conception "economic growth on the basis of development". The growth on the basis of development is most desirable for most of the less developed countries (80% of the total population of the Earth) and some highly developed countries. In this case, for example, in agrarian enterprises, the production growth of crops and livestock will be carried out on the base of the application of more advanced technologies, systems of machines, fertilizers, forages, restoration of plant varieties, animal breeds, which leads to increase of plant and animal productivity. Taking into account the low efficiency of agricultural production in Ukraine, it can be concluded that growth on the basis of development would enable not only to receive more products, but also make agrarian enterprises more competitive and profitable. If "growth without development" is characterized by a change in the quantitative parameters, and "development without growth" — qualitative, then "growth on the basis of development" is a change in both parameters. At the same time, the development of these concepts in its pure form is rare. Even "growth on the basis of development", in other words, only due to intensive factors, is not a very frequent phenomenon in economic practice.

"Economic growth combined with development" is the most widespread. At this point, the increase of production volume happens both at the expense of extensive factors (expansion of the activity sphere), and at the expense of intensive ones. The proposed kind of development includes a variety of different options depending on the ratio of the proportion of extensive and intensive factors. All these variants in their characteristics are between the three previous concepts, taken in its pure form. When relative share of intensive factors is low and economic growth of agrarian enterprises mainly executes due to extensive factors, then such options are approaching to "growth without development". If growth is small, and progressive qualitative changes prevail in the production system, then there is an approach to "development without growth". If high rates of economic growth of agrarian enterprises with a predominance of intensive factors, these options are approaching "growth based on development".

CONCLUSION

The type, according to which the economic growth will be carried out in each individual enterprise, depends on the objectives, specific conditions, system characteristics, motives and capabilities. The necessity of economic growth is determined by the law of growth of needs, population, the need to support and increase the competitiveness of production, increase the material well-being of people. The agrarian enterprises have a desire at the expense of economic growth to increase profits, the authorities want to increase employment and the amount of taxes paid to the state budget, the population have a

desire to increase their incomes, the level of well-being and quality of life.

All these motives are present in the population and the Government of Ukraine, but in most cases they are offset by opposing motives: unwillingness to assume additional expenses and risk, inability and reluctance to work more intensively, qualitatively and rationally, uncertainty about the positive results of transformations and the lack of necessary knowledge, conditions, financial possibilities. Such motive of economic growth as satisfaction of increasing demands as a result of population growth is absent today, as in recent years there is a decline in the population of Ukraine. However, at the same time, there is a necessity to use the economic growth and development of agrarian enterprises to satisfy the needs of the existing population in food products.

Thus, the economic growth and development of agricultural production are important for the prosperity of any country, but they are of special importance for Ukraine. The situation of its economy at the beginning of XXI century, the economic growth and development are a way to a highly developed country. Taking into account the backwardness of agrarian enterprises in the technical and technological spheres for Ukraine, as well as for most countries, the economic growth on the basis of development or combined with development that provides the highest rates of economic growth, increasing competitiveness of agricultural production and rapid growth of material welfare of the population is the most desirable. The scientific and practical aspects of these progressive concepts require further study and development.

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