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COMPETITIVE DEVELOPMENT OF AGRICULTURAL ENTERPRISES IN THE CARPATHIAN REGION OF UKRAINE IN THE CONTEXT OF THE CORRECTION OF THEIR SECTORAL STRUCTURE

Abstract. The purpose of the study is to substantiate the competitive development of regional agricultural producers in terms of correction of their sectoral structure in the context of European integration processes. **Methodology / methodology / approach.** The theoretical and methodological basis of the study is the dialectical method of cognition, a systematic approach to the study of economic phenomena and processes, scientific works of domestic and foreign scientists on the theory and practice of competitive development of agricultural production considering exogenous and endogenous factors. Of the special research methods used economic and statistical — in analyzing the current state and forecasting the prospects for competitive development of regional agricultural producers in terms of European integration processes, graphical — to determine the projected volumes of livestock products on farms in the Carpathian region of Ukraine, abstract and logical substantiation of the institutional and economic mechanism of competitive development of agricultural producers of the Carpathian region of Ukraine in the context of correction of their branch structure. **Results.** The study revealed that given the possibility of establishing cross-border partnerships, deepening economic European integration with EU countries, an important economic priority of regional agricultural producers in the Carpathian region of Ukraine is the ability to form a market for various types of agri-food products with a geographical indication. The Carpathian region of Ukraine has a strong enough land and resource potential for the production of quality and safe dairy products with high added value. According to the calculations, provided the use of competitive advantages, which are enshrined in law in the EU, in the study region, the potential production of the most important livestock products — milk on farms can increase from 14 thousand tons to 252 thousand tons, or 18 times. In the region, the revival of traditional areas of specialization in agricultural production will contribute to the correction of its sectoral structure, improving organizational and economic conditions for self-sufficiency in livestock products, minimizing economic risk due to expanding areas of specialization, reducing transaction costs for transportation and sales enterprises of various organizational and legal forms of management that will produce products with high added value. **Originality / scientific novelty.** For the first time, the organizational and economic principles of optimizing the sectoral structure of regional agricultural producers, considering the competitive advantages that are enshrined in law in the EU. **Practical value / significance.** According to the calculations in the Carpathian region, taking into account the principle of bonus of 10.0% for agri-food organic, including niche or craft livestock products with a geographical indication will adjust the industry structure of agricultural enterprises in accordance with scientifically sound requirements and increase the traditional level of production at the same time, the vital type of food products — milk by 13.0—22.0 percentage points.

Keywords: competitive development, industry structure, agricultural products, competitive advantages, environmental marketing, region.

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КОНКУРЕНТОСПРОМОЖНИЙ РОЗВИТОК АГРАРНИХ ПІДПРИЄМСТВ КАРПАТСЬКОГО РЕГІОНУ УКРАЇНИ В КОНТЕКСТІ КОРЕКЦІЇ ЇХНЬОЇ ГАЛУЗЕВОЇ СТРУКТУРИ

Анотація. Мета дослідження полягає в обґрунтуванні конкурентоспроможного розвитку регіональних сільськогосподарських товаровиробників в умовах корекції їхньої галузевої структури в контексті євроінтеграційних процесів. **Методологія / методика / підхід.** Теоретичною і методологічною основою дослідження є діалектичний метод пізнання, системний підхід до вивчення економічних явищ і процесів, наукові праці вітчизняних і зарубіжних учених з проблем теорії та практики забезпечення конкурентоспроможного розвитку аграрного товаровиробництва з урахуванням екзогенних та ендогенних факторів. Зі спеціальних методів дослідження використано економіко-статистичний — під час аналізу сучасного стану й прогнозування перспектив конкурентоспроможного розвитку регіональних аграрних товаровиробників в умовах євроінтеграційних процесів, графічний — для визначення прогнозованих обсягів тваринницької продукції у фермерських господарствах у розрізі областей Карпатського регіону України, абстрактно-логічний з метою обґрунтування інституціонально-економічного механізму конкурентоспроможного розвитку сільськогосподарських товаровиробників Карпатського регіону України в контексті корекції їхньої галузевої структури. **Результати.** У результаті проведеного дослідження виявлено, що з огляду на можливості налагодження транскордонного партнерства, поглиблення економічної євроінтеграції з країнами ЄС важливим економічним пріоритетом регіональних сільськогосподарських товаровиробників Карпатського регіону України є можливість формування ринку різних видів агропродовольчої продукції з географічним зазначенням. Карпатський регіон України володіє достатньо потужним земельно-ресурсним потенціалом для виробництва якісної і безпечної молочної продукції з високою доданою вартістю. Згідно з проведеними розрахунками за умови використання конкурентних переваг, які законодавчо закріплені у країнах ЄС, у досліджуваному регіоні потенційні обсяги виробництва найважливішої тваринницької продукції — молока у фермерських господарствах можуть зрости з 14 тис. тонн до 252 тис. тонн, або у 18 разів. У регіоні відродження традиційних напрямів спеціалізації в сільськогосподарському виробництві сприятиме корекції його галузевої структури, поліпшенню організаційно-економічних умов щодо самозабезпечення регіону тваринницькою продукцією, мінімізації економічного ризику внаслідок розширення напрямів спеціалізації, зниженню трансакційних витрат на транспортування і реалізацію завдяки розвитку фірмової торгівлі, підвищенню рівня конкурентоспроможності аграрних підприємств різних організаційно-правових форм господарювання, що вироблятимуть продукцію з високою доданою вартістю. **Оригінальність / наукова новизна.** Уперше обґрунтовано організаційно-економічні засади оптимізації галузевої структури регіональних сільськогосподарських товаровиробників з урахуванням конкурентних переваг, які законодавчо закріплені у країнах ЄС. **Практична цінність / значущість.** Згідно

з проведеними розрахунками в Карпатському регіоні врахування принципу боніфікації в розмірі 10,0 % на агропродовольчу органічну, приміром нішеву або крафтову тваринницьку продукцію, з географічним зазначенням, дозволить скоригувати галузеву структуру аграрних підприємств відповідно до науково обґрунтованих вимог і підвищити рівень рентабельності традиційно важливого виробництва і водночас життєвого необхідного виду продовольчої продукції — молока на 13,0—22,0 процентного пункту.

