

### **3.2 Ensuring the Sustainability of the Agricultural Sector: Strengthening Market Orientation and Enhancing Competitiveness**

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Ensuring the resilience of agricultural enterprises in the context of the war in Ukraine is crucial to ensuring the country's food security. The war has caused significant damage to infrastructure and logistics chains, making it difficult to produce and supply food. In these circumstances, agricultural enterprises that adapt to the changing market environment can ensure continuity of production, which is vital in times of economic crisis. Cooperation between the government, international organizations and farmers helps to create conditions for sustainable agricultural development. Supporting the national agricultural sector is a key element for Ukraine's economic stability and independence. Research on the competitiveness of agricultural enterprises is important for ensuring stable economic activity, especially in times of crisis and war. It helps to identify the most effective strategies to increase the productivity and sustainability of the agricultural sector. Understanding the key factors affecting competitiveness helps to develop support programmes for farmers and agricultural enterprises. Research on this topic helps to predict and minimize the risks associated with economic instability. To date, this process requires a thorough and comprehensive approach to research, improvement and clarification of its components, as in the face of growing competition and constantly changing market conditions, it is key to achieving success in the agricultural sector in the face of growing competition and ever-changing market conditions.

The article is aimed at substantiating the theoretical foundations of competitiveness of an agricultural enterprise and providing practical recommendations on the importance of developing enterprise strategies.

The agricultural sector plays a crucial role in economic development and food security in many countries. The competitiveness of agricultural enterprises is a key factor in ensuring their sustainability. In the current context of globalization and instability, especially during times of war, the ability of enterprises to remain competitive becomes critically important. A high level of competitiveness not only drives economic growth but also ensures the long-term resilience of these enterprises.

Ukraine has a well-developed food industry that is able not only to fully supply the country's population with food but also to build an active position in the international markets for many key agro-food products. Thanks to its traditionally strong food exports, Ukraine is one of the guarantors of food security in the world.

Agricultural enterprises with a high level of competitiveness are able to use resources efficiently, which increases their productivity and reduces costs. This allows them to remain profitable even in times of economic instability. Such businesses can quickly adapt to changes in the external environment, including changes in market conditions and legislation. This ensures their flexibility and ability to survive in an economic crisis. Competitive businesses invest in the latest technologies and innovations, which increases their efficiency and productivity. The use of advanced technologies allows them to increase yields and improve product quality, which, in turn, contributes to the growth of demand for their products both in the domestic and international markets. Competitive enterprises also ensure a high level of employment and create stable jobs, which is an important factor for social stability in the regions.

Competitiveness is the basis for the sustainability of agricultural enterprises. It ensures their ability to withstand challenges and crises while maintaining high productivity and economic efficiency. All of these factors contribute not only to the survival of enterprises, but also to their sustainable development in the long term, which is important for ensuring food security and economic stability of the country.

The competitiveness of a producer reflects its ability to strategically adapt to external changes. Some authors believe that the competitiveness of an entity is determined by a set of interrelated economic characteristics (factors) that can be influenced to achieve a market advantage. These factors include both the characteristics of the product and the conditions of its production and sale. However, despite the validity of this approach, the economic essence of competitiveness is not fully disclosed, as the definition does not reflect the relationships between producers that form the basis of its emergence.

Other researchers interpret the competitiveness of an entity as the ability to optimally use its potential to achieve a favorable market position. It should be borne in mind that an entity operates in a differentiated environment as a complex socio-economic system consisting of a large number of internal elements united by a common goal. The components of this system, represented by production units and organizational structures, interact with each other to effectively solve development problems that contribute to their competitiveness. An entity, as a single system, can be competitive only when all its components are competitive.

