

**FINANCIAL MECHANISM
IN THE SYSTEM
OF ECONOMIC VECTORS
OF DEVELOPMENT OF UKRAINE**

Scientific monograph





**FINANCIAL MECHANISM
IN THE SYSTEM OF ECONOMIC VECTORS
OF DEVELOPMENT OF UKRAINE**

Scientific monograph

Riga, Latvia
2023

UDC 33(477)(08)
Fi610

- Title:** Financial mechanism in the system of economic vectors of development of Ukraine
- Subtitle:** Scientific monograph
- Scientific editor and project director:** Anita Jankovska
- Authors:** Yuliia Aleskerova, Lidiia Fedoryshyna, Larysa Vdovenko, Nataliia Vilchynska, Oksana Voloshyna, Nadiia Hryshchuk, Lyubov Koval, Olena Martseniuk, Oksana Ruda
- Publisher:** Publishing House “Baltija Publishing”, Riga, Latvia
- Available from:** <http://www.baltijapublishing.lv/omp/index.php/bp/catalog/book/307>
- Year of issue:** 2023

All rights reserved. No part of this book may be reprinted or reproduced or utilized in any form or by any electronic, mechanical, or other means, now known or hereafter invented, including photocopying and recording, or in any information storage or retrieval system, without permission in writing from the publisher and author.

Financial mechanism in the system of economic vectors of development of Ukraine : Scientific monograph. Riga, Latvia : “Baltija Publishing”, 2023. 220 p.

ISBN: 978-9934-26-291-3

DOI: <https://doi.org/10.30525/978-9934-26-291-3>

Financial relations between enterprises and the state determine the success of market processes in Ukraine to a significant extent. The growing budget deficit, inflation and capital depreciation, unprofitability, the weight of the tax burden, the national debt, the payment crisis - all these phenomena testify to the extreme relevance of the theoretical understanding of the financial relations of enterprises and the state, first of all, the relations of enterprises with the budget system, the impact on the real sector of the general the state policy of financial stabilization and new for Ukraine market financial and credit institutions (stock market, commercial banks, investment structures). The purpose of writing the monograph is to summarize the scientific research conducted by the authors from October 2019 to September 2023 at the Vinnytsia National Agrarian University.

Table of Contents

Yuliia Aleskerova, Lidiia Fedoryshyna

ASSESSMENT OF THE IMPACT OF EXTERNAL
FINANCIAL RISKS ON ENTERPRISE ACTIVITIES 1

Larysa Vdovenko

ACTIVATION OF FINANCIAL MECHANISMS
IN THE SYSTEM FINANCIAL AND CREDIT SECURITY
FOR THE DEVELOPMENT OF AGRICULTURAL ENTERPRISES 32

Nataliia Vilchynska

THE STATE AND CURRENT TRENDS
IN THE FUNCTIONING OF THE FINANCIAL
MECHANISM FOR ENSURING THE DEVELOPMENT
OF MILK PROCESSING ENTERPRISES OF UKRAINE 61

Oksana Voloshyna

METHODS OF FINANCIAL REGULATION
OF THE ENTERPRISE ACTIVITIES IN THE SYSTEM
OF UKRAINE'S ECONOMIC DEVELOPMENT VECTORS 81

Nadiia Hryshchuk

MODERN APPROACHES TO ENSURING
THE COMPETITIVENESS OF AGRICULTURAL
BUSINESS ENTERPRISES 111

Lyubov Koval

ESSENCE, TYPES OF INSURANCE
AND ITS DEVELOPMENT IN AGRICULTURE 149

Olena Martseniuk

INSURANCE MEDICINE AND MEDICAL INSURANCE
IN THE SYSTEM OF SOCIAL PROTECTION
OF THE POPULATION 169

Oksana Ruda

SOCIAL POLICY AS A BASIS FOR ENSURING
FINANCIAL SECURITY OF A PERSON 192

**ASSESSMENT OF THE IMPACT OF EXTERNAL
FINANCIAL RISKS ON ENTERPRISE ACTIVITIES**

Yuliia Aleskerova¹
Lidiia Fedoryshyna²

DOI: <https://doi.org/10.30525/978-9934-26-291-3-1>

Abstract. The *purpose* of the article is the need to improve methodological approaches to the management of external financial risks at enterprises of the real financial sector, in particular methods of quantitative assessment of external financial risks, tools for financial planning of external financial risks, assessment of the effectiveness of the risk management system in general and deepening of the theoretical and methodological foundations of the influence of external financial risks on the activity of the enterprise and the development of practical recommendations for reducing this risk on the activity of the enterprise. **Results.** The financial activity of the enterprise is associated with many risks. The impact of these risks became especially noticeable with the transition to a market economy. Among all the risks of business entities, financial risks are the main ones, as they endanger the further successful operation of the enterprise. Their action leads to a decrease in the financial results and financial stability of the enterprise. Financial risks are defined as the probability of financial losses due to an inefficient capital structure, which causes an imbalance in the company's cash flows. In the scientific literature, there is no ambiguity in the interpretation of the essence of financial risks and their place in the system of economic activity of the enterprise. Some specialists consider financial risks as a separate type of enterprise risks. Some economists believe that these risks are part of

¹ Doctor of Economics, Professor, Department of Finance, Banking and Insurance, Vinnytsia National Agrarian University, Ukraine
ORCID: <https://orcid.org/0000-0003-3072-4854>
ResearcherID: M-6099-2018

² Candidate of Historical Sciences, Associate Professor of the Department of Analysis and Audits, Vinnytsia National Agrarian University, Ukraine
ORCID: <https://orcid.org/0000-0003-1577-6699>
Researcher ID: L-5746-2018

other risks – market and investment risks. Financial risks are associated with the probability of unforeseen financial losses of resources (decrease in expected profit, income, loss of part or all of the capital) in a situation of uncertainty of the conditions of the company's financial activity. *Methods.* The article elaborates methods of financial risk management, which involve the identification, analysis and development of methods of neutralizing financial risks of the enterprise. *Value/originality.* Study of the diagnosis of the risk of insolvency according to E. Altman's five-factor model. This model has a relatively higher level of analysis. Identification of risks is a very important stage of risk management, especially financial risks, at this stage the foundation of the risk management process at the enterprise is laid. Based on the analysis of the economic literature, the following two types of financial risks of the enterprise are distinguished: global external financial risk: foreign economic and market; external financial risk: inflation, interest, currency, investment, credit, which will facilitate the process of identifying risks and choosing methods of their management.

1. Introduction

In conditions of instability of external environmental factors and internal conditions of financial operations that adapt to them, the probability of an enterprise crisis, which can cause real damage to its functioning and development, increases. The impact of external financial risks on the company's activities is an objective financial process that gives impetus to the intensification of its activities.

There are two fundamentally different options for exiting the crisis situation: termination of operation of the bankrupt enterprise or successful overcoming of the crisis by an effective business structure. Ultimately, the system of methods, approaches and measures called risk controlling is subordinated to this purpose. The most common opinion is that this management tool is necessary to bring the enterprise out of a crisis state.

At the same time, in the conditions of the financial and economic crisis, the problem of improving the system of financial risk management at the enterprise, in particular the management of risks that affect the financial results of its activities, requires further research.

The majority of scientists who deal with the problems of the influence of external financial risks on the activity of the enterprise, in particular

Financial mechanism in the system of economic vectors of development of Ukraine

H.M. Kaletnik, Yu.V. Aleskerova, L.O. Vdovenko, M. Diederigs, A.M. Karminskyi, T. Reichman, H. Küpper, R. Mann, D. Khan, P. Horvath emphasize the importance of such a subsystem of financial controlling as "risk controlling", however, the integral paradigm of financial risk controlling as an innovative system of methodical, consulting and informational risk support – management of enterprises, is still missing in the domestic literature. At the same time, practice proves the importance of constantly updating methods and tools for managing financial risks of enterprises.

Relevance of the research topic is due to the need to improve methodical approaches to the management of external financial risks at enterprises of the real financial sector, in particular methods of quantitative assessment of external financial risks, tools for financial planning of external financial risks, assessment of the effectiveness of the risk management system in general.

The purpose of the work is to deepen the theoretical and methodological foundations of the impact of external financial risks on the enterprise's activities and to develop practical recommendations for reducing this risk on the enterprise's activities.

2. The essence of financial risks and their classification

With the development of market relations, the implementation of entrepreneurial activity takes place in conditions of growing uncertainty. It is the uncertainty of the state of the external environment and the internal situation that forces an entrepreneur to take risks that can lead to both gains and losses.

It is believed that the term "risk" is of Greek origin, which originates from the words *ridsikon*, *ridsa* – "str imchak, rock" and is associated, first of all, with the appearance of danger or uncertainty in any sphere of economic activity and social economic life. In modern Western economic literature, two theories of risk are considered: classical and neoclassical.

A significant drawback of the classical theory, according to its critics, is the limited understanding of the essence of risk and its economic meaning. According to the provisions of this theory, risk is a factor in the formation of only part of the profit. Opponents of the neoclassical risk theory emphasize that it does not take into account the factor of risk satisfaction, according to which an entrepreneur can take a large risk [8].

Risks have always existed, but the birth date of risk management as a systemic approach and a new management solution can formally be considered the middle of the 20th century. In 1955, insurance professor Wayne Snyder first proposed the term "risk management", and in 1956 Russell Gallagher first described the profession of risk manager. From that time, the generalization and active analysis of all knowledge about risks began, the formation of a new management science began [1].

Despite the fact that the issue of risk has been studied for a considerable period of time, among scientists there is still no consensus on the definition of risk.

The political and economic situation that has developed in Ukraine exacerbates the issue of effective development of domestic enterprises, the functioning of which takes place in conditions of uncertainty and the risks caused by it.

The problems of risk management in trade enterprises, whose activities are directly determined by the economic situation in the country, region, expectations of potential buyers, and their purchasing power, have arisen especially acutely in the conditions of negative economic trends that have become a consequence of the global financial crisis.

The main factors of the company's financial risks, the peculiarities of their influence on the company's activities and the internal mechanisms of their neutralization have been studied.

It has been established that in a competitive market environment, entrepreneurs often have to make unconventional and bold decisions. However, this increases the level of economic and financial risk. Under such conditions, enterprises must timely identify and correctly assess the level of risk, effectively manage it in order to limit its negative impact and minimize the amount of financial losses.

The financial activity of the enterprise is associated with many risks. The impact of these risks became especially noticeable with the transition to a market economy. Among all the risks of business entities, financial risks are the main ones, as they endanger the further successful operation of the enterprise. Their action leads to a decrease in the financial results and financial stability of the enterprise. Financial risks are defined as the probability of financial losses due to an inefficient capital structure, which causes an imbalance in the company's cash flows.

Financial mechanism in the system of economic vectors of development of Ukraine

In the scientific literature, there is no ambiguity in the interpretation of the essence of financial risks and their place in the system of economic activity of the enterprise. Some specialists consider financial risks as a separate type of enterprise risks [1]. Some economists believe that these risks are part of other risks – market and investment risks [2]. M. Klapkiv refers to the group of financial risks almost all property risks, because, in his opinion, losses that arise as a result of the manifestation of property risks, almost always have a financial nature, that is, acquire a monetary dimension. L.O. Kovalenko and L.M. Remnyov, researching the sequence of risk management policy development, identified the stages of financial risk management policy formation.

By its essence, risk is a perceived possibility of the danger of unforeseen losses of expected profit, property, money due to random changes in the conditions of economic activity, adverse circumstances. No one is immune from possible losses in the market environment. However, this does not mean that in order to completely avoid losses, only a conservative economic policy should be pursued.

It is important not just to be afraid of risks, but to analyze the causes of undesirable developments in a timely manner, to take into account previous negative experience, to constantly adjust the system of operational business operations from the position of maximizing the result. The reasons for the emergence of financial risks are diverse and can arise spontaneously in the course of the company's activity, they are divided into external and internal. The main external reasons for the formation of financial risks include the following: weak and unstable economy of the country; economic crisis; inflation; ineffective state regulation of the bank discount rate; increasing the level of competition; lower prices on the world market; political factors, etc. All these reasons have an origin external to the company and therefore the company cannot control them. The internal reasons for the formation of financial risks include: increased costs at the enterprise, unsatisfactory financial policy of the enterprise, inefficient management of costs, income and financial results. To form an effective financial risk management system, they must be identified in advance. Identification of financial risks consists in identifying all types of possible risks associated with each specific operation. At the same time, it is important to distinguish risks that depend on the enterprise itself and

external risks that are determined by the macroeconomic situation in the portfolio of financial risks.

Therefore, financial risks are associated with the probability of unforeseen financial losses of resources (decrease in expected profit, income, loss of part or all of the capital) in a situation of uncertainty in terms of financial activity enterprises. G.O. Kramarenko [5] divides the risks of the company's financial activity into nine main types. Such a grouping is quite meaningful and comprehensive.

1. The risk of a decrease in financial stability. This type of risk is generated by imperfection structures capital (too high by share involved funds), i.e. a very high debt ratio (a low financial stability ratio).

2. Risk of insolvency. The reason for the occurrence of this type of risk is the low liquidity of the company's assets, the inconsistency of the terms of receipt and expenditure of funds.

3. Investment risk. It consists in the possibility of unforeseen financial losses in the process of investment activity of a trading enterprise. Depending on the types of investments, types of investment risk are also distinguished: real investment risk (violation of the work schedule, low quality of the performed works, etc.) and financial investment risk (decrease in the exchange rate value of shares and other stock instruments that make up the portfolio of financial assets of a trading company, decrease in liquidity these assets, etc.).

4. Inflation risk. This type of risk characterizes the possibility of devaluation of the real value of the trading company's capital (in the form of monetary assets), as well as the expected revenues and profits of the company in connection with the increase in inflation rates.

5. Percentage risk. This type of risk arises due to the unpredictability of interest rate changes on the financial market. It manifests itself in financial losses from a decrease in cash flow in the process of using financial assets and in the emission activity of a trading company.

6. Currency risk. This type of risk is inherent in financial transactions accompanying the foreign economic activity of a trading enterprise. Its manifestation consists in the lack of profit as a result of the direct effect of the change in the exchange rate of the foreign currency used by the enterprise in the implementation of foreign economic operations.

7. Tax risk. In our country, at the current stage, this type of risk has a significant negative impact on the results of the financial activity of a

Financial mechanism in the system of economic vectors of development of Ukraine

trading company. It has a number of aspects: the risk of introducing new types of tax payments, the risk of increasing the rates of existing taxes, the risk of changing the conditions and terms of payment of tax payments, the risk of canceling or reducing tax benefits.

It should be noted that external financial risks may be caused by general economic and market factors. The general economic factors include: a general decline in production volumes in the country, an increase in the level of inflation, a slowdown in payment circulation, the imperfection and instability of tax legislation, a decrease in the level of real incomes and purchasing power of the population, etc. Among the market risk factors, the following can be distinguished: a decrease in the volume of the domestic market, a drop in market demand, an increase in the supply of substitute goods, instability of the financial and currency markets, insufficient liquidity of the stock market. Establishing potential areas of financial risks consists in comparing possible financial losses with the estimated amount of profit, income, equity of the enterprise.

Depending on the amount of possible financial losses, four main areas of financial risk can be distinguished:

- risk-free zone: the risk is completely insignificant, there are practically no financial losses, the financial result is guaranteed in the amount of the estimated amount of profit;
- zone of permissible risk: medium risk, possible financial losses in the amount of the estimated amount of profit;
- zone of critical risk: the risk is high, possible financial losses in the amount of the estimated amount of gross income;
- zone of catastrophic risk: the risk is very high, possible financial losses in the amount of the company's equity capital.

The allocation of separate areas of financial risk, depending on the amount of expected losses and the factors that determine them, should be the basis of the formation of the financial risk management system of the enterprise. Since the enterprise practically cannot influence external risks, the main attention should be paid to internal risk neutralization mechanisms, which include:

- diversification, which is the process of distributing invested funds between different objects of capital investment, which are not directly related to each other. Diversification is carried out in order to reduce the

level of risk and loss of income. This method allows you to avoid part of the financial risk based on the distribution of capital between various types of activities (for example, the investor's purchase of shares of five different joint-stock companies instead of shares of one company increases the probability of receiving an average income by five times and, accordingly, five times reduces the level of risk). Diversification involves obtaining additional information about options and expected results. As a result, there is an opportunity to make a more accurate choice and reduce the risk of losing the company's financial results:

- limiting is the establishment of a limit, i.e. limit amounts of expenses, sales, credit, etc. Limitation is used to reduce financial risk in credit and investment activities of the enterprise;

- self-insurance is a decentralized form of creation of in-kind and cash insurance funds directly at enterprises, especially those whose activities are exposed to risk. The main task of self-insurance is to quickly overcome temporary difficulties in financial and commercial activities [5];

- hedging makes it possible to reduce risk by entering into an appropriate agreement. Most often, hedging is used as a means of insuring the value of goods or profit, as well as currency risks of the enterprise [4]. Hedging is a system of economic relations of participants in the financial market, associated with the reduction of credit and price risks, which arises as a result of the simultaneous and opposite direction of trade deals on the market and the futures market of real goods.

In addition to the methods mentioned above, in order to reduce the level of financial risks, the company can insure them with insurance organizations. Insurance provides for the protection of property interests of business entities and citizens in the event of the occurrence of certain events (insured events) at the expense of monetary funds formed from insurance premiums. The essence of insurance lies in the distribution of the loss between all participants in the business transaction. Insurance performs four main functions: risk, preventive, savings, control. The content of the risk function is expressed in the risk compensation. Within the scope of this function, there is a redistribution of monetary value between insurance participants due to the consequences of accidental insurance events. The risk function of insurance is the main one, because insurance risk is directly related to the main purpose of insurance – compensation for material damage to victims.

Financial mechanism in the system of economic vectors of development of Ukraine

In view of this, insurance can be considered as an effective way of reducing the financial risks of the enterprise. There is a group of financial risks that companies do not insure, but often these risks are potential sources of their additional profits or costs. Losses resulting from the realization of a risk that is not subject to insurance are compensated only at the expense of the company's own funds.

Therefore, to survive in a competitive market environment, businesses need to make unconventional and bold decisions. However, it also increases the level of economic and financial risk. Under such conditions, enterprises must timely identify and correctly assess the level of risk, effectively manage it in order to limit its negative impact and minimize the amount of financial losses.

3. The impact of external financial risks on the development of enterprises and qualitative assessment of their activities

Over the past five years, the agricultural sector of Ukraine's economy has maintained a growth trend, which is the main source of currency inflows to Ukraine and a key factor in maintaining the trade balance. The agricultural sector is one of the main budget generators and occupies about 40% of the commodity structure of exports. Therefore, the influence of external financial risks on activity If there are cities, we will consider the example of agrarian enterprises.

The peculiarities of production and economic activity at agricultural enterprises, due to the seasonal nature of production, the influence of numerous poorly forecasted factors, including those determined by changing natural and climatic conditions, on the state and dynamics of the raw material market, create a situation of instability in the external economic conditions of enterprises. In the conditions of the systemic financial and economic crisis in Ukraine and the acute shortage of financial resources, the functioning of agricultural enterprises is unstable. These factors influence the financial and economic condition of enterprises.

Let's dwell in more detail on the definition of the main trends in the functioning of agricultural enterprises in modern business conditions and the study of their relationship with risks, which is necessary for the further identification of risks in the activity of the SFG.

We will conduct research on the example of the Yavir SFG. This farm is located in the village of Syomaky, Khmilnytskyi district, Vinnytsia region, and is engaged in the cultivation of grain crops and legumes.

This farm occupies a fairly favorable administrative and economic position, as far as 30 km. there is a railway, which makes it possible to supply SFG "Yavir" with spare parts, agricultural machinery, construction materials, fuel and lubricants, and mineral fertilizers. For the Vinnytsia region, where the SFG "Yavir" is located, fairly favorable soil and climatic conditions are characteristic, which make it possible to reduce external financial risks of activity. And although there is sometimes an insufficient amount of precipitation, its distribution throughout the year corresponds to the biological needs of most agricultural crops grown on this farm.

Table 1

**The main financial and economic indicators
of the activity of SFG "Yavir"**

Indicator	2019	2020	2021	Deviation of 2021 from 2019 (+;-)
Net income from sales	16952.1	24637.4	12356.5	-4595.6
Cost of goods sold	15425.8	23810.7	11426.6	-3999.2
Financial result before taxation	1526.3	826.7	929.9	-596.4
Net profit	1526.3	826.7	929.9	-596.4
Balance currency	14582.3	15667.9	13659.2	-923.1
Equity	7418.4	8590.7	9608.9	+2190.5
Raised capital	7163.9	7077.2	3030.1	-4133.8
Non-current assets	3254.8	3248.15	2920.7	-334.1
Current assets	11327.5	12419.8	9718.3	-1609.2

Source: calculated by the author on the basis of financial statements of SFG "Yavir".

During the investigated period, SFG "Yavir" reduced the net income from sales by 4,595.6 thousand hryvnias, while the cost of production decreased by 3,999.2 thousand hryvnias. This led to a decrease in the financial result before taxation. The amount of own capital in 2019–2021 increased by 2,190.5 thousand hryvnias, at the same time, the amount of borrowed capital decreased by 4,133.8 thousand hryvnias. The table shows that the capital structure during the entire period of analysis is satisfactory, since equity accounts for more than half of the total capital. The share of equity

Financial mechanism in the system of economic vectors of development of Ukraine

increased from 55% in 2020 to 70% in 2021. At the same time, SFG "Yavir" in 2019–2021 demonstrates a stable increase in financial resources. Therefore, SFG "Yavir" is financially stable and demonstrates positive financial and economic indicators. It should be noted that the financial results of SFG "Yavir" improved significantly compared to 2020.

Table 2

Composition, structure and dynamics of the equity capital of SFG "Yavir"

Articles of balance	2019		2020		2021		Absolute deviation, thousand hryvnias
	thousand hryvnias	%	thousand hryvnias	%	thousand hryvnias	%	
Registered (share) capital	2.15	0.02	7.0	0.08	7.0	0.07	+4.45
Additional capital	3255	43.87	2920.7	33,64	2920.7	30,39	-334.3
Undivided profit	4161	56.09	5751.3	66.20	6681.2	9.53	+2520.2
Equity of everything	7418	100.0	8679.0	100.0	9608.9	100.0	+2190.9

Source: calculated by the author on the basis of financial statements of SFG "Yavir".

So, as of the end of 2020, the studied farm has a total equity capital of UAH 9,608.9 thousand. In recent years, we have observed its increase by 2,190.9 thousand hryvnias. The amount of the company's equity is formed by only three items, namely: registered (equity) capital, additional capital, retained earnings (uncovered loss). The amount of registered (statutory) capital and additional capital did not change during the studied period, which indicates the stability of the operation of the economy. The main reason for the determined positive dynamics of equity is the increase in the amount of retained earnings during 2019–2021, and, accordingly, the increase in the specific weight of this item in equity by 37%.

liquidity indicators for evaluation their dynamics during the studied period.

The ratio of current liquidity characterizes the ratio of current assets and current liabilities and for normal functioning should be greater than one, its growth characterizes positive trends in the enterprise. It can be

Table 3

Dynamics of relative liquidity indicators of SFG "Yavir"

Indicators	2019	2020	2021
Current liquidity ratio	1.6	1.95	3.20
Quick liquidity ratio	0.72	0.84	1.30
Absolute liquidity ratio	0	0.199	0.10

Source: calculated by the author on the basis of financial statements of SFG "Yavir"

seen from the above table that relatively high values of the coverage ratio are characteristic of SFG Yavir, that is, current assets exceeded current liabilities by 1.5-2 times, which indicates a positive situation at the enterprise. Such dynamics of this indicator indicate a low level of financial risk. The quick liquidity ratio characterizes the company's ability to pay off current liabilities with current assets, minus stocks. Western analysts recommend a quick liquidity ratio of more than 0.5. A sufficient ratio of quick liquidity is a ratio of 1:1. The ratio of quick liquidity characterizes the expected solvency of the enterprise in the short-term period, i.e., a period equal to the average duration of one turnover of receivables, subject to its timely repayment.

From the point of view of the analysis of economic activity, the indicator of instant generation of funds, i.e. at the expense of the most liquid assets, is much more informative. Such an indicator is the coefficient of absolute liquidity, which is defined as the ratio of cash on the company's accounts and current financial investments that can be instantly transformed into cash to the company's current liabilities. The standard value of this indicator is traditionally set at 0.2. The calculated data demonstrate a low value of the coefficient of absolute liquidity for the economic entity. As for the norms of this indicator, in 2020, the enterprise reached its normative value. But in 2021, this indicator is 0.1. The calculations of this indicator at the Yavir SFG show that it is maintained at the proper level. The presence of risks affecting the efficiency of business entities, first of all, can be determined based on the analysis of the existing state and patterns of development of the enterprises themselves and the industry in which they operate. The object of this study is the agricultural enterprises of the Vinnytsia region and the SFG "Yavir". As information support, the accounting and statistical reporting of the FSG, data of the Main Department of Statistics, and information of the

Financial mechanism in the system of economic vectors of development of Ukraine

State Statistics Service of Ukraine regarding the results of the activities of agricultural enterprises for the period from 2019 to 2021 were used. It is common knowledge that agriculture is one of the sectors with the highest level of exposure to risks, which cause the uncertainty of the result, characteristic of agricultural production. In Figure 1 shows the share of profitable SFGs of Ukraine in 2021. As can be seen from the figure, the specific weight of profitable SFG is 89.7%, that is, most farms engaged in the production of plant products are profitable and this trend will continue in the coming years, as there is a high demand for products.

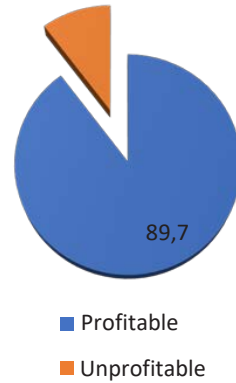


Figure 1. The ratio of profits and losses of agricultural enterprises of Ukraine in 2021

It is common knowledge that the Vinnytsia region is a leader in agricultural production. Let's separate its indicators of product profitability by enterprise.

We will compare the performance indicators of the studied SFG "Yavir" and evaluate it by summarizing the indicators.

Table 4

Dynamics of crop production profitability in Ukraine, %

Indicator	2019	2020	2021	Deviation of 2019 from 2017, (+;-)
Grain	25.0	26.1	6.3	-18.7
Sunflower seeds	41.3	30.3	22.2	-19.1
Sugar beets	12.4	-2.2	-16.3	-28.7
Potato	10.0	7.6	4.2	-5.8
Vegetables of the open ground	15.6	10.3	11.7	-3.9

Source: calculated by the author on the basis of statistical collections of Ukraine

Data analysis of Table 5 shows that the profitability of assets decreased during the researched period. This is explained by the fact that in 2020 the total profit of the enterprise decreased compared to the previous period and the average amount of assets.

Table 5

Dynamics of profitability indicators of SFG "Yavir"

Indicator	2019	2020	2021	Deviation of 2020 from 2021, (+;-)
Return on assets based on net income	10.4	5.2	9.0	-1.4
Return on equity	20.5	9.6	10,16	-10.34
Return on working capital	13.4	6.6	8.6	-4.8
Profitability of sales	9.0	3.3	10.8	+1.8

Source: calculated by the author on the basis of financial statements of SFG "Yavir"

Return on equity characterizes the level of profitability of equity capital invested in this enterprise. This indicator is of greatest interest to existing and potential owners, it shows the amount of profit received per hryvnia of the owners' capital. During the studied period, the profitability of equity and working capital decreased at SFG "Yavir". The profitability of farm sales increased by 1.8%, but compared to 2020, it increased significantly. This indicator for SFG "Yavir" is almost the same as the indicator for Ukraine as a whole, which indicates the stability of the company's work.

To the composition of indicators characterizing the state and development of crop production as a branch of agricultural production includes the following:

- size of sown areas used for cultivation;
- yield of agricultural crops;
- gross harvest of agricultural crops.

The dynamics of sown areas for the production of plant products are also marked by positive trends (Table 6).

Table 6

Sown area of agricultural crops in Ukraine, thousand ha

Indicators	2017	2018	2019	2020	2021
Cereals and legumes	14739	14401	14624	14839	15318
Sugar beets	237	292	316	276	222
Sunflower	5105	6073	6034	6117	5928
Potato	1291	1312	1323	1319	1309
Vegetables	446	447	445	439	452

Source: calculated by the author on the basis of statistical collections of Ukraine

Financial mechanism in the system of economic vectors of development of Ukraine

The area under cultivation of cereals and legumes increased by 579,000 ha during the research period, while the area under sugar beet decreased slightly from 237,000 ha in 2018 to 222,000 ha in 2021. Compared to 2018, the amount of area under sunflower cultivation in Ukraine increased on 823 thousand hectares, potatoes on 18 thousand hectares, vegetables on 96 thousand hectares.

Accordingly, the production volume of plant products also fluctuated. The production volume of grain and leguminous crops in 2021 slightly increased compared to 2017 and amounted to 751,432 thousand tons.

Gross production of grain and leguminous crops in the current marketing year increased by 132,266 thousand tons compared to 2019. The prerequisites for this were an increase in the cultivated area from 14,623 thousand ha to 15,318 thousand ha.

The researched SFG "Yavir" is engaged in the production of grain, leguminous and technical crops. The main crop by volume of production is corn for grain, the specific weight of which is 58.54% of the total volume of production.

The increase in cultivated areas and the growth of the gross harvest of grain and leguminous crops in Ukraine testify to the potential opportunities of agricultural production. Unfortunately, the price index of sold plant products has an unbalanced value, which is a problem for the development of the grain market in Ukraine.

Table 7

Structure of production of SFG "Yavir" in 2021

The name of the culture	Sown area, ha	Volume of production	
	c	ra	%
Cereal and leguminous crops	299.27	32612.4	79.84
– winter wheat	100	8700	21.3
– corn for grain	199.27	23912.4	58,54
Cultures are technical	180	8231	20,16
– soy	80	4560	11,16
– winter rape	100	3671	9.00
Total:	479.27	40843.4	100

Source: calculated by the author on the basis of financial statements of SFG "Yavir"

It should be noted that under favorable economic conditions, the price of any product should compensate the producer for all the costs incurred by him. The incentive for the producer is the economic effect obtained from production and sale, which depends on the cost price. Instability of product prices limits the reproductive potential of agricultural enterprises and does not give producers the opportunity to form sufficient volumes of savings for reproduction due to the instability of their incomes.

Agricultural enterprises are mostly forced to sell grain during the period of its threshing and in a short time after harvesting, which inevitably leads to a decrease in prices on the domestic market. Thus, during the harvest period, the average purchase price for grains and legumes in August-September is much lower than in March-April for the same products. Under such conditions, the economic interest of agricultural enterprises to produce grain decreases.

The opinion of O.H. is relevant. Shpykulyaka: "The price policy must take into account the interests of all participants in the market system: the state, the producer, the consumer. Now the producer is in the worst condition, so he needs to be supported by helping to increase his income by guaranteeing a minimum supply price that will ensure an average rate of return on all assets involved in production".

It is clear from the data in the table that prices fluctuate dynamically every year. This is facilitated by both global and domestic market trends. Also, exchange rate fluctuations can lead to negative consequences for producers of agricultural products, which can affect the risk protection of the enterprise.

In 2020, the current unfavorable weather conditions in the world will probably be the main reason for the increase in grain prices. Domestic agricultural enterprises will continue to expand sown areas, increase yields and the overall production of plant products, since these crops are currently the most profitable and profitable, which can provoke violations in the observance of crop rotations and soil depletion and thereby reduce the level of risk protection of agricultural enterprises.

The risk protection of an agricultural enterprise must be comprehensive and quantitatively measurable, that is, determined by certain indicators or criteria. Such indicators can be: profitability of the enterprise; scope of

Financial mechanism in the system of economic vectors of development of Ukraine

activity; availability and structure of own working capital; inclination to financial risk.

Thus, the statistical reporting of the analyzed enterprises of Ukraine allowed us to draw certain conclusions about the trends formed in their activities. A detailed analysis of the indicators described above, the instability of their values, indicated the presence of certain difficulties with the effective use of enterprise resources. That is, the functioning of agricultural enterprises is under the influence of various risks, which increases uncertainty regarding the directions of future development of these business entities. All this determines the need for a further, more detailed study of the peculiarities of the functioning of agricultural enterprises and an assessment of the degree of their risks.

4. Identification of global external financial risks and their qualitative assessment

The multifaceted nature of the system of risks that accompany the economic activity of agribusiness enterprises requires the use of appropriate tools for their identification, which takes into account the need for the formation of the most complete information for making management decisions. In this aspect, the development of approaches adequate to modern economic requirements to comprehensive risk assessment of the economic activity of agro-industrial complex enterprises engaged in the production of plant products is of particular relevance.

Identification, systematization and assessment of risks of economic activity are the basis for the development of effective management solutions in risk conditions, which will provide an opportunity to counteract threats to the economic space in the future.

The general risk vector of an agricultural enterprise is formed under the influence of a combination of risk factors of the external business environment and internal risk factors of the enterprise.

Therefore, it is necessary to identify the sources of formation of risk factors and establish their potential influence.

The influence of the external environment from the standpoint of the formation of risk factors of the economic activity of an agricultural enterprise can be structured according to the following main levels: country risk, industry risk, regional risk, and the risk of the

microenvironment of the economy. At the same time, external risks are mostly independent of the influence of the enterprise, and internal risks, due to the peculiarities of the economic activity of the enterprise, are more manageable.

The basic indicator, which generally characterizes the impact of risk factors on the enterprise and the ability of the enterprise to resist the negative effects of risk factors, is the solvency of the enterprise. Let's assess the risk of losing the company's solvency.

Characterizing the existing tools for assessing the risks of loss of solvency of enterprises, it should be determined that in the scientific literature much attention is paid to the analysis of financial ratios and other financial analytical tools, since they are the basis for recognizing an enterprise as insolvent (ie bankrupt).

In our opinion, the following are the most representative integral models for assessing the risk of enterprise insolvency: Altman's two-factor and five-factor models, Tafler's model, Lees' model, O.O.'s model. Tereshchenko and the four-factor R – model. We conducted risk diagnosis research emergence of insolvency according to E. Altman's five-factor model. This model has a relatively higher level of analysis.

The Altman index, calculated within the Altman five-factor model, is the result of the application of the multiplicative discriminant analysis toolkit in order to use the model to differentiate enterprises according to the degree of risk of loss of solvency.

In general, the value of the Z-index has the following form:

$$Z = 1.2A + 1.4B + 3.3C + 0.6D + 1.0E,$$

where A = Working capital / Total value of assets;

B = Net profit / Total asset value in;

C = Net income / Total asset value in;

D = Market capitalization of the enterprise / Amount debts;

E = Sales volume / Total asset value in.

interpretation of the results of calculating the Altman index within the five-factor model is carried out according to the following rules: if $Z < 1.8$, the probability of bankruptcy is very high; if $Z = 1.81-2.7$ – the probability of bankruptcy is high; if $Z = 2.71-2.99$ bankruptcy is possible; if $Z = 3$, the probability of bankruptcy is very low.

Table 8

Calculation of the probability of bankruptcy of SFG "Yavir"

Indicators	2019	2020	2021
The ratio of working capital to the total value of assets	0.29	0.39	0.52
Return on retained earnings profit	0.31	0.42	0.51
Profitability of assets in by net profit	0.09	0.05	0.07
Coverage ratio current from duties own capital	1.04	1.44	3.17
Transformation coefficient _	1.01	1.67	0.97
Z-score: $1.2X1 + 1.4X2 + 3.3X3 + 0.6X4 + 1.0X5$	2.35	3.69	4.44

Source: calculated by the author on the basis of financial statements of SFG "Yavir"

As can be seen from the Table 6, the probability of bankruptcy of SFG "Yavir" with a Altman's model has been characterized for the last three years as possible in 2019 and very low in 2020 and 2021. At the same time, during the studied period, the value of the Z-score is growing, which indicates an improvement in the situation.

The basis of the manifestation of external financial risks of the functioning of agricultural enterprises is, first of all, the activities carried out by these enterprises. In view of this, the assessment of financial risks of the functioning of agricultural enterprises involves the analysis of individual areas of activity.

As a result of the theoretical generalization of the economic literature on financial risk, presented in the first chapter of the master's thesis, the key external risks are highlighted. Financial risks are market (currency, inflation, liquidity risks), credit, operational (informational, legal, personnel risks, core activity risks), investment risks [10]; or inflationary, investment, currency, interest, credit, liquidity risks; or risks related to the purchasing power of money (inflationary, deflationary, currency, liquidity risk), risks related to capital investment (investment) (risks of lost profits, risks of reduced profitability (interest, credit), risks of direct financial losses (stock exchange, selective, bankruptcy, credit risks)); or currency, credit, investment [2].

The analysis of such a wide list of external financial risks is too time-consuming, therefore, in order to provide an assessment of the impact of these risks, it is necessary to highlight the dominant ones, which will simplify the research procedure and not lead to the loss of important information.

Among the identified external financial risks, which significantly affect the activities of SFG "Yavir", the following can be distinguished: Foreign economic: export and import of plant products.

The production of grain and leguminous crops is an important component of agricultural production, which is closely related to a large number of various external financial risks. This is due to the fact that a significant part of grain crops is exported, which contributes to the inflow of foreign exchange earnings into the country and stabilization of the national currency.

Table 9

Commodity structure of foreign trade (cereal crops), US dollars

	2019	2020	2021	Deviation of 2021 from 2019, (+;-)
Export	6501134.3	7240558,1	9523750	22616
To the total volume of exports, %	15.0	15.3	22.9	7.9
Imports	176756.1	191116,7	138460	-38296
To the total volumeimport, %	0.4	0.3	0.3	-0.1

Source: calculated by the author on the basis of statistical collections

In general, exports are extremely important for the economy of Ukraine (Table 7). Agricultural enterprises engaged in the cultivation of plant products are also increasing the export of their products, so in 2019 it amounted to 9523750 thousand. dollars USA, and compared to 2017 it increased by 31%. During the last years in the structure of exports underwent certain changes, namely, the share of corn exports began to dominate, which was due to a significant increase in prices for this crop compared to an increase in prices for wheat and barley.

Increasing the export potential of crop production contributes to increasing the trade balance of Ukraine. A positive trade balance indicates an increase in demand for the country's goods and services. A negative balance indicates a low balance competitiveness of the country's goods abroad.