Ключові слова: конкурентоспроможний розвиток, галузева структура, аграрна продукція, конкурентні переваги, екологічний маркетинг, регіон.

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Introduction. In the process of competitive development of agricultural commodity production an especially important role belongs to optimization, and in the conditions of domestic realities correction of branch structure that promotes the efficiency of use of existing production and resource potential and provides food security, independence of the state considering internal and external socio-economic challenges. It should be stated that at the national level structural distortions in agricultural production aggravate the problem not only of effective development of interrelated sectors of the agrarian sector of the domestic economy but have led to a critically low level of self-sufficiency in certain types of vitally important foodstuffs. In this context it is noted [1] that the «mothballed» extensive approach to increasing agricultural production does not allow to make a qualitative leap in the development of the agro-industrial complex, to fully reveal the existing competitive advantages. Rational combination of branches in agrarian entrepreneurial structures with a sufficiently large land bank allows the most effective use of the existing production and resource potential, contributes to the stabilization of production and competitive development, so the algorithm of choosing the main, additional, and auxiliary branches plays a key role in the process of strategic planning. At the same time, it should be noted that many domestic enterprises — economic entities with different areas of agricultural land are not ready for active competition in the conditions of optimization or correction of the branch structure considering the existing competitive advantages and ecological trends. Given the global trends emphasizing the consumer qualities, environmental friendliness of products, as well as their origin, there is a need for active search for unique competitive advantages of agricultural producers of Ukraine, which in one way or another stimulate them to competitive development in conditions of transboundary cooperation, establishment of mutually beneficial cooperation with domestic and foreign partners in economic activity. Currently, the most important scientific tasks include the definition of peculiarities of formation and increase of competitiveness of agrarian enterprises of various organizational and legal forms of management. In this connection it should be noted that regional agricultural producers should pay special attention to the development of specialization of agricultural production as an important prerequisite for reducing production costs and increasing its competitiveness. In addition, unequal organizational-economic, natural-climatic and soil conditions can create additional preferences for agricultural producers in certain regions for the production of environmentally friendly products characterized by a high level of competitiveness.

Literary review. The problems of studying the organizational and economic foundations of ensuring the competitiveness of agricultural production are devoted to the scientific works of famous scientists such as A. F. Hatsko, Y. I. Danko, K. V. Bliumska-Danko, A. V. Halynska, Y. Dankevych, V. Dankevych, V. P. Miklovdá, M. I. Pitiulych, V. V. Hoblyk, M. M. Pityulych, N. I. Keretsman, O. Varchenko, D. Krysanov, O. Shubravska, L. Khakhula, O. Gavryk, V. Byba, I. Honcharuk and others [1—9]. The priority attention of scientists is concentrated on research of theoretical and practical essence of competitive development of agrarian enterprises [1—3; 9], infrastructural maintenance of competitiveness of agricultural production [4], solution of a problem of increase of level of balanced and effective development of region considering regional features and competitive advantages [8], and also a policy of production competitiveness management [18—20]. The problem of improving the sectoral structure of agricultural enterprises as an important prerequisite for their competitive development is the subject of a number of works of

agricultural economists V. Ya. Ambrosov, O. A. Biter, V. V. Zinovchuk, H. K. Kaninskyi, M. Y. Malik, V. V. Yurchyshyn. Among the foreign scientists who have thoroughly considered the aspects of ensuring the competitive development of entrepreneurial structures, it should be noted M. E. Porter, R. J. Orsato, J. Mongay, G. Drummond, J. Ensor, R. Ashford. Despite the significant relevance of the issue under study at the national and regional levels, at present insufficient attention is paid to the promising directions and organizational and economic foundations of competitive development of domestic agricultural enterprises of various organizational and legal forms of management.

The aim of the article is to substantiate the competitive development of regional agricultural producers in the correction of their sectoral structure in the context of European integration processes.

Methodology and Methods. The theoretical and methodological basis of the research is a dialectical method of knowledge, a systematic approach to the study of economic phenomena and processes, scientific works of domestic and foreign scientists on the theory and practice of competitive development of agricultural commodity production, considering exogenous and endogenous factors. From special methods of research was used economical-statistical — when analyzing the current state and forecasting of perspectives of competitive development of regional agrarian commodity producers in conditions of European integration processes, graphic — for definition of forecasted volumes of livestock products in farms in the context of regions of Carpathian region of Ukraine, abstract-logical in order to ground the institutional and economic mechanism of competitive development of agricultural.