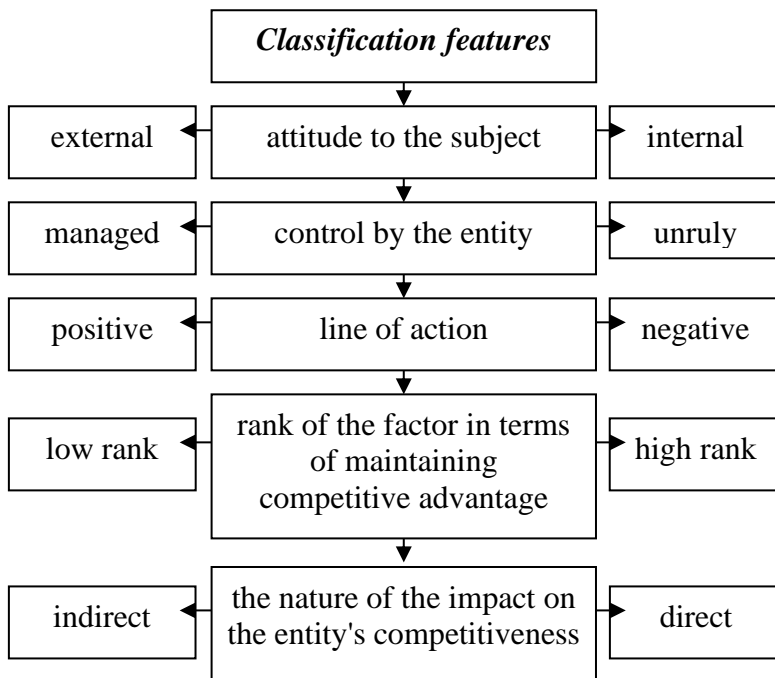


Figure 3.3. Classification of factors of enterprise competitiveness

Source: compiled by the authors.

A generalization of the classification of the factors of enterprise competitiveness allows us to draw the following conclusions:

- usually, factors are divided into external conditions that have a direct impact on the activity of the entity; characteristics of the internal environment of the entity are presented in the form of functional zones (areas) of management. This approach is universal for the conditions of any sector of the economy;
- the composition of the factors and their impact on the entity's advantages may change over time and depend on the competitive features of the industry;

- from the point of view of the competitive advantage management process, the most significant are the controllable factors, the degree of influence of which can be controlled by the entity. This group of factors is essentially identical to the group of direct influence factors;

- the key to the formation of sustainable competitive advantages of an entity is the active development and use of unique factor characteristics.

Being a subcategory of competitiveness, competitive advantage includes all its characteristics, but also has its own special features. A study of the points of view of various authors has allowed us to identify the following features: competitive advantage is an integral part of competitiveness; competitive advantage is inherent not only in the business entity, but also in the products (goods, services) it produces; the source of competitive advantage can be in any area of the entity's activity; real competitive advantages cannot be equated with potential opportunities. In contrast to opportunities, it is a fact that is recorded as a result of actual customer preferences; the ability to measure advantages using economic indicators (profit, profitability, market share, sales volume).

The definition of competitive advantages of an enterprise as a basic-level subject of competition was formulated as follows: competitive advantages of an enterprise are a concentrated, economically measurable manifestation of the subject's advantage over competitors. They are formed from a combination of consumer characteristics of manufactured products (goods, services), which reflect the state of potential of the internal environment of the enterprise and the attractiveness of external conditions at a particular time.

As a central typology, it is proposed to use the classification of determining the types of advantages as a combination of quality and cost properties of products, taking into account the

degree of competitive position of the subject in the intra-industry market Table 1.

Table 3.3. Classification of competitive advantages

Competitive position in the intra-industry market segment.					
Minimal			Maximal		
Value parameters	Low level (attractive)	Fixed low costs	Low costs	Low level (unattractive)	Qualitative parameters
		Fixed combination of differentiation and low costs	Combination of differentiation and low costs	High level (attractive)	
	High level (unattractive)	Lack of advantages	Lack of advantages	Low level (unattractive)	
		Fixed differentiation	Differentiation	High level (attractive)	

Source: compiled by the authors.

The complexity of the subject's choice of the types of advantages created in accordance with the state of internal potential and external conditions of activity necessitates the development of scientifically sound approaches to the organization of the process of managing competitive advantages and its effective use in practice.

In today's environment, one of the main tasks for agricultural enterprises is to develop economic strategies for further development, which will ensure maximum use of their competitive advantages, effective implementation of production potential, strengthening of their positions in the agricultural market and achievement of stability in financial activities.

Creating a strategy for the development of an agricultural enterprise is a complex and multifaceted process that includes forecasting performance indicators based on in-depth economic analysis, analysis of possible risks and threats, as well as careful calculation of resources, assessment of alternative ways of development and profitability.

To develop an effective strategy, a company must conduct a comprehensive economic analysis of its current operations. This includes assessing productivity, costs, profitability, analyzing the competitive environment, evaluating product demand and other important aspects. Based on this data, it is possible to understand the strengths and weaknesses of the company and identify opportunities for its development (Masliaieva & Hanziur, 2024).

Conducting a SWOT analysis helps businesses understand their internal strengths and weaknesses, as well as external opportunities and threats, which helps them develop a strategy to increase efficiency and competitiveness. SWOT analysis of an agricultural enterprise is a strategic analysis tool that helps to formulate an effective development strategy and make better management decisions (Perfilova, 2008).

By conducting SWOT analysis, an agricultural enterprise can better understand its opportunities and challenges and develop a strategy that takes advantage of its strengths and provides real answers to its challenges. Such an analysis helps to increase the chances of success and effective management of the enterprise.