In table 8. the data was also compiled regarding export, import, as well as the trade balance balance of Ukraine for 2017–2021. The analysis of the dynamics of changes in the trade balance of Ukraine over these years

Table 10

Dynamics of the trade balance of Ukraine, mln. dollars USA

Indicators	2017	2018	2019	2020	2021
Export of goods	35420	33560	39701	43341	46113
Import of goods	38875	40502	49364	56055	6 0445
Balance of goods	-3455	- 6942	-9663	-12714	-1 4332
Export of services	12442	12448	14167	15794	17265
Import of services	11349	11959	13148	14447	15,359
Balance of services	1093	489	1019	1347	1 949
Balance	-2362	-6453	-8644	-11367	-12383

Source: Built by the author on the basis of statistical collections of Ukraine

has a negative value, which means that the import of goods exceeds their export. In recent years, the balance of the trade balance has deteriorated significantly, this indicator increased 5 times in 2019. This situation is explained by the fact that the commodity structure of exports and imports has remained unchanged over the past ten years.

It should be noted that during this period the volume of exports decreased by 10,695 million dollars. of the USA and import of goods and 21,187 million dollars. USA.

Market risks: increase in the price of seeds, mineral fertilizers, plant protection products, fuel – lubricants; decrease in world grain prices; significant volatility of the US dollar exchange rate against the national currency.

These external financial risks belong to the market category and are typical for all producers of agricultural products in Ukraine. An increase in the price of basic and auxiliary materials and a decrease in world prices for grain crops is a serious problem for all global producers, because the share of basic and auxiliary materials in the cost of crop production is 45-65%.

During the studied period, the highest grain price was recorded in 2011–2012 – \$240.9/t, and starting from this year, a drop in world prices was observed until 2015–2016. In 2017–2019, the price of wheat gradually began to increase. The dynamics of corn prices is determined by the increase in yield and production volumes, but the demand for grain, especially for feed varieties, is also growing in this sector. In 2017–2019, a record level of global turnover was achieved. Such trends create high world corn prices.

The world grain market consists of two segments – food and fodder. The food market forms the wheat and rice market, while the second one is grain crops for fodder use (corn and barley). In the structure of world grain production in 2020–2021, the largest share is corn – 40%, wheat – 29%, rice – 19%, and other grains – 12 %.

Using data on the forecast of the development of the world grain market until 2021, it should be noted that the correlation coefficient between the FAO price indices and consumer price indices of the domestic food market during 2017–2021 was 0.843. The coefficient of determination is 0.711, i.e. changes in the prices of food products in our country were determined by their changes on the world market by 71.1%. Only 28.9% were determined by other factors these changes.

Such thus, the degree of dependence of the price situation in the agricultural sector of the country in general, it is most closely related to its dynamics on the global agro-food market.

Thus, it can be concluded that the main feature of the world grain and legume market is the increase in production and consumption. Therefore, the chosen direction of the structure and volumes of production of SFG "Yavir" is the least risky. The grain market in the world is the fastest growing among all segments of the economy, therefore it receives the most attention in the business environment of Ukraine.

The conducted analysis showed that Ukrainian enterprises are very sensitive to global external financial risks, which is indicated by the deterioration of certain macroeconomic indicators and the deepening of the economic and political crisis. In this regard, we note that an important stage of the management process is the diagnosis of the external environment.

Such monitoring should be carried out constantly, because the increase in the number of risks and the strengthening of their influence can lead to a crisis even in a successfully functioning enterprise. At the same time, it should be taken into account that there are risks and threats that are difficult to predict, so the management of the enterprise must be able to react quickly in extreme conditions, ensuring at least a weakening of the negative impact of unpredictable factors.

5. Assessment of the influence of external financial risks on the activities of enterprises

External unsystematic financial risks do not directly depend on the activity of the enterprise and are weakly or not at all subject to its control. Nevertheless, assessment and consideration of external risks are necessary in the process of risk management.

Different agricultural enterprises carry out their activities in different external conditions.

Yes, agricultural enterprises, which in the course of their activities operate both at the local and state levels, and quite often are also players in the international arena and produce products that require application of complex agricultural methods, are more dependent on environmental factors than enterprises operating in the local market, which produce a limited number of products.

Among these types of risk, the following can be distinguished: inflationary, investment, currency, interest, credit. Let's consider these risk groups in more detail.

Inflationary financial risk affects the depreciation of monetary income from the point of view of real purchasing power and inhibits the investment process.

Inflation can negatively affect investment in a specific project, if the increase in prices for raw materials, basic materials, and labor does not correspond to the company's ability to raise prices for its products. In the modern economy, these risks are permanent; Rapid rates of inflation significantly increase the riskiness of the financial activity of the business entity and have a significant impact on the formation of the optimal structure of the company's financial resources.

According to the National Bank of Ukraine, in 2017 the inflation rate was 43.3%, and since 2021 inflation in Ukraine has slowed down to 4.1%. That is, prices will continue to rise, but not at such a rapid pace as in 2020, when everything became more expensive by almost one and a half times.

Deflationary risks are the risks that, with an increase in the rate of deflation, the price level will fall, business conditions will deteriorate, and the company's income will decrease.

Credit risk is one of the important types of external financial risks in the activities of SFG Yavir. Credit risk can be caused by the following

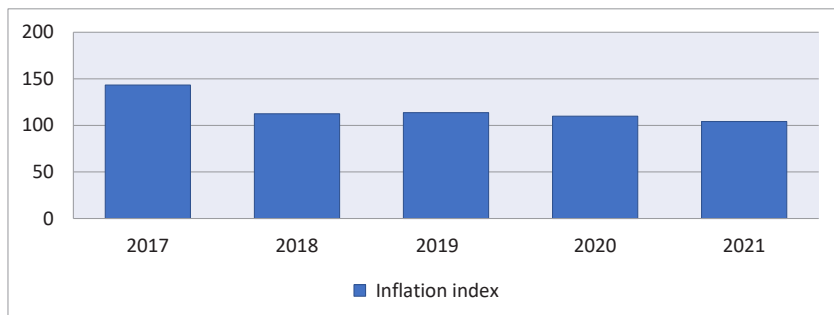


Figure 2. Dynamics of the inflation index, %

Source: calculated by the author on the basis of statistical collections of Ukraine

reasons: the decline of the industry, the decrease in demand for products produced by the enterprise; non-fulfillment of contractual relations by partners of the enterprise; transformation of enterprise assets; force majeure circumstances. It is related to the possibility of the company not fulfilling its financial obligations to the investor due to the use of a foreign loan to finance the company's activities. Credit risk arises in the course of business communication of the enterprise with its creditors: the bank, counterparties, suppliers and intermediaries, as well as with shareholders.

SFG "Yavir" in the course of its activities attracts only short-term loans from banks, the amount of which has doubled over the past three years. The amount of payables and receivables is insignificant in the currency of the balance sheet.

Table 11

Dynamics of short-term loans of SFG "Yavir"

Indicator	2019	2020	2021	Deviation of 2021 from 2019, (+;-)
Short-term bank credits	924.6	763.5	1980.0	+1055.4

Source: calculated by the author on the basis of financial statements of SFG "Yavir"

Simultaneously with the occurrence of credit risk, interest risk arises, which consists in an unforeseen change in the interest rate on the financial market. The reason for the emergence of this type of risk

Financial mechanism in the system of economic vectors of development of Ukraine

is a change in the financial market situation under the influence of state regulation, growth or decline in the supply of free monetary resources and other factors.

Assessing the dynamics of the NBU interest rate according to official statistics, it can be noted that in 2019–2021, there are tendencies towards an increase in the price of individual loans. So, the interest rate risk in connection with a significant share of loan funds on the balance sheet of SFG "Yavir" forms the factors of deterioration of the financial situation of the farm under study.

Currency risk is the risk of receiving losses as a result of adverse short-term or long-term fluctuations in exchange rates on international financial markets.

The alutory risk has a significant impact on the profitability of assets and the cost of financing. This risk is transformed into opposite strategies, depending on whether the market participant carries out the process of financing or investing funds. For borrowers raising funds for market, currency and interest rate risks are the risk of a rise in the exchange rate or the risk of a rise in market interest rates, which can lead to an increase in the cost of financing and an increase in the amount of debt. This type of risk can significantly affect the activity of SFG "Yavir" in the case of the purchase of imported agricultural machinery, plant protection products, etc.

Investment risk is the probability of financial losses in the form of income (profit) due to the uncertainty of the conditions of investment activity. According to the types of this activity, the risk of real investment and the risk of financial investment are distinguished. The degree of risk for SFG increases as uncertainty increases, as well as in connection with a rapid change in the general state of the economy in the country. Unfortunately, this type of investment is not carried out at SFG "Yavir".

Based on the conducted research, it should be noted that most of the considered external financial risks of the agricultural enterprise are focused on the assessment of specific types of risks. At the same time, the issue of assessing the general level of financial risk is considered fragmentarily. Thus, to assess the level of external financial risk, we consider it expedient to use an integral assessment.

6. Finding

Namely: characterized from an economic point of view activity of the enterprise as a production and economic unit, the analysis was carried out financial and economic condition of SFG "Yavir", an efficiency assessment was carried out risk management of financial activities at the enterprise was carried out assessment of the probability of bankruptcy.

Since our enterprise carries out its activities in the field of agriculture, that is why the characteristics of this direction were given. The agriculture of Ukraine, and especially the production of plant products, is one of the least risky segments of the national economy. Favorable external conditions and effective management have led to the fact that the main producers of plant products receive stable profits.

It has been proven that the most representative integral models for assessing the risk of enterprise insolvency are the following: Altman's two-factor and five-factor models, Tafler's model, Lees' model, O.O.'s model. Tereshchenko and the four-factor R – model.

A risk diagnosis study was conducted in Section 2 emergence of insolvency according to E. Altman's five-factor model. This model has a relatively higher level of analysis.

Identification of risks is a very important stage of risk management, especially financial risks, at this stage the foundation of the risk management process at the enterprise is laid.

Based on the analysis of the economic literature, the following two types of financial risks of the enterprise are distinguished: global external financial risk: foreign economic and market; external financial risk: inflation, interest, currency, investment, credit, which will facilitate the process of identifying risks and choosing methods of their management.

The external financial risks of SFG "Yavir" should include: inflationary, deflationary, currency, deposit, tax. As a rule, enterprises are not involved in the emergence and elimination of external risks. External financial risks are the same for all business entities in a market economy with a developed legal framework. Exceptions are monopolistic enterprises and large organizations that have the resources and potential to lobby for their corporate interests.

The level of external financial risk of SFG "Yavir" was revealed, as a result of which it was established that the company has an effective

Financial mechanism in the system of economic vectors of development of Ukraine

financial risk management policy, which leads to an improvement in the financial condition.

The results of the evaluation of external risks of SFG "Yavir", carried out on the basis of the risk classification proposed in the previous section, made it possible to establish that the most influential risk for this business entity is market and foreign economic risks. Inflation, investment, currency, interest, and credit are the least influential on the activities of enterprises.

7. Conclusions

As a result of the conducted research, the paper analyzed the theoretical aspects of the external financial risk management of the enterprise and provided real, practical recommendations for the improvement of management activities regarding the external financial risks of SFG "Yavir".

The purpose of preparing this paper was to analyze and generalize the experience of managing external financial risks of the enterprise by conducting its diagnosis and providing suggestions for improving the efficiency of its work.

The following tasks were solved in the research process:

- the theoretical foundations of external financial risk management of the enterprise were considered and researched;
- the influence of external financial risks on the activity of SFG "Yavir" was investigated;
- efficiency of the use of resources at the enterprise was analyzed;
- diagnostics of the financial condition was carried out enterprises;
- the probability of bankruptcy of the enterprise was estimated using modern models;
- recommendations on increasing efficiency and improving the process of managing external financial risks of the enterprise were developed;
- a predictive model of the impact on the efficiency of enterprise management of the proposed measures was built.

In the theoretical section, classical and modern foundations of external financial risk management of the enterprise were elaborated. Namely: the conceptual apparatus and tools of external financial risk management were investigated, modern approaches to the management of external financial risks of the enterprise were identified, their advantages and disadvantages were determined, the main methodological approaches to assessing the

effectiveness of risk management of the financial activity of the enterprise were investigated, and the main directions for improving the efficiency of management were also identified external financial risks of the enterprise.

In the analytical section, an analysis of external financial risk management of the SFG "Yavir" enterprise was carried out. Namely: the activity of the enterprise as a production and economic unit was characterized from an economic point of view, an analysis of the financial and economic condition of SFG "Yavir" was carried out, an assessment of the effectiveness of the management of external financial risks of the enterprise was carried out.

The reasons for improving the management of the company's external financial risks were substantiated, namely: theoretical and methodical approaches to improving the risk management of the financial activity of SFG "Yavir" were investigated, proposals were made to improve the effectiveness of risk management of the enterprise's financial activities, as well as proposals for improvement of the risk management process of the financial activity of SFG Yavir, the economic effect of the proposed measures and their impact on the effectiveness of the external financial risk management of the enterprise were demonstrated.

Liquidity risk management at the enterprise by diversifying suppliers and using idle reserves was proposed as a recommendation for the research object. The scientific novelty lies in the fact that the method of activating idle reserves at the enterprise and the approach to scaling through partnership in order to overcome the crisis of liquidity and profitability within the framework of risk management of financial activities have been further developed.

The recommendation regarding the subject of research consists in the development of cooperation at the state level in order to intensify business activity and increase the turnover of receivables. Scientific novelty is that which has been improved approach to management credit risk by him transfers to ensure the company's working capital and reduce financial costs.

The impact of the author's measures on the economic efficiency of the enterprise is an increase in net profit in 2018 by 53% with a further CAGR of 21.3%. The probability of bankruptcy in the results of the calculation according to three models decreased from >90% to <10%.

Despite the fact that the issue of risk has been studied for a considerable period of time, among scientists there is still no consensus on the definition

Financial mechanism in the system of economic vectors of development of Ukraine

of risk. One of the most common definitions of risk is the possibility of danger, failure, and loss.

From the point of view of financial activity, risk is the probability of losses, losses or lack of profit compared to the forecast option.

The functioning of any business entity at various stages and in the most diverse spheres of activity is associated with uncertainty. The existence of uncertainty in the activities of economic entities is the cause of risks, without which the effective development of the enterprise is impossible.

It is impossible to avoid uncertainty in business, because it is an element of objective reality, because there is always an aspect of development ambiguity, the impossibility of accurately forecasting certain events, incomplete or unreliable information.

For the effective management of the enterprise, it is necessary, first of all, to approach the assessment of risks carefully when choosing one or another management decision.

It is logical to consider risk assessment as an integrated stage of the risk management process, which includes qualitative and quantitative risk analysis, as well as matching the received objective idea of the degree of risk with the subjective perception of it by the decision-maker.

The main thing in assessing external financial risk is the simplicity, effectiveness of the method and, of course, the correctness of the assessment, because if the impact of factors that increase economic risk is incorrectly determined, the company can suffer much greater losses or even go bankrupt.

However, the main problem in our country is the lack or even absence of information necessary for risk assessment. Considering this, the most acceptable method of risk assessment is an assessment based on the analysis of the financial state of the enterprise, because it requires the financial reporting of firms, which is the most accessible source of information.

After assessing external financial risks, this work presents ways to minimize external financial risks: policy development in the field of financial risk management; carrying out an assessment of risks associated with the performance of tasks in the field of effective activity of the organization in specific, individual conditions; conducting an analysis of the risk situation, i.e. identifying risk factors and assessing its probable level, forecasting the behavior of the business entity under such conditions and monitoring the process of implementing risk decisions established by the system of

planned financial indicators and standards; measurement of the degree of deviation of the actual results from the predicted ones and the development of several alternative solutions and the selection of the most acceptable and legitimate of them; carrying out a quantitative determination of the financial risk that the business entity is ready to take on, and the degree of its acceptability, and allocating financial and operational resources in order to maximize opportunities for achieving the optimal ratio of risk and profitability; control of the implementation of priority indicators of financial development, taking into account risk factors not only for the enterprise as a whole, but also in terms of its individual sectors of responsibility, to provide for the possibility of comparing controlled indicators with average industry indicators, to ensure the relationship of these financial indicators, which are compiled under risk conditions, with other important indicators of the financial and economic activity of the enterprise; preparation and planning of measures to neutralize, compensate for likely negative consequences of risk and determine available ways and effective measures to minimize financial risks; development of operational risk solutions to normalize the financial activity of the enterprise in accordance with the intended goals and indicators and other.

So, we can draw a general conclusion, in order to survive in a competitive market environment, enterprises need to make unconventional and bold decisions. However, it also increases the level of external economic and financial risk. Under such conditions, enterprises must timely identify and correctly assess the level of external risk, effectively manage it in order to limit its negative impact and minimize the amount of financial losses.

In the course of the work, an integrated approach with a synergistic effect to the management of external financial risks of the enterprise was proposed, the consequences of which are the exit from the financial crisis in a short time and the minimization of the risk of the probability of bankruptcy, which leads to an increase in the efficiency of the enterprise without losing competitive positions.

Thus, the approach to managing external financial risks of the enterprise by loading production capacities through partnership has been improved, which, unlike existing approaches, does not require significant investments and is optimal for enterprises with high production potential, which is not used due to the influence of internal and external factors.

References:

1. Aleskerova Yu., Todosiichuk V., Maksymenyuk T. (2020). The impact of external financial risks on enterprise activities. *Magyar Tudományos Journal*, vol. 40, pp. 14–25.
2. Aleskerova Yu.V., Maksymeniuk T.R. (2020). Management of financial risks in farms of Ukraine. Financial mechanisms of sustainable development of Ukraine in the conditions of modern challenges: theses add. *International science-practice study conference*. Kyiv: KOMPRINT, pp. 176–179.
3. Aleskerova Yu.V., Tereshchuk I.O. (2018). Peculiarities of the formation of the risk controlling system at enterprises *Market infrastructure*, vol. 26, pp. 357–361.
4. Tereshchuk I.O., Aleskerova Yu.V. (2018). Controlling financial risks of enterprises. A new look at the development of the country's economy: materials of the III International science-practice conf. (Kharkiv, December 21-22, 2018). Kherson, pp. 105–107.
5. Kramarenko G. (2006). Financial management. Kyiv: TsNL, 300 p.
6. Druker P. (2004). Effective management. 284 p.
7. Chobitok V.I., Zaitseva I.S. (2017). Management of the financial activity of the enterprise: theoretical aspects. Ukrainian Engineering and Pedagogical Academy, 300 p.

ACTIVATION OF FINANCIAL MECHANISMS IN THE SYSTEM FINANCIAL AND CREDIT SECURITY FOR THE DEVELOPMENT OF AGRICULTURAL ENTERPRISES

Larysa Vdovenko¹

DOI: <https://doi.org/10.30525/978-9934-26-291-3-2>

Abstract. *The purpose* of the article is devoted to the peculiarities of the formation of financial mechanisms and their activation in the system of financial and credit support for the development of agrarian enterprises. The economic essence and components of the financial mechanism are substantiated. In the basis of the financial mechanism as a complete system of interrelated constituent elements, the decisive place belongs to financial methods, among which financial support and financial regulation play a key role as the basis for the growth of the development potential of enterprises in the agrarian sector of the economy. *Results.* The internal and external factors of influence on the efficiency of financial mechanisms of agrarian enterprises are determined. The features of the most effective financial mechanisms for the development of enterprises in the agrarian sector of the economy are determined and the problems of their use are highlighted. An analysis of the crediting of agricultural enterprises was carried out and the main reasons for the low activity of attracting credit resources were determined. *Practical implications.* The practical significance of the obtained results is determined proposals and recommendations for the introduction of methodical approaches to the improvement of financial mechanisms. Proposals regarding the use of activities of guarantee funds, which will allow solving a number of problems of lending to small and medium-sized businesses and minimizing the risks of possible non-repayment of loans, are provided. In order to improve the financial support for the development of enterprises in the agricultural sector of the economy as a basis for increasing their financial potential, it is necessary to resort to non-traditional instruments of financing activities, which can be agrarian

¹ Doctor of Economics, Professor,
Head of the Department of Finance, Banking and Insurance,
Vinnytsia National Agrarian University, Ukraine

receipts, which have recently opened up new opportunities for quickly attracting funds to the process of agro-industrial production, and we are talking about obtaining financial resources especially small and medium-sized businesses. The advantages and disadvantages of such a financial instrument have been determined. *Value/originality*. Conclusions were made that a complex combination of various financial mechanisms with appropriate tools and effective levers of influence on the development of enterprises of the agricultural sector of the economy in Ukraine will create conditions for stable and effective conduct of agricultural business in Ukraine under an effective competitive environment in which the interests of the enterprises and the state as a whole coincide.

1. Introduction

The development of society requires an increase in the quality level of the formation and implementation of an effective financial policy, the implementation mechanism of which is determined by the active role of the state in the growth of the economy.

The assessment of the mechanism of financial regulation of socio-economic processes in Ukraine indicates the need to develop the financial system, increase the effectiveness of the formation and implementation of financial policy in relation to transformational economic processes [1, p. 341].

Changes that occur in a certain period in the economic environment are affected by the vectors of the financial policy of the state, which through certain measures, levers and tools determines the directions of the financial policy of enterprises of a certain industry.

The financial policy of supporting priority sectors of the economy can be considered in the aspects of creating conditions for the growth of aggregate demand and business activity in the complex of sectors of production of food and non-food products; stimulation of the concentration of financial resources in promising sectors of the economy in order to implement the mechanisms of further diversification of the economy, implementation of purposeful structural changes in order to improve its reproductive structure.

Based on this, the role of enterprises in determining the priorities of their financial policy is growing, relying on the financial policy of the state, choosing the correct management decisions regarding the application of effective financial mechanisms for the development of entrepreneurial activity.

The need to use various financial mechanisms by enterprises of a priority for the economy of Ukraine in the implementation of agricultural activities is aimed at promoting the sustainable development of the agrarian sector of the economy for the long term through the use of regulatory and ensuring levers of economic processes.

The financial mechanism is an important component of the economic mechanism, a complex of forms, means and tools for regulating the economic method of production, in particular, the use of financial resources and funds to ensure the most important socio-economic needs of individual citizens, labor groups and the entire society. The most important components (subsystems) of the financial mechanism are financial planning and forecasting, the financial management system, financial indicators, financial limits and reserves, etc. [2].

The financial mechanism is formed under the influence of changes in the economic environment of the functioning of business entities, therefore it responds sensitively to the state of the country's economy in certain periods, which determines the priority of certain components. Such components of the financial mechanism as financial methods, financial levers, regulatory and information support are distinguished.

Financial management of enterprises is carried out under the influence of the external and internal environment, which requires adaptation of enterprises to changes in the external environment and immediate response to existing challenges and making changes to the directions of the financial policy of the enterprise itself in terms of the use of methods, tools, techniques and levers at the demand of time.

2. The main trends in the medical provision of citizens

The financial mechanism as a category is a complex system of managing the activities of enterprises, which makes it possible to solve problems in the field of enterprise finance.

The financial mechanism affects the activities of economic entities and "the main vector of this influence is the relationship between the state, which produces and implements financial policy, and economic entities that ensure the production of GDP. Based on this, the financial mechanism of managing the enterprise's activities must be considered together with the financial mechanism at the state level with financial methods and

Financial mechanism in the system of economic vectors of development of Ukraine

forms, tools and levers of influence on the socio-economic development of society" [3, p. 98]. An effective financial management mechanism allows to fully implement the goals and tasks facing the enterprise and contributes to the effective implementation of financial management functions [3, p. 100].

The conditions for the effective functioning of the financial mechanism for managing the processes of social and economic development are a variety of forms of ownership of the means of production and their legally established equality, the presence of conditions for market pricing, the presence of labor, goods and capital markets, as well as self-financing of entrepreneurial activities and a clear demarcation of regulatory functions and ownership different levels of power, supported by a system of market legislation. The financial mechanism for managing the processes of economic and social development requires the existence of objectively existing financial relations that have specific forms of manifestation that are adequate to the nature of industrial relations in society. The development of market relations and entrepreneurship involves the development of competition and the creation of a free market space, the implementation of a policy of free pricing under the influence of supply and demand, the liberalization of foreign economic activity [4, p. 42].

So, the basis of the financial mechanism as an important component of the economic mechanism is the financial relations that arise in the process of managing the company's finances between two participants – the state with a formed financial policy and business entities – producers of GDP that form their own financial policy. Based on this, there is a direct dependence of the further construction of such relationships on the expected positive results of the activities of business entities under the influence of the use of effective financial mechanisms for their development. As a result of such relationships, all participants (the state, enterprises, financial institutions, etc.) will have an economic effect due to the coincidence of their economic interests.

The financial mechanism for the development of an agrarian enterprise is a set of financial forms and methods, tools and levers of influence on the socio-economic development of a complete complex of interconnected elements (enterprises, institutions, industries, etc.) [5, p. 3].

According to domestic Ukrainian practice, there are various financial mechanisms that are actively used by agricultural enterprises in a certain

area (in particular, the mechanism of state financial support, the mechanism of bank lending, the mechanism of preferential lending, etc.), the effectiveness of which can have a positive effect on the efficiency of the agricultural activity of an individual enterprise and the overall development of the agricultural sector.

In our opinion, the financial mechanisms for the development of enterprises in the agrarian sector of the economy should be understood as the complex use of a system of financial methods, tools and levers of influence of existing and new financial mechanisms on their intensive and extensive development, which contributes to the realization of the strategic goals of an individual enterprise and the agricultural sector as a whole, aimed at increasing the efficiency of operations, competitiveness on the domestic and foreign markets.

We see the main final goal of the use of financial mechanisms in increasing the efficiency of agricultural sector enterprises and competitiveness as the basis for the growth of the potential of the agricultural sector.

A prerequisite for the successful development of agricultural production is an increase in investment in innovative projects, as well as their concentration on stimulating the development and implementation of innovative products. Despite the problems inherent in the current stage of development of agricultural production, Ukraine must develop the production capacity of the sector so that in the future domestic products can enter the world market and compete with analogues, occupying their own market niche [6, p. 48].

The prospects of competitiveness of agricultural enterprises should be connected with such components as: harmonization of domestic legislation and standards with European counterparts; coordination of the system of quality control and food safety; stimulation of agricultural entrepreneurs to actively introduce European standards in their business activities [7, p. 49].

The financial mechanism of managing the agrarian economy has the following main elements: the organizational structure of financial management in the state; the current legislative and regulatory framework, which regulates the financial management of state finances, enterprise finances, and branch finances; planning of state finances by central economic bodies; planning of decentralized finances by business entities; a system of methods and forms of stimulation and restriction of financial and

Financial mechanism in the system of economic vectors of development of Ukraine

economic activity in the state; the system of audit and control bodies for the functioning of finances at all levels of management [5, p. 3].

3. Analysis the current state of financing the system protection health in Ukraine

Effective functioning of the agricultural sector and agrarian enterprise, in particular, will ensure a clear interaction of all constituent elements of the financial mechanism. The multiplicity of interrelationships between individual components of the financial mechanism, in turn, reflects the specifics of financial support and financial regulation of processes in agro-industrial production, determines the nature of the enterprise's interaction with the external environment and facilitates the management of enterprise finances.

In the basis of the financial mechanism as a whole, as a whole system of interrelated constituent elements, the decisive place belongs to financial methods, among which the key role is played by financial support and financial regulation as the basis for the growth of the development potential of enterprises in the agrarian sector of the economy (Figure 1).

Financial planning at the enterprise should be understood as the state and system of measures aimed at the implementation in the future of increasing the financial potential of the enterprise.

In the process of financial planning, the agricultural enterprise assesses its financial condition, identifies reserves for increasing financial resources and directions for their effective use. After all, with the help of financial planning, the economic justification of managerial financial decisions aimed at increasing the financial potential of agricultural sector enterprises is carried out.

Such a method as financial control is understood as a set of actions and operations carried out by specially authorized bodies for the purpose of monitoring compliance by enterprises with legal norms in the process of formation, distribution and use of financial resources.

Financial support and financial regulation (the forms of which are self-financing, bank lending, budget financing, investment) most fully reveal the advantages and disadvantages of existing financial mechanisms in the agricultural sector at the moment and will encourage the search for new directions for stimulating the development of a priority sector of the economy.

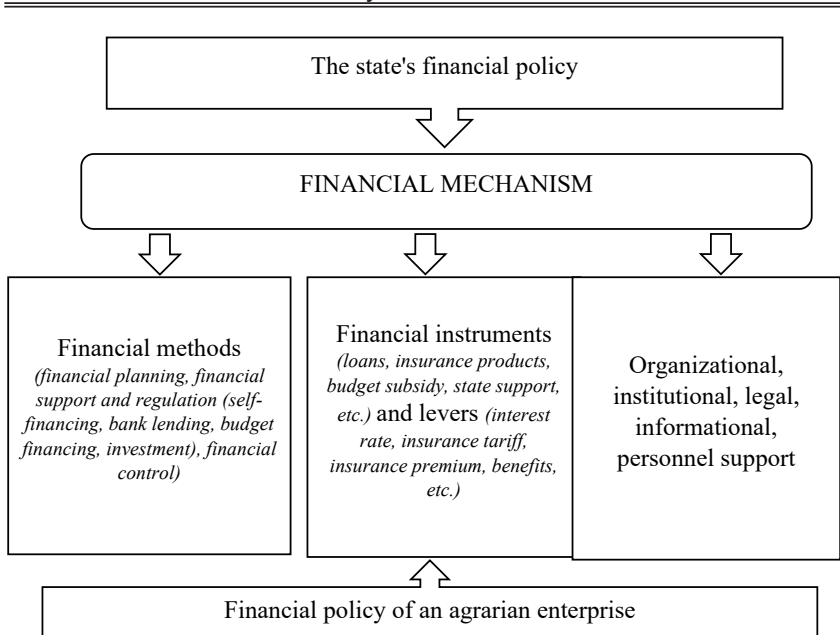


Figure 1. Components of the financial mechanism in the context of the development of enterprises in the agrarian sector of the economy

Source: composed by the author

We believe that the main purpose of the financial mechanism is financial support and financial regulation of financial and economic processes at enterprises in the agrarian sector of the economy, and financial instruments and levers of influence are components of regulatory processes.

Actually financial regulation is already a set only tools of a financial nature, which are used to influence the activity subjects management, in particular in the agricultural sector. Financial regulation of the agrarian sector of the economy of Ukraine is carried out in the first queue to increase volume production agricultural products with the help of stimulation financial potential agricultural enterprises [6, p. 45].

The functioning of the financial mechanism is based on organizational, institutional, appropriate legal, information and personnel support, a complex combination and use of these components will ensure effective

Financial mechanism in the system of economic vectors of development of Ukraine

management of the finances of enterprises to achieve defined strategic goals and objectives.

The influence of the state on financial and economic processes in the agricultural sector is implemented through financial policy, which determines the volume and structure of financial resources through appropriate tools and levers. The financial policy of the state is reflected in the financial legislation (legal provision); in the system of forms and methods of mobilization of financial resources; in the redistribution of financial resources between economic sectors, ministries and departments; in the structure of budget revenues and expenditures (organizational and institutional support).

That is, the development of the financial policy of an agricultural enterprise consists in building an effective system of managing its finances and is completely dependent on the financial policy of the state. The best option for the financial policy of agricultural sector enterprises is to use effective financial mechanisms aimed at attracting additional financial sources, which will contribute to increasing the efficiency of activities, increasing their financial potential and competitiveness on the domestic and foreign markets.

The greatest influence on the efficiency of financial mechanisms of agricultural enterprises is exerted by external factors, including the macroeconomic environment (inflationary processes, exchange rate fluctuations, volatility of the market situation, etc.), constant changes of which lead to instability of the market environment of the functioning of enterprises in the agrarian sector of the economy (Figure 2).

The effectiveness and efficiency of financial mechanisms is determined by the perfect legal framework that regulates financial relations and the creation of the appropriate market infrastructure, which is also an influential factor in the development of enterprises in the industry.

The directions of the state's financial policy are decisive for the fullness of tools and levers of financial mechanisms, their effectiveness and positive impact on the development of the agrarian sector of the economy.

The competitive environment in the agricultural sector also has a direct impact on the limited access of each enterprise to existing financial mechanisms (bank lending, state financial support, etc.). Strengthens limited access to effective financial mechanisms and underdevelopment

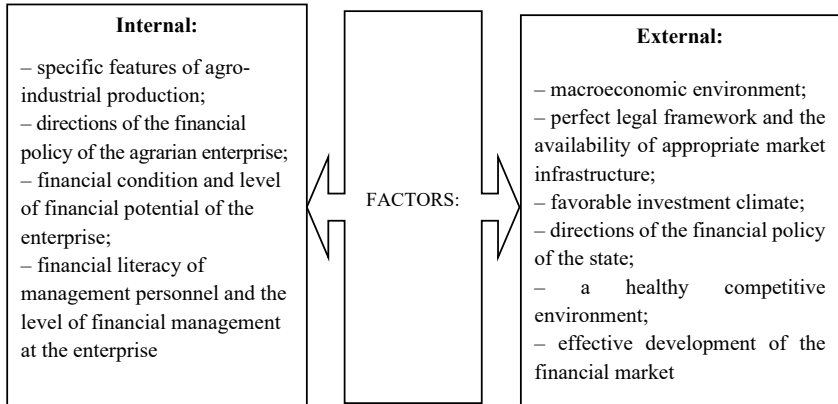


Figure 2. Factors influencing the efficiency of financial mechanisms of agricultural enterprises

Source: formed by the author

of the financial market at an appropriate level, which negatively affects their use. In particular, there are still plenty of problematic issues in the mechanism of bank lending, which leads to low activity of attracting bank loans by farmers.

Analyzing the volumes of bank lending to agricultural enterprises before the full-scale invasion of russia, it should be noted that the low specific weight of loans granted to enterprises of the industry in the total amount of loans granted to economic entities is at the level of 7.2% (average value), and this trend is practically unchanged during the last 8 years old (Figure 3).

As evidenced by the data in Figure 3, in 2022 (as of the beginning of May 2022), there is an increase in the share of loans to agricultural, forestry, and fishing enterprises at the level of 13.2% of the total amount provided by the banking system to economic entities. The loan portfolio of farmers for 2022 grew by 1.5 times.

What concerns structures lending enterprises in the field of agriculture economy, that's basically it short-term (up to 1 year), the share of which is 49% (as of October 1, 2020) and medium-term (from 1 to 5 years) loans with a share of 46%, respectively. In addition, in the structure of short-term and medium-term loans, about 70% are loans in the national currency.

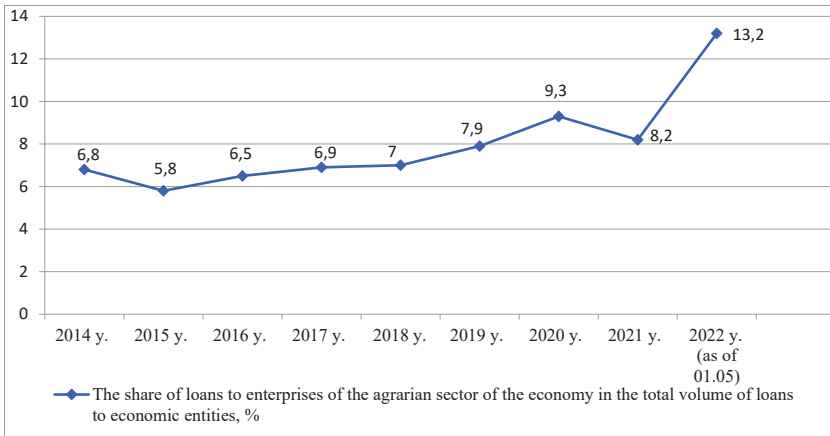


Figure 3. Dynamics of lending to enterprises of the agrarian sector of the economy of Ukraine

Source: built by the author based on [8]

Long-term loans are distributed more evenly – 52% in national currency and 48% in foreign currency [9].

The main reasons for the low activity of attracting credit resources in agricultural production from the borrower's position are the unstable financial condition of agricultural enterprises; lack of liquid collateral from borrowers, and from the position of the lender: high interest rates, availability of a limited number of credit programs for small and medium-sized businesses, failure to take into account the specifics of the industry, low level of capitalization, low level of capitalization, loss of liquidity of the banking system; operational risks of banks when cooperating with agricultural enterprises [10, p. 113]. According to the authors [10, p. 98] "the practical solution to the problems of credit provision of entrepreneurial activities of enterprises in the agrarian sector of the economy in the future requires new approaches to improve the existing mechanisms of bank lending and through the expansion of the activities of non-bank financial and credit institutions, will contribute to the strengthening of competition between credit institutions and expand access to credit resources for everyone, without excluding business structures that need financial support.

The assessment of measures, tools and levers of state policy in the field of financial support of the agricultural sector confirms the existence of a complex of still unresolved problems in their use, which is a restraining factor in the effective development of the agricultural sector.

Therefore, the role of the state in the conditions of a competitive environment to promote the effective development of the agricultural sector of the economy is growing.

As for internal factors affecting the effectiveness of financial mechanisms of agricultural enterprises, these are the specific features of agro-industrial production, which should be taken into account when forming and improving existing mechanisms, in particular, bank lending.

The directions of the financial policy must be competently predicted and developed and aimed at the final result – making a profit, increasing financial potential, while this factor is generally determined by the financial literacy of the management staff and the level of financial management capable of assessing the situation and making the right financial decisions regarding the finances of agricultural enterprises.

The use of certain financial mechanisms in the activity of an agrarian enterprise depends on the financial condition and the level of financial potential and the possibilities of its growth, which proves the connection of management functions with the strategic goals of the enterprise itself.

Modern domestic realities increasingly sharpen the issue of the further development of the agricultural sector of Ukraine as one of the most important aspects of the implementation of the long-term state policy aimed at reviving the national economy on the basis of deepening its integration with the European Union.

Therefore, the issue of state support at the appropriate level of agro-industrial production as an important component of the country's economic development in order to ensure the effectiveness of the activities of commodity producers, aimed at the production of safe and competitive agricultural products both on the domestic and foreign markets, remains relevant, which, in turn, will guarantee not only food, but also environmental and national security of the country.

The basis of the formation of a model of competitive development of the agricultural sector is the implementation of a group of functional strategies that specify and create a competitive strategy by strengthening the

Financial mechanism in the system of economic vectors of development of Ukraine

competitive advantages of each direction. It is about the expansion of the export structure, the activation of the transfer of cultivation technologies, agroservices, melioration, consulting services, the diversification of economic risks in the conditions of globalization and the improvement of the geoeconomic status of Ukraine [11, p. 25].