Results. With the transition to market conditions of economic management, adapting to the needs of the market, the agricultural sector of Ukraine's economy has lost the ability to sustainable development, which led to low competitiveness of the subjects of agricultural business, quantitative and qualitative imperfection of the sectoral structure of agricultural enterprises. Most researchers only determine the directions and strategies for ensuring the competitiveness of agricultural enterprises, calculate the existing level of competitiveness with the help of certain sets of indicators, but do not emphasize the need to introduce the concept of «competitive development» in the priority use by subjects of agribusiness to understand and shape their activities in the long term. 1]. At the same time, given the need to increase the use of production and resource potential of various organizational-legal forms of management in the agricultural sector, it is noted that «small and medium-sized enterprises of agrarian business, in the prevailing conditions, are actively seeking their own market niches. Notwithstanding the price competition for certain types of products they are forced to diversify their activities. Efficiency of such processes depends on basic innovation system which should be laid in formation of competitiveness of subjects of the agrarian market» [2]. Optimization of the sectoral structure of agricultural enterprises is one of the most pressing problems in the development of the agricultural sector of the domestic economy and plays a particularly important role in the financial and economic stability of agricultural enterprises, their competitiveness, since it contributes to the preservation and restoration of land and resource potential, a more even flow of funds throughout the year, as well as attracting internal and external investments in production activities and ultimately ensures their competitive development.

Justification of perspective directions of development of branches of agrarian sector considering internal and external factors at different levels of management acquires a special urgency in conditions of Ukraine's integration into the world economic space. It should be noted that the structure of agricultural production at the national and regional levels is characterized by a steadily high proportion of highly liquid and profitable types of crop production. Due to the super-concentration of agricultural production and land resources domestic high value-added commodity producers were able to achieve better results of economic activity. This was especially evident in the years of crisis when agriculture became one of the engines of economic development. Ukraine was one of the largest producers and exporters of grain during 2009—2015 [3].

Modern structural distortions in agricultural production aggravate the problem not only of effective development of interrelated crop and livestock industries, but also led to a critically low

level of self-sufficiency in certain types of food products of the first necessity produced in the labor-intensive livestock industries. The most important basis for the formation of the agrarian market is its structural elements, which are characterized by a variety of marketing channels, sales forms, intermediaries, and buyers, as well as a developed network of services, scientific and information services. Therefore, the process of formation of the agricultural market is considered as a complex integrated category with functional features associated with the production, distribution, exchange, and promotion of agricultural products to the consumer [4].

Export-oriented orientation of domestic agricultural production allowed to take a leading position in the world in the production of grain, sunflower oil, and organic crop products. However, export of mainly crop products and a number of unresolved problems in livestock — dairy and beef cattle breeding, to some extent offset the success of the domestic agricultural sector and inhibit its competitive development.

It is recognized the opinion of «business historian and father of strategic planning», that «the more developed competition in the domestic market of the country and higher requirements of consumers, the more probability of success of the company from this country in international markets (and vice versa, weakening of competition in the national market leads, as a rule, to loss of competitive advantages)» [5]. Market orientation of the agrarian sector requires from heads of enterprises the ability to envisage perspective directions of their development, to make strategic decisions considering internal and external factors affecting the conditions of farming. At present, special attention is paid to the expediency of strategic planning. At the same time, there is no clear scientific definition of this concept as a constituent element of strategic marketing, the interpretation of which is also quite versatile [6].

In the conditions of strengthening the processes of urbanization and environmental pollution in agricultural production an extremely important role belongs to the increase of requirements to the quality of agricultural products. Therefore, it is noted in [7] that «with the economic growth of countries and consciousness among the population, the situation in the market of ecological goods changes. Socio-economic transformations and changes taking place in the natural environment affect the demand for ecologically clean products».

Increasing the competitiveness of the economy becomes real with the introduction of modern forms and methods, among which strategic management is the most effective. It provides the enterprise, the region, and the national economy with the tools of strategic analysis of multivariate development, methods of making proactive decisions, mechanisms of their implementation to ensure sustainable development and acquisition by the regional economy of the qualities that determine its beneficial position [8]. Thus, today the choice of regional development priorities is a rather urgent issue since significant inter-regional differentiation is one of the most important factors in the development of the country as a whole.

Carpathian region of Ukraine is characterized by specific natural and climatic conditions and a relatively lower level of environmental pollution with the national data. Zonal soil and natural-climatic conditions in the region are favorable for the cultivation of the main types of agricultural products. At the same time, in the foothills and mountainous areas the production of livestock products has a priority role, since land use is conducted mainly on sloping lands characterized by a low level of natural fertility. Therefore, the development of dairy and beef cattle breeding industries is traditionally important in these areas.

In order to generalize the condition and tendencies of development of agriculture in the Carpathian region, the indices of strategically important types of plant and animal products have been analyzed. A fairly stable tendency to increase the main, highly liquid, and stably competitive agrarian products in the field of crop production — cereals and leguminous crops was revealed (*Fig. 1*).

Since in the Carpathian region, given the specific natural and climatic conditions, traditionally an important direction of specialization is the development of cattle breeding, the index of production of the most consumed livestock products — milk, characterized by the daily demand in all age groups of the population was analyzed. According to statistical data, during 2015—2020 the

volume of its production decreased annually in all regions of the Carpathian region (Fig. 2), with the exception of the Lviv region, where projects for the development of family dairy farms were implemented with the support of the Canadian government.