SWOT analysis can be used to develop recommendations for the future development strategy of an agricultural enterprise:

- creation of partnerships;
- retraining of personnel;
- purchase of innovative, resource-saving, technical and technological means of production;
- introduction of agricultural insurance, which will reduce the risk of force majeure and form reliable partnerships between agricultural enterprises and investors to attract additional capital;
- justification of prices for agricultural products by establishing minimum and maximum purchase prices for the most important products by the government;

- creating production infrastructure to store agricultural products and sell them at better prices;
- encouraging employees of enterprises to increase labor productivity, save resources, and improve financial and social performance;
- development of measures to improve the management of the enterprise.

Correct and timely response to internal and external changes in society and the agricultural sector of our country will play a key role in the effective operation of agricultural enterprises. (Masliaieva & Hanzhur, 2020).

Ensuring the sustainability of agricultural enterprises is one of the key tasks of the modern economy, especially in times of war, unstable external environment and growing challenges of globalization. An effective system of enterprise sustainability management involves the application of integrated approaches that cover financial, organizational, marketing, innovative and social aspects of activity. The proposed mechanisms are focused on creating conditions for the stable development of enterprises, ensuring their competitiveness and adaptation to external changes. Successful implementation of these mechanisms will allow enterprises not only to maintain their economic stability but also to achieve new levels of efficiency. At the same time, it is important to integrate modern technologies and innovations that will help increase productivity and rational use of resources. Thus, sustainability becomes the basis for the long-term successful operation of agricultural enterprises in a competitive environment.

Agricultural enterprises should be able to respond quickly to changes in market conditions, adapt to new conditions and introduce innovations, while maintaining financial stability and sustainability.

The financial and economic mechanism ensures that the company's key financial indicators are at an appropriate level,



which is the basis for its sustainable development. Rational management of resources, including financial resources, allows to optimize production processes and increase profitability. Effective cost management reduces the risks associated with fluctuations in product prices and reduces the company's dependence on external factors.

The organizational and managerial mechanism is aimed at improving the internal structure of the enterprise, which allows it to increase its ability to adapt. An important component of this mechanism is the development of staff management competencies and the application of modern management methods that increase the efficiency of the enterprise. A flexible organizational structure ensures a quick response to changes in the external environment and increases the company's competitiveness.

The marketing mechanism ensures stable sales of products and increases the efficiency of the company's interaction with the market. An important component is the development and implementation of a product promotion strategy that meets modern consumer requirements and ensures stable revenues for the company. Expanding sales markets and searching for new sales chain and strengthen the company's market position and helps diversify risks.

The innovation and technology mechanism helps to increase the company's productivity and competitiveness through the introduction of the latest technologies. The use of innovative approaches to production helps to reduce costs, improve product quality and ensure compliance with international standards. It also opens up new opportunities for the company's development, contributes to its efficiency and ensures sustainable development.

The social mechanism plays an important role in ensuring the stable operation of the enterprise by supporting employee motivation and social protection. Improved working conditions,

higher salaries and opportunities for professional development contribute to higher productivity and lower staff turnover. Ensuring social stability at the enterprise helps to create a favorable working environment that contributes to the achievement of the enterprise's strategic goals.

Integration of all these mechanisms into the activities of agricultural enterprises allows to create a sustainable, flexible and competitive organization capable of long-term success.

The high level of competitiveness of agricultural enterprises is an important factor for their sustainability and ability to adapt to the crisis. Ukraine's well-developed food sector allows it not only to meet domestic demand but also to hold leading positions in global agri-food markets. The introduction of the latest technologies, investments in innovation, and increased productivity help to improve product quality and increase demand.

An important aspect for businesses is to develop effective economic strategies based on an in-depth analysis of internal potential and external conditions. The SWOT analysis helps agricultural enterprises to better understand their strengths and weaknesses, as well as opportunities and threats, which allows them to formulate strategies to improve their competitiveness. The recommendations offered, such as partnerships, the introduction of agricultural insurance and employee incentives, help businesses remain competitive and ensure sustainable development. A timely response to changes in the external environment is a key factor for the efficient operation of agricultural enterprises. The competitiveness of agricultural enterprises depends on their ability to make optimal use of resources and respond effectively to market challenges. It is also determined by the ability of an enterprise to invest in new technologies that increase yields and product quality. A clear strategy that takes into account both internal resources and external threats is also an important component of success.

Properly organizing the process of managing competitive advantages can ensure a company's leading position in the market. Thus, competitiveness is the basis not only for economic efficiency but also for the long-term development of the agricultural sector.

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