The mechanism of state financial support is based on regulatory and legal support for its functioning, has certain components (forms, methods, directions), the use of which collectively determines the effectiveness of their influence on the effectiveness of business entities (Figure 4).

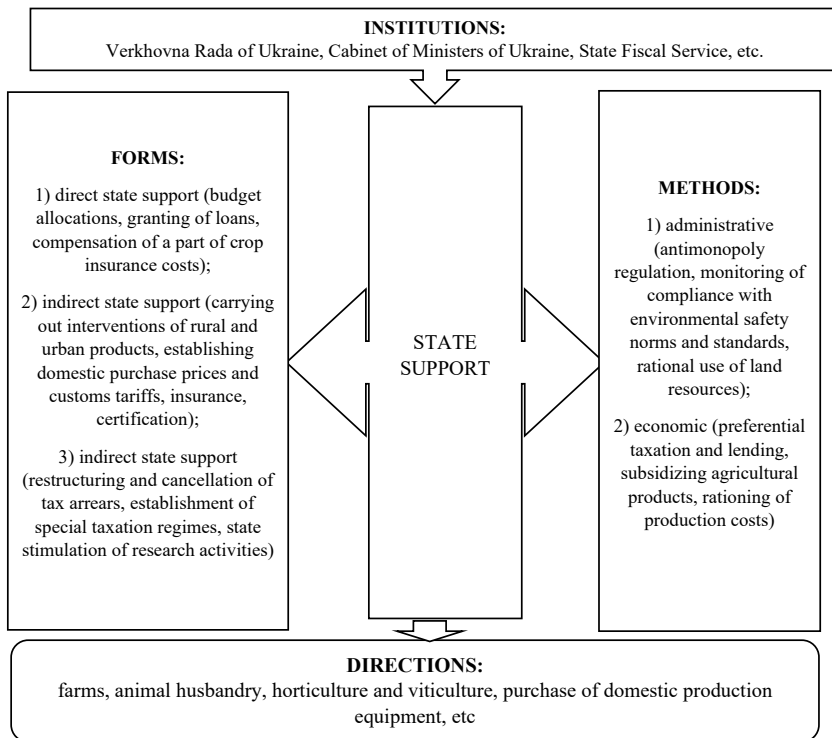


Figure 4. System of state financial support for development of the agro -industrial complex of Ukraine

Source: summarized by the author

The need to ensure Ukraine's food security requires maintaining an appropriate level of food "independence", which actually involves the use of state support for domestic producers of agricultural products and the use of import control measures to protect national producers from foreign competition. Level food security characterized as sufficient self-sufficiency in food products, as well as availability funds for them import in necessary volumes under conditions of need [6, p. 46].

The annual change in procedures and mechanisms for allocating funds from the state budget, their cumbersomeness, late approval and the introduction of repeated changes to them during the year cause untimely receipt of state financial support funds and their ineffective use and return to the state budget at the end of the year [12, p. 75].

Effective use of limited budget funds requires an adequate long-term strategy for the development of the agrarian sector of the economy, directing financial resources of budgets of all levels exclusively to priority measures to support the development of agriculture and entrepreneurship in rural areas.

In addition, the reluctance to use such tools on the part of the enterprises themselves can be a restraining factor in the development of agricultural enterprises, which to a certain extent can be explained by the low financial literacy of the management personnel of the enterprises.

Legislative support is also the main development of the agrarian sector of the economy and enterprises of the sector, in particular.

State regulation of promoting the convergence of economic interests of enterprises in the agrarian sector of the economy requires an effective institutional mechanism to ensure the realization of mutual expectations of all participants.

Specificity formation financial mechanisms and their effectiveness in many ways are determined specific branches features. Belonging enterprises to the field of agriculture finds reflection in essence money relations – the nature of formation money funds and directions their use, in the system distribution profit, relations with various branches of the state of finance Basic structural elements financial mechanisms perform different tools, levers, methods, as well as species stimulation development agricultural enterprises, which activate their activities in the field production and motivate to disclosure potential financial

Financial mechanism in the system of economic vectors of development of Ukraine

opportunities of farmers. At the same time a positive result from the use of a combination of various financial mechanisms in the activity agricultural enterprises is achieved efficiency of each of them. Action data mechanisms stimulation enterprises of the agricultural sector should be aimed at increasing efficiency activity, competitiveness on domestic and foreign markets, growth of financial potential.

Mechanisms of financial support of agricultural enterprises for each period of development of the country's economy will have their own characteristics, and therefore cannot be unchanged. After all, they depend on market conditions, on the possibilities of budgetary financing of specific programs, on state priorities for support, etc. That is why artificially transferring foreign mechanisms to Ukrainian territory or trying to preserve domestic mechanisms in new economic conditions is incorrect, because nothing discredits new mechanisms like the lack of funds for declared measures or their untimely introduction [5, p. 1].

An equally important place in the development of agricultural sector enterprises is given to credit provision, and the most problematic in this area is the mechanism of bank lending, the improvement of which will contribute to the improvement of financial and credit provision, first of all, of small producers. The need for state financial support of small producers (including through free access to cheap credit resources) is dictated by the ability to provide employment in rural areas and promote the development of rural areas.

Credit support by banking institutions of the real sector of the economy and agriculture, in particular, is a significant impetus to increase the volume of production, its effective development, growth of financial potential, increase in competitiveness and achievement of strategic goals of enterprises with inherent specific sectoral features of doing business.

The mechanism of bank crediting of the entrepreneurial activity of agricultural enterprises is a form of implementation of the crediting procedure, which is carried out independently by each commercial bank on the basis of a formed credit policy, the effectiveness of which is determined by the coincidence of the economic interests of the creditor and the borrower and as a result of achieving the ultimate goal of each subject of credit relations: for the borrower – increase in the efficiency (profitability) of entrepreneurial activity at the expense of borrowed sources, and for

the creditor – obtaining profit from the credit transaction without losing a potential client for the future [10].

It was established that the high cost of credit resources, lack of appropriate security and insufficient creditworthiness of most business entities hinders the development of credit relations for all participants (borrowers, creditors and the state).

Another problem of the development of enterprises in the agrarian sector of the economy is the limited access to financial resources of small producers, whose share is significant in the total number of enterprises in the industry, which increases the need to provide significant support to such enterprises.

One of the restraining factors of lending by banking institutions to small and medium-sized business entities is the lack of reliable collateral, the presence of which "can provide the lender with better protection" and which "is associated with longer repayment terms of credit lines" [13].

In our opinion, the limited possibilities of access to financial resources of small and medium-sized enterprises require the use of other non-traditional financing tools and improvement of the bank lending mechanism through the coordinated work of all links of the credit-guarantee system.

In different periods of the functioning of the economy, the ratio between market mechanisms and mechanisms of state regulation of agrarian enterprises can be different and depends mainly on trends in the market situation, on the state's intentions to support industries, and on the possibilities of budget payments. Currently, significant changes are taking place in Ukraine in the policy of formation and distribution of state budget funds, which is caused, on the one hand, by military actions on the territory of the country and, accordingly, by the priorities of protecting the territory; and on the other – by a change in the phase of the country's economic development (the crisis is gradually replaced by a revival phase), and therefore, by changes in the formation of the revenue part of the budget [14].

Thus, summarizing the above, we note that the activity of agricultural enterprises is risky due to the specific nature of their activity, therefore the use of various financial mechanisms and their effectiveness will help reduce risks and improve the financial support of the industry (state financial support, bank lending, use of agricultural receipts, etc.).

Financial mechanism in the system of economic vectors of development of Ukraine

Therefore, the investigated financial mechanisms have characteristic features of formation, and the identified shortcomings indicate the need for their improvement in order to ensure the development of enterprises in the agrarian sector of the economy.

The basis of the further development of enterprises in the agrarian sector of the economy should be the concept of the functioning of the agricultural sector with the comprehensive use by enterprises of effective financial mechanisms, without which effective agricultural activity is impossible, which will contribute to the implementation of strategic goals aimed at increasing the efficiency of activities, increasing financial potential, competitiveness on the domestic and foreign market.

The main measures taken and improved tools and levers of financial mechanisms to stimulate the development of enterprises in the agrarian sector of the economy will relate to: increasing financial potential, budget financing, insurance protection of agrarians, increasing competitiveness.

The formation and use of financial mechanisms largely depends on the established financial policy of the state and individual enterprises, in particular.

The development of new financial mechanisms for the effective functioning of the agricultural sector should be preceded by the development of a policy for the development of the agricultural sector for the future and the establishment of methodological foundations, which should ensure the implementation of this policy through the system of economic mechanism.

When developing measures, tools and levers of financial mechanisms, the influence of internal and external factors on their formation and effectiveness of use should be taken into account. An important internal factor that should be taken into account when forming financial mechanisms for the agrarian sector of the economy are the sectoral features and specific features of agro-industrial production (comparatively lower than in other sectors of the economy, production capital security and a lower level of wages).

As for other internal factors of influence (directions of the financial policy of an agrarian enterprise; financial condition and level of financial potential of the enterprise; financial literacy of management personnel and the level of financial management at the enterprise), they affect precisely the use of certain financial mechanisms by agrarian enterprises. That is, the financial

condition and financial capabilities of an agricultural enterprise are decisive when building the enterprise's financial relations with insurance companies (using the mechanism of insurance protection), banking institutions (using the mechanism of bank lending), which determines the directions of the financial policy of this enterprise and reinforces them, which is no less important, financial literacy of management personnel when making the right management decisions, including when using the mechanism of state financial support.

Therefore, agricultural enterprises need effective financial mechanisms to improve the financial support of agricultural activities.

In order to improve the financial support of enterprises in the agrarian sector of the economy, in particular, small and medium-sized businesses, and to increase the share of bank loans, we suggest using the activities of guarantee funds, including in the field of lending, which will allow solving a number of lending problems and minimizing the risks of possible non-repayment of loans.

Loan guarantee funds (LGF) are a tool stimulation investment small enterprises with the help of partial acceptance of credit risks financial institutions. At the same time, they are a form of protection financial institutions from tall risks lending small enterprises, especially for the medium and long term periods [15, p. 206].

In our opinion, by LGF, we mean a financial intermediary in matters of lending to small and medium-sized businesses with the most limited access to credit resources by assuming credit risks through the provision of guarantees (guarantees) to creditor banks for loans granted.

4. Findings

In general, in the EU, guarantees are provided to micro and small enterprises with limited financial capabilities that do not have the required level of creditworthiness, and the range of guarantees offered depends on various factors, which include risk assessment procedures, the legal environment in the country, the guarantee period, its scope of coverage and associated costs.

The average size of the guarantee when providing credit support to small businesses in the EU countries, as the analysis showed, was from 25,000 to 200,000 euros... The guarantee in the EU countries can be presented in

Financial mechanism in the system of economic vectors of development of Ukraine

different forms, as its methodology involves adapting the essential characteristics of the guarantee to different business situations. This gives a significant advantage if the warranty product is adapted to the specific situation of a small business. The provision of more complex guarantee products during the implementation of guarantee schemes in the EU is usually accompanied by additional functions, such as coaching, mentoring for the beneficiary of a small business [15, p. 209].

Taking into account the priority of the agricultural sector for the economy of Ukraine and the need to support it for the further effective development of agricultural enterprises, we consider it necessary to develop the infrastructure of guarantee funds as credit support institutions for farmers in the conditions of the existing unfavorable environment for their credit provision (high amount of collateral, high interest rates, etc.).

Our meal offer consists of, like experience foreign countries, to create a system of loan guarantees for enterprises with limited possibilities of access to credit resources. Benefits the formation and functioning of such financial structures will consist of secured economic interests everyone subjects (banking institutions, LGF, agrarian enterprises and state) (Figure 5).

We offer form funds guarantee loans on the terms of public-private partnership with the participation of state (organs local self-government), banks, credit institutions or others financial institutions, in particular, a private investment fund.

We offer guarantees (guarantees) for a fee basis (as a percentage of the amount given guarantees (guarantees) taking into account the term and amount guarantees) and the payer we will support them Agra is not an enterprise.

Studying world experience, we came to the conclusion that the amount of the guarantee fee ranges from 0.5% to 5%, but we offer set a provision fee guarantees at the level of 0.5-1.5% of the loan amount, taking into account the term and loan amount.

The positive side when using LGF is that it is formed initial capital will have possibility to be replenished at the expense of placing on deposits accounts in creditor banks, which is advantageous, first of all, for the banking institution.

As for the financial interests of LGF, due to the established fee for guarantees (0.5%-1.5%) and due to the interest accrued on the deposit

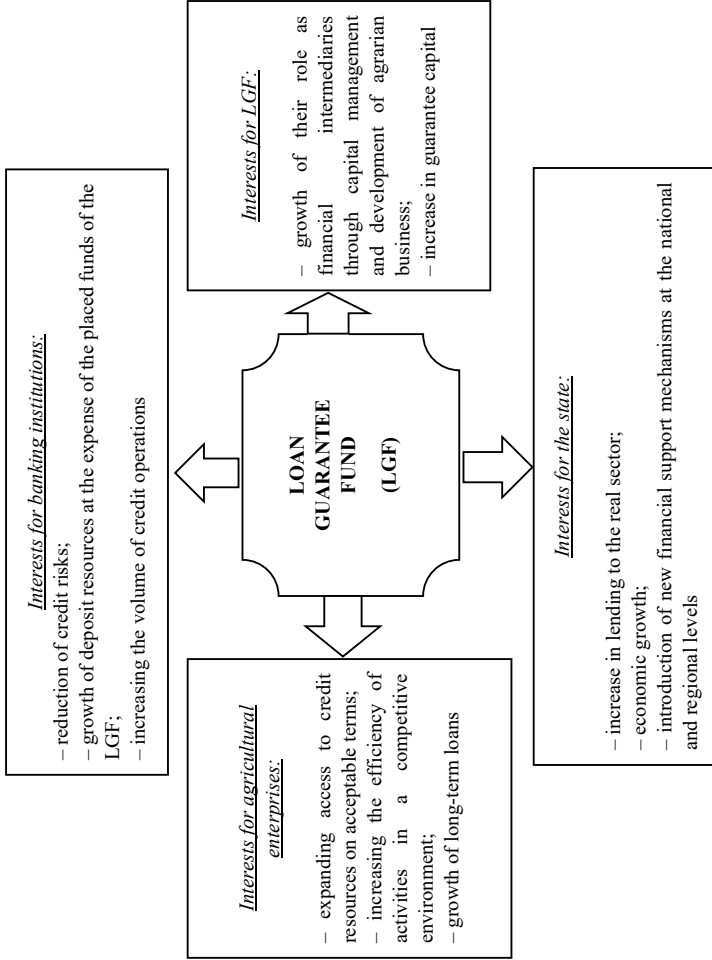


Figure 5. Software economic interests subjects during the functioning of the Guarantee Fund loans in the industry rural of the economy

Source: compiled by the author

Financial mechanism in the system of economic vectors of development of Ukraine

account where the guaranteed capital will be placed (50-65% of the loan amount and term) it will act and spend.

Regarding the legal status of LGF, guarantee funds can be structural subdivisions of other legal entities with a certain management structure, the main functions of management bodies will be the current activity of the fund, which involves the organization of close relations with banks or other financial institutions on issues of providing guarantees.

In order to consider the issue of providing guarantees for loans to farmers, a relevant commission will be created, which will study the documents and make a decision on providing such a guarantee.

The basis of the activities of the guarantee funds is the support of small and medium-sized businesses and other agricultural enterprises that do not have adequate security, but need credit resources.

A typical scheme for providing a guarantee to an agricultural enterprise and the sequence of main actions is shown in Figure 6.

The sequence of actions when providing a guarantee (surety) to an agricultural enterprise is as follows:

- 1) appeal of an agricultural enterprise with an application for a bank loan;
- 2) consideration of the application and adoption of the bank's decision together with the LGF;
- 3) a notification from a banking institution about the possibility of obtaining a loan, subject to the provision of appropriate security by the LGF;
- 4) submission by an agricultural enterprise of a package of documents for obtaining a guarantee (guarantee) to the LGF;
- 5) the agricultural enterprise pays a fee for providing a guarantee (surety) in the amount of 0.5-1.5% of the loan amount;
- 6) conclusion of a guarantee (surety) agreement between the banking institution and the LGF with simultaneous placement of the guarantee capital (50-65% of the loan amount) in the bank's deposit accounts;
- 7) drawing up a credit agreement;
- 8) control by the LGF over the intended use and the order of repayment of the loan by the agricultural enterprise provided as security;
- 9) fulfillment of obligations to the bank under guarantee (surety) contracts.

In addition to the application submitted to the LGF for obtaining a guarantee (surety), the agricultural enterprise attaches the following documents:

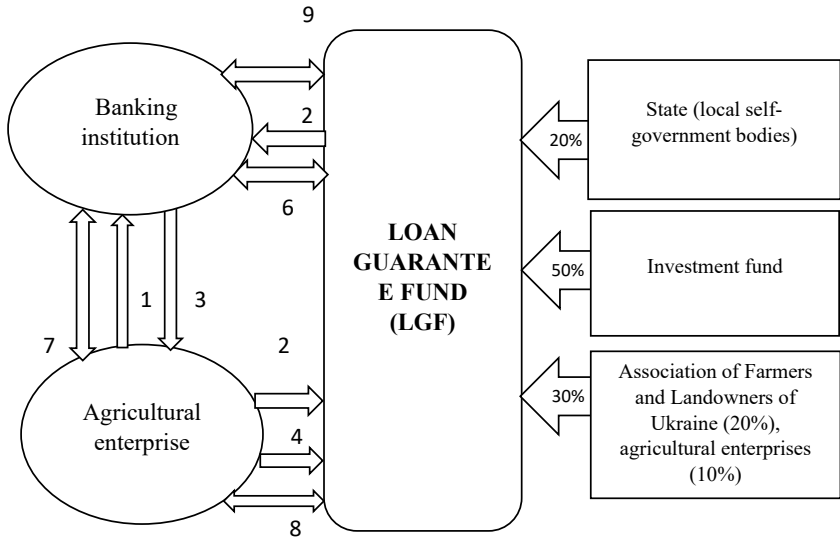


Figure 6. A typical provision scheme LGF guarantees to an agricultural enterprise

Source: written by the author

- the bank's guarantee letter confirming its intentions to grant a loan;
- copies of founding documents and documents on the registration of an agrarian enterprise;
- financial reporting of an agricultural enterprise;
- justification of the need for credit.

It is also not an exception that there are cases in which an agricultural enterprise will be refused a guarantee (surety):

- in case of providing unreliable data about the enterprise;
- in the case of debts to the enterprise for loans, the budget;
- in case of liquidation, reorganization or bankruptcy of the enterprise.

With the proposed scheme, the distribution of risks between the banking institution and LGF is positive, which will contribute to increasing the level of responsibility of the parties for this credit transaction. At the same time, the guarantee increases the cost of financing, but compensates for the lack of guarantees of the borrower-agricultural enterprise. At the same time, the

Financial mechanism in the system of economic vectors of development of Ukraine

increase in the cost of credit will help competition between banking institutions regarding lending to agrarians in the event not systematic use LGF.

Therefore, it is necessary to highlight the positive aspects of the LGF activity for enterprises with the most limited access to credit resources of banking institutions, which are:

- compensation absence of small and medium-sized enterprises agribusiness collateral security;
- increasing access to financing small and medium enterprises agribusiness (start-up entrepreneurs), which are available sufficient pledge have installation difficulties _ equal their creditworthiness.

The activity of LGF is carried out on the basis of the formation of initial guarantee capital.

We believe that the optimal structure will be in which the largest specific weight (50%) will be the funds of a private investment fund, 20% – funds of local self-government bodies) and 30% – funds of the Association of Farmers and Landowners of Ukraine (20%) and agricultural enterprises (10%).

For the effectiveness of the proposed scheme of providing guarantees of the LGF and expanded access to credit resources of banking institutions of most enterprises of the agricultural sector, it is necessary to establish restrictions that relate to the maximum amount of obligations under the guarantee scheme, the maximum amount of the guarantee to one borrower, the maximum period of validity of the obligation (from 5 up to 15 years), the average repayment term of a loan secured by a guarantee (10 years).

We believe that control over the legitimacy of the formation of LGF monetary funds and the fairness of the implementation of financial support using guarantee schemes should be entrusted to the NBU.

Also, an important step in the expansion of the activities of LGF will be the diversification of guarantee conditions to provide support to small and medium-sized agribusiness enterprises in priority areas, for example, those enterprises that implement the latest technologies for the production of ecologically safe agricultural products, which is a step to increase their competitiveness as the basis for the development of enterprises agricultural sector of the economy and improvement of financial mechanisms.

In our opinion, participation under the proposed scheme of the state body will allow to guarantee legitimacy, transparency and fairness

implementation financial support farmers. That is, trace to form a single management system that carries out coordinated work of all credit-guarantee branches scheme that will provide effective functioning financial mechanisms support enterprises of the agrarian sector of the economy.

In order to improve the financial support for the development of enterprises in the agricultural sector of the economy as a basis for increasing their financial potential, it is necessary to resort to non-traditional instruments of financing activities, which can be agrarian receipts, which have recently opened up new opportunities for quickly attracting funds to the process of agro-industrial production, and we are talking about obtaining financial resources especially small and medium-sized businesses.

Thus, we see that the most interested in such a financial instrument – the most limited in access to credit resources – are small and medium-sized businesses.

In general, since 2015, Ukrainian agricultural producers have issued 2,063 agricultural receipts for the total amount of UAH 14.2 billion, and a total of 995 agricultural producers have used the tool, 90% of which are small in size. This became possible, in particular, thanks to the active involvement of creditors in working with the instrument [16].

During 2019, the positive dynamics regarding agricultural receipts continued: the number of creditors providing financing under agricultural receipts more than doubled: from 62 creditors to 130; since the beginning of the year, 1,212 agricultural receipts were issued for a total amount of UAH 7.8 billion. In 2019, agricultural receipts for the amount of UAH 11.8 billion were issued in Ukraine [16].

At the same time, both creditors and debtors are in the process implementation and use agricultural receipt encountered a number of problems:

– lack of sufficient informational support for the widespread introduction of agricultural receipts through mass media. Seminars, round tables and trainings are held today, where attendees receive more detailed information. However, in order to build trust in the new financial instrument, it is recommended to involve sources of information that farmers trust: reports with the participation of those who already use receipts and can share their achievements, those who issued receipts and have positive repayment experience. Both parties should be motivated. Not only agricultural

Financial mechanism in the system of economic vectors of development of Ukraine

producers, but also notaries, representatives of supplier companies, commercial banks, and grain traders should be invited to participate;

- in most regions there are not enough certified notaries for registration and work with agrarian receipts;

- the unified practice of working with documents for issuing agrarian receipts is insufficiently developed;

- since agricultural receipts are just entering circulation, their accounting is not fully understood;

- the issue of double taxation of VAT when involving a third party in the calculations remains open [17].

Constant legal and organizational reforms, the lack of a balanced, effective strategic state agrarian policy in terms of financial support for existing and especially newly created agricultural formations require the search for new approaches to their functioning. Medium and small organizational forms of agricultural enterprises are forced to constantly fight for survival in competition with large enterprises. And, predictably, their chances are slim. As a result, there is an imbalance in the development of the agricultural sector of the economy, social problems related to the decline of the Ukrainian countryside, loss of interest of investors, etc. Over time, these factors can seriously affect the country's national security [18].

So, agricultural receipts are a method of non-bank lending specifically to small and medium-sized businesses. The main advantages and disadvantages of such a tool can be seen in Figure 7.

To introduce an agrarian receipt into circulation, it should be notarized, and the notary, in turn, must enter information about the obligation in the State Register of Encumbrances of Movable Property and in the newly created Register of Agrarian Receipts. An agrarian receipt is considered issued from the moment of its registration in the Register of Agrarian Receipts. Currently, 26 notaries from four regions of Ukraine are connected to the Register of Agrarian Receipts. But taking into account the growing dynamics of the use of agricultural receipts and the low cost of connecting to the registry, an increase in the number of notaries with access to such a registry should be expected in the near future.

Financial instruments in the agricultural sector play an important role in the process of economic activity, help to avoid possible risks in the agricultural market, while ensuring the maximum possible economic effect.

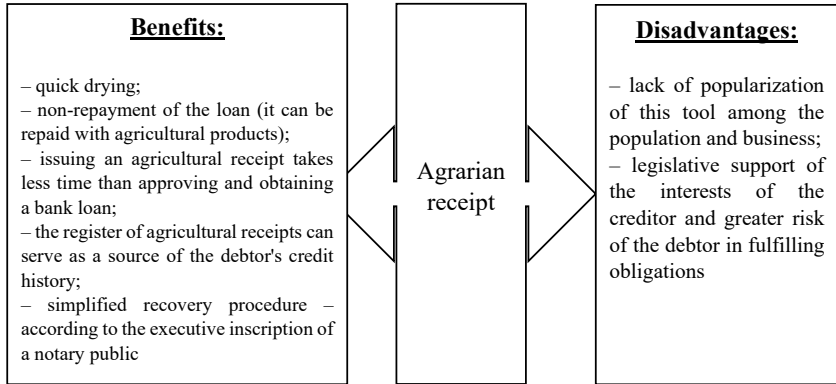


Figure 7. Advantages and disadvantages of agricultural receipts

Source: summarized by the author

Despite such a relatively new financial instrument for domestic practice as an agricultural receipt, it has already proven itself as an alternative lending mechanism, however, in our opinion, the interests of the creditor, rather than the debtor, are taken into account the most in both draft laws, since the enforcement of the debtor's obligations by collateral is exclusively the future harvest of agricultural products in the conditions of a low level of insurance protection for farmers and growing risks in agriculture can lead to the alienation of property immediately, or in the case of multi-year receipts (execution of which will take place in parts over several marketing periods) putting the activities of small and medium-sized businesses at a "dead end" in the event of adverse natural and climatic conditions.

Therefore, the widespread introduction of agricultural receipts as an alternative lending mechanism for small and medium-sized businesses should be accompanied simultaneously with alternative collateral insurance instruments with the mandatory participation of the state as a guarantor of such relations, which will be considered a step of state support for the activities of these enterprises.

Therefore, a complex combination of various financial mechanisms with appropriate tools and effective levers of influence on the development of enterprises of the agrarian sector of the economy in Ukraine will create conditions for stable and effective conduct of agrarian business in Ukraine

Financial mechanism in the system of economic vectors of development of Ukraine

under an effective competitive environment in which the interests of the enterprises and the state as a whole coincide.

5. Conclusions

1. It is suggested that financial mechanisms for the development of enterprises in the agrarian sector of the economy should be understood as the complex use of a system of financial methods, tools and levers of influence of existing financial mechanisms on their intensive and extensive development, which contributes to the realization of the strategic goals of an individual enterprise and the agricultural sector as a whole, aimed at increasing operational efficiency, increasing their financial potential and competitiveness on the domestic and foreign markets. The multiplicity of relationships and clear interaction between individual components of the financial mechanism reflect the specifics of financial support and regulation of processes in agro-industrial production, determine the nature of the relations of enterprises with the external environment and facilitate the management of enterprise finances.

2. The use of certain financial mechanisms in the activity of an agricultural enterprise depends on its financial condition, the level of financial potential and its growth opportunities, which proves the connection of management functions with the strategic goals of the enterprise. The greatest influence of external factors was revealed, in particular, the favorable financial policy of the state regarding the development of the agricultural sector and the establishment of the foundations for ensuring its implementation through a system of appropriate tools and levers of influence on the priority sector for the economy – agriculture. The formation of financial mechanisms and their capacity (structural elements) should take into account the phases of the economic cycle, the nature of supply and demand in agricultural markets, the state of the industry in order to regulate its development and support it in a certain period, which will indicate the effectiveness of approaches to the development of the state's financial policy.

3. The specifics of the formation of financial mechanisms and their effectiveness are largely determined by the sectoral features of the sphere of use, and the action of the mechanisms for stimulating the development of agricultural sector enterprises should be aimed at increasing the efficiency of operations, competitiveness, and the growth of the financial potential of

economic entities. The most influential on the results of agricultural activity are the financial mechanisms of agricultural enterprises (mechanism of bank lending, mechanism of state financial support) in the modern conditions of conducting agrarian business, which makes it possible to determine their specific functions (formation of relations for the distribution of financial resources at the macro level in compliance with established rules by agricultural enterprises; ensuring the needs of agrarian enterprises and achieving efficiency parameters; functioning within the time parameters of action; coordination with the financial policy of the state) and identify structural elements in order to identify ripe problems and propose ways to solve them in order to strengthen the effectiveness of the influence of existing mechanisms on the development of industry enterprises.

The process of formation and opportunities for increasing the financial potential of the agricultural sector depend on changes in the economic environment of the functioning of enterprises, which requires taking into account this factor in order to effectively use the financial mechanisms of the development of enterprises, based on the strategic goals of their activities.

4. Was found that potential agricultural access opportunities enterprises to banking loans are determined, first of all, by them cost and availability provision. Given the limited access to bank credit resources of most small and medium-sized enterprises due to certain factors, one of the key factors of which is the lack of reliable security, it will be useful to improve the financial security of such enterprises in the field of bank lending by using the Credit Guarantee Fund, which will take over credit risks of financial institutions, which will contribute to solving a number of problems in this area.

5. The improvement of financial support can also be seen in the introduction of agricultural receipts – tools for quick attraction of funds in agricultural business using another procedure, contrary to domestic banking practice. In the legislation, as the study showed, the interests of the creditor are taken into account to the greatest extent, and the greater risk of such relations is borne by the debtor in relation to his obligations, therefore such a financial instrument as an agricultural receipt will have the effect of widespread introduction into the activities of small and medium-sized businesses, provided that it is accompanied at the same time with alternative collateral insurance instruments with the participation of the state, which will be considered a step of state support for the activities of these enterprises.

References:

1. Adamenko I.P. (2014). Finansova polityka yak instrument socialno-economichnoho rozvytku krainy [Financial policy as a tool of socio-economic development of the country]. *Biznes-inform – Business-inform*, vol. 3, pp. 341–345.
2. Mochernyi S.V., Larina Y.S. (2005). Ekonomichniy encyklopedychnyi slovnyk: u 2 t. T.1. [Economic encyclopedic dictionary: in 2 volumes] / Za red. S.V. Mochernoho. Lviv: Svit, 616 p.
3. Didyk L.M. (2011). Finansovyi mehanizm upravlinia diyalnistu suchasnoho pidpryyemstva [Financial mechanism for managing the activities of dry business]. *Ekonomichnyi visnyk NGU – Economic Bulletin of NSU*, vol. 2, pp. 92–100.
4. Kostyrko L.A., Chernodubova E.V. (2015). Adaptivnyi finansovyi mehanizm zabezpechenia prybutkovosti pidpryyemstv: monografiya [Adaptive Financial Mechanism for Safeguarding Procurement of Enterprises: monograph]. 2 vyd., pererob. ta dop. Severodonetsk^ vyd-vo SNU im. V. Dalya, 178 p.
5. Anastasova K.A. (2017). Mehanizm finansovoho zabezpechenia rozvytku ahrarynih pidpryyemstv [The mechanism of financial support for the development of agricultural enterprises]. *Molodyi vchenyi – Young vcheniy*, vol. 1.1 (41.1), pp. 1–5.
6. Demchysyak N.B., Dubyk O.I. (2017). Finansove reguluvania innovatsiynoho rozvytku ahrarynoho sektoru Ukrainy v umovah integratsiynyh procesiv [Financial regulation of the innovative development of the agricultural sector of Ukraine in the minds of integration processes]. *Investytsii: praktyka ta dosvid – Investments: practice and dosvid*, vol. 23, pp. 44–48.
7. Nepochatenko O.O., Ptashnyk S.A., Melnyk K.M. (2019). Ocinka perspektyv konkurentospromozhnosti silskohospodarskyh pidpryyemstv [Assessment of the potential competitiveness of rural enterprises]. *Ekonomika APK – Economics of the agro-industrial complex*, vol. 6, pp. 46–52.
8. Ministerstvo ahrarynoi polityky i prodovolstva Ukrainy: ofitsiynyi veb-sayt. Available at: <https://minagro.gov.ua> (accessed October 19, 2022).
9. U 2020 roci ukrainski ahraryi vzyaly recordnyi obsyah kredytiv. Available at: http://naas.gov.ua/newsall/newsukraine/?ELEMENT_ID=6482 (accessed October 08, 2022).
10. Vdovenko L.O., Chernenko O.S. (2017). Finansova bezpeka subyektiv pidpryyemnytstva v ahraryniy sferi monografiya [Financial security of business entities in the agricultural sector: Monograph]. Vinitsa: TOV "Niland-LTD", 252 p.
11. Kyrylov Yu.Ye. (2016). Rozvytok agrarnoho sektoru ekonomiky v umovah globalizatsii [The development of the agricultural sector of the economy in the minds of globalization]. *Ekonomika APK – Economics of the agro-industrial complex*, vol. 5, pp. 23–29.
12. Zbarskyi V.K., Goryovyi V.K. (2017). Derzhavna pidtrymka silskoho gospodarstva [Sovereign support of the rural state]. *Ekonomika APK – Economics of the agro-industrial complex*, vol. 2, pp. 74–80.
13. Ortiz-Molina H., Penas M.F. (2004). Lending to Small Businesses: The Role of Loan Maturity in Addressing Information Problems. (CentER Discussion Paper; Vol. 2004-99). Finance, pp. 1–2.

14. Hudoliy L.M., Shevchenko N.Yu. (2015). Mehanizm finansovoho zabezpechenia ahrarnykh pidpryyemstv Ukrainy na seredniostrokovu perspektyvu [The mechanism of financial support for agrarians enterprises of Ukraine for the medium-term perspective]. *Naukovyi visnyk natsionalnoho universytetu bioresursiv i pryrodokorystuvannia Ukrainy. Serii: Ekonomika, ahrarnyi menedzhment, biznes*, vol. 222, pp. 8–15.
15. Kolesnikova G.V., Lyashenko V.I. (2012). Garantiyni shemy pidtrymky maloho biznesu v Ukraini [Warranty obligations to support small businesses in Ukraine]. *Ekonomichni innovacii – Economic innovation*, vol. 51, pp. 206–212.
16. Perelik postachalnykiv tovariv ta posluh pid ahrarni rozpysky [List of suppliers of goods and services for agricultural receipts]. Available at: <http://apk.adm-pl.gov.ua/storinka/agrarni-rozpiski>
17. Oformly pershi agrarni rozpysky na Hmelnychnyni [Issued first agrarian receipts in Khmelnytsky region]. Available at: <http://www.dairynews.com.ua/news/oformiliDpershDagrarnDrozpiskiDnaDkhemelnichchin.html>
18. Mamalyga S.V. (2017). Ahrarni rozpysky v Ukraini: problemy ta perspektyvy rozvytku [Agrarian receipts in Ukraine: problems and prospects for development]. *Agrosvit – Agroworld*, vol. 9, pp. 30–34.

**THE STATE AND CURRENT TRENDS
IN THE FUNCTIONING OF THE FINANCIAL
MECHANISM FOR ENSURING THE DEVELOPMENT
OF MILK PROCESSING ENTERPRISES OF UKRAINE**

Nataliia Vilchynska¹

DOI: <https://doi.org/10.30525/978-9934-26-291-3-3>

Abstract. *The purpose* of the article is to study the peculiarities of the functioning of milk processing enterprises of Ukraine, to identify the problems they face in the process of carrying out economic activities. Particular attention is paid to the importance of the financial mechanism for ensuring the development of milk processing enterprises, which has a significant impact on the efficiency of operations. The theoretical dominants of the formation of the financial mechanism of enterprises are substantiated, the structure at the general level is proposed, the main components are determined. The methods of financial support in the system of microeconomic regulation and their tools are analyzed. It was determined that an important factor that will provide an opportunity to improve the financial condition of the enterprise, to increase financial flows, is the expansion of the export potential. The dynamics of the production of certain types of milk processing products in Ukraine were analyzed. The export potential of Ukraine and its structure, main trends were studied. *Results.* The implementation of the company's financial policy is carried out with the help of a financial mechanism, which is a rather complex system of influence on financial activity. Under the conditions of favorable factors of the system of ensuring the financial mechanism, milk processing enterprises will form such a state of activity, which is characterized by an optimal ratio of own and loan sources of financing, effective placement of financial flows, which will generate opportunities to ensure functioning. Currently, a significant factor in improving the functioning of the financial mechanism is the development

¹ Teacher of Economic Disciplines VSP Technological-Industrial Vocational College of Vinnytsia National Agrarian University Vinnytsia, Ukraine
ORCID: <https://orcid.org/0000-0002-3246-2096>

of export potential. Despite today's realities, in 2022, Ukraine increased the export of dairy products by 39%, compared to 2021. Taking this trend into account will make it possible to adapt more quickly in the changing external environment and identify promising opportunities for further development. *Methods.* The methodological basis of any economic research is the dialectical method of cognition, which acts, on the one hand, as a direct way of building economic concepts, theories, hypotheses, etc., by forming a certain set of principles, prerequisites, guidelines in the form of concepts, ideas, and on the other hand, as an indirect, through the method of economic theory and, above all, political economy. In view of this, the theoretical and methodological basis of the study of the effectiveness of the functioning of milk processing enterprises is the dialectical method of learning economic processes and phenomena, which makes it possible to determine the role and importance of milk processing enterprises for the development of the national economy of Ukraine, as well as to reveal the peculiarities and justify the need for their functioning on an effective basis. Such a methodological approach to the study of the problem of the effectiveness of the functioning of milk processing enterprises contributes to obtaining substantiated and reliable results that will serve as a basis for conclusions and outline prospects for their further development. The problem lies in the development of ways to implement this methodology through the use of a complex of specific scientific methods and mathematical formalization of economic phenomena and processes. *Value/originality.* Highlighting the methodological aspects of the analysis of the economic efficiency of agro-industrial formations, we believe that it is the outlined methodological approach to the study of the problem of the functioning of dairy enterprises in order to identify opportunities for increasing its efficiency that will make it possible to obtain scientifically based and reliable results and conclusions regarding the improvement of the motivation system for the effective functioning of enterprises of the dairy industry as a component agro-industrial complex.