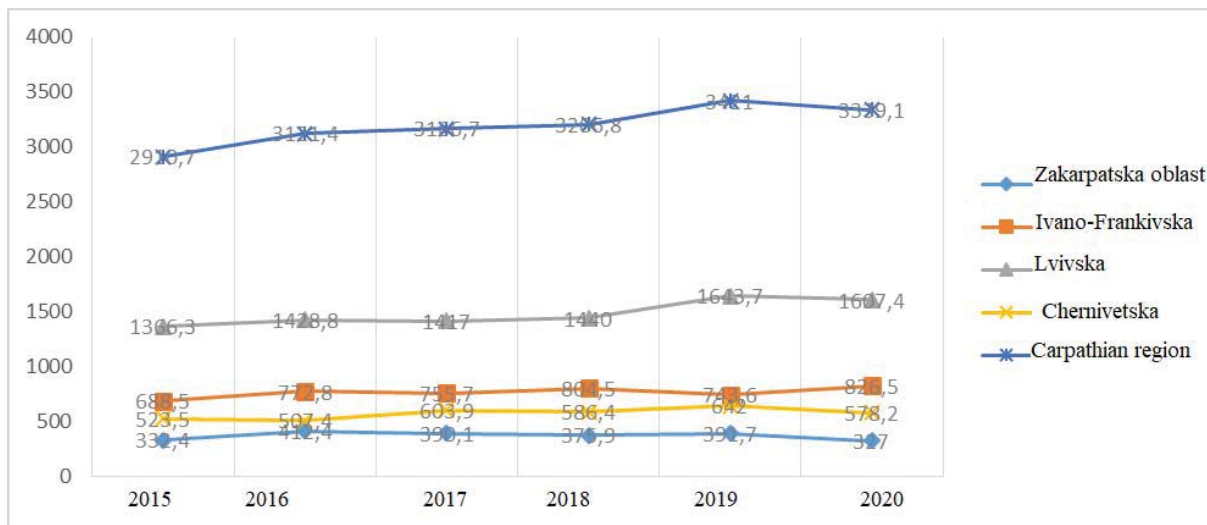


Fig. 1. Production of grain and leguminous crops in agricultural enterprises of the Carpathian region of Ukraine

Note: compiled from analysis of sources [8].

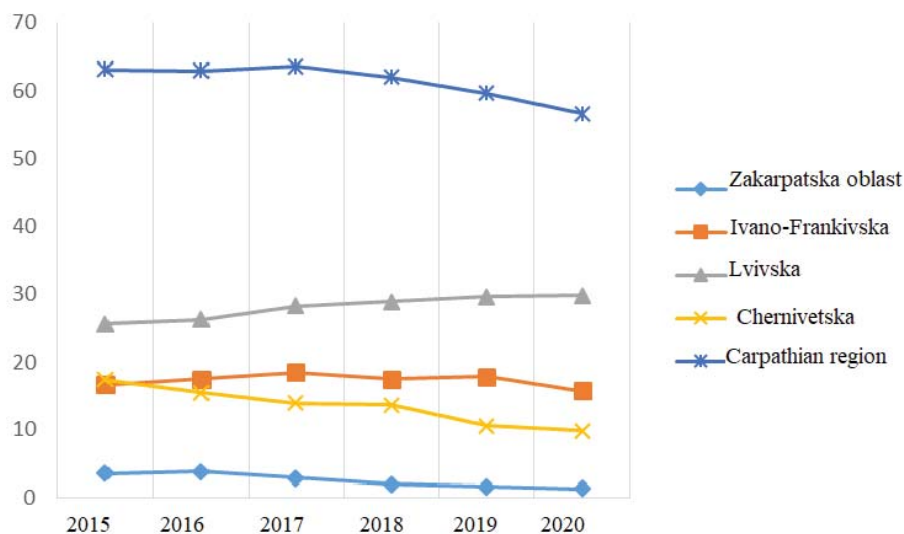


Fig. 2. Milk production in agricultural enterprises Carpathian region of Ukraine

Note: compiled from analysis of sources [8].

Sectoral structure of agrarian enterprises of Carpathian region reflects the specific functioning of agriculture in Ukraine as a whole, which is characterized by the reduction of production volumes in low-profit or unprofitable sectors. As a consequence, the production activity of regional agrarian enterprises does not contribute to the rational use of land and resource potential, the vast majority of agricultural enterprises are highly specialized and focused mainly on the non-intensive types of production of plant growing products. Focusing on the solution of strategic tasks it is important to introduce preferential conditions for small and medium enterprises both in the context of improving the mechanism of state support for farming and for increasing the efficiency of budgetary funds use. Therefore, domestic scientists note the need for effective state support for the development of small enterprises and the exclusion of medium and large farms from the list of economic entities within the framework of appropriate financing of agriculture [9].

Given that domestic agricultural enterprises are producers of raw materials, rather than products for final consumption, it is particularly important to create conditions to ensure the effectiveness of their management through the redistribution of income at all stages of surplus value creation. In this regard, the statement [10] that «the creation of agricultural holdings became a kind of response of Ukrainian agrarian economy to market requirements, where business efforts to restore broken inter-branch ties and price disparity became the main one». Relevance of the problem of transition to sustainable development also increases the attention of foreign scientists on this issue. A specialized publication notes that «the dominance of large vertically integrated production structures in the agricultural sector has certainly contributed to a higher level of agricultural and food production. However, this success has led to many negative consequences of economic, environmental, and social nature» [11].

The competitiveness of agricultural production is directly determined by the so-called «increasing economies of scale» in large-scale production and the identification of sectoral reserves is based on the assessment of their resource provision, food, and social importance of products on the market. Consequently, in the future the concentration of land resources will play an extremely important role in the competitive development of agricultural enterprises with the ability to implement innovative technologies, to ensure cost optimization at all stages of production activities.

In the region under study unequal natural-climatic, soil, organizational and economic conditions led to the concentration of leased land areas and the creation of agricultural holdings with a sufficiently large land bank in the most economically favorable lowlands. After the adoption of the Law «On the turnover of agricultural land» the relatively low prices for the respective land plots or their rent are the main determinants of further concentration of land resources exactly in large enterprises — agricultural holdings that concentrate the largest share of financial resources. In this context, it is advisable to note that the cost of land lease in all regions of the Carpathian region of Ukraine is comparatively lower with the national indicator [12], which is also evidence of its lower cadastral value. However, the proximity to the borders of the EU countries may play a certain positive role in the establishment of close economic relations on the basis of cross-border cooperation in the sphere of agricultural production.

In the context of the Carpathian region the comparatively lower monetary valuation of agricultural land is a characteristic precondition for attracting investments into agricultural activities. However, due to the small-contour farming and at the same time to reduce the risk of losses, it is assumed that small and medium agrarian producers in the natural-climatic zones of the Pre-Carpathian and Carpathian regions will have better conditions for maintaining financial and economic sustainability. However, their ability to withstand the negative climatic impact is limited by low technical equipment, access to financial resources, age structure of employment (in particular due to a significant proportion of older workers), which requires the state to pay more attention to adaptation measures [13].

Carpathian region of Ukraine, characterized by specific natural and climatic conditions and a relatively low level of environmental pollution, has a fairly powerful land and resource potential for the production of quality and safe products. The possibility to produce products with geographical indication gives this region certain unique competitive advantages. A necessary condition for competitive advantage is sustainability. An organization must be able to maintain its competitive advantage over a long period of time. In order to be sustainable, the competitive advantage must be relevant, that is, it must meet current and future market needs. In addition, it must be relevant to the organization — achievable within the available resource base, defensible, there must be some barriers to replication, otherwise success will simply be duplicated by competitors [14].

Lack of proper level of state support of agricultural producers who conduct production activities in the foothills and mountainous areas of the Carpathian region and have difficult economic conditions, does not allow to fully reveal their production, and resource potential and ensure competitive development. With the participation of scientific institutions, agrarian and tourist enterprises in the suburban area of the Lviv region successfully operates an agro-recreational cluster of tourist direction «Gorbo Mountains». In 2020 2.7 million UAH were allocated from the

regional budget for the co-financing of this cluster. Similar system of relations between the state and private partners in the agrarian sphere should be primarily developed and improved in the mountainous areas of the Ukrainian Carpathians characterized by low environmental pollution and powerful recreational and agrotouristic potential, which in turn is an additional reserve of expanding the capacity of the domestic food market.

Geographically localized enterprises of the Carpathian region of Ukraine, growing products in ecologically clean territory in difficult conditions — on sloping lands, are able to activate their activities through the use of the cluster approach. Depending on the degree of readiness of the business community, market infrastructure and state authorities, the effective development of clusters can be conducted both through the application of minor efforts of small businesses and through the implementation of large-scale projects. In view of the relevance of environmental trends, it is noted in [15] that «consideration of empirical evidence shows that environmental protection provides (better access to certain markets; product differentiation; sales of pollution control technology; risk management and relations with external stakeholders; cost of materials, energy and services, cost of capital, cost of labor».

Analysis of regional specifics and conditions of development of agricultural sectors allowed to substantiate organizational and economic aspects of correction of sectoral structure of agrarian enterprises (*Table 1*).

Table 1

Rationale for organizational and economic aspects of the formation of the branch structure in the Carpathian region of Ukraine

Organizational and economic aspects	Task	Effectiveness
Regulatory and legal support	Improvement of regional programs for the development of the agro-industrial complex of the Carpathian region by granting preferences to agricultural producers who have difficult economic conditions, but grow products in ecologically clean areas and belong to the category of small businesses	Optimal combination of branches of agricultural production on the basis of state support. Increasing the level of food security of the population through the use of appropriate mechanisms and methods
Infrastructural support	Expansion of the network of market institutions. Formation of a network of certification bodies	System of formation of the market of quality and safe certified agro-food products, including products with geographical indication. Reduction of transactional costs for transportation and sale
Strategic planning	Determination of strategic goals for the development of regional agricultural enterprises and orientation on consumer preferences	Financial and economic sustainability of business entities based on the correction of the sectoral structure. Strengthening the competitive position of regional agricultural producers

Note: compiled from analysis of sources [8].

Since products are more competitive in the market when their features meet all technical and quality characteristics, European standards it is advisable to note that in the process of integration into the world economic structures domestic agricultural producers should consider the relevant requirements for quality standards. The cooperation of the quality of manufactured products, perfection of organizational and production processes, which is confirmed by certificates for quality management systems in accordance with international standards, allows agricultural enterprises to use available resources with maximum efficiency in order to increase their competitiveness and achieve a stable position in the market. In the system of environmental management, environmental certification is one of the most important priorities of domestic agricultural enterprises [16].

At the same time, in the European Union countries special attention is paid to the system of quality development of original, traditional agricultural products and food, as well as the promotion of cultural traditions and regions in which they are produced. This direction was formed in response

to the growing number of counterfeit products and misuse of traditional names based on the reputation of traditional regional products.

The defining competitive advantage of agribusinesses growing products in difficult conditions — in the sloping lands of the Ukrainian Carpathians, is the ability to produce agricultural products using a brand name (brand).

In his work Renato Orsato [17] describes five competitive environmental strategies: Eco-efficiency; leadership beyond environmental standards; ecobranding, environmental cost leadership and sustainable innovation. Accordingly, in the Carpathian region of Ukraine ecobranding is reasonable to consider as the most important competitive environmental strategy.

There is an inseparable connection between the use of marketing and product competitiveness: the more fully and effectively the company uses the principles and methods of marketing in its activities, the more realistic its chances of producing competitive products [18]. Given the high potential of the Carpathian region of Ukraine in the development of types of agrarians, gastronomic types of tourism it is relevant to develop the marketing information system of regional agricultural enterprises producing organic, Kraft, niche crop and livestock products and positioning themselves as representatives of «green business». In particular, the fragmentation of consumers by income level, employment conditions, consumer demands in the world practice is a stimulating factor for online trading, so this marketing approach to selling products is justified, contributes to its popularization, fast delivery, establishing cooperation with potential customers.