1. Introduction

The development of a market-type economy requires the activation of the economic activity of enterprises, and, accordingly, the functioning of an effective financial mechanism. The financial mechanism for ensuring the

Financial mechanism in the system of economic vectors of development of Ukraine

development of the enterprise is a systematically organized collection of forms and methods of conscious influence on the object, with the help of which enterprises, taking into account the priorities of the development of the industry, achieve economic interests. Strengthening the effectiveness of such a financial mechanism contributes to the solution of modern problems of their economic development. Under such circumstances, the theoretical substantiation of the conceptual foundations of its functioning tendencies is particularly relevant.

Milk processing enterprises of Ukraine are considered a priority link of the country's food industry, where internal motives are born and incentives for the development of the economy are formed. At present, there are quite a large number of enterprises operating in the market of milk and dairy products of Ukraine, in particular, more than 50% of the total volume of production is concentrated in the warehouses of ten large companies. Among the leaders of the milk processing industry are not only Ukrainian producers, but also transnational corporations that have production in Ukraine. The rest of the market is distributed among small companies and individual milk processing plants.

The domestic dairy market is characterized by an average level of consolidation, which will gradually continue and lead to a decrease in the number of enterprises in Ukraine. Enterprises with large processing capabilities are consolidating their positions on the Ukrainian market, expanding their spheres of influence. Such multi-companies are able to best satisfy the demand of a certain region, to be competitive on the national and international markets as a whole. As a result of such consolidations, the value of Ukrainian exports of milk and dairy products increased.

2. Research methodology of milk processing enterprises of Ukraine

The purpose of the article is to reveal the reasons for restraining the export of products of dairy enterprises of the agro-industrial complex to foreign sales markets.

The development of the agro-industrial complex is recognized as the most effective direction of the development of the domestic economy at the state level. An important place in agriculture, which is a component of the agro-industrial complex, is occupied by the dairy industry, which provides the population with food products that are important for ensuring the health

of the population, as they are created by nature and contain practically everything the human body needs.

The dairy industry of Ukraine is a large industrial sector, the production capacity of which from milk processing reaches 18 million tons. for a year. The available capacity of the processing industry is used on average by 20-45%, and the level of their use depends, on the one hand, on the quantity and quality of raw materials, and on the other – the purchasing power of the population. Some scientists pay attention to the decrease in the purchasing power of citizens as the root cause of underutilization of capacities by national enterprises. Thus, the decrease in real incomes of the population and the demographic crisis led to a decrease in the consumption of dairy products, and therefore, in their production at dairies, which negatively affected the volume of milk production in agricultural enterprises [6]. Other economists believe that the insufficient use of the capacities of the milk processing industry enterprises is caused by the insufficient amount of high-quality raw materials due to the decrease in the number of livestock and the decrease in the productivity of cows. The analysis of this cause-and-effect sequence should be carried out in the plane of determining the unfavorable factors of the functioning of processing industry enterprises.

3. Dairy products market research

The dairy market of Ukraine is very diverse and highly competitive. This market segment includes such product groups as cream, rennet and sour milk cheese, concentrated milk and cream, milk powder, butter and milk pastes, sour milk products and ice cream. The number of only large milk processing enterprises is about 10-15, the number of small local producers exceeds several hundred.

It should be noted that the functioning of milk processing enterprises is closely related to the situation in dairy farming of various forms of ownership and management. In 2021, 8.72 million tons of milk were produced in Ukraine against 9.25 million tons in 2020. At the same time, agricultural enterprises produced 2.75 million tons milk (by 0.4% less), households – 5.97 million tons (by 8.2% less). In 2021, according to the State Statistics Service of Ukraine, processing enterprises received almost 3.2 million tons raw milk. It is necessary to cancel, which is the most critical period a drop in milk production came to 1990-2000 – almost twice

Financial mechanism in the system of economic vectors of development of Ukraine

Since 2017, milk production continues fall, but at a slower pace – over the last 5 years years on average by 4% annually. In 2021 with significantly grew up profitability animal husbandry in enterprises industry (according to KVED). her level in 2021 was 12.7% against 1.2% in 2020. Almost all of them became profitable industry livestock, including traditionally unprofitable dilution sheep and goats, level profitability which was 17.3% last year, as well as unprofitable breeding in 2019–2020 domestic poultry – profitability of 3.1%. Level profitability dilution big horned livestock dairy breeds increased from 13.3% in 2020 to 27.9% in 2021.

Thus, in 2021 agricultural n enterprises have reached significant increase in efficiency own activities and did weighty section for further growth industry. However, with the beginning of full-scale intrusion Russia to Ukraine achieving economic growth in 2021 results became practically impossible. With a nine months of 2022, milk production amounted to 5,803.8 thousand tons, which is 14.8% less than last year In particular, in areas where they do not pass fighting action, was produced 79.2% of the total, or 4594 thousand t. In regions with active combat actions was 20.8% of milk, or 1209.8 thousand tons, was produced.

Industrial economy provided 1937.6 thousand t of milk, which is 6.8% less than last year, and farms population – 3,866.2 thousand (-18.3%).

Reduction supply of milk on the Ukrainian market caused with on the other hand decrease production the majority dairy products. Such trends have left their mark on the development of milk processing enterprises and generate various risks and threats. In turn, this encourages milk processing enterprises to search for qualitatively new ways of ensuring sustainable development based on the formation of an appropriate financial mechanism.

Despite the rather long-term shortage of raw materials, milk processing enterprises in recent years have ensured adequate volumes of production (Table 1).

According to the State Committee of Statistics, in 2021 compared to 2017, there were positive changes in a number of positions in the production of dairy products. Thus, growth was observed in the production of fresh non-fermented cheese (25.1%), processed cheese (3.7%), and fermented milk products (10.2%). Such a situation indicates an increase in demand for these types of dairy products and, accordingly, an increase in its quality. However, from another point of view, this indicates insufficiently high

Table 1

Production of products by milk processing enterprises by types, thousand tons

Product type	2020	2018	2019	2020	2021	Relative deviation of 2021 from 2017, %
Processed liquid milk	478	497	474	491	458	95.9
Butter	108	105	91	85	71	65.2
Fresh unfermented cheese	68	72	64	79	85	125.1
Cheese is hard	94	97	86	81	70	74.3
Processed cheese	27	28	29	30	28	103.7
Unthickened cream	47	48	51	45	38	81.1
Sour milk products	272	274	279	308	299	110.2
Milk is dry	47	38	34	35	29	61.7
Serum	185	168	95	44	48	26.1

efficiency of the milk processing process – a significant part of it is sold in raw form. This means lost opportunities for creating additional added value, obtaining products that have undergone a greater number of processing stages and ensured higher employment of employees. The reason for this is the general crisis of the industry and the decrease in the purchasing power of the population, which has worsened in connection with the economic situation. During the studied period, the production of whey experienced the greatest reduction – by 73.9%, milk powder – by 38.3%, butter – by 34.8%, and hard cheese – by 25.7%. The main reason for this decrease is a significant reduction in the volume of milk production and a decrease in the purchasing power of the population.

As of 01.01.2023 producers of dairy products single out the following problems: weak recovery of consumer demand, expected decline in exports, power outages. Since the beginning of the war, the sale of finished products on the domestic market has decreased by 25-50%, depending on the type of product, and the recovery of demand in recent months is estimated at only 2-10%. Milk processing enterprises of Ukraine actively carry out their activities, as a result of which they produce appropriate types of products, receive income and savings, distribute and form appropriate funds of funds. In order to carry out their activities, enterprises must use the appropriate financial mechanism, which involves the application of progressive

Financial mechanism in the system of economic vectors of development of Ukraine

methods of economic maneuvering of financial resources in the conditions of changes in the external environment.

A significant role in the structure of the economic mechanism belongs to the financial mechanism of the enterprise – the main links of the national economy, where the material goods of society are directly created and other important aspects of production relations are realized, first of all property relations. All types of resources that ensure the functioning of advanced production are concentrated and interact here. A sophisticated and perfect financial mechanism stimulates the entire process of reproduction: production, distribution, exchange and consumption. It is designed to provide the most favorable conditions for the operation of objective economic laws. The financial mechanism must be effective. The summarizing indicator of the effectiveness of the financial mechanism at the macro level is the rate of GDP growth, and at the micro level – the indicators of the increase in production, the volume of sales of products or the provision of services.

The financial mechanism provides conditions for effective search, attraction, allocation and use of financial resources in accordance with the determined priorities of the economic entity's development. The effectiveness of the financial mechanism is determined by both quantitative and qualitative characteristics. Quantitative characteristics, in turn, are determined by the amount of financial resources that are directed to achieving the goal provided by the financial policy. It is the quantitative characteristics of the financial mechanism that ensures its direct influence on the identification of sources and volumes of mobilization of financial resources and their rational use. The formation of the required amount of financial resources is mostly insufficient to achieve the goal envisaged by the financial policy. In order to solve specific tasks of social and economic development of society, it is important to define the methods, methods, forms, channels and conditions of formation and use of financial resources. This determines the qualitative characteristics of the financial mechanism. Taking into account the views on the interpretation of the financial mechanism of the enterprise and taking into account the scale and weight of the conditions of the economic activity of the enterprise in the market conditions of management, we believe that attention should be focused on the interpretation of this concept for practical significance. This means that

the definition of the financial mechanism should specify the purpose of its effectiveness, that is, ensuring the development of the enterprise. This approach is determined by the company's financial policy, which defines the main tasks facing the company.

Accordingly, we consider the financial mechanism for ensuring the development of the enterprise and define it as the presence of a toolkit of financial means, the operation of which is determined by the financial policy of the enterprise and is regulated by legal, regulatory and information support and is aimed at the formation and regulation of financial flows that create the necessary conditions for the development of the enterprise.

Ensuring the development of an industrial enterprise presupposes the constant improvement of the financial mechanism, which consists in finding a system of economic forms that adequately reflect the current state and patterns of social movement. The concept of "security" in explanatory dictionaries is defined as: a set of material conditions that contribute to stability; creation of reliable conditions for the implementation of anything – whatever; securities and goods that guarantee the repayment of the loan, or are proof of the fulfillment of some debt obligation.

Using the concept of "security", we first of all understand it as a set of means for creating reliable conditions that guarantee the process of its solution. Each socio-economic system has two driving forces – the desire to survive (to preserve itself, to have a certain stability) and the desire to develop (self-improvement). Vissema H. points out that the old paradigm: "First conservation, then development" has been replaced by a new paradigm "Conservation through development", because constantly engaging in self-preservation, without paying attention to the environment and relying on one's own subjective acceptance, can happen destruction of the social and economic system. The category "development" is quite complex, so it is advisable to consider it in two directions. The first direction belongs to development in general – as a philosophical and general scientific concept, the second direction belongs to economic development. According to the explanatory dictionary, development is a philosophical, socio-economic and socio-psychological concept, the essence of which consists in irreversible, purposeful and regular changes of material and ideal objects. Only the simultaneous combination of all three properties distinguishes development from other changes.

Financial mechanism in the system of economic vectors of development of Ukraine

The philosophical view of the essence of the development process is that development is a special form of movement characterized by three categories: quantity, quality and structure. Quantitative changes are considered as an increase or decrease in the constituent parts of the whole, which is expressed by an increase or decrease in their numerical values, which leads to a qualitative jump at certain stages of its change in accordance with the law of the transition of quantitative to qualitative changes. Structural changes must be considered as changes in the relationships of constituent parts, which are not always accompanied by an increase or decrease in their number. As a rule, the number of constituent parts remains unchanged, but structural changes can lead to a qualitative leap, since the driving force of development is internal contradictions. The mechanism of development through internal contradictions is described by the law of unity and struggle of contradictions. The cause of quantitative changes is a contradiction with the external environment, the cause of structural changes is internal contradictions. Qualitative changes can take the form of transformation: due to the addition of matter and energy as a result of interaction with the external environment; as a result of redistribution in the system without disturbing its balance; as a result of changes in the quality of subsystems (elements, constituent structures) of the system.

Thus, it can be concluded that the development process must be considered as a cumulative change in the interrelationship of quantitative, qualitative and structural transformations. An important influence on the development process is realized first of all by the structure, because depending on the composition and subordination of the elements, the system itself changes, which is described by the law of the transition of quantitative changes into qualitative changes and vice versa.

The structure of economic development is formed by the development of all its elements: the development of the economic system, the development of the industry, the development of the enterprise, the development of human, financial and property relations, the development of innovation and investment processes.

Economic development is a complex and multifaceted process that can be progressive, regressive or stagnant in a specific period, is determined by the value system of society, is the ability of any socio-economic system to change its structure, composition of elements and functions. Its main

condition is the determination of the dominant trend in the set of measures aimed at increasing efficiency.

Ensuring the development of an industrial enterprise presupposes the constant improvement of the financial mechanism, which consists in finding a system of economic forms that adequately reflect the current state of development and patterns of social movement.

A review of the theoretical aspects of the formation and functioning of any financial mechanism of the enterprise allowed us to determine its main components – financial policy, financial support, financial regulation, a system of financial indicators and financial instruments that make it possible to assess this impact.

Forming a modern financial mechanism, the enterprise must ensure its most complete compliance with the requirements of the state's financial policy, which is a guarantee of the full implementation of goals and objectives. Financial policy in a broad sense is the policy of state bodies and the state as a whole in the field of financial relations; in a narrow sense – the policy of a specific company regarding the management of the company's cash flows to improve the company's financial condition and achieve the goals set by the management. Financial policy is formed from the following components: accounting policy, credit policy, cash management policy; cost and income management policies; dividend policy. Financial support, as a component of the financial mechanism, consists in the allocation of a certain amount of financial resources to solve certain tasks of the enterprise's financial policy. At the same time, a distinction is made between its protective and regulatory effect. The provisioning action is manifested in the establishment of sources of financing, that is, the coverage of everyday needs and characterizes the passive influence of financial provision. Regulatory action exerts influence through the allocation of sufficient funds and characterizes the active influence of financial support. Financial support, as a subsystem of the financial mechanism, has the following forms: self-financing, credit and state financing, and the composition and structure of its sources are the tools of financial support. The original form of financial support is self-financing. Its purpose is to effectively use one's own funds in the process of economic activity and obtain such a profit that, after paying taxes and fees, covering expenses and costs, will enable to meet the needs for extended reproduction.

Financial mechanism in the system of economic vectors of development of Ukraine

Self-financing makes it possible to solve the following specific questions: what funds can the enterprise have at its disposal; what are the sources of their income; whether there are enough means to perform the outlined tasks; what share should be transferred to the budget, extrabudgetary funds, banks and other creditors; how profit should be distributed at the enterprise; how to ensure a real balance of planned costs and revenues of the enterprise based on the principles of self-sufficiency and self-financing [9].

Own capital is the basis for self-financing and depends on the form of ownership, it can be private, joint-stock, joint-stock. Since the vast majority of milk processing enterprises are joint-stock companies, the basis of self-financing is registered (share) capital. It is the main part of the company's own capital and the main source of its own financial resources. When creating an enterprise, the authorized capital is directed to the purchase of fixed assets and the formation of current assets in the amounts necessary for conducting normal industrial and economic activities. Own capital, in addition to registered capital, also includes capital in mark-ups, additional capital, reserve capital, retained earnings (uncovered loss), withdrawn capital, other reserves.

Equity is a determinant of the company's financial resources, where retained earnings are one of the main sources of its formation. At the end of the reporting period, companies draw up a report on equity according to the established form, the purpose of which is to disclose information on changes in the capital structure during the year, which will enable the owners of the enterprise to make appropriate decisions. The growth of part of the equity capital, the absence of current debt for long-term obligations, will further affect the indicators of the efficiency of the use of capital of the enterprise.

Retained earnings and depreciation deductions are extremely important internal sources of self-financing that are accumulated by the enterprise in the course of its activities. Retained earnings are defined as the amount of net profit remaining in the enterprise after replenishment of the authorized capital, reserve fund, accrual of dividends and other payments to owners. Amount of undistributed profit of the reporting year is calculated as the amount of undistributed profit for the previous one year and amount of net profit for the current year a year From this one Sumy are calculated Sumy

accrued dividends for the current one year and amounts for replenishment of reserve capital or to replenish the authorized capital and for other purposes using profit Undivided profit (uncovered loss) is displayed in P(S)BO 2 "Balance" or as the amount of undistributed profit, or as the amount of uncovered loss, which is given in parentheses.

Depending from the display method profit in reporting enterprises are separated such species self-financing :open self-financing (thesaurus profit); hidden self-financing that arises because of formation hidden resource. Thesaurus of profit is direction its formation own capital enterprises for the purpose of financing investment and operational activities. The amount of thesaurus responds amount of net profit, which remains orders enterprises after payment everyone taxes and charges dividends. Hoarded profit is reflected in the liabilities of the balance sheet as follows positions: increase undivided profit and increase in reserve capital.

Thesaurus profit is carried out for the purpose of expansion volumes financial-economic activity and enterprises according to such main ones by two the main ones directions – replenishment of working capital and financing irreversible assets.

The main ones directions using undivided profit is accumulation and consumption, which must be defined the owner or by the body authorized by him in accordance with the legislation and the constituents documents.

In the use of own financial resources play an important role amortization deduction from used own basic means and intangibles assets. According to P(S)BO, depreciation is systematic distribution cost basic means, which is amortized during their term useful use (exploitation). Depreciation deductions are in constant motion and are used to expand or restore existing fixed assets that increase production efficiency. Advantage amortization deductions as sources internal funds in the fact that they exist in any – any financial position enterprises, always remain and are temporary free money, which enterprise disposed of independently. They are especially important at enterprises with high cost used own basic means and intangibles assets. Amortization deduction can be the financial basis of independence enterprises, because they depend little from opportunistic changes related to economic results activity enterprises.

An important point in implementation tasks self-financing is an option the company effective method of accrual amortization deductions, taking

Financial mechanism in the system of economic vectors of development of Ukraine

into account the expected method of receipt economic benefits from him use, which directly affects the size depreciation fund.

Formation from different own sources financial resources gives possibility the enterprise in time invest funds in new production, provide expansion and technical rearmament active irreversible assets, finance scientific developments and their implementation. And for those enterprises that do not have opportunities attract funds from external sources, internal financing is the only way to provide financial resources. Therefore choice methods and sources self-financing at enterprises is purely individual and depends from many factors, among whose you can highlight: organizational – legal form of ownership, type of economic activities; financial condition of the enterprise; accessibility sources self-financing; amortization politics enterprises and others.

In today's conditions, milk processing enterprises do not have the opportunity to fully function on self-financing conditions, this is due to the specifics of dairy production (seasonality and rapid deterioration of finished products and raw materials), as well as the instability of the economic environment. Therefore, milk processing enterprises need additional external sources of financial resources, among which crediting is the most important. In the conditions of a market economy, lending is the leading form of financial support and requires economic activity to use resources effectively.

Loan capital of milk processing enterprises is represented by long-term and short-term liabilities. Long-term capital is raised for the purpose of financing capital investments, while short-term capital is raised for the renewal of working capital and the implementation of current activities. Due to the peculiarity of the cycle of value in milk processing, which is associated with seasonality in production, there is a process of annual reduction of the share of short-term credits, their extension and transfer into long-term liabilities, which during the analyzed period grow by.

It is well known that the analysis of the main financial coefficients allows to determine the level of financial support of the enterprise, to track its development over time, to identify enterprises whose management is conducted efficiently compared to others, to compare the values of these coefficients with the average values of domestic enterprises.

Effective use of capital and the ability to create financial and economic results in the amounts necessary for the stable functioning of enterprises characterizes the relative indicator of profitability.

The functioning of the financial mechanism is related to the constant regulation of planning and analytical information: about the financial indicators and processes of the company's activity, therefore financial regulation is the main function of the tools of the financial mechanism for ensuring development. We believe that with the help of financial regulation, enterprises are able to influence the object of management in order to achieve a state of its stability in the event of deviations from planned tasks, norms and standards. Through financial regulation, the strategy and tactics of the company's financial policy are manifested. But the process of financial regulation of the cost proportions of the enterprise's development is determined by the place and role of finance in the economy. Currently, there is no single point of view on the content of financial regulation of the enterprise. In most cases, it is considered at the level of the state economy as a distributive function of finances.

Therefore, we believe that financial regulation is a component of the financial mechanism for ensuring development, which, with the help of financial means of influence, is aimed at changing the indicators of financial processes at the enterprise through the provision or withdrawal of financial resources.

The toolkit of financial means (methods, levers, tools) is a component of the financial mechanism for ensuring development.

The word "method" is of Greek origin and means a means used in any activity. At the same time, it should be emphasized that the concept of "lever" means a tool that can be used to act, to promote the development of something, or to revive, to strengthen the activity of someone or something. Given the essence of the concept of words, it is clear that financial methods and financial levers are components of a set of means of influence that the enterprise uses in its activities to achieve the goal of ensuring the development of the enterprise. This is facilitated by financial instruments that realize a direct effect when applying a certain financial method or lever, which inherently complement each other.

The financial mechanism is the result of the action of the system of internal and external factors of the functioning and development of an economic entity, which reflects a complex system of various interacting financial relations. The financial mechanism for ensuring the development of the enterprise is largely influenced by external factors that change quickly and

Financial mechanism in the system of economic vectors of development of Ukraine

have a great impact on the internal structure of the enterprise. These changes require the enterprise to take specific actions aimed at finding and using new opportunities through the transformation of subsystems within the enterprise itself. It should be noted that not all and not to the same extent can affect the activity of a particular enterprise. Quite often, the successful activity of an enterprise largely depends on several factors of direct action, they, in turn, are significantly influenced by factors of indirect action and are in close relationship with them. We believe that an important factor that most affects the current state of the financial mechanism for ensuring the development of milk processing enterprises is the increase in export potential. According to the estimates of the World Bank, Ukraine is one of the five countries that by 2030 can enter the TOP 10 milk producers in the world. Currently, Ukraine ranks 22nd in the world in terms of dairy production.

The production and sale of dairy products to foreign consumers supports the functioning of the world's export economies through export earnings, which activates a chain link between increased exports and increased productivity, which ultimately stimulates even more exports. Until then will exist finished market for products that are produced within countries, the export -oriented economy will be effective.

The development of export relations with other countries enables enterprises to maintain the existing state or increase production capacities, which often remain inactive due to low-paid customers in the domestic market and market expansion, therefore, the successful solution to the problem of increasing the export potential of enterprises in general is an important component of the development of both regions and individual branches of the economy. For this, it is necessary to create effective mechanisms for supporting export-oriented enterprises [10].

Table 2

The dynamics of the export of milk and dairy products of Ukraine, thousands of dollars USA

product name	2017	2018	2019	2020	2021	January-November 2022	Absolute deviation of 2022 from 2017,+;-
Milk and dairy products	494207.3	480947.4	453877.2	426541.7	378473.9	414750.9	-79456.4

According to the data State Statistics Service of Ukraine, for the period 2017–2021 milk processing plants n enterprises lowered amount export them operations. Yes, in 2021 the volume export operations with decreased in compared with 2017 by 1.3 times.

In January and September, according to the previous ones data State customs services, export of milk and dairy products products reached 347.3 thousand tons (in terms of milk), which is 39.4% more than for the corresponding period last year In cash expression it amounts to 252.7 million dollars, which is 66.2 million more compared to last year period. The trade balance for dairy products for January-September 2022 was positive and amounted to USD 79.9 million. High export prices and simplified procedures for borders support the sale of Ukrainian dairy products on foreign markets. In 2022, Ukraine exported dairy products worth USD 344.6 million, which is 39% more than in 2021. Such a result was achieved thanks to a few factors:

- assistance European communities in liberalization trade between Ukraine and the EU;
- high to the world milk prices products during the first three quarters of the year;
- competitiveness Ukrainian dairy products on the European market in the summer-autumn period period.

The exception was the IV quarter, when milk prices products in the world began to fall, and with them – volumes shipments.

4. Finding

The negative impact on the decrease in milk production was caused by the rapid reduction of the number of cows starting in 1991. One of the main reasons for this state of affairs, domestic economists consider gaps in the system of state regulation of the development of the agro-industrial complex and the lack of proper crediting conditions for manufacturers of livestock products. Also, an important reason is the disparity in the prices of raw materials for the production of products (feed and costs for keeping cows) and the purchase prices for milk. Overcoming this problem should become one of the priority points for solving Ukraine's food security.

Despite the fact that there is an overproduction of milk in some EU countries, experts are convinced that Ukrainian dairy products can be

Financial mechanism in the system of economic vectors of development of Ukraine

competitive because the quality and taste properties of Ukrainian milk and dairy products are quite high, so the possibility of supplying their products to the countries of the European Union is very attractive for Ukrainian milk processors, which in terms of capacity ranks second in the world after the USA, and prices on the dairy market are several times higher than in Ukraine. Despite the fact that EU countries are allowed to import only extra-class milk, there are milk processing enterprises in Ukraine that are able to meet all EU requirements, become on par with other countries and compete decently in the segment of milk and dairy products. At the same time, it should be noted that entering the European market for Ukrainian enterprises is significantly complicated by political factors and the high level of protection of their producers by the governments of European countries.

The problems of exporting domestic dairy products to world markets are also related to the insufficient use of state regulatory mechanisms that would facilitate the entry of dairy enterprises to international markets, and to the lack of support from the state, an appropriate regulatory legal framework, which would enable the development of domestic dairy enterprises industry [4].

The following could solve the main problems of milk processing enterprises entering foreign markets:

- reducing milk processing costs and increasing the quality of finished milk processing products thanks to the introduction of the latest technologies (while ensuring a reduction in the price of the necessary product for the final consumer);

- obtaining additional income by the producer and meeting the needs of consumers of various contingent population groups by mastering the production of innovative products by milk processing enterprises.

To change the situation in the domestic milk market, it would be advisable to propose improvements to the current system of state regulation of the industry, in particular:

- increasing the transparency and availability of the mechanism for reducing the cost of credit by minimizing drastic annual changes in the credit policy for processing enterprises and improving the mechanism for partial compensation;

- the need to provide credit subsidies according to objective criteria – the rules and conditions for the competitive selection of borrowers must

be transparent and uniform for all agro-industrial enterprises and clearly spelled out in the relevant regulatory act, which defines the rules for providing partial compensation of the interest rate on loans;

- postponement of tax payments to the state budget by granting tax holidays, which will allow to temporarily reduce the tax burden on the payer, and will make it possible to release a certain amount of funds for the development of entrepreneurial activities;

- improvement of the system of payment of state subsidies to milk processing enterprises and simplification of the procedure for obtaining them;

- creation of an attractive investment environment by the state, which will be able to provide state guarantees for the protection of foreign investments: guarantees against changes in legislation, against forced withdrawals, transfer and use of profits in case of termination of investment activities, compensation and compensation for losses, cancellation of restrictions on the export of profits and the size of investments;

- improvement of the system of distribution of value added tax paid by processing enterprises to the state budget;

- formation of market institutions of the state to support export activities of Ukrainian enterprises;

- establishment of cooperation between state, public and private organizations regarding export promotion;

- effective non-tariff regulation of exports and adaptation of tax and customs policy to EU norms;

- improvement of the legislative framework for export promotion;

- implementation of financing and insurance of pre-export production of products and export operations and at the expense of state and private funds.

The milk processing sub-complex of Ukraine has the potential to gain high competitive positions both on the domestic and foreign markets, therefore it is one of the most promising and investment-attractive branches of agriculture. But the lack of support from the state significantly inhibits the development of the export potential of enterprises in this industry.

5. Conclusions

It should be noted that during export activities, Ukrainian milk processing enterprises may face a number of problems, such as: unpredictable socio-political events, trade barriers, import quotas, currency exchange rate

Financial mechanism in the system of economic vectors of development of Ukraine

fluctuations; market related to competition from other manufacturers, a decrease in demand for goods on a selected foreign market, a decrease in world prices for products, an increase in world prices for imported resources, and others. These problems must be taken into account and anticipated in order to avoid various types of risks and imbalances.

Thus, the current trend in the functioning of the financial mechanism for ensuring the development of milk processing enterprises is the formation of its own export-oriented strategy, which would ensure the achievement of the intended goals, determine the priority interests in the financial sphere, monitor the factors that cause threats, develop measures for their reduction and prevention.

Summarizing the above, it can be determined that the financial mechanism for ensuring the development of the enterprise affects the quantitative and qualitative aspects of production. The first is manifested in the amount of financial resources allocated for one or another purpose, since without appropriate investments of financial resources it is impossible to engage in production and development of the enterprise. It is also very important how these resources are formed, in what forms and through which channels their movement takes place, under what conditions they are allocated and used – this is a qualitative aspect of the operation of the financial mechanism.

The functioning of the financial mechanism for ensuring the development of the enterprise involves the development and implementation of such a mechanism, which is based on the construction of the optimal structure of funding sources. Its main goal is to obtain maximum profit by finding effective ways of using limited financial resources and investing funds in assets or projects (directions) that are more profitable with the least risk. The strategic goal of the financial mechanism for ensuring the development of enterprises is to obtain maximum profit with minimal expenditure of financial resources and risks. A feature of the operation is the focus on optimizing the structure of the sources of formation and increasing the efficiency of the use of financial resources and the speed of their movement. The use of such a financial mechanism should ensure the sustainable development of the enterprise under the influence of factors of the internal and external environment.

References:

1. State Statistics Service of Ukraine. Available at: www.ukrstat.gov.ua
2. Sychevsky M.P. (2019). Industry as the basis of food security and development state. Kyiv: Agrarian science, 388 p.
3. Nemchenko H.V. (2018). Management of food industry enterprises at the regional level. *Economic transformations of business structures*: monograph. Odesa: ONAKHT, 288 p.
4. Aleskerova Y., Rachok V. (2020). Analysis of the insurance company's financial status assessment. *The scientific heritage*, vol. 43, pp. 3–12.
5. Todosiichuk V., Mashevska A., Dzyubenko O. (2020). Credit security of small and medium-sized enterprises of Ukraine. *The scientific heritage*, vol. 45, pp. 13–24.
6. Aleskerova Y., Mulyk T., Fedoryshyna L. (2018). Improving credit protection analysis methods reports of main agricultural enterprises. *Baltic Journal of Economic Studies*, vol. 4, no. 2, pp. 1–7. DOI: <https://doi.org/10.30525/2256-0742/2018-4-2-1-7>
7. Aleskerova Y., Fedoryshyna L., Koval N. (2018). Features of loan security for the reproduction of fixed assets for agricultural purposes. *Baltic Journal of Economic Studies*, vol. 4, no. 4, pp. 1–5. DOI: <https://doi.org/10.30525/2256-0742/2018-4-4-1-5>
8. Aleskerova Y., Titenko Z., Skrypnyk H., Grytsyna O. (2020). Modeling the level of investment attractiveness of the agrarian economy sector. *International Journal of Industrial Engineering & Production Research*, vol. 31, no. 4, pp. 490–496.
9. Aleskerova Y., Fedoryshyna L. (2018). Analysis of investment activities of enterprises of Ukraine. *Economic system development trends: the experience of countries of Eastern Europe and prospects of Ukraine*: monograph. Riga, Latvia: Baltija Publishing, pp. 1–17.

**METHODS OF FINANCIAL REGULATION
OF THE ENTERPRISE ACTIVITIES IN THE SYSTEM
OF UKRAINE'S ECONOMIC DEVELOPMENT VECTORS**

Oksana Voloshyna¹

DOI: <https://doi.org/10.30525/978-9934-26-291-3-4>

Abstract. Financial regulation is an important component of long-term planning of domestic enterprises. *The purpose* of the article is to investigate the methods of financial regulation of the activities of state and economic enterprises in modern society of the financial and economic conditions. The process of financial regulation actively affects all aspects of the enterprise activities through the selection of financing objects, allocation of funds, depending on their targets, promotes rational use of financial resources, involves the development and justification of planned indicators characterizing the development of the economy in the future. The function of financial regulation in the enterprise management system is one of the basic, central functions that determines the final results of production and sales, economic, financial and investment activities. The mission of financial regulation is to identify the enterprise's general need for financial resources, in the extent that will ensure its normal activity along with the fulfilment of obligations to its creditors, such as banks, the budget, etc. Financial regulation covers the most important aspects of the financial and economic activity of the enterprise, ensures appropriate control over the formation and use of material, labour and monetary resources, creates conditions for strengthening the financial state of the enterprise. *The research methodology* is based on general research methods of analysis and synthesis, induction and deduction, observation and abstraction, which are used to systematize the achievements of the theory and practice of modeling the financial system of enterprises. *The results* of the study showed that the methods of financial management must be actively used in the activities of state and economic enterprises. There

¹ Candidate of Philological Sciences, Associate Professor,
Associate Professor of the Department of Ukrainian and Foreign Languages,
Vinnytsia National Agrarian University, Ukraine

can be distinguished the following types of financial regulation: tactical regulation; strategic regulation. Implementation of financial regulation is carried out on the basis of five consecutive stages: analysis of the financial situation, development of the enterprise's financial strategy, drafting and adjustment of current financial plans, development of operational financial plans. The process of financial regulation is characterized by the general and special principles. *Practical implications.* At the state-owned enterprises, the process of financial regulation should be implemented through budgeting. Budgeting is a tool for implementing the strategy of the state-owned enterprise, because it ensures an inextricable connection between strategic goals and plans aimed at achieving them. There are the following principles of budgeting organization: unity, separation of income and expenses, balance, independence, completeness of reflection of income and expenses in the budget, general coverage of expenses, efficiency of the use of funds, reliability. The principles of budgeting are as follows: integration, consistency, regulatory approach, end-to-end budgeting, decomposition, economic integrity, and methodological comparability. The main elements of the budgeting system are as follows: financial structure, budget structure and regulations on budget management. Financial regulation of economic enterprises is carried out on the basis of financial indicators, which are formed in the process of all its activities and determined on a certain specific date. A set of methods for assessing the enterprise's financial indicators is divided into two groups: express diagnostics and fundamental diagnostics of the stability of business operation. Financial indicators are the state of financial resources, their distribution and use, which ensures the development of the enterprise based on the growth of profit and capital while maintaining solvency and creditworthiness under the conditions of an acceptable level of risk. The data characterizing financial indicators of the enterprise mostly include liquidity and solvency, financial stability, business activity, profitability of the enterprise. In order to obtain complete information about the level of sustainability of the enterprise development, the analysis of the current (operational) financial sustainability and the assessment of the prospects for its preservation in the future are carried out. The enterprise's liquidity is evaluated according to the following indicators: absolute liquidity ratio, quick liquidity ratio, total liquidity ratio (coverage). The following

indicators are used to assess financial stability: coefficient of autonomy (concentration of the equity capital), coefficient of manoeuvrability, coefficient of providing assets with the working capital, debt ratio (the ratio of equity and borrowed capital), leveraged capital structure ratio, coefficient of business activity, profitability ratio. *Value/originality*. The system of measures for financial regulation of enterprises should provide for constant monitoring of the external and internal state of enterprises, the development of measures to reduce the external vulnerability of enterprises, the development of preparatory plans in case of problematic situations, the implementation of preliminary measures to ensure them, the implementation of plans for practical measures in case of a crisis situation, the adoption of risk and non-standard solutions in case of deviation of the development of the situation, coordination of actions of all participants and control over the implementation of measures and their results.

1. Introduction

The study of methods of financial regulation of the enterprise activity is currently one of the most urgent goals of research in the economic and financial system of Ukraine. In the conditions of a rapid decrease in the pace of financial and economic activity, which was primarily associated with quarantine restrictions caused by the COVID-19 pandemic, and later, starting from February 24, 2022, with the full-scale invasion of russia to Ukraine, which fundamentally affected the state of the domestic economy, the study of methods of financial regulation of the enterprise activity is becoming of primary importance.

Strategic financial regulation is an important component of the long-term planning process of domestic economic entities. In the process of its implementation, the main goals and objectives of the existing business are determined or clear guidelines for newly established enterprises are outlined, a plan is developed for their achievement within the framework of a financial strategy, which is a prerequisite for successful work. However, in modern market conditions of business, the importance of strategic financial regulation is often underestimated. The experience of many business entities in developed countries shows that in the modern market and fierce competition, strategic financial regulation is one of the most important conditions for their successful activity. This makes it necessary to carry out

a scientific study of the problems of financial regulation of the activities of Ukraine's business entities.

At the same time, the increase in the efficiency of financial regulation of enterprises in the framework of Ukraine's integration into the world economy and the European economic space in particular is of special importance.

Instability of the financial, economic and political situation, transformation of the international market environment, intensification of export-import operations, strengthening of integration processes in the world is accompanied by the revival of economic competition, which actualizes the issue of financial regulation in the activities of business entities. The underdevelopment or lack of such regulation hinders the formation of prerequisites for the development of the real sector, as a result business entities do not receive potential income and have a lower level of profitability [1, p. 232; 2, p. 220; 3, p. 208; 4; 5, p. 82–88].

In the conditions of a market economy, the most important factors determining the scale and pace of the enterprise development include the volume and structure of financial resources that are at its disposal. Without determining financial capabilities and prospects for ensuring a stable financial condition, the enterprise cannot achieve stable economic development.

To carry out effective management at the enterprise, it is necessary:

- to determine the future amount of financial resources;
- to predict a possible potential of the enterprise;
- to optimally connect available production capabilities of the enterprise with the market's supply and demand [6, p. 57–60; 7, p. 224; 8, p. 209; 9, p. 227; 10, p. 25; 11].

Hence, according to these actions, the process of financial regulation is carried out at the enterprise.

The experience of both foreign and Ukrainian enterprises shows that underestimation of the regulation, primarily financial one, and its ignoring may lead to significant, unjustified economic losses, and ultimately to bankruptcy.

After all, the process of financial regulation actively affects all aspects of the enterprise activity through the selection of financing objects, allocation of funds depending on their targets, promotes a rational use of financial

resources, ensures the development and justification of planned indicators that characterize the development of economy in the future.

2. Financial regulation of the enterprise activity in modern economic conditions

Finance covers all areas of the enterprise activity, and financial regulation represents these areas in the appropriate financial indicators used by the management for effective management of both the country's economy as a whole or an individual enterprise.

The function of financial regulation in the enterprise management system is one of the main, central functions that determines the final results of production and sales, economic, financial and investment activities. In the process of regulation, the main directions of the enterprise's development are determined. On the basis of marketing research, the enterprise determines the types and volumes of products it plans to produce, the need for resources and the efficiency of their use. Regulation provides the enterprise with a basis for making optimal management decisions, reduces risk and helps to find the most suitable courses of action.