In conditions of increased competition, products grown in an ecologically clean area of the Carpathian region contributed to the correction of the sectoral structure of agricultural enterprises on the basis of increasing its price competitiveness. As world experience shows, the key role in activating the production and resource potential of agricultural enterprises capable of growing crop and livestock products with a geographical indication will belong to environmental marketing. However, the effectiveness of its use will be determined by the level of state agrarian support for agricultural producers because the price premium for quality, safe, geographically identified products will be charged in accordance with the guaranteed purchase prices that have already been formed in the target agricultural markets.

Development of the world food market, competitive environment, and market orientation of the agrarian sector of economy assume substantiation of perspective directions of development of agricultural enterprises, development and realization of administrative decisions considering unique competitive advantages which can influence conditions of production activity and its efficiency. Formation of institutional-economic mechanism of competitive development of agrarian enterprises of Carpathian region on the basis of rational combination of branches is presented in *Fig. 3*.

The basic obstacles in maintenance of competitive advantages remain the character of reproduction processes in agrarian sector of economy and absence of systematic state support of commodity producers' incomes. At the same time, the policy of managing the competitiveness of products produced by producers is stochastic in nature with the predominant use of price levers to ensure sales volumes and almost complete absence of any differentiation of marketing tools [19]. However, in the European Union special attention is paid to the market of products with geographical indication. In the Carpathian region of Ukraine appropriate certified products is an important competitive advantage, because in the EU countries the difference between the price of a product with a geographical indication and a regular one is not less than 15%.

The European Union protects about 3,400 specific product names. These names are protected under EU quality schemes as Protected Designations of Origin (PDO), Protected Geographical Indications (PGI) and Traditional Product Guarantees (TSG). Other promotional schemes are also used. For example, «mining product». The term quality mountain product emphasizes the features of the product made in mountainous areas with difficult natural conditions. Recognizing this is an advantage for both farmers and consumers. It allows farmers to better sell the product, but also ensures that the consumer is clear about certain characteristics [20].

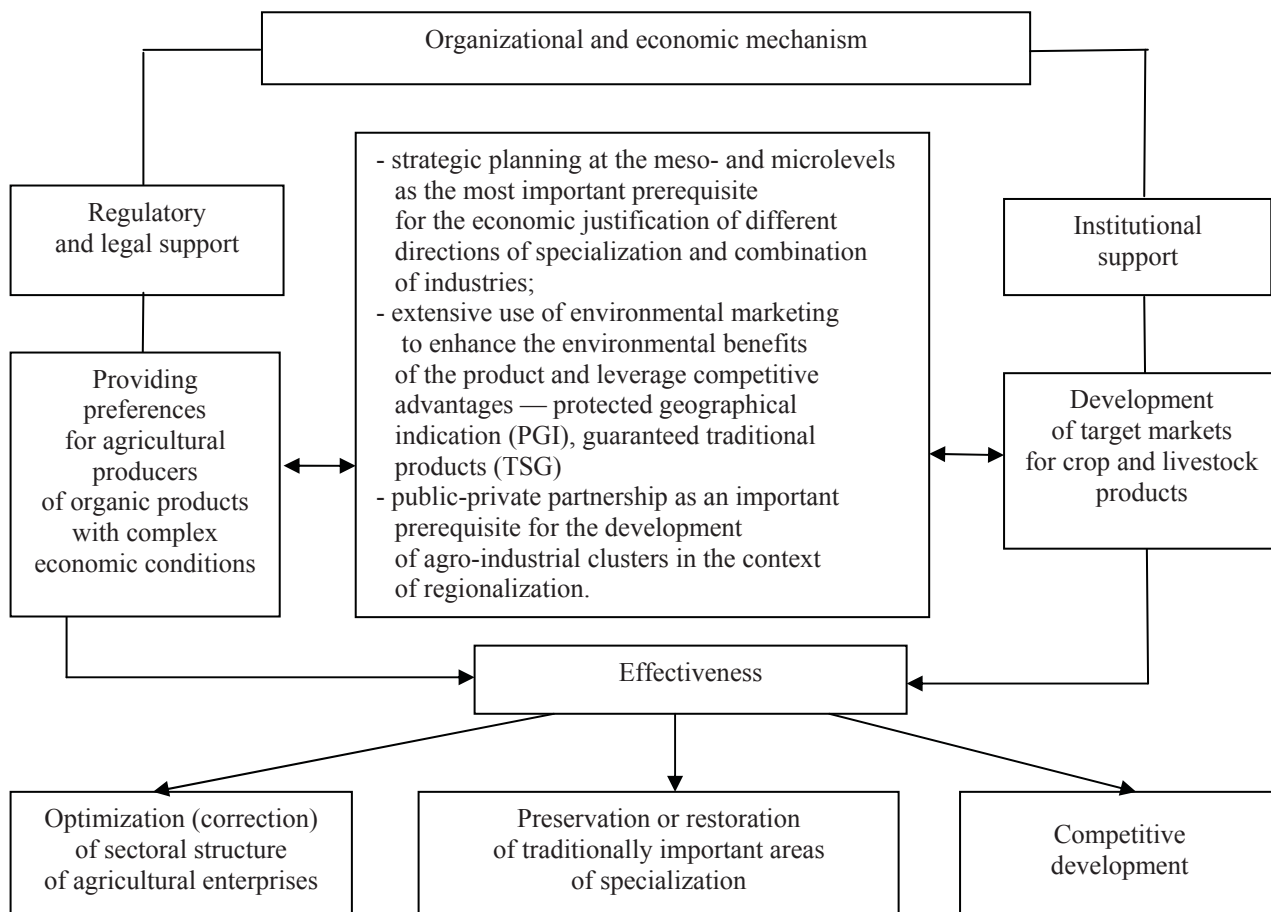


Fig. 3. The formation of institutional and economic mechanism for the competitive development of agricultural enterprises in the Carpathian region on the basis of a rational combination of industries

Note: compiled from analysis of sources [8].

Approximation of the system of geographical indications in Ukraine to the requirements of EU legislation and the implementation of the relevant part of the Association Agreement between Ukraine and the European Union allowed to obtain legal protection for such food dairy products as «Hutsul sheep brynza» and «Hutsul cow brynza». In this regard, it is also worth noting that in the Carpathian region of Ukraine small agricultural producers, who produce niche products in small quantities and according to traditional technologies, actively promote their goods on the market through an online store under a single brand name, united in a public union «Taste of Ukrainian Carpathians». In the context of justification of the role and place of small and medium agricultural producers in the process of competitive development, it should be noted that there is no clear definition of the term «small enterprise» in the legislation, which accordingly makes it difficult to assess the economic results of their activities. In agriculture an important criterion for categorizing business entities as small businesses is the area of land.

The Law of Ukraine «On Farming» states that citizens of Ukraine, who received before January 1, 2002, for permanent use or lease land for farming, have a preferential right to purchase (redemption) of land up to 100 hectares of agricultural land, including up to 50 hectares of arable land, into ownership with installment payment for 20 years. Currently in the Carpathian region of Ukraine there are 237 farms (22.0% of the total number of agricultural enterprises). These enterprises produce on an area of 17.8% of the land of all categories of agricultural enterprises, they produce 5.4% of the total production and, at the same time, 24.3% of all types of milk.

According to the legislation, new farms in the period of formation (the first three years after its creation, and in labor-deficient settlements — five years), farms with separate farmsteads, farms that carry out economic activities and are located in mountain settlements, in the woodlands determined in accordance with the established procedure by the Cabinet of Ministers of Ukraine, and other farms are assisted at the expense of state and local budgets, including through the Ukrainian State Fund for Support of Farms.

In general, for agricultural producers who conduct production and economic activities in difficult conditions in the sloping lands of the Carpathian region of Ukraine, scientifically based and traditionally important narrow-branch specialization — dairy and beef cattle breeding. *Fig. 4* shows the actual and projected volumes of milk production in the context of the regions of the Carpathian region of Ukraine of small businesses — farms. Subject to the correction of the sectoral structure of regional agricultural enterprises revealed significant potential for milk production as one of the most important types of food products, which can potentially provide a high surplus value and profitability of production.

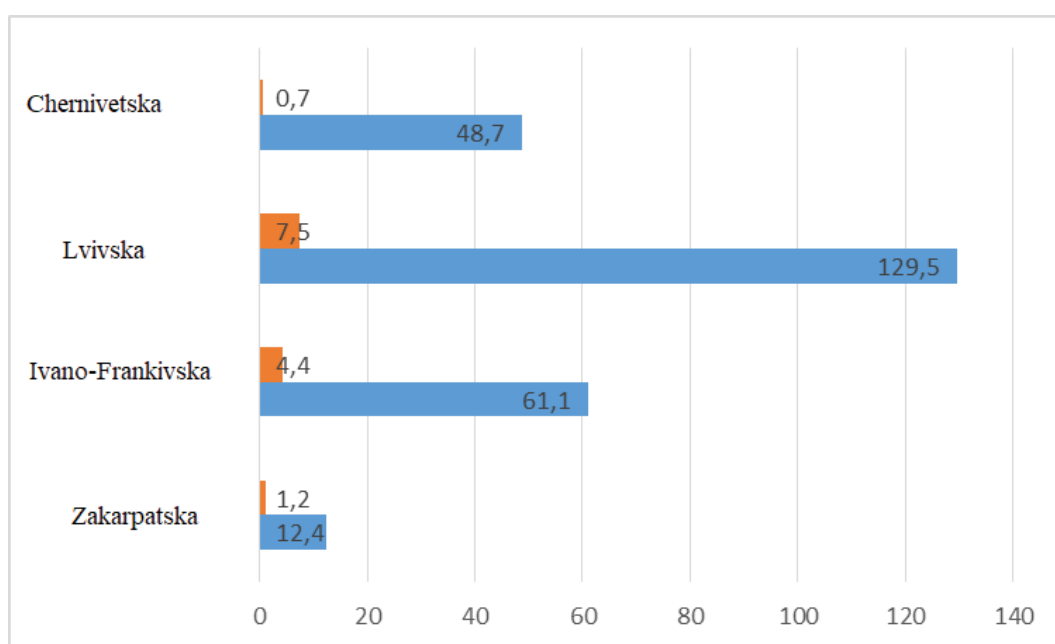


Fig. 4. Actual and projected production volumes of traditionally important livestock products — milk in farms by regions of the Carpathian region, thousand tons

Note: compiled from analysis of sources [8].

In the Carpathian region of Ukraine with the revival of traditionally important industries in the foothills and mountainous areas and the application of a price premium for Kraft or niche products with geographical indication will contribute to the growth of the share of farms in the overall structure of production. The conducted calculations show that even small dairy farms with the number of 50 cows can provide a high level of profitability of the industry (*Table 2*). Therefore, according to the conducted calculations, subject to the use of competitive advantages widely used in the EU, namely the increase in production volumes with geographical indication, there is a significant production and resource potential to ensure the competitive development of farms. With the existing production volumes and using a 10.0 percent price premium for milk grown in an ecologically clean area on natural pastures, the profitability indicator will increase by 12.4 percentage points.