The mission of financial regulation is to identify the enterprise's general need for financial resources, in the volume that will ensure its normal activity along with the fulfillment of obligations to its creditors, such as banks, the budget, etc. In addition, financial regulation prevents over-normative and over-scheduled spending of financial resources, both for individual divisions and for the enterprise as a whole.

Regulation unites structural divisions of the enterprise with a common goal, makes all processes unidirectional and coordinated, which ensures full and effective use of available resources, comprehensive, high-quality and timely resolution of various management tasks [12, p. 136; 13; 14, p. 87; 15, p. 553–558; 16; 17, p. 244–250].

The main factors of the growing role of regulation in the conditions of a modern market economy are:

- mobility of the external environment;
- increasing the size of the enterprise and expansion in the areas of its activity;
- increasing value of time;
- limited resources;

– complexity of economic tasks, etc.

Application of regulation creates the following important advantages:

– makes it possible to predict various future situations and to prepare in advance alternative versions of the enterprise development plan;

– improves the coordination of actions at the enterprise;

– contributes to a more rational distribution of resources;

– clearly delineates the duties and responsibilities of employees of the enterprise for the performance of planned tasks;

– improves the control at the enterprise [18, p. 86–90; 19, p. 101–103].

Successful operation of the enterprise largely depends on its provision with necessary resources and efficiency of their use. Implementation of this is possible on the basis of regulation.

The subject of regulation at the enterprise is its resources. In the process of regulation, their need, optimal quantity, directions and period of use, mode of consumption, means of replenishment are established.

The following main tasks of financial regulation are identified, namely:

– providing the enterprise with financial resources, including expanded reproduction of fixed assets, formation of working capital, material incentives, provision of social needs of employees;

– identification of unused reserves in the economic activity of the enterprise and directing them to increase efficiency;

– ensuring rational and mutually beneficial financial and economic relations of the enterprise with counterparties;

– performing control over the economic activity of the enterprise as well as over the formation and use of financial, material and labour resources [20, p. 19; 21, p. 83; 22, p. 120].

Thus, financial regulation covers the most important aspects of the financial and economic activity of the enterprise, provides a required control over the formation and use of material, labour and monetary resources, creates conditions for strengthening the financial condition of the enterprise.

So, financial regulation is a set of actions related to drawing up financial plans, which includes all directions of the enterprise's activity. It makes it possible to determine a possible potential of the enterprise, to optimally connect current capabilities of the enterprise in terms of production with the demand and supply that have developed in the market.

Financial mechanism in the system of economic vectors of development of Ukraine

A science-based classification of regulation built depending on various criteria and features is of great important theoretical and practical importance.

There can be distinguished the following types of financial regulation:

- tactical regulation;
- strategic regulation.

The difference between tactical and strategic regulation is shown in Table 1.

Table 1

Comparative characteristics of the tactical and strategic regulation

Tactical regulation	Strategic regulation
Related to short-term periods	Related to long-term periods
It is characterized by a certain narrowness	It is characterized by its width
Tactical regulation deals with the selection of means to achieve the intended goals, which are set at the highest level of management.	Strategic regulation of the division's activities can be tactical for the enterprise.

Strategic regulation deals with the definition of goals and the choice of means for their implementation. To achieve the greatest success, both tactical and strategic regulation is necessary.

All types of financial regulation are interconnected and are carried out in a certain sequence.

At the first stage, financial indicators of the enterprise activity for the previous period are analysed on the basis of the most important financial documents of the annual report. The main attention is paid to such indicators as the volume of sales, expenses, and the amount of profit received. The conducted analysis makes it possible to assess the financial results of the enterprise activity and identify the problems facing it [20, p. 19; 21, p. 83; 22, p. 120].

The second stage includes the formation of a general financial strategy for the long term. This stage involves drawing up the main forecast documents: a forecast of the report on the financial condition, a report on the total income, cash flows, which relate to prospective financial plans.

Thus, there are many types of regulation depending on different criteria and features. Each type of regulation can have a strategy and tactics for its implementation. They differ in the purpose of development, content, term, coverage of spheres of influence. Tactical regulation

details the strategic one, but their scope is narrower. Implementation of financial regulation is carried out on the basis of five consecutive stages: analysis of the financial situation, development of the company's financial strategy, drafting and adjustment of current financial plans, development of operational financial plans.

Today, the quality of regulation in Ukraine as a whole is at a very low level, which leads to the adoption of improperly substantiated management decisions, and therefore to unexpected and often undesirable results. This situation in financial regulation can be corrected only if the principles are clearly followed and regulation is carried out by generally accepted methods.

The nature and content of regulation at the enterprise determine the principles of regulation, the correct observance of which creates prerequisites for the effective operation of the enterprise and reduces the likelihood of negative results of regulation.

Research and synthesis of existing approaches to determining the principles of financial regulation, understanding its essence and role in the context of modern trends in the development of economic systems and approaches to their management allowed us to distinguish two groups of principles: general and special.

The general principles of financial regulation represent general provisions, which the regulation process is based on, regardless of its functional direction.

The main general principles of financial regulation are:

- unity;
- accuracy;
- alternatives;
- participation;
- continuity;
- adequacy;
- flexibility;
- efficiency [20, p. 21; 21, p. 90; 22, p. 121; 23, p. 18–22; 24].

The principle of unity is characterized by the systemic nature of financial regulation, i.e. the presence of separate elements in the financial regulation system, the relationship between them and orientation of all elements towards the achievement of a single goal.

Financial mechanism in the system of economic vectors of development of Ukraine

The next principle is the principle of participation involving specialists from different functional divisions in the process of financial regulation, since financial regulation aggregates indicators for various aspects of the enterprise activity.

The principle of continuity is based on the constancy of the regulatory process within the established cycle and the variability of financial plans from period to period.

The principle of flexibility describes the ability of financial regulation to change its focus depending on the changes in the external and internal environment.

The principle of accuracy involves ensuring a maximum accuracy of planned indicators, their specification at the level of operational financial regulation.

The principle of alternativeness involves carrying out multivariate calculations and choosing the best alternative for the development of the enterprise

The principle of adequacy is based on choosing the most suitable and adequate models and methods of financial regulation that take into account the patterns of development of individual economic phenomena and processes.

The principle of efficiency involves ensuring the receipt of certain benefits, an additional effect as a result of financial regulation organization. This principle implies the need to assess the costs of organizing financial regulation and comparing them with the effect of its implementation.

Considering the fact that financial regulation is an important function of financial management at the enterprise, so that it is implemented in a certain specific area of management, its organization should be based on appropriate special principles [20, p. 21; 21, p. 90; 22, p. 121; 23, p. 18–22; 24].

The regulatory methodology is a set of methods, techniques of development, substantiation and analysis of forecasts, strategic programs and plans of all levels and time horizons, a system of calculating planned indicators, and their mutual agreement. For example, the method of compiling product turnover, calculating the need for costs, financial plan, etc.

Thus, the process of financial regulation is characterized by general and special principles. The reason for this situation is the consideration of financial regulation, both as a separate process and in the system of

financial management functions. It should also be determined that there are many methods of financial regulation: the method of a systematic approach and rational choice, a modeling method, a concrete-historical, complex approach, methods of special research. The enterprise itself must determine what methods should be used to organize regulation at the enterprise as a whole and financial regulation in particular.

3. Methods of financial regulation of state-owned enterprises

At the state-owned enterprises, the process of financial regulation should be implemented through budgeting.

Budgets reflect the goals and objectives of each division, responsibility centres and the state-owned enterprise as a whole.

The goals of budgeting are as follows:

- implementation of periodic planning;
- ensuring coordination, cooperation, communication;
- establishment of requirements for quantitative substantiation of budgets;
- ensuring awareness of costs;
- creation of a system of budget evaluation and control;
- motivation of personnel by focusing on goal achievement;
- fulfilment of the requirements of current legislation and business contracts [25, p. 564–568; 26, p. 14–18; 27, p. 32–38; 28, p. 99–107].

Strategic goals and budgets of the state-owned enterprise are the basis for tactical goals and budgets, and they, in turn, are basis for operational ones. The principle, which the differences between these types of budgets are based on, is the concept of a relevant (acceptable) level of production, i.e. time limits or a level of production (sales in trade), within which a certain dependence between economic and financial indicators is preserved (e.g. the nature of the dependence of costs on the level of production).

To implement these goals, budgeting is carried out in two directions:

- preparation of functional budgets (subdivision plans);
- development of standards and cost norms [25, p. 564–568; 26, p. 14–18; 27, p. 32–38; 28, p. 99–107].

Achieving strategic goals can take a long time. At the same time, separate tasks must be solved at each stage of the development of the state-owned enterprise. Ensuring the fulfilment of the set tasks involves the development

Financial mechanism in the system of economic vectors of development of Ukraine

of plans for 5-10 years, therefore, in the process of implementing the goals of the budgeting process, a number of regulatory tasks are performed:

- the main areas of activity of the enterprise as a whole and its structural subdivisions;
- income and expenses in different areas of activity;
- purchase and use of non-current assets;
- changes in liabilities and equity;
- use of material, labour and financial resources;
- indicators of forecast financial reporting;
- actions to control the execution of budgets;
- possible changes in the financial state of the state-owned enterprise as a result of budget implementation [1, p. 232; 2, p. 220; 3, p. 208; 4; 5, p. 82–88].

Regulation belongs to the functions of management, which a priori characterize a functioning socio-economic system.

The need to make plans is determined by many reasons:

- limitations in the possibilities of long-term planning;
- a dominant position of the plan;
- minimization of the impact of economic risks, limits of production reserves.

Thus, budgeting is a tool for implementing the strategy of the state-owned enterprise, because it ensures an inextricable connection between strategic goals and plans aimed at achieving them. It is budgeting that puts the enterprise's strategy into action [6, p. 57–60; 7, p. 224; 8, p. 209; 9, p. 227; 10, p. 25; 11].

Thus, there can be distinguished three main types of regulation, namely:

- strategic;
- tactical;
- operative.

Strategic regulation involves specification of the purpose, tasks, scope, spheres and directions of development of the state-owned enterprise, based on its potential capabilities. The system of tactical regulation involves the development of local plans for the development of existing and introduction of new production lines and productions, priorities of marketing, research and investment policy. The content and development of plans depend on the complexity of the organizational and production structure of the state-owned enterprise.

The budgeting process at a state-owned enterprise should be carried out according to one of the options of management concepts:

– from strategic plans to operational plans (and then to budgets). In this case, one should use the corporate principles of purposefulness. The goals of managers of the enterprise are usually based on psychological considerations and are not related to the existing organizational framework. If the enterprise is undergoing restructuring (entering new markets), operational plans should be used to implement the plan. For this purpose, the relationship between each direction of the use of financial resources and sources of financing is established.

– from current budgets to the formation of strategic plans. The strategy is formed "from the possible" by forecasting the development of the existing type of economic activity with its calculated extrapolation to the future and full use of existing opportunities: economic analysis, financial analysis (liquidity, profitability, etc.) is conducted and prospects for the development of production, modelling of growth prospects are evaluated [25, p. 564–568; 26, p. 14–18; 27, p. 32–38; 28, p. 99–107].

The organization of budgeting at the state-owned enterprise should be carried out on the basis of science-based principles. Lack of a unified approach to establishing a list and defining the essence of budgeting principles has led to the need for their systematization. The outlined principles of budgeting establish the general features and the essence of financial management of enterprises, ensure the possibility of their development, increase the efficiency of the enterprise and contribute to minimization of possible risks.

There are the following principles of budgeting organization:

– unity – determined by the interconnection of all budgets of the state-owned enterprise, regardless of their types and levels, as well as through the creation of a single system of documentation, regulatory framework, incentives and calculation methodology;

– delineation of income and expenses – full consolidation of expenses and income by responsibility centres that are part of the management system;

– balance – establishment of correspondence between the income and planned expenses;

– independence – required availability of owner's sources of income by centres of responsibility, the right of administrative units to independently carry out economic operations included in the budget

Financial mechanism in the system of economic vectors of development of Ukraine

process, inadmissibility of compensation of expenses with income from other budgets and additional expenses;

- complete display of income and expenses in the budget – organization of managerial accounting for each centre of responsibility;

- general coverage of expenses – the expenses of individual divisions must not exceed the total income of the enterprise, i.e. they must be covered by the income of the enterprise;

- efficiency of the use of funds – achievement of the set goals using the optimal variant of economic operations, taking into account the determined amount of funds;

- reliability – reliability of calculations of budget costs and revenues [25, p. 564–568; 26, p. 14–18; 27, p. 32–38; 28, p. 99–107].

Since the principles of budgeting at the state-owned enterprise should contribute to saving resources, reducing unproductive costs, ensuring the effectiveness of control over budget indicators and their accuracy, it is considered appropriate to include the following principles of enterprise budgeting:

- the principle of integration: the budgets of individual divisions of the enterprise are linked to the general budgeting system based on control and planning calculations, which allow to ensure the internal consistency of budgets and corporate strategy from the point of view of liquidity and profitability;

- the principle of sequence: initial data or databases of separate budgets are combined according to a pre-defined mechanism. The starting point is the budget for the sale of products or services;

- the principle of a normative approach: the basis of budget formation is a system of norms and rules;

- principle of end-to-end budgeting: formation of the main budget should be based on local budgets;

- principle of decomposition: each budget of a lower level is a detail of the budget of a higher level;

- the principle of economic integrity: when creating the main (consolidated) budget of the enterprise, material and monetary turnover within the enterprise is excluded from consideration;

- the principle of methodological comparability: to ensure qualitative analysis and control of budget implementation, it is necessary to ensure the

unity of methodological approaches to comparing income and expenses, actual and planned indicators [12, p. 136; 13; 14, p. 87; 15, p. 553–558; 16; 17, p. 244–250].

Application of the listed principles at the enterprise will allow organizing such a budgeting system, which will contribute to the improvement of the management of the state-owned enterprise and the improvement of the quality parameters of its activity due to the expansion of analytical accounting and formation of necessary information.

Budgeting contributes to effective implementation of two most important functions of management: planning and control. Due to the principles of budgeting, coordination of operation of all functional units of the state-owned enterprise is achieved, so that the activities of various centres of responsibility are combined into a single entity.

Implementation of the budgeting system activates the mechanism of increasing the efficiency of the state-owned enterprise, while efficiency is the ability of the enterprise to achieve the set goals represented in the form of financial indicators.

Budgeting has a number of additional advantages:

- operational forecasting of the enterprise's cash supply, improvement of liquidity indicators;
- rational management of the enterprise resources and increasing the efficiency of their use;
- substantiation of the need to allocate financial resources to different areas of economic activity;
- staff motivation [20, p. 21; 21, p. 90; 22, p. 121; 23, p. 18–22; 24].

The main elements of the budgeting system are as follows: financial structure, budget structure and regulations on budget management.

The financial structure essentially means the formation of centres of financial responsibility, establishment of decision-making procedures and approval of the management structure, the purpose of which is to ensure control over the cost of the enterprise. At the same time, centres of financial responsibility are structural subdivisions of the enterprise, which are distinguished not by functional features, but by the ability to make income or accumulate expenses, as well as the ability to bear responsibility for the amount of expenses incurred or income received.

Financial mechanism in the system of economic vectors of development of Ukraine

The budget structure is defined as a set of budgets, according to which the planning and accounting of the results of the enterprise activities take place.

The budget structure usually consists of three main budgets:

- income and expenditure budget (ensures management of incomes and profitability of the enterprise);
- cash flow budget (contributes to the enterprise liquidity management);
- the budget according to the indicators of financial reporting (intended for the management of the enterprise's assets).

In addition, operating budgets (sales budget, direct costs budget, overhead budget, etc.) are used, which is the basis for the formation of basic budgets.

Regulations on budgeting at the state-owned enterprise are intended for organizing budgetary activities, containing basic principles of budgeting, in particular, defining the specifics of the financial and budgetary structure of the enterprise, regulating the sequence of planning, the order and methods of evaluating the results achieved.

The object of management in budgeting is the technology of the process, the subject is the owner of the process, the result is the budget.

The budgeting process consists of two sub-processes: budget formation and implementation. As a result, the budgeting process involves a set of functions (works) that are performed in a certain order, performers, input and output documents.

The head of the relevant structural division of the state-owned enterprise, where the budget is developed, acts as the subject of control over the budgeting process. The result of work is the draft budget, which is provided to the head of the enterprise.

Draft budgets are drawn up on the basis of planned information provided by structural divisions in the form and within the time limits established by the enterprise. The structural division accumulates information, checks it for the compliance with established requirements, analyses and develops a draft budget. Next, the budgets go through the procedure of coordination with internal clients – other structural units, they are approved and accepted for implementation. In the process of implementation, the employees of the structural divisions systematize factual data, conduct plan-fact analysis and control, compile and approve reports on the implementation of budgets and

provide them to the owner of the process, namely the head of the structural division [25, p. 564–568; 26, p. 14–18; 27, p. 32–38; 28, p. 99–107; 29, p. 78–92; 30, p. 39–50].

Plan-actual analysis is a type of economic analysis that is used to determine the degree of fulfilment of the indicators planned in the budget (compiled and approved forecasts for the budget period) with actual indicators (data from reports on the implementation of budgets for the past periods), to find out the reasons for deviations of the reported indicators from planned or regulatory ones.

Plan-fact analysis involves control and monitoring of budget implementation, inconsistencies and factors of their formation are verified and analysed.

Among the signs that have an impact on the formation of deviations of the actual values from the planned values, the following parameters can be distinguished:

- according to cost parameters;
- according to the parameters of the financial structure of the enterprise (new centres of financial responsibility);
- according to the period parameters (day, week, month, quarter, year, etc.) [25, p. 564–568; 26, p. 14–18; 27, p. 32–38; 28, p. 99–107].

There are the following types of deviations: absolute deviations; relative and selective deviations (involve a comparison of controlled values in a time frame: quarter, month).

The process of analysing identified deviations should be preceded by the process of verifying these deviations from the point of view of their repeatability or randomness. Conducting an analysis of deviations that do not have system signs and occur rather randomly cannot be considered necessary. When analysing deviations, one should distinguish between controlled and uncontrolled causes (related to changes in the external environment).

Plan-fact analysis should be carried out after the end of each budget period. The results of this analysis should be taken into account in the further activities of the enterprise, including for budget calculations for the following planning periods. In this regard, it will be objective to conduct it based on the results of the quarter and the year as a cumulative total.

At the same time, factual analysis plan should include:

Financial mechanism in the system of economic vectors of development of Ukraine

- analysis of performance of the planned indicators over the reporting period;
- analysis of the dynamics of actual values of indicators of the reporting period compared to the actual values of indicators over the period preceding the reporting period [20, p. 19; 21, p. 83; 22, p. 120; 29, p. 78–92; 30, p. 39–50].

A properly organized plan-fact analysis of budget execution will allow not only to increase the accuracy of the budgets that will be drawn up for the next planning periods, but also to improve financial condition of the state-owned enterprise.

Therefore, an effective budgeting system involves not only setting of planned tasks by the centres of financial responsibility, but also a timely control and analysis of budget implementation in order to make effective management decisions. In order to ensure effective operation of the budgeting system, the head of the state-owned enterprise needs to develop regulations that contain the rules, sequence and order of its operation.

The budgeting regulation should consist of:

- regulations for the development and implementation of the budgeting system;
- regulation of the development and adjustment of budgets;
- current management regulations based on the developed budgets;
- regulations for improving the budget process [20, p. 19; 21, p. 83; 22, p. 120].

Implementation of budgeting at the state-owned enterprise contributes to improving the management of financial resources, operational monitoring of liquidity and financial stability of the enterprise, establishing optimal proportions in the distribution of the available economic resources of the business entity, which allows the budgeting system to be classified as an integrated system.

The integrated budgeting system at the enterprise is characterized by the following features:

- it is based on the use of a system approach;
- it covers management functions: planning, accounting, control and analysis.

Regulation involves setting a goal, developing a program, an action plan, and bringing the system to a given state. In turn, accounting and control

involve observation, recording, and processing of various information about the actual state of the state-owned enterprise activity, with the detection of deviations in their cause-and-effect relationship and the interdependence of real economic progress from the planned model. The analysis involves comparing the actual data of the enterprise under investigation with the specified parameters, in the development and subsequent implementation of management decisions in order to regulate the actual state of the management object. In addition, regulation performs vital functions of the enterprise management, including task definition, resource planning, performance evaluation, and staff motivation based on evaluation [20, p. 21; 21, p. 90; 22, p. 121; 23, p. 18–22; 24; 29, p. 78–92; 30, p. 39–50].

So, budgeting helps to create a unified and effective management system at a state-owned enterprise to achieve the strategic goals of its operation. The budgeting system at any enterprise has several components: technology, organization and computerization.

Budgeting technology is aimed at determining the purpose, tasks, target indicators and standards of the process, development of types and forms of budgets, establishment of methods of consolidation of budgets of different levels, identification of budgeting principles. However, when forming the budget, its structure should be as close as possible to the approved forms of financial, tax, management and statistical reporting, as this will increase the efficiency of the accumulation and processing of information generated in the accounting system.

Therefore, the organization of budgeting connects its technology with the organizational structure of the state-owned enterprise, formalizes the procedures for drawing up budgets, their submission and approval, accumulation and processing of data on the execution of budgets, establishes the distribution of functions between officials in the budgeting process, as well as the expediency of appointing those who will deal with budgeting on an ongoing basis.

4. Methods of financial regulation of enterprises

In order to make sound management decisions in the process of financial regulation, it is very important to have information about the current financial and economic condition of the enterprise and the prospects for its development in the future. That is why the issue of creating a system

Financial mechanism in the system of economic vectors of development of Ukraine

of quantitative assessment of financial indicators, which will make it possible to manage its level, is urgent. The need to regulate the level of financial indicators is caused both by the need to stimulate its increase and the need to neutralize the negative effects of the market environment on the business activity.

Financial indicators of the enterprise are formed in the process of all its activities, and they are determined on a certain specific date, which makes it possible to answer the following questions:

- how effectively the company manages cash flows;
- what is the return on its production potential;
- to what extent the enterprise is innovatively active;
- whether the enterprise is able to counteract the effects of the external and internal environment [25, p. 564–568; 26, p. 14–18; 27, p. 32–38; 28, p. 99–107; 29, p. 78–92; 30, p. 39–50].

The assessment of the enterprise sustainability is carried out using a set of methods and developed methods for diagnosing the state of the production system. Classification of methodological support for the process of diagnosing financial indicators of the enterprise is given in Table 2.

In the process of evaluating the enterprise's financial indicators, traditional methods of economic statistics, mathematical-statistical methods, expert survey techniques are widely used, and the methods of modelling economic processes and making forecasts regarding the further development of the enterprise, which serve as a starting point for providing management functions with reliable information, are of special value.

An important point for the application of the system of evaluation and diagnosis of financial indicators is the correct choice of critical values of parameters of the enterprise activity and justification of the level of stability that must be maintained, as well as extent to which a short-term decrease of this indicator is permissible.

The entire set of methods for assessing the enterprise's financial indicators is divided into two groups: express diagnostics and fundamental diagnostics of the stability of the business operation.

Express diagnostics is carried out on the basis of financial reporting data and contains a preliminary analysis of the enterprise's financial indicators. The system of express diagnostics provides early detection of the signs of

**Methodological support of the process
of assessing the level of financial indicators**

Classification trait	Types
The status of the developer of methodological support for the process of diagnosing the stability of the enterprise	– scientific methods – they are of a recommendatory nature.
The nature of indicators and their information support	– quantitative indicators: – accounting and statistical reporting; – management accounting data; – operational accounting data; – tax reporting; – combined sources; – qualitative indicators: – respondents; – expert; – mixed indicators.
Direction (field) of research	– production potential; – resource support; – management organization; – innovative activity; – financial and property status; – the results of industrial and economic activities; – a combined approach.
The method of forming analytical indicators	– coefficient approach; – aggregate approach; – index approach.
The method of research of analytical indicators	– dynamic analysis; – comparative analysis; – reference (normative) analysis.
The method of forming a generalizing conclusion	– subjective methods; – objective methods.

a crisis in the development of the enterprise and allows to take operational measures for its neutralization. Such methods include:

- analysis of the system of financial ratios;
- horizontal (temporal) analysis;
- vertical (structural) analysis;
- trend analysis;
- comparative analysis;

Financial mechanism in the system of economic vectors of development of Ukraine

- analysis of the enterprise solvency;
- assessment of the enterprise activity according to Beaver’s system of indicators [26, p. 14–18; 27, p. 32–38; 28, p. 99–107; 29, p. 78–92; 30, p. 39–50].

In the system of providing financial indicators, the economic stability of the enterprise plays an important role as an integrating parameter that accumulates the results of its activity. That is why considerable attention is paid to the assessment and analysis of the level of stability of the enterprise’s financial indicators.

Financial indicators mean such a state of financial resources, their distribution and use, which ensures the development of the enterprise based on the growth of profit and capital while maintaining solvency and creditworthiness under the conditions of an acceptable level of risk.

The purpose of this analysis is to study the structure and dynamics of changes in financial indicators, to identify the reasons that caused these changes, as well as to assess possible consequences for the enterprise’s preservation of its positions.

Among the data that characterize the enterprise’s financial indicators, the following ones are most widely used:

- liquidity and solvency;
- financial stability;
- business activity;
- profitability of the enterprise.

The analysis of these indicators is carried out by comparing the obtained values of the coefficients with the basic values, followed by the formation of trends of their change for a certain period of time that is necessary for the assessment. The basic values can be as follows:

- average industry values of indicators;
- the value of the enterprise activity indicators for the past year;
- average values of the enterprise activity indicators relating to the past periods, favourable from the point of view of financial condition;
- the value of the indicators, the level of which the company itself considers sufficient for itself;
- the value of the indicators calculated according to the reporting data of the most successful competitors;

– theoretically justified or obtained as a result of an expert survey optimal (normative) values of indicators [28, p. 99–107; 29, p. 78–92; 30, p. 39–50].

Optimal values of the enterprise's financial indicators can be set in the form of both discrete values and certain intervals within which the company is in a state of financial security.

To obtain complete information about the level of sustainability of the enterprise's development, it is advisable to carry out an analysis of both the current (operational) financial sustainability and to assess the prospects of its preservation in the future.

Among the parameters that characterize operational financial stability, there can be distinguished liquidity and solvency indicators, which determine the ability of the enterprise to fulfil its current financial obligations in the established terms by converting its own current assets into money. For this purpose, the most urgent obligations that are payable in the current period are compared with the most liquid assets, namely cash and their equivalents, current financial investments. The rest of the obligations must be covered by the existing receivables of partner enterprises, as well as stocks of liquid commodity values. All indicators of this group are related to the current assets of the enterprise, since short-term liabilities are paid precisely from this structural part of assets.

Liquidity of the enterprise is assessed according to the following indicators:

– absolute liquidity ratio is aimed to determine the degree of coverage of current liabilities at the expense of the most liquid assets, i.e. cash and their equivalents. Its value is considered theoretically sufficient if it exceeds 0.2-0.25;

– quick liquidity ratio is calculated for a wider range of current assets, namely accounts receivable and cash. The optimal value of this indicator is within 0.6-0.8;

– total liquidity (coverage) ratio shows what share of the enterprise's current liabilities is covered by available current assets [25, p. 564–568; 27, p. 32–38; 29, p. 78–92; 30, p. 39–50].

The value of this indicator is industry-related. In material-intensive industries, where a significant part of assets is represented in the form of production stocks, the value of this indicator is quite significant. In the accounting and analytical practice of developed European countries, the

Financial mechanism in the system of economic vectors of development of Ukraine

coverage ratio aimed to ensure the efficient operation of the enterprise should characterize such a state of current assets, under which their size should exceed twice current liabilities. In the domestic literature, the optimal value of the coverage ratio is equal to one, under which the equality of current assets and liabilities is achieved.

Taking into account various possible combinations of values of the enterprise's liquidity ratios, three rating groups can be distinguished:

- high liquidity group – three specified liquidity ratios have an optimal level (or above the average industry value) in the period under analysis and maintain the corresponding values for at least three reporting periods;

- moderate liquidity group – three specified liquidity ratios have an optimal level (or above the average industry value) in the analysed period, but there is no clear tendency to maintain the corresponding values during three reporting periods;

- risk group – the coverage ratio is low, but the absolute and intermediate liquidity ratios are within the regulatory limits. Within the framework of the risk category, it is advisable to additionally distinguish two subgroups: the category of increased risk (the coefficients of coverage and intermediate liquidity are low, and the coefficient of absolute liquidity is sufficient to ensure the financial security of the enterprise), the category of critical state (the values of three indicated liquidity ratios are at a critical level (the enterprise is at bankruptcy limits)).

Availability of different liquidity indicators is explained by different interests of consumers of analytical information:

- absolute liquidity ratio is important for providers of services, raw materials and materials;

- intermediate liquidity ratio – for financial institutions;

- coverage ratio – for the buyers and owners of the enterprise's securities (shares, bonds).

In order to analyse the ability of the enterprise to maintain the state of operational financial stability, in addition to liquidity indicators, it is necessary to assess the level of its solvency. From the point of view of liquidity, satisfactory financial condition can be false if illiquid assets have a significant specific weight in current assets. Signs of solvency are as follows: availability of money in cash, money on current accounts; absence of overdue receivables. In general, the problem of maintaining an

adequate level of solvency is that the amount of cash assets does not exceed the minimum amount necessary for current calculations, and if there is a surplus, it is placed in other liquid high-yield assets. This can be achieved due to the competent drawing up of payment calendars for a month, a quarter, a decade.

Long-term financial stability is one of the most important characteristics of financial condition of the enterprise. In the process of its analysis, the level of sufficiency of one's own financial resources for the formation of the enterprise's property, the degree of its autonomy or dependence on external creditors and investors, and efficiency of the use of equity capital and assets are established.

In the global and domestic practice, there has been developed a system of indicators that characterize long-term financial stability. These indicators are divided into two groups: the first one includes indicators for which it is possible to establish normative values (indicators of financial stability), the second one includes those that characterize the aspects of the enterprise's activity for which arbitrary value intervals are established (indicators of profitability, management efficiency, business activity).

The following indicators are used to assess financial stability:

- the coefficient of autonomy (concentration of equity capital) characterizes the size of the share of the enterprise owners in the total amount of funds advanced for its activities. A high level of this ratio indicates stability of the enterprise's financial position and characterizes it as an independent entity in relation to external sources of financing. There are different views regarding the level of concentration of equity capital. The most common one is that the share of equity capital should be at least 0.6 (60%). The growth of equity capital is generally assessed as a positive feature of the financial state, as it indicates the ability of the enterprise to conduct an independent financial policy, to form and effectively distribute profits, and the ability to maintain balance at the expense of internal sources. Creditors and investors are more willing to invest money in the enterprise with a high share of equity capital, because it is more likely to be able to pay off debts with its own funds, since the assets formed at the expense of equity capital serve as a source of credit security;

- coefficient of manoeuvrability characterizes the degree of equity mobility, i.e. it shows the distribution of funds that are directed to the

Financial mechanism in the system of economic vectors of development of Ukraine

current activities of the enterprise and to investment in working capital. From a financial point of view, an increase in this indicator positively characterizes the enterprise activity. The value of this coefficient may vary depending on the branch of the enterprise. In capital-intensive industries, the level of this indicator is significantly lower than in material-intensive industries, since in the former a significant part of equity funds is a source of covering non-current assets. It is possible to increase this parameter either by reducing investments in non-current assets (if it is possible and appropriate), or by attracting long-term loans as a source of formation of these assets;

– coefficient of providing assets with the working capital characterizes the presence of the enterprise's working capital, which is necessary for financing current activities. The minimum value of this indicator is 0.1. When the indicator falls below this value, the structure of equity capital is recognized as unsatisfactory, and the enterprise is considered insolvent;

– debt ratio (the ratio of equity capital and borrowed capital) characterizes the amount of borrowed capital that the company attracts per one hryvnia of its equity. The increase in the dynamics of the indicator shows an increase in the dependence on external investors. The acceptable level of dependence on the capital formed from various sources is determined by the specific conditions of each enterprise activity and, first of all, by the rate of capital turnover. The value of this ratio can be high enough if receivables rotate faster than tangible current assets, which indicates a high intensity of money coming into the enterprise's accounts;

– leveraged capital structure ratio indicates the share of long-term loans that is used to finance assets along with owner's funds. Its main goal is to reflect the effectiveness of the use of the funds involved, including in the main directions: renewal and modernization of production facilities, expansion of production;

– coefficient of business activity reflects the efficiency of using the enterprise's assets. This group includes indicators of turnover, which characterize the rate of transformation of funds into monetary form, production, technical and marketing potential of the enterprise. This includes indicators of turnover of assets, receivables and payables, equity capital. The duration of the financial cycle is calculated on the basis of indicators of turnover of current assets and liabilities;

– profitability ratio characterizes profitability of the enterprise. It indicates enterprise's economic efficiency and current competitiveness [25, p. 564–568; 26, p. 14–18; 27, p. 32–38; 28, p. 99–107; 29, p. 78–92; 30, p. 39–50].

The following indicators are used to quantify the innovation and investment activity of the enterprise aimed at supporting and developing production: the ratio of investment of owner's funds in fixed capital, the ratio of investment in the renewal of fixed assets, the ratio of reproduction of fixed capital, the ratio of renewal of the product range.

The coefficient of investment of the owner's funds in fixed capital allows to assess how internal sources of investment financing are used – net profit and depreciation deductions. The coefficient of investment in the renewal of fixed assets reflects the intensity of attracting investment in fixed capital and characterizes the share of fixed assets put into operation to their total value in the reporting period. Thus, these indicators reflect the results of the final stage of the investment process, associated with the introduction of new fixed assets into operation.

To evaluate the investment activity of the enterprise using the renewal coefficient, the following classification of its values is offered:

- from 0 to 2% – no activity;
- from 2 to 10% – low investment activity;
- from 11 to 15% – normal activity;
- more than 15% – high investment activity.

The coefficient of reproduction of fixed capital allows to determine the type of reproduction of funds. If it is higher than 1, the enterprise is undergoing a process of extended reproduction of fixed assets; if it is equal to 1, the process of reproduction of funds has acquired the characteristics of a simple one, which is a guarantee of stable functioning. If this coefficient is less than 1, then the volume of investments does not cover the amortized part of fixed assets and the process of reducing the volume of production takes place.

Analysing the dynamics of the indicators described above and comparing them with the planned pace of development allows you to assess the real investment opportunities of the enterprise and the actual implementation of these opportunities.

The coefficient of renewal of the range of products characterizes the intensity of the process of replacing outdated product samples with more

modern and technically perfect ones or the release of fundamentally new types of products. Updating the assortment requires significant efforts from the point of view of its substantiation, complicates the production process, and increases the amount of costs. However, this is a tested means for strengthening a market position of the enterprise, developing new market segments and attracting new consumers.

When forming an evaluation system of the indicators of economic stability, it is necessary to adhere to certain requirements that can be applied to them, in order to ensure the effectiveness of the rating assessment of the financial state of the enterprise.

Thus, to analyse the level of financial stability, a wide variety of techniques, methods and assessment models can be used, the place and extent of their application depend on the specific goals of the diagnosis and can be determined by the required level of accuracy of the results achieved.

5. Conclusions

In the conditions of a market economy, the validity and effectiveness of management decisions at the micro and macro levels largely depend on the results of financial regulation of business entities, which goes beyond the calculation of individual coefficients and involves the study of a set of indicators that reflect various aspects of the enterprise activity. Instability of the economy makes it necessary for every business entity to constantly search for the ways to improve the efficiency of its activities.

When operating in a market economy as a subject of entrepreneurial activity, each enterprise has to ensure the state of its financial resources that would stably maintain the ability to smoothly fulfill its financial obligations to the business partners, the state, owners, and employees. When acquiring a real financial independence in market conditions, not imaginary, but a real one, and taking economic responsibility for the efficiency of management and for the timely fulfillment of financial obligations, enterprises are able to achieve the stability of their finances only with strict adherence to the principles of commercial calculation, and the main one is the comparison of costs and results, obtaining a maximum profit under minimum costs.

In our opinion, the system of measures for financial regulation of the enterprise should ensure constant monitoring of the external and internal state of the enterprise, development of measures aimed to reduce the external

vulnerability of the enterprise, development of preparatory plans in the case of emerging problem situations, implementation of preliminary measures to support them, implementation of plans for practical measures in the case of emerging crisis situations, making risky and non-standard decisions in the case of a deviation in the development of the situation, coordinating the actions of all participants and monitoring the implementation of measures and their results. It is such conditions it is possible to provide a monitoring system for each of the components of financial regulation of the enterprise, which would provide an opportunity to optimize it in accordance with the development prospects.

References:

1. Voloshyna O.V., Ivaschenko A.V., Molochenko V.V. (2019). Rozvytok muzeinoho potentsialu turystychnoi diialnosti [Development of museum potential of tourist activity]. *Molodyi vchenyi*, vol. 5(69), pp. 230–234. (in Ukrainian)
2. Voloshyna O.V., Manzhos E.O. (2020). Orhanizatsiina model proektuvannya turystychnoho klastera [Organizational model of planning of tourist cluster]. *Molodyi vchenyi*, vol. 3(79), pp. 218–221. (in Ukrainian)
3. Voloshyna O.V., Manzhos E.O. (August 2020). Ekonomichnyi potentsial pidpriemstv hotelno-restorannoho ta turystychnoho sektoru [Economic potential of enterprises hotel-restaurant and tourist a sector]. *Collection of scientific articles "The world of science and innovation"*. London: Cognum Publishing House, United Kingdom, pp. 201–210.
4. Hrischenko I.V., Hrynychuk T.P. (2020). Osnovni aspekty finansovoho planuvannya v systemi finansovoi bezpeky pidpriemstva [The main aspects of financial planning in the financial security of the enterprise]. *Ekonomika ta suspilstvo*, vol. 22. DOI: <https://doi.org/10.32782/2524-0072/2020-22-14> (in Ukrainian)
5. Kaletnik H., Zdyrko N. (2018). Public procurement in Ukraine as a state governance instrument: evaluation, control, improvement. *Economic Annals-XXI*, vol. 179(9-10), pp. 80–90. (in Ukrainian)
6. Goncharuk I.V. (2017). Rol silskohospodarskykh kooperatyviv u zabezpecheni staloho rozvytku silskykh terytorii Vinnytskoi oblasti [The role of agricultural cooperatives in ensuring sustainable development of rural areas of Vinnytsia region]. *Ekonomika, finansy, menedzhment: aktualni pytannia nauky i praktyky*, vol. 8, pp. 56–67. (in Ukrainian)
7. Hrischenko I.V., Kobal O.A. (2020). Otsinka pokaznykiv v protsesi finansovoho planuvannya pidpriemstva [An estimation of indexes is in the process of the financial planning of enterprise]. Proceedings of the *Perspektyvy rozvytku finansovo-ekonomichnogo prostoru Ukrainy (Ukraine, Vinnytsia, April 08-09, 2020)*, Vinnytsia: Krok, pp. 223–225. (in Ukrainian)
8. Hrischenko I.V. (2020). Otsinka pokaznykiv finansovoi stitkosti pidpriemstva [Estimation of indexes of financial firmness of enterprise]. Proceedings of

Financial mechanism in the system of economic vectors of development of Ukraine

the *Perspektyvy rozvytku finansovo-ekonomichnoho prostoru Ukrainy (Ukraine, Vinnytsia, April 08-09, 2020)*, Vinnytsia: Krok, pp. 208–211. (in Ukrainian)

9. Voloshyna O.V., Deviatko V.V., Molochenko V.V. (2018). Pobudova konkurentnoi modeli upravlinnia biznes-protsesamy v suchasnomu vyshchomu navchalnomu zakladi [A construction of competition case business frame is in modern higher educational establishment]. *Molodyi vchenyi*, vol. 11, pp. 225–229. (in Ukrainian)

10. Voloshyna O.V., Ivashchenko A.V., Molochenko V.V. (2018). Mizhnarodnyi turizm yak skladova produktyvnykh syl Ukrainy [International tourism as constituent of productive forces of Ukraine]. *Ekonomika. Ekonomika. Finansy. Pravo*, vol. 11/4, pp. 24–27. (in Ukrainian)

11. Hrishchenko I.V., Biletska N.V., Odintsova O.O. (2021). Mekhanizm formuvannya konkurentospromozhnosti pidpriemstv v suchasnykh ekonomichnykh umovakh [The mechanism of formation of competitiveness of enterprises in modern economic conditions]. *Ekonomika ta suspilstvo*, vol. 34. DOI: <https://doi.org/10.32782/2524-0072/2021-34-62> (in Ukrainian)

12. Hrischenko I.V., Biletska N.V., Tsyhanchuk V.A. (2018). Viavlennia porushen u protsesi audytu finansovoi zvitnosti pidpriemstva [Vyavlennia of violations in the process of audit of the financial reporting of enterprise]. *Visnyk Lvivskoho torhovelno-ekonomichnoho universytetu. Ser. Ekonomichni nauky*, vol. 54, pp. 133–138. (in Ukrainian)

13. Pronko L.M. (2011). Vartist i kapitalizatsiia pidpriemstv ta metody yikh otsinky [Cost and capitalization of enterprises and methods of their estimation]. Available at: http://archive.nbu.gov.ua/portal/chem_biol/agroin/2011_10-12/PRONYKO.pdf (in Ukrainian)

14. Pronko L.M. (2011). Sutnist kapitalizatsii, yii vydy ta napriamy zdiisnennia [Essence of capitalization, its kinds and directions of realization]. *Zbirnyk naukovykh prats VNAU. Seriya: Ekonomichni nauky*, vol. 2 (53), pp. 84–88. (in Ukrainian)

15. Pronko L., Kolesnik T., Samborska O. (2021). Essence and concept of capitalization of enterprises its types and methods of evaluation. *European Journal of Sustainable Development*, vol. 10, no. 1, pp. 551–560.

16. Zdyrko N. (2022). Audit of public finances: methodological issues and the case of Ukraine. *Independent journal of management & Production (IJM&P)*, vol. 13, no. 3. (in Ukrainian)

17. Pronko L., Kolesnik T., Samborska O. (2020). Ukraine Dairy Market: State and Prospects of Development Considering World Experience. *European Journal of Sustainable Development*, no. 9, pp. 243–252.

18. Furman I.V., Pronko L.M. (2019). Formuvannya derzhavnoyi prohramy pidtrymky pidpriemstv-agrovyrobnykiv Ukrainy z urakhuvannyam svitovoho dosvidu [Formation of the state program of support of the enterprises – agricultural producers of Ukraine taking into account world experience]. *Ekonomika APK – Economy of AIC*, 11, 85–96. (in Ukrainian)

19. Goncharuk I.V. (2013). Aspekty sutnosti y otsinky efektyvnosti ahrarynoi pidpriemnytskoi diialnosti [Aspects of essence and estimation of efficiency of agrarian business activity]. *Ahroinkom*, no. 7–9, pp. 100–103. (in Ukrainian)

20. Voloshyna O.V. (2020). Formation of competitiveness of enterprises in modern economic conditions "*Modern engineering and innovative technologies*", no. 13, part 4, pp. 17–25.
21. Voloshyna O.V. (2020). Formation of economic sustainability of enterprises in modern economic conditions. *SWorldJournal*, no 5, pp. 81–92.
22. Hrishchenko I.V., Balakhonova O.V., Kravets V.V. (2017). Finansovyi kontrol v systemi upravlinnia trudovymi resursamy pidpriemstva [Financial control is in control the system by labour resources enterprise]. *Podilskyi naukovyi visnyk. Nauky: ekonomika, pedahohika*, vol. 4, pp. 118–122. (in Ukrainian)
23. Hontaruk YaV (2020) Perspektyvy rozvytku vyrobnychoho potentsialu pidpriemstv ahropromyslovoho sektoru na osnovi dosvidu "Vseukrainskoho naukovoho-navchalnoho konsortsiumu" [Prospects for the development of production potential of enterprises in the agro-industrial sector based on the experience of the All-Ukrainian Scientific and Educational Consortium]. *Podilskyi Colloquium-journal*, vol. 20, pp. 16–24. (in Ukrainian)
24. Mazur K.V. (2018). Stan ta tendenciji rozvytku malyh form gospodarjuvannja v agrarnomu vyrobnytvi u rozvynenyh krajinah svitu [The state and trends in the development of small farms in agricultural production in developed countries]. *Efektivna ekonomika*, vol. 10. Available at: http://nbuv.gov.ua/UJRN/efek_2018_10_34 (in Ukrainian)
25. Aleskerova Y. (2022). Management of the credit process in Ukraine. *Traditional and innovative approaches to scientific research: theory, methodology, practice: Scientific monograph*. Riga, Latvia: Baltija Publishing, pp. 562–580.
26. Aleskerova Y. (2022). Optimization and prospects for the development of insurance in the tourism business in the context of the pandemic. *Three Seas Economic Journal*, vol. 3, no. 1, pp. 12–20. DOI: <https://doi.org/10.30525/2661-5150/2022-1-2>
27. Lohosha R.V. (2017). Teorii derzhavnogo rehuliuвання ekonomiky v konteksti suchasnoi modeli rynku [Theories of state regulation of the economy in the context of the modern market model]. *Information economy: knowledge, competition and increase: collective monograph*. C.E.I.M., pp. 30–39.
28. Lohosha R.V., Mazur K.V., Pidvalna O.H. (2018). Kontraktnyi pidkhid u konteksti suchasnykh ekonomichnykh doslidzhen [Contractual approach in the context of modern economic research]. *Vseukrainskyi naukovo-vyrobnychy zhurnal*, vol. 12, pp. 97–111. (in Ukrainian)
29. Voloshyna O.V. (2022). Methods of bankruptcy prediction at the enterprises under conditions of quarantine restrictions due to the COVID-19 pandemic. *Theoretical and practical aspects of the development of modern scientific research: Scientific monograph*. Part 1. Riga, Latvia: Baltija Publishing, pp. 72–104. DOI: <https://doi.org/10.30525/978-9934-26-195-4-3>
30. Voloshyna O.V. (2021). Tourism insurance market. *Development of scientific, technological and innovation space in Ukraine and EU countries: Collective monograph*. 2nd ed. Riga, Latvia: "Baltija Publishing", pp. 37–56.

**MODERN APPROACHES TO ENSURING
THE COMPETITIVENESS OF AGRICULTURAL
BUSINESS ENTERPRISES**

Nadiia Hryshchuk¹

DOI: <https://doi.org/10.30525/978-9934-26-291-3-5>

Abstract. *The purpose* of the study is to substantiate and clarify approaches to the definition of modern approaches to ensuring the competitive development of agrarian business enterprises. Special attention is paid to the problems of financial support, the influence of financial instruments on the effective economic development of agricultural enterprises in the context of the use of alternative forms and financing. The impact of financial support on the competitiveness of economic entities in the agrarian sector is determined. The importance and possibilities of state financial support for financial support of the competitiveness of agrarian business enterprises have been clarified. **Goal.** Development of mechanisms for the formation of financial resources of enterprises in the context of their effective functioning on the basis of a conceptual approach, which includes the principles, purpose, objectives and directly the mechanisms for managing the financial security of enterprises. **Method (methodology).** The research used general scientific methods, in particular, a systematic approach, abstract-logical method, including methods of analogy, comparison, induction and deduction, statistical method; methods of analysis and synthesis; comparison method; system-analytical. All these research methods complement each other and together provide an opportunity to comprehensively consider the subject of research. **Results.** The publication explores groups of sources of financial resources. As a result of research on the basis of the conceptual approach constituent elements of the concept of improvement of management of financial maintenance of the enterprises are developed. Its main goal is to: ensure effective management

¹ Candidate of Economics Sciences,
Associate Professor of the Department of Finance, Banking and Insurance,
Vinnytsia National Agrarian University, Ukraine
ORCID: <https://orcid.org/0000-0002-9476-4372>

decisions to attract sufficient financial resources to maximize profits and increase the market value of businesses. The direction of further research is to develop methods for assessing the effectiveness of financial support for enterprise development. New, revolutionary approaches to the use of financial instruments for the successful conduct of agribusiness. It has been established and proven that precisely progressive approaches will enable the competitiveness of agrarian business. The purpose and possibilities of financial support for financial support of the competitiveness of agrarian business enterprises.

1. Introduction

The realities of the economic development of the agrarian sector of Ukraine are positioned as the starting point of the economic systems of the countries of the world with a market economy. Transitional reformatting of the nature of relations between subjects of the agrarian industry leads to the replacement of traditional financial mechanisms with new ones better adapted to market economic realities.

Financial security and the positive effectiveness of the use of financial resources are extremely important in the economic activity of agricultural enterprises, in ensuring their competitiveness, because the effectiveness and competitiveness of agricultural production largely depends on timely, stable, balanced, affordable financial support. Therefore, referring to the above, there are reasons to believe that the study of issues of modern approaches to ensuring the competitive development of agrarian business enterprises is timely, relevant and timely.

After all, the intensification of the processes of globalization and the gradual liberalization of foreign trade open the prospects of access of domestic agricultural enterprises to highly competitive world food markets, and also create prerequisites for the entry of foreign producers into domestic markets. At the same time, the heterogeneity of the operating conditions of enterprises, which differ in organizational and legal status, size, resource base, and investment opportunities, causes unevenness in their development. Therefore, the development of methods and mechanisms of competitive positioning of agrarian business entities with mandatory consideration of their resource potential and specifics of activity is gaining relevance. Maintaining stable competitive positions of agricultural enterprises requires

Financial mechanism in the system of economic vectors of development of Ukraine

an economically justified redistribution of producers' resources in the direction of reducing the cost of production, ensuring its compliance with international quality and safety standards, improving business efficiency.

The above determines the objective necessity of developing new modern approaches to the formation and maintenance of the competitiveness of agricultural enterprises in the global economic environment. The development of the competitiveness of agricultural enterprises is formed at the expense of powerful production potential and natural resources.

Transformational transformations of the system of economic relations, caused by global and local factors, give rise to the need to increase the level of competitiveness, primarily due to the full financial support of the main activities of enterprises. An important condition for ensuring the competitiveness of enterprises is the effective use of its production potential, personnel qualifications, achievements of modern management, innovative, financial and informational capabilities, technical and organizational development, which affect the final production results.

The issues of competition and competitiveness have received attention in the scientific studies of many domestic and foreign scientists. First of all, it is necessary to note the contribution of well-known representatives of classical political economy, Adam Smith (2005), to the study of the outlined issues. In his fundamental work, formulated the concept of competition.

D. Ricardo (1955) developed the theory of relative advantages, which can be used at the level of individual producers. Using the example of foreign trade as a basis, he proved that ensuring success in competition requires specialization in the type of products whose production is the cheapest. Scientists have also substantiated the existence of an inverse relationship between wages and the level of profit.

Modern dynamic conditions in which economic entities operate require them to maintain stable positions on the market with product quality, profitable activities, investment attractiveness, image among counterparties and consumers, which requires rethinking the economic essence of competitiveness and financial support of this process.

In the fundamental work edited by A.S. Galchynskyi (2012), competition is the driving force of a market economy. In the conditions of competition, the one who creates high-quality products at the lowest

production costs wins. Competition is an objective economic law of developed commodity production, the forms of which are manifested in the struggle for survival, for obtaining a place on the market, for attracting the attention of consumers to their products. Traditionally, competitiveness is interpreted as the ability to operate in the conditions of market relations and at the same time obtain a profit sufficient for scientific and technical improvement of production, stimulation of employees and maintenance of products at a high quality level.

V. Savchuk (1995) successfully characterizes competitiveness as a set of its qualitative and cost characteristics that ensure the satisfaction of the specific needs of the consumer and differ favorably for the consumer from similar products of competitors. It has been proven that agricultural production for many years is considered a driver of economic development, which demonstrates positive annual dynamics, excluding years of negative impact of natural and climatic conditions. In general, this sector of the economy acted as a kind of fulcrum for the economy of Ukraine during difficult crisis years.

Versal N., Shorokhova G. (2020) definition deserves attention, which is presented as the ability to adapt to new economic conditions and use one's competitive advantages in the competition on the markets of agricultural products and services, as well as effectively use land resources and, applying the analysis of the market structure, respond to changes in its conjuncture and maximally satisfy the needs of consumers.

The strengthening of the processes of globalization and the aggravation of the problems of food supply of the world's population require the further development of the domestic agro-industrial complex and its integration into the world food system. Today requires not only consolidation of the obtained results of the development of the agrarian industry, but also ensuring qualitative growth in its development.

Ukraine, unlike developed countries (USA, Canada, EU countries), uses only a third of its powerful natural resource potential. This is evidence that Ukraine significantly lags behind developed countries in terms of indicators of the efficiency of domestic agricultural producers, in particular crop yield, livestock productivity, environmental protection and reproduction of natural resources, increasing the level of employment of the rural population, creating new jobs, etc.

This is considered the starting point for the need for a more in-depth study of modern approaches to ensuring the competitiveness of agrarian business enterprises in today's conditions.

2. Assessment of the current state of financial support for the competitiveness of agricultural business entities

Referring to the FAO indicators, it can be stated that Ukraine is almost twice as inferior to its competitors on the global agri-food market (in particular, in terms of cow productivity compared to Canada, in terms of grain yield compared to the developed countries of the EU and the USA). In other words, in the event of an increase in productivity, agriculture could generate a more significant contribution to the development of the state's economy, which is extremely important, both for Ukraine as a whole and for its individual regions.

Therefore, the issue of assessing the state of financial support for the competitiveness of agricultural enterprises, identifying priority vectors for improving financial support and the main trends of increasing competitiveness at the global level in the face of modern challenges is important.

In order to monitor and evaluate the financial support of the competitiveness of agricultural enterprises, the primary priority is to determine a set of economic and financial indicators that reveal the state of the peculiarities of their financial support, which are quite specific.

An essential factor in ensuring the potential competitiveness of agricultural enterprises is labor productivity, the level of which is characterized by the volume of gross production.

According to the calculated statistical indicators, we can state that the total volume of production of agricultural products, as in the structure of all categories of farms, has a tendency to increase. Production of agricultural products in 2020 compared to 2019 decreased by 10.1%, including crop production by 18.8%, livestock production by 2.5%. There is a tendency to decrease the production of products by agricultural enterprises by 12%, including crop production by 14.2%, livestock production by 0.68%. As for households, in 2020, the production of agricultural products decreased by 6.4% compared to 2019, including the decrease of 7.2% in crop production and 4.5% in livestock production. At the same time, it should be noted that in 2019, compared to 2018, the production of agricultural

Table 1

**Gross production of domestic agricultural producers, (2015–2020),
million UAH**

Industry/years	2015	2016	2017	2018	2019	2020	Average annual growth rate, %
Agricultural products	596,8	634,4	620,5	671,3	681,0	612,1	0,51
Products of crop production	453,0	494,5	480,2	529,3	538,7	473,4	0,88
animal husbandry products	143,8	140,0	140,3	141,9	142,3	138,7	-0,72
Enterprises							
Agricultural products	367,7	403,2	391,0	438,0	449,8	395,7	1,48
Products of crop production	299,4	336,6	323,7	367,7	376,8	323,2	1,54
animal husbandry products	68,4	66,7	67,3	70,3	73,0	72,5	1,19
Farms							
Agricultural products	55,0	64,3	63,3	73,2	79,1	68,2	4,41
Products of crop production	52,3	61,5	60,5	70,2	75,8	65,0	4,45
animal husbandry products	2,7	2,8	2,8	3,0	3,2	3,2	3,62
Households							
Agricultural products	229,1	231,2	229,5	233,3	231,2	216,4	-1,13
Products of crop production	153,6	157,9	156,4	161,7	161,9	150,2	-0,46
animal husbandry products	75,4	73,3	73,0	71,6	69,3	66,2	-2,57

products generally increased, thanks to the increase in the production of agricultural enterprises. The share of production by agricultural enterprises in 2020 compared to 2019 decreased by 1.4%, from 2018 by 0.6%.

Accordingly, the average annual growth rates for agricultural enterprises amounted to 1.48%, which is 0.97% more than for agricultural products as a whole. Farms occupied leading positions. Ensuring competitiveness involves the systematization of all factors affecting it and their further analysis in terms of a separate agricultural enterprise. At the same time, the primary priority is the selection of factors of direct action that form competitive advantages and, accordingly, the competitiveness of the business entity.

The distribution of farms of different organizational and legal forms, given in the table, in terms of production volumes, gives us reason to assert that during the analyzed period there was an increase in the production of oil crops, and a decrease in the production of buckwheat and sugar beet.

Table 2
Production of the main types of crop production by domestic agricultural producers, (2015–2020), thousand t

Indicators	2014	2015	2016	2017	2018	2019	2020	Average-annual growth rate	2020 en 2014, %
	Farms of all categories								
Cereal and leguminous crops	63859	60126	66088	61917	70057	75143	64933	0,33	101,7
wheat	24114	26532	26043	26158	24606	28328	24877	0,63	103,2
rye	478	391	392	508	394	335	457	-0,90	95,6
barley	9046	8288	9436	8285	7349	8917	7636	-3,33	84,4
oat	613	489	500	471	419	422	510	-3,60	83,3
millet	178	213	190	84	81	170	256	7,55	143,9
buckwheat	167	128	176	180	137	85	98	-10,23	58,3
corn for grain	28497	23328	28075	24669	35801	35880	30290	1,23	106,3
leguminous crops	481	502	877	1239	955	710	600	4,52	124,7
Factory sugar beet	15734	10331	14011	14882	13968	10205	9150	-10,27	58,2
Oil crops	16334	16962	19192	18411	21440	22292	18501	2,52	113,3
Enterprises									
Cereal and leguminous crops	49903	46507	52022	47905	56096	59982	51718	0,72	103,6
wheat	18751	21368	21144	20774	19495	22578	19683	0,98	105,0
rye	276	198	216	329	229	179	305	2,03	110,6
barley	5535	4840	5711	4600	4233	5369	4281	-5,01	77,3
oat	321	213	211	181	138	133	194	-9,61	60,3
millet	122	170	142	49	52	131	219	12,42	179,5
buckwheat	122	95	136	143	83	33	53	-15,33	43,5
corn for grain	24131	18969	23319	20389	30706	30664	26280	1,72	108,9
leguminous crops	404	426	785	1146	875	623	514	4,92	127,1
Factory sugar beet	14599	9554	13349	14227	13317	9658	8627	-9,99	59,1
Oil crops	14622	15043	16983	16482	19075	19729	16566	2,53	113,3

(End of Table 2)

Indicators	2014	2015	2016	2017	2018	2019	2020	Average-annual growth rate	2020 en 2014, %
Farms									
Cereal and leguminous crops	7693	7650	8881	8686	10105	11490	9649	4,63	125,4
wheat	3446	3911	4064	4213	4252	5050	4593	5,91	133,3
rye	44	28	32	52	36	33	64	7,88	146,1
barley	1490	1333	1630	1285	1220	1583	1225	-3,85	82,2
oat	66	48	45	42	32	32	42	-8,71	63,4
millet	37	49	43	15	14	40	61	10,73	166,5
buckwheat	32	23	33	43	23	9	13	-16,16	41,4
corn for grain	2465	2162	2853	2793	4334	4560	3509	7,32	142,4
leguminous crops	69	75	145	210	161	139	113	10,29	163,2
Factory sugar beet	1087	619	973	1105	961	460	423	-17,22	38,9
Oil crops	2986	3107	3572	3479	4146	4435	3506	3,26	117,4
Households									
Cereal and leguminous crops			14066	14012	13960	15161	13215	-1,09	94,7
wheat	5363	5164	4899	5384	5111	5750	5194	-0,64	96,9
rye	202	193	176	179	164	155	152	-5,55	75,1
barley	3512	3448	3725	3685	3116	3548	3355	-0,91	95,6
oat	291	275	289	291	281	289	316	1,66	108,6
millet	56	44	47	36	29	39	38	-7,81	66,6
buckwheat	45	33	41	38	54	52	45	-0,40	98,0
corn for grain	4365	4358	4756	4280	5095	5216	4010	-1,68	91,9
leguminous crops	77	76	92	93	80	87	87	2,30	112,0
Factory sugar beet	1135	777	662	654	651	546	523	-14,35	46,1
Oil crops	1712	1919	2210	1929	2365	2563	1936	2,49	113,1

Table 3
Production of the main types of livestock production by domestic agricultural producers, (2015–2020)

Indicators	Year						Average-annual growth rate	2020 en 2014, %	
	2014	2015	2016	2017	2018	2019			2020
Farms of all categories									
Meat (slaughter mass), thousand tons including	2359,6	2322,6	2323,6	2318,2	2354,9	2492,4	2477,5	1,3	106,7
beef and veal	412,7	384	375,6	363,5	358,9	369,5	345,4	-2,1	89,9
pork	742,6	759,7	747,6	735,9	702,6	708,3	697,2	-1,7	91,8
poultry meat	1164,7	1143,7	1166,8	1184,7	1258,9	1381,4	1404,7	4,2	122,8
Milk of all types, thousand tons	11133	10615	10382	10281	10064	9663	9264	-2,7	87,3
Eggs of all kinds, million pcs	19587	16783	15100	15506	16132	16678	16167	-0,7	96,3
Enterprises									
Meat (slaughter mass), thousand tons including	1451,8	1463,4	1489,9	1483	1533,6	1697,9	1704	3,1	116,4
beef and veal	98,4	93,7	99,2	94,8	87,7	101,7	84,8	-2,0	90,5
pork	377	400,3	397	372,6	359,8	384,8	385,1	-0,8	96,2
poultry meat	974,4	967,7	992,4	1014,1	1084,6	1209,7	1232,2	5,0	127,3
Milk of all types, thousand tons	2648	2669	2706	2766	2756	2729	2761	0,7	103,4
Eggs of all kinds, million pcs	12536	9762	8068	8365	8900	9358	8914	-1,8	91,3

(End of Table 3)

Indicators	Year							Average-annual growth rate	2020 en 2014, %
	2014	2015	2016	2017	2018	2019	2020		
Farms									
Meat (slaughter mass), thousand tons including	56,6	52,3	56,3	58,2	60	69,2	77,4	8,2	148,0
beef and veal	8,7	8,1	10,1	9,9	7,6	8,4	7,5	-1,5	92,6
poultry meat	28,4	25	25,1	27,2	33,3	40,4	45,6	12,8	182,4
Milk of all types, thousand tons	167	177	184	195	202	209	224	4,7	126,0
Eggs of all kinds, million pcs	76	76	95	89	117	134	133	12,0	175,9
Households									
Meat (slaughter mass), thousand tons including	907,8	859,2	833,7	835,2	821,3	794,5	773,5	-2,1	90,0
beef and veal	314,3	290,3	276,4	268,7	271,2	267,8	260,6	-2,1	89,8
pork	365,6	359,4	350,6	363,3	342,8	323,5	312,1	-2,8	86,8
poultry meat	190,3	176	174,4	170,6	174,3	171,7	172,5	-0,4	98,0
Milk of all types, thousand tons	8485	7946	7676	7515	7309	6935	6502	-3,9	81,8
Eggs of all kinds, million pcs	7051	7021	7033	7141	7232	7320	7254	0,7	103,3

Financial mechanism in the system of economic vectors of development of Ukraine

The current state of development of the agricultural sector is accompanied by structural changes in the share of specific weight in the gross agricultural output in favor of the plant sector, accordingly, the decline of the livestock sector is taking place.

The change in the structure of the main industries that provided the demand for agricultural products in the food market led to a reduction in milk and meat production. The explanation for this situation is a decrease in the purchasing power of the population and, accordingly, a preference for cheaper types of meat.

We carried out Identification of qualitative, quantitative and cost parameters of agricultural products.

Identification of qualitative, quantitative and cost parameters of resources of agrarian business enterprises, which are sources of competitive advantages.

However, in addition to the existing advantages of certain types of products, the competitiveness of the enterprise depends on whether it is able to ensure the maximum efficiency possible with the available resources.

That is why the process of forming competitive advantages of agricultural products must be preceded by the justification of the branch structure of the enterprise, the desired quality and cost characteristics of the manufactured products, as well as the organization of economic activity. This is the only way to ensure maximum results and stable market positions for a long time.

The competitive advantages of a product are directly related to its ability to satisfy consumer needs. With this in mind, the 4C concept was used to identify competitiveness factors that arise at the sales stage – product, price, place and promotion, which can be considered not as characteristics of the product offered by the company to the consumer (typical of the 4R concept – consumer desires and needs, value for the consumer, convenience of purchase and communication – these are challenges for our time.), but as characteristics formed by the needs and requests of potential buyers. they include (Table 4).

- product quality, trademark, packaging (storage period, environmental friendliness, reliability), labeling (as a way of informing the consumer about the advantages and differences of the product);

- the price that reflects not the costs and benefits of enterprises, but the consumer's costs for purchasing this product;

Table 4

Factors of competitiveness of agricultural enterprises

The sphere of formation of competitive advantages of products	Factors of competitiveness		valuable
	quality	quantitative	
	Competitive advantages of products		
Production, processing of agricultural products	Physical, chemical, biological properties of agricultural products, processing products. Environmental friendliness of products and production technology	Volume of production Volume of goods at points of sale (taking into account demand).	Production cost
Realization	Quality, packaging, trademark, product marking. Consumer awareness of the advantages and unique properties of the product	Sufficient batches of homogeneous products	Total cost, product price
	Competitive advantages of the enterprise		
Enterprise management	Competitive strategies. Synergistic effect from the combination of advantages of different types of products (arising as a result of a well-founded production structure and assortment); product availability (distribution network) and consumer awareness of benefits are a unique characteristic of the enterprise (communication structure, positioning system, brand), which are provided by effective marketing.		

Source: author's generalization

Financial mechanism in the system of economic vectors of development of Ukraine

– availability and maximum satisfaction of demand, which is associated with the determination of agricultural product sales channels that are the most convenient for buyers and ensuring the maximum efficiency of the producer.

The methods and place of implementation should be determined taking into account the availability of agricultural products for the consumer, as well as the timeliness and completeness of satisfying his needs. As noted, the integration of product benefits provides enterprise benefits that are characterized by the highest level of value and can provide significantly higher efficiency and competitiveness compared to competitors.

Such advantages are formed in the field of management by coordinating activities at separate stages of management, with the aim of forming and maintaining key competitive advantages based on the effective attraction and use of resources and technologies.

The management factors that determine the competitiveness of the enterprise include the production structure, the product range, the presence and structure of the trade network and the used sales channels, the communication structure, and the presence of the brand.

Consolidation of information about the uniqueness and advantages of both individual types of products and the enterprise as a whole in the minds of consumers is carried out through their positioning.

The list of internal factors is limited to economic risks, which are associated with the effect of the uncertainty of the internal business processes of the economic entity.

The most informative and adapted to the needs of the competitiveness formation process is the distribution of factors depending on the source of origin. Within this classification, it is advisable to group the factors according to the possibility of their regulation.

After determining the factors of direct influence on competitiveness, it is necessary to identify factors that have an indirect, i.e., indirect effect, and to distribute these factors depending on the ability of the enterprise to regulate their effect (Table 5).

It was established that the vast majority of external factors are beyond the control of the enterprise. However, a timely and adequate response to their changes can provide the business entity with additional advantages.

Factors of indirect influence on the competitiveness of agricultural enterprises

The essence of possible regulation	Sources of origin	
	external	internal
Unregulated	Natural (natural and climatic, soil conditions), political, social economic (antimonopoly policy, investment attractiveness of the economy, level of innovative development, solvency of demand, policy of other countries); financial (credit policy, tax, fiscal policy, inflation); market (land market development, market infrastructure) factors	Assortment, variety, quality
Weakly regulated (on the basis of co-competition)	Socio-economic (investment attractiveness, development of technology transfer, labor potential, transport system); market (conjuncture in domestic markets, type and intensity of competition on the market)	Credit and investment markets
Regulated	Currency parity	Credit history, the level of innovative development of the enterprise, the efficiency of production as a whole of economic activity, the investment attractiveness of the enterprise, production and market risks

Source: own generalizations

So, the basis of the systematization of the factors of competitiveness of agricultural enterprises is the distribution of factors that directly influence the advantages of products and the advantages of the enterprise as a whole.

Product advantages are formed within the operating cycle, the stages of which are characterized by quantitative, qualitative and cost parameters of land, labor, investment and information resources; agricultural products, products of their processing and goods.

Financial mechanism in the system of economic vectors of development of Ukraine

The enterprise's ability to create effective and unique combinations of product advantages provides the advantages of its management sphere (that is, the advantages of the enterprise directly). Features of direct action factors determine indirect factors, most of which are unregulated or weakly regulated.

The creation of new competitive advantages and the maintenance of existing ones involves targeted influence on the above-mentioned factors in order to ensure a high level of adaptability of enterprises to external challenges and the ability to compete on domestic and foreign markets.

This interpretation of the process of forming competitiveness corresponds to the generally accepted interpretation of managerial activity.

Thus, in our opinion, the competitiveness of enterprises is their ability to develop and purposefully implement organizational-marketing and structural-functional measures to use existing competitive advantages on the basis of the optimality of financial, material and technological support in a synergistic combination of opportunities and the ability to produce in the necessary quantities deliver a high-quality, environmentally friendly, affordable product to the market in a timely manner.

3. Problems of the influence of financial instruments on the effective development of agrarian business enterprises

One of the most important modern trends of socio-economic development and economic stability in Ukraine is the growth of competitiveness of all branches of the national economy. The agricultural sector has become the locomotive of the national economy, which has a leading role in the formation of export potential, in ensuring food, energy, environmental security and economic growth, as well as social balance in society. The high positive effectiveness of the functioning of the agrarian industry, the strengthening of the competitive positions of Ukrainian agricultural production on the world market are made possible by the development and implementation of an appropriate development strategy and the effectiveness of tools and mechanisms for its implementation.

The effectiveness of the functioning of agricultural enterprises, their positive financial performance and development are key issues of the functioning of the agricultural industry and the national economy as a

whole. This is explained by the fact that agriculture occupies one of the first places in terms of ensuring the development of the processing industries of the state, is a source of the raw material base and a partner in the activities of agricultural and industrial formations, and is also an important strategic and economic basis for solving food security and the rise of regional agricultural production. The successful solution of the strategic tasks of food supply of the population and food security of the country depend on the stable and effective functioning of agricultural enterprises, their sufficient resource provision, first of all, provision of financial resources. The competitiveness of agricultural enterprises is primarily a process in which a system of goals reflecting the interests of key "subjects of influence", determines the indicators of the assessment of effects, according to which the internal potential of the enterprise, which forms competitive advantages that ensure the competitiveness of the enterprise, is indicated. Financial security and the positive effectiveness of the use of financial resources are extremely important in ensuring the competitive development of agrarian business enterprises. The multifaceted nature of financial resources and their use in the process of functioning of agricultural enterprises at the current stage of economic development requires a new reliable theoretical and practical foundation for the development and implementation of practical solutions regarding the financial support of their activities and further competitive development.

Financial support of agrarian business enterprises in the conditions of modern economic challenges does not contribute to the improvement of the financial condition and provision of financial resources of agrarian enterprises, therefore, credit resources play a decisive role, because they cause a seasonal gap between investment and receipt of funds, the continuity of reproduction processes, a significant need for working capital, which turns credit into the main source of replenishment of financial resources. The limitation of own funds forces agrarian business enterprises to hope for support from banks through their forms of lending.

In modern scientific studies, the following methods are distinguished: self-financing, financing through capital market mechanisms, bank lending, budget financing, as well as alternative methods of financing (leasing, factoring, venture financing). Advantages and disadvantages of methods of financing small business entities:

Financial mechanism in the system of economic vectors of development of Ukraine

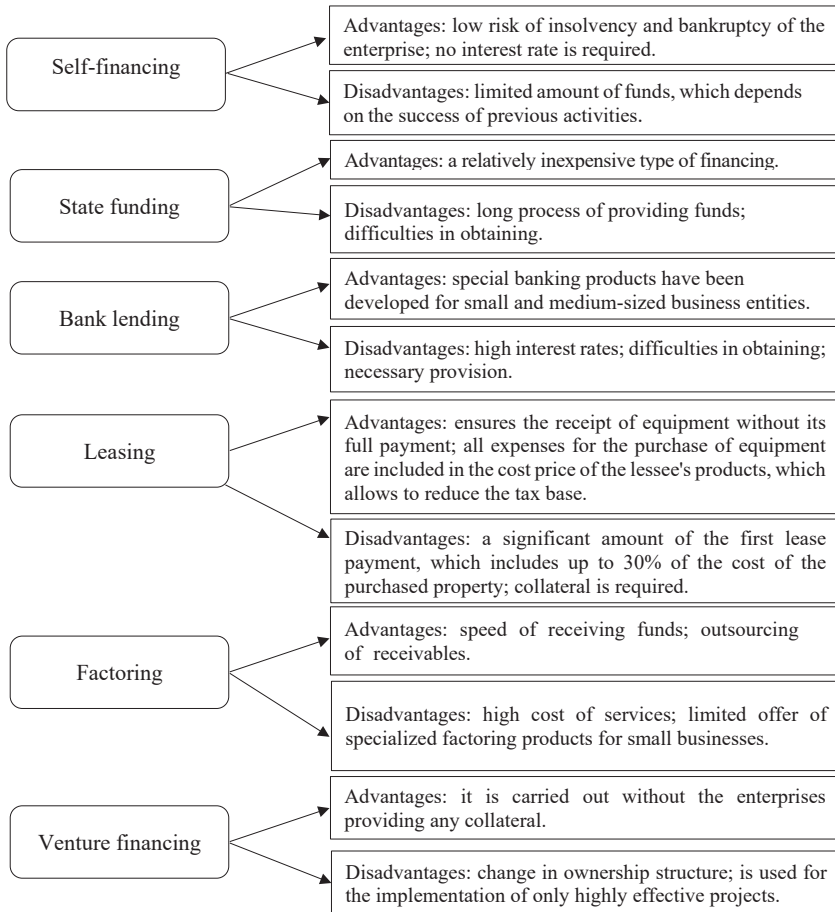


Figure 1. Ways of financial support of agrarian business enterprises

A bank loan is a traditional loan source of financing the economic activity of any enterprise. However, banks currently do not play a proper role in providing agricultural entrepreneurship with sufficient amounts of financial resources. The agricultural sector generates almost half of Ukraine's foreign exchange earnings and at the same time operates in conditions of a shortage of funds – at the same time, according to the NBU, in the IV quarter of

2020, agricultural enterprises accounted for only 9% of the loan portfolio of Ukrainian banks (about UAH 70 billion) This is hindered by the high cost of credit resources, lack of appropriate collateral and insufficient creditworthiness of most small and medium-sized agricultural enterprises.

Table 6

Profitability of agricultural enterprises in 2013–2020

The studied years	The level of profitability of operational activity enterprises	The level of profitability of all activities enterprises
2013	11,7	8,3
2014	21,4	9,2
2015	43,0	30,4
2016	33,6	25,6
2017	23,2	16,5
2018	18,9	14,2
2019	19,8	16,6
2020	19,1	14,0

The system of support for agricultural enterprises in Ukraine has undergone constant changes in recent years. Until 2017, more than 90% of all state support was tax benefits. From January 1, 2017 to January 1, 2022, state support for agricultural enterprises is implemented through the provision of subsidies. State financing of the agricultural sector in Ukraine is ineffective and does not even provide an opportunity for enterprises to compensate for the costs of trade and price disparity, insufficient targeted financing of the agricultural sector of the economy occurs due to a small amount of budget funds to support the development of the industry and budget imbalances that are often corrected by credit programs.

The program allocations of state budget expenditures for 2020 were also significant, in particular for financing such targeted programs, which are listed in Annexes 3 and 4 to the Law of Ukraine "On the State Budget of Ukraine for 2020. Thus, in the State Budget-2020, more than UAH 14.1 billion was provided for financing the expenses of the Ministry of Agrarian Policy, in particular, the expenses for state support of agricultural producers, in 2019, almost UAH 9.5 million were allocated for these needs.