Table 2

Comparison of economic efficiency of production activities of farms in the Carpathian region with traditional production and with the condition of production with geographical indication

Indicator	Amount by years				
	1 year	2 year	3 year	4 year	5 year
Sales volume, t	285,0	285,0	285,0	285,0	285,0
Selling price of 1 t	8431,7	8853,3	9296,0	9760,7	10248,8
Proceeds from sales, thous. UAH	2403,0	2523,2	2649,3	2781,8	2921,0
Production cost price, thous. UAH	1927,5	2024,0	2125,1	2231,3	2343,0
<i>Traditional production</i>					
Gross profit, thous. UAH	475,5	499,3	524,2	550,5	578,1
Profitability, %	24,7	24,7	24,7	24,7	24,7
<i>Production of products with a geographical indication</i>					
Gross profit, thous. UAH	715,0	750,8	788,3	827,7	869,1
Profitability, %	37,1	37,1	37,1	37,1	37,1

Note: compiled from analysis of sources [20].

On the basis of the analysis of organizational and economic peculiarities of production activity of agricultural enterprises of the Carpathian region and prospects of their functioning it should be noted that modern challenges of economic euro-integration can stimulate medium and small entrepreneurial structures of agrarian business, which in particular are potentially able to produce products with unique competitive advantages. In this regard, it should be noted that the EU countries have developed legal protection regarding Protected Designation of Origin (PDO), Protected Geographical Indication (PGI), Traditional Products Guaranteed (TSG). In the context of European integration processes in order to ensure the competitive development of agricultural production in the conditions of optimization (correction) of the sectoral structure, the development of appropriate targeted comprehensive programs that stimulate the economic activity of small and medium agricultural producers of the Carpathian region is of particular relevance. For the category of individual entrepreneurs of the studied region it is necessary to provide the following measures: an appropriate level of normative-legal support by granting differentiated economic preferences, in particular, the reduction of tax burden; encouragement of production of different kinds of kraft or niche labor-intensive products; infrastructure support at all stages of production activity. The absence of complete system of legislative base of strategy of development of agrarian sector of economy on the regional level, insufficient level of organizational, economic, and financial support of small and medium agricultural enterprises are the main reasons, which do not contribute to optimization of their branch structure. In view of the quality policy of the European Union in the process of correction of the branch structure of agrarian enterprises of the Carpathian region of Ukraine application of the principle of bonification on qualitative and safe food production with the geographical indication will promote: optimization or correction of their branch structure and simultaneously the growth level of competitiveness

Conclusion. Underestimation of the role of ecological marketing in the activities of agricultural enterprises in the Carpathian region increases the structural disproportions in their sectoral structure and negatively affects the competitiveness. In the Carpathian region the system of ecological marketing can play a strategically important role in guaranteeing the quality of products throughout the chain of production, storage, transportation, processing, and sale, as well as contribute to the expansion of market capacity through the development of recreational and agrotouristic potential.

Agricultural production in the Carpathian region is conducted mainly on sloping lands, which leads to an increase in direct costs of growing products and their cost. In this regard, for agricultural producers conducting production and economic activities in difficult conditions on slope lands, narrow-sectoral specialization is most expedient as an important condition for the effective use of land and resource potential and competitive development. With the widespread use of the unique competitive advantages legally enshrined in the EU countries, namely, Protected Designation of Origin (PDO), Protected Geographical Indication (PGI), and Guaranteed Traditional

Products (TSG), there is a significant production reserve for the growth in the proportion of milk and dairy products. in the sectoral structure of small and medium agricultural producers; at the same time, according to calculations, subject to the production of products with a geographical indication, its profitability will increase by 12.4 percentage points. The proposed institutional and economic mechanism for the competitive development of agricultural enterprises in the Carpathian region on the basis of a rational combination of industries will help to increase the competitiveness of regional agricultural producers in the national and foreign markets, will strengthen the socio-economic position of mountainous areas, and will also create preconditions. Economic potential in view of the quality policy of the European Union and the possibility of cross-border cooperation in the Carpathian region of Ukraine for small and medium-sized agricultural enterprises, it is necessary to provide an appropriate level of regulatory support by providing economic preferences, in particular, reducing the tax burden; stimulating the production of certain types of labor-intensive products; infrastructure support at all stages of production activities The use of legal and organizational economic levers of state support will make it possible to activate the internal resource potential of regional agricultural enterprises, will contribute to quantitative and qualitative changes in the process of optimization or correction of their sectoral structure and, thus, will ensure their stable financial and economic conditions functioning and competitive development. Economy in the world agri-food market determines the growth of requirements for the ecological essence of the product, and for a certain category of consumers, respectively, of origin or geographical indication. The existing competitive advantages will contribute to an increase in the level of competitiveness of agricultural producers in the Carpathian region in the process of optimizing the sectoral structure and will provide prerequisites for solving urgent issues of sustainable development: minimizing economic risk due to the expansion of areas of specialization of agricultural sectors; reduction of transaction costs for transportation and sale due to the development of branded trade and expansion of the capacity of the regional food market. an increase in the level of self-sufficiency in the region with livestock products; improving the quality and structure of nutrition for different socio-economic groups of the population.

The prospects for further studies will be aimed at developing and improving the tools of institutional and economic mechanism, considering the organizational and economic characteristics of the functioning of agricultural enterprises of the Carpathian region of Ukraine.

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