Table 7

Credit programs of commercial banks to improve the financial support of agrarian business enterprises

№	Banking institutions	Type of credit software	Terms and benefits of lending
1	STALEMATE "PrivatBank"	Credit line "Agro season"	Lending with "living" money, use of funds for various needs of the agricultural cycle, the schedule of the use of funds and debt repayment adapted to the stages of the agricultural cycle, the execution of financing stages in a period convenient for you depending on the needs of the agricultural cycle.
		"AgroKUB"	The program allows you to receive up to UAH 500,000. for a period of 1 year without collateral in a few days and provides preferential conditions for farmers. PrivatBank also offers agricultural machinery leasing services, under the terms of which the client has the opportunity to buy the best machinery at low interest rates, namely from 0.1% per annum.
		"Guaranteed payments"	Provides financing for farmers for up to 365 days at 4% per annum.
2	STALEMATE "Megabank"	"Agromicrocredit"	Financing on the terms of "Agromicrocredit" can be used both to replenish working capital and to purchase fixed assets. The maximum possible loan amount under the program is UAH 5 million. (or equivalent in US dollars, euros), the term cannot exceed up to 60 months.
3	"Credit Agricole"	Comprehensive program for agribusiness from "Syngenta", SK "Aha Insurance"	Enables farmers to effectively protect their crops, and therefore profits, from the risks associated with growing crops. Currently, the program is available to agricultural producers in Poltava, Cherkasy and Vinnytsia regions.

Absorption of problems due to the distribution of expenditures on agriculture according to program classification

Codes	Name of expenditures by program classification	Years			
		2017	2018	2019	2020
	Programs to support the development of agriculture	5448,1	4283,9	5963,3	4000
GENERAL FUND					
2801030	Financial support for agro-industrial activities complexes by making loans cheaper	300	266	127,2	1200
2801180	Financial support for agro-industrial activities complexes	55	-	-	-
2801230	Financial support for the development of farms farms	-	210	800	400
2801350	State support for development, establishment of young gardens, vineyards and berry orchards and their supervision	299,3	400	400	400
2801460	Provision of loans to farms	25		200	
2801540	State support for the livestock industry	170	2401	3500	4300
2801580	Financial support of agricultural producers	1248,7	955	881,8	380
SPECIAL FUND					
2801180	Financial support of activities in the agro-industrial complex	5	5	5	5
2801350	State support for the development of hops, vegetable growing, the establishment of young gardens, vineyards and berry orchards and their supervision	-	-	-	-
2801370	Increase in the authorized capital of NJSC "Ukragroleasing" for the purchase of technical means for the agro-industrial complex with their subsequent transfer under the terms of financial leasing	-	-	-	-
2801460	Provision of loans to farms	40	43,1	44,5	67
2801490	Financial support for agro-industrial activities complexes on the terms of financial leasing	3,8	3,8	4,8	4,7
2801540	State support for the livestock industry	-	-	-	-
2801560	Formation by the Agrarian Fund of the state intervention fund, as well as procurement of material and technical resources for the needs of agricultural producers	-	-	-	-
2801580	Financial support of agricultural producers	3301,3	-	-	-

Financial mechanism in the system of economic vectors of development of Ukraine

The main source of resource provision for any enterprise, regardless of its organizational and legal form or form of ownership, is internal financing at the expense of reinvested profits. However, the disadvantage of this source is the limited amount of involvement, which does not allow for a significant expansion of operational and investment activities in periods of favorable market conditions or at certain stages of the life cycle. In addition, in recent years, there has been a steady trend towards a decrease in the amount of profit received by domestic enterprises and an increase in the share of unprofitable economic entities.

Centralized financial resources (funds from state and local budgets; funds from state extrabudgetary funds, funds from charitable funds) can be sources of financing for enterprises, which will ensure the competitiveness of enterprises in the future. However, since Russia's open war and active hostilities since February 24, 2022, it is very difficult to count on the possibility of meeting the need for financial resources through state financing or obtaining loans on acceptable terms.

Therefore, business entities face the question of finding non-traditional sources of financial resources that are alternative for the domestic economy.

4. Modern financial instruments to ensure the competitiveness of agrarian business enterprises

The current situation on the lending and investment market promotes the development of companies in the field of alternative finance. Fluctuations in the hryvnia exchange rate and inflation slow down economic growth, thus inhibiting classic bank lending, and hence the possibility of expanding preferential lending. In particular, the number of non-performing loans on bank balance sheets has been increasing since 2014, reaching 57% in 2020. Moreover, banking institutions are reluctant to lend funds even to relatively reliable borrowers. Under these conditions, the state can use other measures to stimulate and support the competitive environment of product manufacturers.

In connection with the decline in production and the deterioration of the economic situation in Ukraine, the tools and means of increasing the competitiveness of the national economy are gaining great importance. non-traditional (alternative) sources of financial support for competitive

development include: venture investment, mezzanine financing, financial leasing, bridge financing, use of guaranteed promissory notes.

Venture financing is one of the measures to stimulate and support the competitive environment.

The mentioned instrument of financial support not only solves the task of attracting financial resources for innovative activities, but is one of the effective means of selecting the highest quality investment projects that have significant growth prospects, because financing through venture capital has significant differences from traditional bank lending. It is known that in order to start his own business, an entrepreneur must be guided by a viable goal and have funds to finance its development and implementation. If the entrepreneurial idea is connected with scientific and technical innovative developments, then finding investments for its implementation becomes many times more difficult. This is obvious, because it is related to the duration of the cycle, development, planning, implementation, entering the market with new products, services, and technology.

Venture entrepreneurship acts as an intermediary between investors and enterprises-recipients of risky capital, beneficiaries of venture capital. The activity of the venture fund takes place according to the traditional method of this activity:

- search for investors and attracting funds;
- search for a firm or company for investment;
- formation of added value on invested capital;
- sale of shares and return of funds to investors.

Traditionally, venture financing is carried out in two stages. First, they accumulate assets from various sources of enterprises, insurance companies, pension funds, private investors, commercial banks and venture capital funds. Next, the accumulated funds are distributed among projects that are chosen based on the results of the examination.

Venture capital is provided by investors on terms of term, that is, for a certain period; upon sale of shares of the recipient enterprise, the investor receives part of the venture amount; a venture capitalist can spend only a part of the total size of the fund on the selection of projects with increased risk.

Among the advantages of using venture financing is that small firms get access to additional financial resources, the opportunity to receive

Financial mechanism in the system of economic vectors of development of Ukraine

consultations on production, financial or other issues that provide flexibility in management and speed of decision-making.

Venture financing of innovative activities of small businesses is a relatively new direction for Ukrainian economic practice, although the venture capital market in Ukraine began to form in the 1990s. The legal and organizational basis for the creation and operation of venture capital funds in Ukraine is defined in the Law of Ukraine "On Joint Investment Institutions". The main tasks of venture capital are mobilizing entrepreneurial activity, providing financing for innovative companies and transforming them into competitive companies with great potential for business growth and capitalization.

Venture capital in Ukraine is developing rapidly. Starting from 2018, the number of venture funds amounted to UAH 289.4 billion, and in the future until 2020 it amounted to UAH 407.4 billion.

The value of assets of venture capital funds, despite the deterioration of business activity, continued to grow (Table 9).

Table 9

Dynamics of assets of venture capital companies and business entities (2018–2020)

Indicators / Years of research	2018	2019	2020	Deviation,+,- (2020/2018)
Venture capital, billion UAH	289,4	331,6	407,4	118,0
Growth rate, %	113,0	114,6	122,9	9,9
Industrial assets, billion hryvnias	3431,9	3639,0	3346,5	-85,4
Growth rate, %	109,2	106,0	92,0	-17,2
Ratio of venture capital to GDP, %	8,1	8,3	9,7	1,6

Source: author's generalization based on statistical data

However, the growth of venture capital was somewhat lower compared to the rate of growth of capital in industry.

The research of domestic scientists Zh.V. Harbar, V.A. Harbar (2019), their scientific intelligence indicates the growing scale of venture capital volumes and allows us to consider the venture financing market as one of the most effective and significant tools for stimulating the growth of the innovative economy.

In the global practice of investment activities, there are the following methods of financing innovative projects in general and venture projects in particular:

- self-financing: own resources are used to finance investment and innovation activities;
- debt financing: obtaining resources of investment funds, associations, banks, private investors on a revolving basis by accepting obligations in the form of loans, bond loans, factoring, etc.;
- partial financing: sale of a share of the authorized capital or a block of shares (auction partial financing);
- budget financing: receiving grants, funds from specialized budget funds for financing scientific and innovative activities;
- mixed financing: a combination of the above financing methods in different proportions.

In the conditions of economic transformations, the restraining factor of the development of innovative entrepreneurship in Ukraine is the insufficient amount of funding:

- lack of significant long-term resources in enterprises for the implementation of innovative projects;
- significantly large resources of monetary capital, which are at the disposal of financial market subjects.

For the effective development of the lending system in the agrarian sphere, it is necessary to soften the conditions of bank lending to businesses, which experience a high interest rate compared to other branches of the national economy. Increasing the competitiveness of bank lending can be facilitated by the acceleration of service, logistics, improvement of credit products, complex solutions, including taking into account the individual characteristics of regional clients. In this regard, the problem of stimulating the involvement of regional banks in lending to agrarian business enterprises, which are better adapted to the regional customers of the peculiarities of doing business in the region, is being updated. The development of mutually beneficial cooperation between banks and business entities is possible on the basis of the development of lending programs, a variety of collateral security, and the formation of a tariff policy that takes into account real risks. At the same time, in order to provide financial resources, various forms of lending to agribusiness enterprises should be developed.

Financial mechanism in the system of economic vectors of development of Ukraine

One of these types is mezzanine financing. Mezzanine financing refers to hybrid forms of financing that combines the characteristics of various forms of financing and involves not only a combination of own and loan sources of financing, but also a combination of credit and equity financing, as well as the use of securities and/or derivative financial instruments in the process implementation of the agreement.

The term "mezzanine financing" is used in global practice to denote investment schemes that occupy an intermediate place between direct debt financing of the company and investments in its capital.

This is a relatively new financial instrument that began to be used in developed countries only in the 70s and 80s of the 20th century to finance deals on the acquisition of companies. The first users of this mechanism were insurance organizations, credit and savings associations and specialized investment funds. Later, this mechanism was extended to finance the processes of entrepreneurship development, restructuring of share capital and other areas where there were difficulties in attracting a bank loan. The mechanism of mezzanine financing is especially actively used in periods of economic crises, which was especially noticeable during the financial crisis of 2007–2008. As a rule, mezzanine investors are pension and investment funds, insurance companies that accumulate investors' funds, and specialized bank structures.

The debt part of the mezzanine can be represented by both a secured and an unsecured loan, as well as a subordinated loan, which provides repayment after meeting the requirements under other loan agreements or bonds. In most cases, first of all, due to the prevalence of bank lending, the debt part of the mezzanine is represented by a bank loan, but it can be replaced by a loan from third parties, which will also correspond to the essence of mezzanine financing. Currently, banks, as the main creditors of domestic manufacturers, mainly issue loans to secure material assets, at the expense of the future harvest or manufactured products. Therefore, it is expedient to expand lending opportunities using the mezzanine financing mechanism.

Most often, mezzanine financing involves obtaining credit resources as collateral. In this case, assets of agrarian business enterprises, such as real estate, machines, equipment, and much less often securities, can serve as security. The specific main means of agricultural enterprises – livestock –

will almost never be used as collateral due to the high risks inherent in it, and land plots, on the contrary, are one of the most desirable assets for creditors to ensure the return of loan resources. Therefore, we consider it expedient to take into account:

– firstly, the presence of mezzanine debt. The lack of security or a negative assessment of the debtor's condition does not allow him to count on receiving a loan, and the attraction of direct investments, due to certain circumstances, has become impractical for potential entrepreneurs-borrowers. Mezzanine debt, compared to direct investment, may have security, but it is usually weaker compared to a bank loan. Repayment of mezzanine loans is mainly carried out at the expense of the funds received as a result of the sale of assets and shares of the debtor, and in the case of loans, the repayment is financed using the money obtained in the process of carrying out the main activity. Mezzanine financing is carried out exclusively with the use of instruments that are determined based on the results of negotiations between the investor and the borrower;

– secondly, a certain part of the mezzanine must be represented by such a financial instrument, which will give its owner the right to purchase shares of an agro-industrial company upon the occurrence of certain circumstances and / or at a certain time (within a certain time) at a predetermined price. Options (as derivative financial instruments) and options of the issuer (as securities) can play the role of such a financial instrument. As a rule, it depends on many circumstances, external and internal factors and individual specifics of each separately considered agrarian enterprise;

– thirdly, financial instruments are mixed within the framework of mezzanine financing not simply through closed subscription, but, in fact, in a limited way: they are issued and transferred to one person, who combines the functions of a creditor and an investor. It is believed that such instruments are completely illiquid. However, this can be questioned, because both the option and the issuer's option, respectively, are a derivative financial instrument and a security, and can theoretically circulate freely on the financial market. Of course, mezzanine financing does not imply that the creditor-investor will seek to sell the specified financial instrument owned by him, but nevertheless, this cannot be ruled out;

– fourthly, the average debt repayment period is 5-7 years, and at the beginning of the credit period, a deferment is granted for the repayment

Financial mechanism in the system of economic vectors of development of Ukraine

of the debt, which allows agrarian enterprises to invest funds in business development, and not give them to repay the loan. This is extremely important due to the specificity of agrarian business, which requires constant serious replenishment of not only fixed assets, but also current assets. In the future, when the company will reach relatively stable indicators of its activity, loan payments will increase precisely due to repayment of the debt.

Mezzanine does not involve the participation of investor-creditors in the management of the enterprise receiving resources, which can also be its competitive advantage if the owners of the enterprise want to manage it exclusively on their own.

Therefore, the debt part of the mezzanine is always present, but the equity part may be absent if it is impractical for the creditor-investor to exercise the rights under the option or the issuer's option. Other things being equal, the creditor-investor is interested in using a financial instrument as part of the mezzanine financing mechanism, if the loaned enterprise develops successfully and in the long run will bring in more income than from the loan.

Thus, the mechanism of mezzanine financing provides for quite flexible conditions and can be applied to various operations in agrarian business, starting from those related to the development of the innovative component of agro-industrial clusters and ending with large mergers and acquisitions. It is quite obvious that this tool is attractive for large forms of management, including agricultural holdings. This tool can also be adapted and used for farms, personal farms, family farms, individual entrepreneurs, etc.

In the conditions of tough competition and competitive progress, such tools as bridge financing are becoming widespread.

The essence of bridge financing is the conclusion of a short-term loan agreement for a term of 1 year for the issue of securities, the proceeds from the sale of which serve as a source of repayment and payment of high interest. Bridge financing allows the borrower to adjust the amount of borrowed funds depending on needs. The lender undertakes to provide a bridge loan in full or in parts, which enables the borrower to regulate the amount of borrowed funds in accordance with his solvency. Bridge financing is a form of attracting financial resources from the outside, in which banks (or other financial and credit institutions) lend business entities for the amount of debt securities (bills, bonds, etc.) issued in the future. This financing scheme gives companies

quick access to "long" money, but it is one of the most expensive. Most often, bridge financing is used by enterprises that intend to organize a significant issue of bonds, but they need the funds now.

Bridge financing is carried out mostly in the form of debt notes, which must be paid and repaid after the receipt of funds from the placement of securities of the issuer-borrower on the financial market. The interest rate (can be both floating and fixed) on debt notes accumulates and is paid upon their repayment.

When using a floating interest rate, its dependence on interest on bank loans is established. This type of financing is available only to large enterprises planning an IPO.

When granting convertible loans, the loan funds are converted into shares (shares) of the innovative company. The provision of convertible loans allows for quick cash flow, ensures the protection of investors' rights, and also allows for compensating for a temporary lack of liquidity. For a venture capital fund, the main interest in providing convertible loans is not the return of funds, but the purchase of company shares, the rate of which has significant growth prospects.

Leasing is currently the most common source of financing alternative to bank lending. The relevance of the development of leasing relations in Ukraine is due to the unsatisfactory state of material and technical support of enterprises. Leasing is one of the types of long-term credit provided in kind, and can be an ideal mechanism for attracting significant capital resources for agricultural business entities.

Compared to other forms of investment, it has indisputable advantages for all participants of the leasing agreement. The development of leasing stimulates innovative processes, including innovations related to scientific and technological progress. Thanks to leasing, the period of moral obsolescence of equipment is reduced. So, if the lease provides for the return of the property to the legal owner or the preservation of ownership of the property by him until the end of the agreement, then with some forms of leasing, it is possible to replace the leased equipment with another, more progressive one during the term of the agreement.

Leasing in this case opens up access to the most advanced technology and resolves the contradiction between the need to use such technology in conditions of competition and its rapid moral obsolescence.

Financial mechanism in the system of economic vectors of development of Ukraine

Today, leasing is a simple and effective financial scheme that combines the interests of the owners of financial capital and manufacturers. Through the use of leasing operations, about 15% of investments in the world and 35% of investments in developed economies are realized. For agricultural producers, financial leasing is the most optimal, attractive and flexible way of technical re-equipment. Leasing services contribute to the mobilization of funds for the expansion of economic activity. The amount of leasing financing involved and the amount of leasing payments are fully included by the lessee in the cost of products produced with the help of the leased item or in expenses related to the main activity. Leasing investment schemes provide an opportunity to use the mechanism of accelerated depreciation. In Ukraine, leasing as a form of commodity lending is at the stage of formation, and the market of leasing services has great potential. Today, the most active operators in the vehicle leasing market are such leasing companies as: "Persha Leasingova/Hertz", "Avis Rent a Car", "Optima Leasing". Ukrainian Leasing Company, created as a subsidiary of Ukrsibbank, is the leader among equipment and equipment lessors. The largest Ukrainian leasing companies also include "Ukrainian Financial Leasing Company", "Ukrderzhleasing", "Ukreximleasing". The leasing market in Ukraine for agricultural production is a more difficult problem than for other sectors of the economy. This is due to the fact that agricultural products are irreplaceable and the demand for them is inelastic. The significant potential of the agricultural sector creates further prospects for the development of export activity. The slow progress of this process in the agricultural sector is largely explained by the ambiguous ratio of advantages and disadvantages of leasing activity, which can be presented in Table 10.

In the conditions of an unstable market economy and tough conditions for the survival of agrarian business, there are almost no domestic capital markets in Ukraine today, which forces leasing companies to limit themselves to bank credit lines to attract external financing, which by its nature is short-term and not cheap. Ukrainian leasing companies should look for new sources of replenishment of their financial resources both on the domestic capital markets and from international financial institutions.

Taking into account the experience of the developed countries of the world and analyzing the problems of leasing development in Ukraine, the

Ratio of advantages and disadvantages of leasing activity in agrarian business

Advantages	Disadvantages
leasing makes it possible to use new high technologies without significant additional capital investments. It can be compared to lending that does not need immediate start of payments;	high cost of leasing services, limited access to domestic leasing companies to cheap financial resources;
the main advantage over lending is lower collateral requirements, since in leasing only the equipment is the subject of collateral without any additional provision that significantly increases the availability of new equipment;	imperfect legislative framework for regulating the functioning of the leasing market;
leasing payments are included in the cost of production in full, which reduces taxable income;	difficulty of accessing the leasing market enterprises;
commercial banks engaged in leasing operations have all the advantages inherent in leasing: minimization of credit and other risks, attraction of an additional number of financially secure clients, increase of competitiveness in the market and generally profitable investment;	value added tax on commissions and interest under leasing contracts;
investment in the form of property, in contrast to a monetary loan, reduces the risk of non-return of funds, while the lessor retains ownership rights to the transferred property;	lack of state incentives for enterprises to use leasing as a source of renewal of fixed assets;
for the lessee, the risk of moral and physical aging of the property is reduced, because the property is not purchased for ownership, but is taken for temporary use; at in leasing relations, the lessee deals with accelerated depreciation of property;	inconsistency of state legislation with international norms on leasing
leasing does not limit the possibilities of the enterprise in obtaining loans; lower risks compared to loans, since the property that is the subject of leasing at the same time serves to ensure the fulfillment of obligations under the agreement; leasing also allows you to use machines first and then buy them, and equipment in seasonal industries can be rented only for the period of its actual operation	inconsistency of state legislation with international norms on leasing

Financial mechanism in the system of economic vectors of development of Ukraine

main role in the development of the market of leasing services should be played by the state, using for this purpose, practically the entire arsenal of its economic and legal levers. Thus, the main direction of adapting the foreign experience of leasing development to domestic realities is the introduction of tax benefits, discounts and subsidies for all participants of the leasing agreement (the lessor and the lessee), a special place here should be tax incentives for commercial banks, as the most creditworthy and capitalized financial institutions.

5. Finding

In Ukraine, there is also, albeit insignificant, positive work experience in terms of the use of such alternative financial instruments as bank guarantees of promissory notes. The main area where guaranteed promissory notes are currently used is payments for plant protection products, seeds and fertilizers from well-known global manufacturers. In recent years, the use of such calculations has gained some popularity, because the use of a promissory note in calculations provides significant advantages for both farmers and suppliers. Settlement with a guaranteed promissory note also has advantages over commercial credit, because the promissory note clearly fixes the amount of the payment and it is possible to get an attractive price, and also guarantees the supplier timely receipt of payment in full value, because aval is a guarantee of the bank to make payment on the promissory note in the event of default by the payer their payment obligations to him.

The process of using validated promissory notes is quite simple and transparent. The promissory note endorsement program for the agricultural sector has proven its high efficiency and convenience for all market participants in recent years.

This financial instrument makes it possible to optimize the costs of the capital involved, which is especially relevant in the period of significant volatility in the market and the high cost of traditional financing. Over the years 2015–2020, the amount of avalorized bills at Raiffeisen Bank Aval has increased significantly and amounts to over UAH 1.5 billion. In our opinion, such financing is evidence of strong support for the agro-industrial complex, because the bank has a solid and reliable reputation and is ready to work with farmers with a land bank of 200-300 hectares, while buildings, machinery, as well as warehouse receipts for finished products can serve as

collateral It can be said with confidence that under modern transformational upheavals of the system of financial relations with the aim of ensuring competitive and sustainable functioning of agricultural enterprises, it is with the help of such financial instruments that it is possible to achieve better financial results.

However, the current situation in the lending and investment market promotes the development of companies in the field of alternative finance. Fluctuations in the hryvnia exchange rate and inflation slow down economic growth, thus inhibiting classic bank lending, and hence the possibility of expanding preferential lending.

In particular, the number of non-performing loans on bank balance sheets has been increasing since 2015, reaching 67% in 2020. Moreover, banking institutions are reluctant to lend funds even to relatively reliable borrowers.

Under these conditions, the state can use other measures to stimulate and support the competitive environment of product manufacturers. Thus, in the conditions of today's realities, the P2P (person-to-person) segment can serve as a new tool for financial support, which ensures the speed of execution of the agreement and receipt of funds, as well as the fact that loans are issued without collateral, but only on the basis of information provided about himself on the platform. Given the virtual absence of intermediaries, interest on loans is relatively low, and lenders' profits are quite high. A positive feature is the absence of intermediaries, which has a positive effect on the interest rate and lenders' profit, as well as the fact that the minimum loan amount is not limited, obtaining credit funds is available at any time of the day.

Moreover, banking institutions are reluctant to lend funds even to relatively reliable borrowers. The P2P (person-to-person) segment can serve as a financial security tool, which ensures the speed of signing the agreement and receiving funds, as well as the fact that loans are issued without collateral, but only on the basis of information provided on the platform (Figure 2).

The essence of the mechanism of adaptation to the needs of agricultural enterprises based on the principle of P2P lending is that the lender and the borrower work directly with each other, providing funds for certain consumer expenses or business projects.

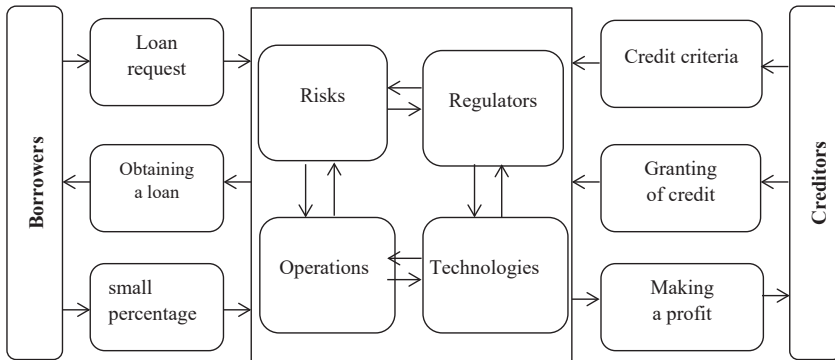


Figure 2. The mechanism of adaptation to the needs of agricultural enterprises according to the principle of P2P lending

Source: own development of the author

The modern P2P model allows you to make the most of the growth of technologies (including the Internet) to minimize costs and ensure transparency. It is worth paying attention to the key components of the P2P market:

- an online platform that requires mandatory registration of participants and allows to automate the process of searching and selecting borrowers and creditors, reducing the level of costs. Most often, an analogue of the credit rating is calculated for all participants, which determines the interest rate and other conditions;
- a classic intermediary that provides legal support for direct lending transactions and with an emphasis on collateral as a means of minimizing risk, as well as conducts property inspections, expert assessments of real estate values and real-time matching of the investor and the borrower with minimal costs.

The principle of P2P lending provides the following opportunities:

- issue both a long-term (up to UAH 15,000 up to 1 year) and a short-term (up to UAH 5,000 up to 30 days) loan;
- the cost of the loan is much lower compared to online loan services and banks;
- the application, scoring and payment procedure is online;
- loan repayment is also carried out online through a personal account;
- only passport and personal identification number are required for registration.

<p style="text-align: center;">Strengths (advantages)</p> <ul style="list-style-type: none"> – absence of long checks and loyal attitude to credit history; – low interest rates on loans (from 1.5% monthly); – a high percentage of approved loans (up to 98%); – the speed of consideration of loan applications in the shortest possible time from the moment of application; – funds are issued within 1-2 days after the application is submitted; – the speed of consideration of loan applications in the shortest possible time from the moment of application; – simplicity and openness of cooperation mechanisms at all levels for the borrower and for the creditor; – a transparent system of interest rates (depending on the size of the loan / type of collateral); – a flexible system of extending/repaying the loan and drawing up an individual payment schedule; – selection of lending currency; – borrowers and investors are most often natural persons 	<p style="text-align: center;">Weaknesses (disadvantages)</p> <ul style="list-style-type: none"> – lack of understanding of the principles of operation of this tool; – imperfection of the legal and judicial systems (weak development, immaturity of the institution of execution of court decisions); – lack of a single consolidated and reliable database on farms (area, productivity, etc.), a single register of land plots and rights to them; – a low level of lending in the absence of a credit history – weak level of development of technologies that ensure the return of invested funds; – low level of guarantees for investments
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> – development and increase in the profitability of agricultural enterprises and, as a result, the economy as a whole; – reducing the risk of system users; – access to short-term credit resources; – the possibility to get both long-term and short-term credit; – get the required amount without delay and at a rising interest rate – ensuring the quality of products and the reliability of transactions; – development of new credit instruments; – an online platform that requires mandatory registration of participants and allows to automate the process of searching and selecting borrowers and creditors, reducing the level of costs – development of market infrastructure. 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> – dependence on natural and climatic conditions; – bad faith fulfillment of obligations under the terms of the concluded agreement; – sharp fluctuations in market prices for agricultural products; – the risk of losing part of the money in case of borrower default; – in case of default of the borrower, the company that owns the P2P platform takes over the work with debtors or transfers them to collection agencies. – a long period of enforcement of a court decision on debt collection.

Figure 3. SWOT analysis of bank lending to agricultural enterprises using the P2P model

Source: author's own development

Financial mechanism in the system of economic vectors of development of Ukraine

Given the actual absence of intermediaries, the interest on loans is relatively low, and the profit of creditors is quite high. A positive feature is the absence of intermediaries, which has a positive effect on the interest rate and lenders' profit, as well as the fact that the minimum loan amount is not limited, obtaining credit funds is available at any time of the day.

In our opinion, the main advantage of such a mechanism is to make the most of the growth of technologies (including the Internet) to minimize costs and ensure transparency. In order to intensify the process of lending to agricultural enterprises, it is precisely the simplification of the procedure for obtaining a bank loan; the application of new forms of guaranteeing bank lending, receives more loyal terms, since the pledge acts as a kind of guarantor that the loan will be paid.

We believe that in today's conditions, the use of foreign experience, introducing P2P lending in agricultural enterprises, will open up new opportunities for financial support. Taking into account the temporary stagnation of the market of credit instruments for the development of the real economy and low trust in the banking system, taking into account global trends, we have reason to say that P2R lending in Ukrainian realities is a progressive type of financial support for the competitiveness of agricultural enterprises, which involves the enrichment of the tools of state support for small agricultural enterprises and increasing their positions on the product market.

6. Conclusions

Agricultural production shows positive annual dynamics, with the exception of periods of negative influence of natural and climatic conditions. During difficult crisis years, the agricultural sector has always been a kind of donor for the economy of Ukraine. To date, it has formed up to 18% of GDP and more than 40% of the country's export potential, occupying leading positions in the world food market. It requires a new reliable theoretical and practical foundation for financing, which requires expanding the boundaries of the theory of competitiveness and the financial condition of enterprises and the implementation of practical solutions regarding their implementation.

The methodical toolkit for determining the impact of financial support on the competitiveness of agricultural enterprises in terms of intra-economic

factors of increasing the efficiency of financial, resource and human capital allows to comprehensively form and calculate the connections of these categories and contributes to the expansion of the range of information for management in order to build marketing strategies for growth.

A steady trend of increasing financial dependence on borrowing, i.e., external sources of financial coverage of the needs of enterprises, which is highly correlated with the level of competitiveness of enterprises, namely, did not ensure significant rates of its growth. Therefore, the agrarian enterprises of the region need to form a flexible financial strategy by increasing attention to the issues of improving the financial support of their competitiveness at the expense of their own and equalized funds, reducing dependence on external borrowing.

The current situation in the lending and investment market promotes the development of companies in the field of alternative finance. The development of mutually beneficial cooperation between banks and business entities is possible on the basis of the development of lending programs, a variety of collateral security, and the formation of a tariff policy that takes into account real risks.

At the same time, in order to provide financial resources, various forms of lending to agricultural sector enterprises should be developed.

Fluctuations in the hryvnia exchange rate and inflation slow down economic growth, thus inhibiting classic bank lending, and hence the possibility of expanding preferential lending.

In today's conditions, the use of foreign experience, introducing the mechanism of mezzanine financing provides for quite flexible conditions and can be applied to various operations in agrarian business, P2P lending in agricultural enterprises, will open up new opportunities for financial support. Considering the temporary stagnation of the market of credit instruments for the development of the real economy and low confidence in the banking system, taking into account global trends, we have reason to claim that P2P lending in Ukrainian realities is a progressive type of financial support for the competitiveness of agricultural enterprises, which involves the enrichment of the tools of state support for small agricultural enterprises and the improvement of their positions on the product market.

The P2R (person-to-person) segment, as one of the areas of alternative finance, is based on lending to businesses and private individuals in the

absence of an intermediary company, i.e. the lender and borrower work directly with each other, providing funds for certain consumer expenses or business projects. The modern P2P model provides an opportunity to maximize the benefits of the latest technologies (including the Internet) to minimize costs and ensure transparency. In order to intensify the process of lending to agricultural enterprises, it is precisely the simplification of the procedure for obtaining a bank loan; the application of new forms of guaranteeing bank lending receives more loyal conditions, since the pledge is a kind of guarantor of payment for the loan, which provides for the enrichment of the toolset of state support for small agricultural enterprises, such as farms and cooperatives, increasing their position on the market during modern transformational upheavals.

References:

1. Vazhynskyi F. European experience in reforming the agricultural sector of the economy: opportunities for Ukraine: analytical note. Available at: <http://ird.gov.ua/irdp/e20160202.pdf>
2. Vdovenko L.O. (2011). The necessity of agricultural enterprises in credit provision. *Bulletin of the Chernivtsi Trade and Economic Institute*, vol. 2(1), pp. 94–98.
3. Versal N., Shorokhova G. (2020). Advantages and disadvantages of external sources of financing of small and medium-sized enterprises in Ukraine. *Economic journal of Lesya Ukrainka East European National University*, vol. 1, pp. 182–194.
4. Ivanyuta V.F. (2008). Development of agrarian production of the region: methodological support, state and prospects: monograph. Poltava, 432 p.
5. Official website of the State Statistics Committee of Ukraine. Available at: <http://www.ukrstat.gov.ua> (accessed 02 November 2022).
6. Galchynskyi A. (2012). Economic development: the methodology of the updated paradigm. *Economy of Ukraine*, vol. 5, pp. 4–17.
7. Grishchuk N.V. (2019). Financial support of the competitive development of agricultural enterprises. *Economics, Finances, Management: current issues of science and practice*, vol. 8, pp. 172–183.
8. Davidenko N.M. (2013). Financial support for the development of corporate governance in the agricultural sector of the economy of Ukraine: monograph. Kyiv: CP "Comprint", 430 p.
9. Zagorodnyi A.G. (2000). Financial dictionary. Kyiv: TV "Knowledge", 587 p.
10. Zelisko I.M. (2014). Features of management of financial resources of agro-industrial companies of Ukraine. *Scientific Bulletin of the National University of Life and Environmental Sciences of Ukraine. Series: Economics, agricultural management, business*, vol. 200(3).
11. Kaletnik G.M. (2020). Differentiation of development of processing industries of agricultural sector of Vinnytsia region. *Economics, Finance, Management*, vol. 3, pp. 7–23.

12. Kaletnik G.M. (2020). State regulation of socio-economic development of rural areas in Ukraine. *Economics, Finance, Management*, vol. 2, pp. 7–22.
13. Kovalenko V.V., Radova N.V. (2020). Bank credit in the formation of a financial and investment mechanism for the development of small and medium-sized enterprises in Ukraine. *Economy and society*, vol. 22. DOI: <https://doi.org/10.32782/2524-0072/2020-22-3>
14. Smith A. (2005). *The Welfare of Nations: An Inquiry into the Nature and Causes of the Welfare of Nations*. Kyiv: Port-Royal, 593 p.
15. Savchuk V.K. (1995). Analysis of economic activity of agricultural enterprises. Kyiv: Harvest, 328 p.
16. Media S.M. (2020). Current state and prospects of development of agro-industrial complex of Ukraine. *Ukrainian Journal of Applied Economics*, vol. 5, no. 2, pp. 402–409.
17. Makarchuk O.G., Savchuk V.K. (2011). Bioenergy potential of agricultural production: economic dimension, forecast of use: monograph. Kyiv: Agrar Media Group, 177 p.
18. Baidala V.V. (2014). Formation of a system of indicators for assessing the level of development of the bioeconomy in Ukraine. *Collection of scientific works of Tavriya State Agrotechnological University. Economic Sciences Series*, vol. 1(25), pp. 32–36.
19. Talavyria M.P., Klimenko A.M., Zhebka V.V. (etc.) (2012). Development of bioeconomics and management of nature management in the context of globalization: a monograph. Kyiv, 339 p.
20. Strategy for the development of the agricultural sector of the economy until 2020. Order of the Cabinet of Ministers of Ukraine dated 17.10.2013 № 806-r. Available at: <http://zakon5.rada.gov.ua> (accessed 28 November 2022).
21. Ricardo D. (1955) *Compositions: in five volumes*. Moscow: Gospolitizdat, t. 1, 360 p.
22. Official website EU4 Busins. Available at: <http://www.EU4Business> (accessed 28 November 2022).
23. Credit program AgroCube. Available at: <https://kub.pb.ua/get-credit> (accessed 28 November 2022).
24. Venture investing: about startups, blockchain projects and IT&Sphere. Available at: <https://blog.liga.net/user/pmoroz/article/31422> (accessed 01.12.2022).
25. Harbar Zh.V., Harbar V.A. (2019). Venture capital in the context of financing innovative activities. *Agrosvit*, vol. 19, pp. 3–9.

**ESSENCE, TYPES OF INSURANCE
AND ITS DEVELOPMENT IN AGRICULTURE**

Lyubov Koval¹

DOI: <https://doi.org/10.30525/978-9934-26-291-3-6>

Abstract. *The purpose of the paper is to explore the economic essence of the insurance category in the theoretical aspect and the regulatory framework and reveals the importance of insurance for agriculture as one of the means of maintaining the normal functioning of the enterprise; an improved classification of insurance types is proposed and the objects of accounting and audit of insurance calculations are determined. Studies have shown that in the existing regulations there is no general interpretation of the term "insurance". All definitions of insurance mainly concern the protection of property or social rights. This situation leads to inconsistency of the essence of insurance with the specified subject of the contract, according to which insurance is divided into property, personal and liability insurance. Thus, it is the subject of the insurance contract that necessitates the definition of the general concept of "insurance". An ambiguous interpretation of the economic essence of insurance among scientists has also been established. *Methodology of the study* it is proposed to define insurance as a type of civil law relations of a preventive nature between the insurer and the insured, providing for material and monetary compensation of a certain amount of material damage incurred and damage caused to a third party as a result of the occurrence of an insured event provided for by the insurance contract (for insurance protection of property interests) or current legislation (for all types of social insurance), the funds for which are placed on insurance accounts organizations and/or special state funds (depending on the type of insurance) created on the basis of contributions of legal entities and individuals in the form of insurance payments and deductions. Such a definition reveals the general concept of insurance and its main components*

¹ Candidate of Economic Sciences,
Associate Professor of the Department of Accounting,
Vinnytsia National Agrarian University, Ukraine
ORCID: <https://orcid.org/0000-0003-3637-850X>
ResearcherID: L-5961-2018

from the position of the insurer. *Results* of the author proposed to interpret insurance as an economic process of the enterprise, which aims to ensure the functions of its sustainable development by accumulating funds of both internal and external reserves. In the course of the study, inconsistencies in the types of insurance were revealed. *Practical implications.* Therefore, it is proposed to supplement the classification of insurance on an economic basis with the division of insurance by type of activity. This proposal fits the proposed definition of the term "insurance". Studies have shown that today the vast majority of agricultural enterprises neglect the current legislative framework in matters of compulsory insurance. Having studied the existing principles of insurance, we proposed to supplement the existing list with the principle of legislative security, according to which the subjects of the insurance market must comply with current legislation and be liable for their non-compliance. *Value/originality.* As for the objects of insurance, with the introduction of NP(C)BU 30 "Biological Assets", it became necessary to harmonize the current legislation and the new standard. To this end, it is proposed to unify the classification of biological assets in accordance with NP(C)BU 30 "Biological Assets" with the grouping of insurance objects in accordance with the Law of Ukraine "On Insurance". Such a classification of property insurance objects, taking into account the requirements of NP(C)BU 30 "Biological Assets" will make it possible to bring into line the insurance objects and related calculations.

1. Introduction

Today, insurance is one of the most important tools that provides overall economic security and stability, business development, effective protection against numerous natural, man-made and other risks. This sector of the national economy allows to solve a whole range of socio-economic issues, starting with the formation of a system of guarantees for individuals and legal entities and ending with strengthening the investment potential both nationally and internationally. The insurance market as part of the financial and credit sphere is subject to state regulation and control in order to ensure the protection of policyholders and stability in the insurance sector. The successful development of the insurance industry depends on the strategy and tactics of regulating the socio-economic processes that take place in the mechanism of state regulation of the insurance market of Ukraine. The

direct influence of the state through regulation should be carried out through the application of methods, forms and instruments of state regulation. Thus, the state occupies a key place in the development of insurance business as a coordinator of the activities of participants in the insurance system and as a legislator that ensures the legal basis of insurance.

2. The need to define the term "insurance"

During the period of the birth of insurance, this term was interpreted as mutual support, assistance, compensation for losses to victims. In addition, the term "insurance" was associated with the word "fear". In the process of industrial relations, property owners felt fear for its preservation and integrity, as well as for damage or destruction of property as a result of unpredictable events (natural and anthropogenic nature). The term "insurance" in the Ukrainian language has been used for a long time. Philologists of the west note its Latin origin. It is based on the words "securus" and "sine cura", which in the perclade are interpreted as "carefree". Thus, insurance involves cautions, safety and protection. Corresponding words exist in other languages: in English – "insurance", in German – "versicherung", in Italian – "assicurazione", in Spanish – "seguros".

From an economic point of view, insurance consists in creating such a type of human activity that will allow to accumulate financial capabilities in order to ensure a continuous process of social reproduction by compensating for losses to individuals and legal entities arising from the occurrence of harmful events. The international context of insurance involves the unification of methods of insurance protection of business entities and the creation of financial guarantees to insurers by bringing into line the legislation of different countries. All the above definitions are similar to each other and are a clarification or addition to each other without changing their foundations. Moreover, these definitions relate mainly to property insurance.

As for the legislative framework, the Law of Ukraine "On Insurance" of 07.03.1996 No 86/96-VR provides an official interpretation of the term according to which "insurance" is a type of civil law relations to protect the property interests of individuals and legal entities in the event of certain events (insured events) determined by the insurance contract or current legislation, at the expense of monetary funds formed by payment by individuals and

legal entities of insurance payments (insurance contributions, insurance premiums) and income from the placement of funds of these funds [6]. Like scientists, the aforementioned Law defines property insurance, not insurance in general.

The Law of Ukraine "Fundamentals of the Legislation of Ukraine on Compulsory State Social Insurance" of 14.01.1998 No16/98-VR does not provide a clear definition of the term "insurance". It provides the definition of "compulsory social insurance" and its main types.

Thus, compulsory state social insurance, according to the above-mentioned Law, is considered as a system of rights, obligations and guarantees, which provides for the provision of social protection, including material support for citizens in case of illness, complete, partial or temporary disability, loss of the breadwinner, unemployment due to circumstances beyond their control, as well as in old age and in other cases provided for by law, at the expense of monetary funds, formed by paying insurance premiums by the owner, or his authorized body (hereinafter referred to as the employer), citizens, as well as budget and other sources provided for by law [3].

All considered definitions of insurance relate to either the protection of property or social rights. There is no clear definition of the general concept of "insurance" in the current legislation of Ukraine. This situation leads to inconsistency of the essence of insurance (Law of Ukraine "On Insurance" of 07.03.1996 No 86/96-VR with amendments and additions) with a certain subject of the contract, according to which insurance is divided into property, personal and liability insurance. Thus, it is the subject of the insurance contract that necessitates the definition of the general concept of "insurance". It is advisable to define the following elements of the concept of insurance. The legislation defines the main components of the concept of insurance, which include: the purpose, cases of protection, sources of insurance payments, the subject of the insurance contract, the subjects of insurance, the circumstances of the provision of insurance payments. However, one should not consider a complete definition of the essence of "insurance" without taking into account the preventive nature of its nature.

Taking into account international experience, analyzing the opinions of scientists and considering domestic legally established definitions, it is advisable to define insurance as a type of civil law relations of a preventive nature between the insurer and the insured, providing for material and

monetary compensation for a certain amount of material damage incurred and damage caused to a third party as a result of the occurrence of an insured event provided for by the insurance contract (for insurance protection of property interests) or current legislation (for all types of social insurance), the funds for which are placed on the accounts of insurance organizations and / or special state funds (depending on the type of insurance), created on the basis of contributions of legal entities and individuals in the form of insurance payments and deductions. This definition reveals the general concept of insurance and its main components from the position of the insurer. Provided that the object of our research is the current system of accounting and audit of insurance calculations in agricultural enterprises, it is advisable to determine insurance from the point of view of the enterprise in order to be able to further research on the chosen topic.

3. Results

An enterprise can independently partially ensure its sustainable development by creating an appropriate reserve to cover the costs of emergencies at the expense of retained earnings. Therefore, from the standpoint of an insurance enterprise, it should be considered as a set of operations involving the accumulation of funds to ensure the functions of sustainable development through both internal and external reserves. At the same time, the internal reserve will be a part of retained earnings in the form of reserve capital to cover the consequences of emergencies, and external – the amount of insurance compensation under the insurance contract.

The totality of insurance operations of the enterprise is aimed at solving one problem – ensuring its sustainable development. Since the set of homogeneous operations carried out in order to perform a specific task of a business entity is an economic process, it can be argued that insurance is an economic process of an enterprise that ensures its sustainable development and functioning. So, insurance is an economic process of an enterprise that aims to ensure the functions of its sustainable development by accumulating funds from both internal and external reserves.

The concept of insurance involves its division into types. According to the Law of Ukraine "Fundamentals of the Legislation of Ukraine on Compulsory State Social Insurance" of 14.01.1998 No 16/98-VR and the Law of Ukraine "On Insurance" of 07.03.1996 No 86/96-VR, insurance

is divided depending on insured events into: pension insurance; insurance in connection with temporary disability and expenses caused by burial; medical insurance; insurance against industrial accidents and occupational diseases that caused disability; unemployment insurance; other types of insurance provided for by the laws of Ukraine [3]. The above types belong to social insurance.

According to the Law of Ukraine "On Insurance" dated 07.03.1996 No 86/96-VR, depending on the subject of the insurance contract, it is divided into: personal insurance; property insurance; liability insurance [6].

This classification is classic for domestic insurance. Nevertheless, this classification provides only for compensation for the damage received and only in a certain amount. As a rule, the amount of compensation in most cases is less than the amount of damages, because the uncovered part of the damage is a deductible. In addition to the considered classification of insurance in accordance with the current regulatory framework, other classification features are distinguished in the scientific literature. In particular, these are: a historical feature, an economic feature and a legal feature. The historical sign of the division of insurance into types is predominantly theoretical. It provides for the division of insurance according to the stages of its development, which makes it possible to prepare information for accounting and audit purposes. It is knowledge of the stages of insurance development that allows practitioners to predict the development processes of the insurance market.

Of great importance is the economic classification feature. The basis of the division of insurance is the presence or absence of an investment component in the insurance contract. According to this feature, insurance should be divided into life insurance (individual life insurance, insurance of children until adulthood and marriage, insurance of additional pension, etc.) and other general insurance (transport insurance, property insurance against fire and natural disaster, credit risk and guarantee insurance, aviation and marine insurance, etc.). The so-called life insurance contracts are aimed not only at the insurance protection of the insured, but also provide for ensuring his investment interests by accumulating insurance premiums. Such agreements are long-term and one hundred percent ensure the return of the funds paid by the insured and certain interest accrued on the amount of insurance premiums, since the condition for the occurrence of the

Financial mechanism in the system of economic vectors of development of Ukraine

insurer's liability is either the death of the insured or the latter's survival until a certain date.

Insurance contracts that provide only insurance protection without taking into account the investment interests of the insured constitute the second group of contracts and are called general types of insurance other than life insurance. Such contracts are short-term in nature, in connection with which it is impossible to accumulate insurance premiums and there is no mandatory return of funds to the insured. Thus, the second group of contracts provides only for compensation for losses due to the occurrence of an insured event. This division is due to the type of licenses issued to insurance companies to carry out their activities. Thus, and by entering into force of the Law of Ukraine "On Insurance" dated 07.03.1996 No. 86/96-VR, insurance companies must choose one direction of insurance services.

However, in practice, there are cases that require comprehensive insurance of the property interests of the insured. In this case, the classification feature of insurance is the nature of the danger. Under the nature of the danger understand the totality of insurance risks in which the specific activity of the insured is conducted. At the same time, comprehensive insurance of a set of objects against a certain danger, prescribed by one insurance contract, is carried out. As for international experience, the use of classification by nature (occupation) of hazards is prescribed by Directive 92/49/CEE of the European Union, according to which the member states of the organization necessarily provide for the formation of statistical data on insurance by the nature of hazards in the context of their types: property insurance against fire and natural disaster, transport insurance, aviation and marine insurance, insurance of credit risks and guarantees, other species.

In addition, the economic sign of insurance provides for its division according to the subject of the insurance contract. This classification is prescribed by the Law of Ukraine "On Chartering" and allocates personal insurance, property insurance and liability insurance. The subject of the insurance contract plays a major role in determining the nature of the contract and its main conditions such as: insured event, insurance amount, deductible, term of the contract, insurance premium, restrictions, exceptions, etc.

Similar to the economic feature is the legal feature of the classification of insurance, which also involves several approaches. So the legal feature of

the classification of insurance involves its division into appropriate classes in order to license insurance activities. The EU directives allocate 7 classes of long-term insurance and 18 classes of short-term (general) insurance. On this basis, in Ukraine, insurance is divided into types that are as close as possible to European standards, although in our country there is no clear application for life insurance and general insurance. Along with this, the legal feature provides for the division of insurance according to the forms of conduct into mandatory and voluntary. In Ukraine, the vast majority use a voluntary form of insurance.

When considering insurance for the needs of agricultural enterprises, one should pay attention to the fact that no type of insurance provides full protection for policyholders. The insurance company does not pay funds to eliminate the negative consequences as a result of the occurrence of an insured event, subject to insurance, for example, of the property of the enterprise. In such a situation, the company incurs additional costs and losses. So, as a result of the occurrence of an insured event, the company receives insurance indemnity in the amount that allows you to cover only part of the loss. This does not take into account the costs of carrying out work on the elimination of the consequences of emergency events, the cost of preventing the occurrence of an insured event and damage or loss of property, the cost of restoring and / or acquiring damaged or destroyed insurance objects. In addition, as a result of the occurrence of an insured event, the business reputation of the enterprise is lost, and as a result, the company does not make a profit. Thus, the occurrence of an insured event affects not only the property of the enterprise, but also its activities as a whole.

Today, the practice of insurance companies provides separately insurance against loss of profits, from interruptions in production, insurance of additional costs, insurance against unforeseen disruptions in business. Such insurance products provide for wider protection of the enterprise from the occurrence of an insured event than, for example, property insurance, and are its derivatives. These insurance products provide not only the restoration of the property of the enterprise, but also its activities. Therefore, we propose for accounting purposes to combine these insurance products into one general type and add to the existing classification as insurance of activities that are not universally binding. Since activity insurance provides

Financial mechanism in the system of economic vectors of development of Ukraine

for more complete protection of the enterprise, it is necessary to single out such information in the accounting, which will contribute to strengthening the control function. At the same time, the objects of insurance both in property insurance and in insurance of activities are the property interests of the business entity related to the possession and use of such property. However, when insuring property, only interests in the preservation of property are taken into account, while insurance of activities takes into account interests caused by obtaining certain benefits or even advantages that are directly related to the possession and use of such property.

According to the results of the study, we propose to divide insurance into 5 types: social; Property; Personal; liability insurance; activity insurance (by type). This proposal will meet the proposed definition of the term "insurance".

Social insurance is carried out in a mandatory form, which is prescribed by the current legislation of our country. All other types of insurance can be both compulsory and voluntary. In turn, all types of insurance are divided into industries and sub-sectors.

Personal insurance includes life insurance (in case of death of the insured), health (in case the insured lives until a certain date or event), working capacity (in case of disability), as well as an additional pension. The division of personal insurance into sub-sectors is due to the fact that it combines all types of insurance. Therefore, it is advisable to highlight the following of its sub-sectors: accident insurance (accidents are characterized by the suddenness of their occurrence); medical (provides for payment of treatment of the insured); life insurance (provides for insurance payment in full in cases of a certain date or event).

Property insurance provides compensation for the damage that the insured received when an insured event occurred with the property that was insured. At the same time, to calculate the sum insured, the value of property insurance objects is taken. As part of the property insurance industry, its sub-sectors should be distinguished: insurance of property of individuals; insurance of property of legal entities. This division is due to the difference in the size and types of risks, insurance objects, the content of the conclusion of the insurance contract and other factors. Property insurance is carried out mainly in a voluntary form. For agricultural enterprises, the legislation establishes compulsory insurance of animals in accordance with

their list established by the Cabinet of Ministers of Ukraine in case of forced slaughter, destruction, death, from diseases, natural disasters and accidents.

Liability insurance appeared relatively recently in domestic insurance. The peculiarity of liability insurance is the conclusion of an insurance contract between the insurer and the insured in favor of a third party (liability insurance for non-fulfillment of concluded supply contracts – in agriculture, professional liability of auditors – in case of non-fulfillment of the terms of the contract, lawyers, lawyers). When insuring liability, as a rule, a third party is always not known. The exception is liability insurance for non-fulfillment of contractual obligations (for example, in agriculture). Such insurance is important for agricultural enterprises, because due to dependence on natural factors and other uncontrolled and unpredictable events, it is not always possible to fulfill their contractual obligations. In addition, such insurance provides comprehensive protection for a third party, which is another feature of this type. In this case, the sum insured is not indicated, but only its limit.

Activity insurance is a type of insurance that provides insurance of a set of risks of an enterprise's activity by its types as a whole from the latter's incurring additional costs and losses. Insurance of activity involves its division into the following sub-sectors: insurance of operational activities (production risks arising in the process of production, that is, operating activities); insurance of financial activity (risks of financial activity); insurance of investment activity (risks arising from investment activity).

The most important for agricultural producers is the insurance of operating activities, on which the financial condition of the enterprise depends. Production risks include forced equipment downtime, untimely receipt of raw materials and materials from the outside, etc. Risks of operating activities are accompanied by additional costs of the enterprise as a result of the occurrence of an insured event. Other risks arise in the course of other ordinary activities.

Today, the most common among other types of risks is precisely the risk of non-repayment of the loan received. As a rule, credit risk is considered overwhelmingly from the position of the bank. In our opinion, it is necessary to consider credit risk also on the part of the enterprise, since the non-repayment of the loan by the enterprise on time under any conditions leads to additional unpredictable costs. The risk of non-repayment of the loan by

Financial mechanism in the system of economic vectors of development of Ukraine

the enterprise is caused by the following events: the onset of emergency events; a decline in demand for manufactured products; non-fulfillment of the terms of the contract by the partners of the business entity; change of assets of the enterprise.

One of the conditions for obtaining a loan is the provision of collateral. The pledge can be both movable and immovable property of the enterprise. Due to unforeseen circumstances, the company may not have free funds on the planned loan repayment date. As a result of this situation, the company is charged a penalty for late payment, as well as the possible loss of collateral. Under such conditions, the company needs an effective tool that can prevent additional costs and losses of the enterprise. Credit risks – risks of non-repayment of the loan amount and interest on the loan by the debtor to the creditor. In this case, there is a repayment of debt by a third party. In this regard, it is advisable to insure this type of risk. Credit insurance involves the use of delcredere insurance, caucial insurance and trust risk insurance (Figure 1).

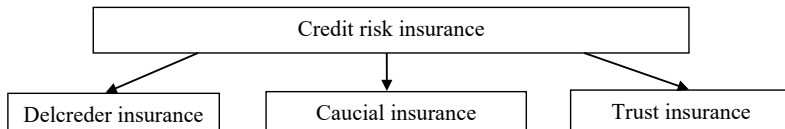


Figure 1. Components of credit risk insurance

Delcredere (Italian. "del credere") means the obligation of a broker or agent to guarantee the performance of an agreement to the person he represents. In the event that a third party fails to fulfill its obligations under the agreement, the broker or agent who assumed Delcredere shall indemnify the person he represents [7, p. 12].

Thus, delcredere insurance involves insuring the lender against the risk of non-repayment by the debtor of the amount of the loan provided. In this case, the lender acts as both the insured and the insured person. Delcredere insurance is divided into: insurance of total debt for all borrowers; insurance of debts of individual borrowers.

However, if insurers carry out the first type of delcredere insurance without objection, insurance of debts of individual borrowers is not willing. This is explained by the fact that the lender has the opportunity to insure

only the risk of non-repayment of the debt of those borrowers whose debt is hopeless. In this case, the insurer must pay insurance compensation, which is not beneficial for him. Schematically, the relationship with delcredere insurance can be depicted as follows (Figure 2).

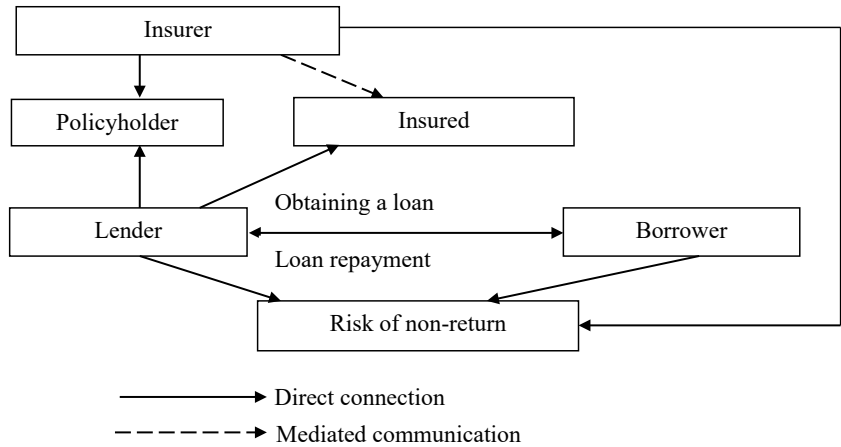


Figure 2. Delcredere insurance

In the literature, a lot of attention is devoted to delcredere insurance. At the same time, all authors emphasize the direct connection of only the borrower with the risk of non-return, which will lead to additional costs and losses in case of its occurrence. However, the insured also has a direct connection with this risk, carrying out its insurance. There is also an insurance by the enterprise of the risk of non-repayment of the loan. This type of insurance is called caucial (guarantee) insurance, because when insuring its solvency, the borrower guarantees the lender the repayment of the debt. Term "Kaution" in German means "surety", "institution", "pledge", "caution". Unlike delcredere insurance, caucial involves a mutual relationship between three parties. Moreover, the insured is the lender, and the insured person is the lender. These relationships are illustrated by Figure 3.

Today, the credit of trust, which implies a trustworthy relationship between the debtor and the creditor, is becoming important. But there may be situations when, for certain reasons, there is a risk of distrust of the lender.

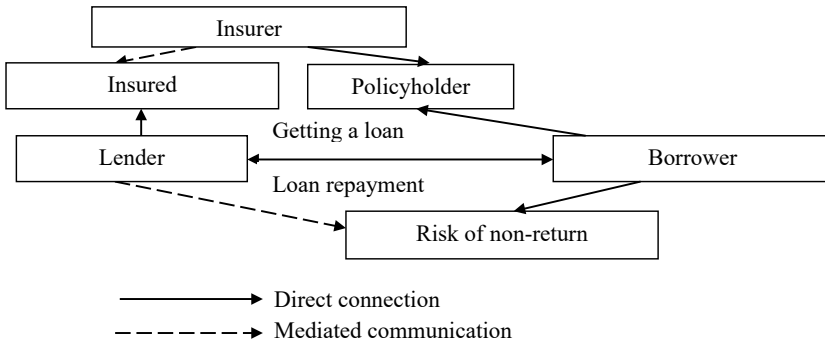


Figure 3. Causal insurance

In this case, there is an insurance of this risk, in case of its occurrence and loss by the creditor of his property. This type of insurance partially includes signs of delcredere and caucius. Thus, when insuring the risk of distrust, the insured is the creditor (a sign of delcredere insurance), the subject of the pledge is the insurance policy (a sign of caucial insurance). All types of insurance can be in voluntary and / or mandatory forms. Moreover, compulsory state insurance is carried out exclusively in a mandatory form. Subspecies should be considered in the context of legally established norms. That is, according to the Law of Ukraine "On Insurance", in terms of forms, select such subspecies as: life insurance, accident insurance, medical insurance, property insurance, etc. According to the Law of Ukraine "Fundamentals of the legislation of Ukraine on compulsory state social insurance", the subspecies of insurance are: pension insurance, medical insurance, insurance in connection with temporary disability..., accident insurance..., unemployment insurance and other types of social insurance provided for by the laws of Ukraine [3].

Since insurance from the position of the enterprise is a set of operations to form a reserve to cover losses from unforeseen emergencies, therefore, according to the method of placing such reserves, insurance should be divided into internal and external. At the same time, internal insurance or self-insurance involves the formation of an internal reserve independently by the enterprise at the expense of part of the net profit. Subject to the non-use of funds of such a reserve in the current year, the entire available

amount is transferred to the next year with its subsequent replenishment. External insurance involves the conclusion of an insurance contract with the insurer for a certain period and on certain conditions. With such a division, transactions on internal and external insurance will have their differences when reflected in the accounting and will allow you to clearly obtain information about the readiness of the enterprise for unpredictable events.

Whichever of the signs is divided into types, its compliance with the basic principles is provided. The legislative framework contains the principles of compulsory social insurance. For other species – they are not provided. Nevertheless, in the scientific literature this issue is considered by a number of scientists.

In particular, Osadets S.S. notes that insurance is based on certain specific principles. These primarily include: competitiveness, insurance risk, insurance interest, maximum integrity, compensation within the limits of actually caused losses, deductible, subrogation, indemnity, co-insurance and reinsurance, diversification [8, p. 28–34].

The principle of competitiveness provides for the possibility of choosing both policyholders and insurers the type of insurance, in conditions of free competition in order to ensure the development of insurance and provide effective insurance protection to the subjects of the insurance market. At the state level, an antimonopoly policy is being pursued in order to ensure the implementation of the principle of competitiveness. However, today this principle ensures the implementation of only a voluntary type of insurance. The principle of insurance risk involves the incurrance of a certain risk by the subjects of the insurance market during the implementation of insurance. Insurance interest is a consequence of the right of ownership or possession of the object of insurance (for policyholders), and the result of interest in making a profit (for insurers). The principle of maximum integrity implies complete trust between the parties to the insurance process. This is especially true of the insured. The principle of compensation within the limits of actually caused losses implies the inadmissibility of enrichment of the insured at the expense of the amount of insurance compensation. That is, the amount of insurance compensation should not exceed the amount of damage received by the insured as a result of the occurrence of the insured event.

A deductible is that part of the loss that, in the event of an insured event, is not reimbursed by the insurer in accordance with the insurance contract.

Financial mechanism in the system of economic vectors of development of Ukraine

The principle of subrogation provides for the transfer by the insured to the insurer of the right to recover the amount paid from third parties, through the fault of which the insured event occurred. Each insurer can use the right of indemnity, which provides for the distribution between insurers of the sum insured to be indemnified to one insured, provided that one property is insured by several insurers. Compliance with the principles of co-insurance and reinsurance ensures the solvency of the insurer. The difference between insurance and reinsurance is as follows. According to the co-insurance contract, the insurers are several insurers.

Reinsurance involves insurance by one insurer of a certain part of its obligations to the insured from the reinsurer or other insured. At the same time, in the overwhelming majority of cases, the insured does not even know about the reinsurance contract. However, we believe that reinsurance and co-insurance most likely do not belong to the principles – but to the activities of the insurer. This is explained by the fact that the principles of insurance must be observed when carrying out insurance activities, but the insurer can independently assume the insurance of the insured's risks, provided that it is properly solvent without the help of other insurers. Therefore, the use of co-insurance and reinsurance is not mandatory when the insurer carries out activities.

Quite important for the activities of the insurer is the principle of diversification, which provides for reducing the likelihood of various insurance events occurring in the same period of time through industry and / or territorial dispersal of insurance risks. In addition, there is also a causal relationship as one of the principles of insurance. According to this principle, the insurer needs to determine exactly the actual cause of the insured event, and not the immediate one. Because not all risks are subject to insurance.

Separately stands out the principle of abandon.

Abandonment is a condition specified in the insurance contract with the consent of the insurer and the insured, which provides for the receipt from the insurer of the full insurance amount in exchange for the insured's waiver of his rights to the insured property (usually a vehicle or cargo) in favor of the insurer, after which the latter becomes the owner of the insurance object and disposes of it at its own discretion (for example, disposes of) [9].

The vast majority of domestic scientists distinguish different in name, but the same in content principles of insurance, but in our opinion this is not a complete list of principles that insurance should correspond to.

Polish scientist Jerzy Handszke identifies the following principles of insurance: the reality of insurance protection; completeness of insurance coverage; availability of insurance coverage.

English scientist David Bland identifies such principles of insurance as: utility, the presence of insurance risk, classification of insurance by type of property, self-insurance, contract law, the presence of an insurance interest, higher good faith, insurance compensation, subrogation, participation in compensation for losses, the immediate cause of the case.

Today, enterprises, institutions, organizations in their activities are guided by the current regulatory framework. However, not all enterprises adhere to the "letter of the law." For example, from 2002 to 2010, the Resolution of the Cabinet of Ministers of Ukraine No. 1000 "On approval of the Procedure and rules for compulsory insurance of crop yields and perennial plantings by state agricultural enterprises of all forms of ownership" of July 11, 2002 provided for insurance of crop yields in a mandatory form. However, among the studied enterprises, not all carried out compulsory insurance, thereby violating the requirements of the law. In this regard, we propose to supplement the existing list with the principle of legislative security, according to which the subjects of the insurance market must comply with existing legislative norms and be liable for non-compliance with current legislation. It can be concluded that today there is no clear and unified list of insurance principles.

Taking into account international, domestic experience and own views, the following principles of insurance should be distinguished: legislative security, insurance risk, insurance interest, competitiveness, conscientiousness, compensation for real damage, deductible, indemnity, subrogation, diversification. Given that agriculture is the oldest branch of the national economy, it needs reliable protection, which can provide insurance. In order to have an in-depth understanding of insurance protection and the mechanism for its implementation, we turn to historical references.

There are many facts of history that confirm the existence of insurance in the simplest form – namely, in kind. Insurance in kind provides for compensation for damage caused by its uniform distribution among

Financial mechanism in the system of economic vectors of development of Ukraine

interested property owners. This division was carried out at the expense of food, materials and labor. However, such insurance was limited to natural factors, and as commodity-money relations developed, insurance in cash supplanted the simplest form of insurance – in-kind.

In Ukraine, insurance appeared in the XI century, at a time when the Chumaks played the role of cargo transporters. Mutual insurance was used to cover losses incurred during transportation (robberies, adverse weather conditions, loss of oxen, etc.). Its essence was to jointly cover losses to the victims and did not provide for regular contributions.

The period of the XI century marked by the birth of insurance in Kievan Rus.

In the process of evolution, insurance arises in various forms and types. Insurance companies, insurance unions and other organizations that regulate insurance relations are created. In Ukraine, there was an association of state insurance and credit institutions, which was another step towards the development of not only credit, but also insurance relations. The purpose of creating such associations was to induce property insurance (primarily from fire) in order to obtain a loan secured by the same property.

With Ukraine gaining the status of independent and sovereign in 1991, insurance is undergoing a new stage of development. With the reform of the economy in accordance with market conditions, certain factors influence the development of the insurance business: the elimination of the state's monopoly on the means of production, the development of entrepreneurial activity, the lack of relevant legislation, the denationalization of property, the reorganization of enterprises, etc. The first stage of development was the period from 1991 to 1996. It is characterized by a rapid growth in the volume of services in the field of property and social insurance. With the adoption of the Law of Ukraine "On Insurance" on March 7, 1996, the second stage of insurance development began in Ukraine, which continues to this day. In addition to the Law, a number of other regulations were adopted and enacted, which also significantly affected the insurance market. The adopted Law defined the term "insurance" clearly delineated the types of insurance in accordance with their forms, as well as strengthened the control over the development of the insurance market and made it more reliable for both insurers and policyholders.

4. Finding

The main objects of insurance in the agricultural sector are: the harvest of crops and perennial plantations of fruit-bearing age (with the exception of the harvest of natural hayfields and pastures, crops sown for green fertilizer, sown under cover and coverless perennial crops, as well as crops that the farm sowed for three to five years, but never received a harvest); trees and bushes of fruit and berry plantations growing in gardens and vineyards (perennial plantings, wear or liquefaction of which is more than 70%, as well as those to be written off from the balance sheet are not accepted for insurance); farm animals, poultry, rabbits, fur-bearing animals, families of bees in hives (hereinafter referred to as animals), except for farms where animals are quarantined or other restrictions due to infectious diseases; buildings, structures, agricultural machinery, objects of unfinished capital construction, transfer devices, power, workers and other machines, vehicles, fishing and other vessels, fishing equipment, inventory, raw material products, goods and other property [2].

The Law of Ukraine "On Insurance" with amendments and additions defines the following objects of agricultural insurance: animals, agricultural products, property [6]. In accordance with the Law of Ukraine "On peculiarities of insurance of agricultural products with state support", the subject of the insurance contract for agricultural products with state support is the property interests of the insured related to his insurance risks in relation to grown, fattened, caught, collected, manufactured primary (without secondary processing and processing) agricultural products (goods) specified in groups 1-24 of the UKT FEA in accordance with the Law of Ukraine "On Customs" tariff of Ukraine", namely regarding: crop yield; harvest of perennial plantings; farm animals, poultry, rabbits, fur-bearing animals, bee colonies, fish and other aquatic living resources and livestock products.

However, the vast majority of agricultural crops and plants fall under the definition of biological assets. Thus, with the introduction of NP(C)BU 30 "Biological Assets", it became necessary to harmonize the current legislation and the new standard. The effect of the National Regulation (standard) 30 applies, among other things, to agricultural products of crop production and animal husbandry. According to NP(C)BU 30 "Biological assets" biological assets are divided into current

Financial mechanism in the system of economic vectors of development of Ukraine

and long-term. In turn, the current ones are divided into current biological assets of animal husbandry (animals in cultivation and fattening, fish, adult poultry, bee families) and current biological assets of crop production (cereals, vegetables, technical, fodder crops, nurseries). Long-term are divided into long-term biological assets of animal husbandry (the main herd of sheep, cattle, pigs) and long-term biological assets of crop production (vineyards, gardens, trees in the forest).

In our opinion, in order to harmonize the provisions of NP(C)BU and the legislation of Ukraine, it would be advisable to unify the classification of biological assets in accordance with NP(C)BU 30 "Biological Assets" with the classification of insurance objects in accordance with the Law of Ukraine "On Insurance". The results of the comparison are shown in Table 1.

So, we can say that agricultural enterprises insure property that includes biological assets and agricultural products. On the other hand, it is necessary to develop a new classification of property insurance objects of agricultural enterprises, taking into account the requirements of NP (C) BU 30 "Biological assets " in order to bring the insurance objects into line.

Table 1

Definition of biological assets as insurance objects

No	Insurance objects	Type of biological assets
1.	harvest of crops and perennial plantations of fruit-bearing age	current biological assets of crop production and agricultural products
2.	trees and bushes of fruit and berry plantations growing in gardens and vineyards	long-term biological assets of crop production
3.	farm animals, poultry, rabbits, fur-bearing animals, bee families in hives	long-term and current biological assets of livestock

Thus, the objects of property insurance in agriculture can be divided into: long-term biological assets of crop production; long-term biological assets of animal husbandry; current biological assets in crop production; current biological assets in animal husbandry; buildings, structures, agricultural machinery, objects of unfinished capital construction, transfer devices, power, workers and other machines, vehicles, fishing and other vessels, fishing equipment, inventory, raw material products, goods and other property.

5. Conclusions

Therefore, insurance, as one of the methods of risk management, is a means that makes it possible to reduce the negative consequences of unpredictable events in agricultural production. The current insurance system does not ensure the sustainable development of agricultural enterprises. To achieve the maximum result from insurance protection, it is advisable to insure the activities of the enterprise as a whole with the obligatory participation of the state in this process, which involves compensation not only for part of the damage incurred, but also for taking into account additional costs and losses of the enterprise associated with the occurrence of the insured event.

References:

1. Jerzy Handschke Principles of insurance. Available at: http://pidruchniki.ws/13761025/strahova_sprava/printsiipi_strahuvannya_strahova_terminologiya
2. Klapkiv M.S., Klapkiv Yu.M. (2003) Origins of the national insurance market of Ukraine: monograph. Ternopil: Carte Blanche, 275 p.
3. Fundamentals of Ukrainian legislation on mandatory state social insurance: Law of Ukraine dated 14.01.1998 No. 16/98-VR (with amendments and additions). Available at: <http://zakon.rada.gov.ua/cgi-bin/laws/main.cgi?nreg=16%2F98-%E2%F0>
4. National regulation (standard) of accounting 30 "Biological assets", approved by order of the Ministry of Finance of Ukraine dated November 18, 2005. No. 790. Available at: <https://zakon.help/article/polozhennya-standart-buhgalterskogo-obliku-30>
5. On the peculiarities of insurance of agricultural products with state support: Law of Ukraine dated February 9, 2012 No. 4391-VI. Available at: <http://zakon.rada.gov.ua>
6. About insurance: Law of Ukraine. from 07.03.1996 No. 85 (with changes and additions). Available at: <http://zakon.gada.gov.ua>
7. Yeshchenko Yu.O. (2003) Dictionary of foreign words for students of the Faculty of Economics. Poltava: PNTU, 33 p.
8. Osadets S.S. (2002). Insurance: Textbook. Kyiv: KNEU, 599 p.
9. Shelekhov K.V. Synopsis of lectures Insurance. Available at: <http://readbookz.com/books/114.html>

**INSURANCE MEDICINE AND MEDICAL INSURANCE
IN THE SYSTEM OF SOCIAL PROTECTION
OF THE POPULATION**

Olena Martseniuk¹

DOI: <https://doi.org/10.30525/978-9934-26-291-3-7>

Abstract. *The purpose* of the paper is devoted to the study of the growth of the protection problem health in modern the world and value medical insurance for personal insurance in as a whole Development given species insurance will raise the third target UN sustainable development – health and well-being. *Methodology* of the popularizing the development medical insurance you can achieve more conscious nations which will be interested in concern by your health. Also, health insurance, as a component of personal insurance, is closely related to the level of social responsibility of the state, and is a tool that transfers a certain burden of social security from the state to private individuals or individual citizens. *Results* of the essence and main forms and types of medical insurance are considered. An analysis of the current state of development of medical insurance in Ukraine was carried out and its place in the social protection system was determined. An assessment of the current state of insurance medicine in Ukraine was carried out. *Practical implications.* The possibilities of improving the process of reforming the insurance system in the sphere of health care of Ukraine are substantiated. The problems are summarized and the prospects for the development of medical insurance in Ukraine are outlined. It is substantiated that the purpose of medical insurance is to improve the quality and expand the scope of medical care by significantly increasing allocations for health care; decentralization of the health care fund management system; material interest of medical workers in the final results; economic interest of enterprises in preserving the health of workers; economic interest of each person in preserving

¹ Candidate of Economic Sciences,
Associate Professor of Department of Finance, Banking and Insurance,
Vinnytsia National Agrarian University, Ukraine
ORCID: <https://orcid.org/0000-0002-0920-7070>
ResearcherID: L-8310-2018

his own health. *Value/originality*. In general, the main ones changes, provided for reform, namely: implementation state guaranteed package medical assistance; formation the only one national customer of medical services; creation of new opportunities for the exercise of powers by local authorities the sphere of health care; autonomization of medical care providers; introduction of the principle of "money are walking by the patient"; development modern management system medical information. It has been proven that the development of health insurance is a guarantee of achieving high social standards and is a platform for implementing reforms in the health care system.

1. Introduction

Human health is the most important resource, the quality of which depends on it level working capacity and business activity Ago with scientific and technical progress and growth in the level of welfare of the population, there is a need to medical insurance citizens Especially role medical insurance with grows every year in Ukraine, where since 2017, after implementation medical reforms, is conducted restructuring and automation of medicine and in accordance is growing level trust population to medical activities, what leads to magnification social responsibility and need in medical insurance.

The transition to health insurance in modern Ukraine is a complex and multidimensional problem, but this, according to industry leaders and leading scientists, will make it possible to lay new foundations for the health care economy. The introduction of health insurance should initiate health care reform as a purposeful, dynamic and sustainable process that will contribute to systemic structural changes to meet the needs of the population in medical care. To insure means to protect against something unwanted, unpleasant, to guarantee safety. The insurance process itself is a way of protecting human interests in a market economy. Insurance medicine is a complex and extremely mobile system of commodity-market relations in the field of health care. The product is a paid, competitive, guaranteed, high-quality and adequate medical service. Its buyer can be the state, a group of people (production collectives, establishments and institutions of various forms of ownership), natural persons who are in conditions of a certain risk.

Financial mechanism in the system of economic vectors of development of Ukraine

The expansion of the paid services sector, the specifics of market relations in the country's economy contribute to the development of health insurance. In the broadest sense of the word, insurance medicine is a system of public health care, the economic basis of which is financing from special extrabudgetary funds.

State health care is based on depersonalization and addressless accumulation of funds in the general budget. The development of medical insurance presupposes the targeted formation of health care funds and their concentration mainly at the level of the district and oblast links of the medical service system. At the same time, the boundaries of local self-government are expanding and the mobility of health care management is increasing, while the state retains only the functions of legal and financial control of insurance activities. The main features of health insurance in the world: affiliation in most countries of the world to the health system, which complements the state one; providing everyone involved in a certain health insurance system with the same amount and quality of necessary medical care; freedom of choice for the patient; providing medical services of the highest quality; high profitability of invested capital (abroad); introduction of new forms of management; targeting a highly educated population with sufficient medical culture; the interest of medical workers in the implementation of the health insurance system in order to improve their own social condition; orientation of medical workers on sociability, initiative, diligence, politeness; according to the insurance agreement, provision of medical care to the insured under any circumstances in the event of a health risk; based on a specific need, which requires certain reserves and involves a higher cost.

2. The main trends in the medical provision of citizens

Medical insurance in Ukraine has not received proper development. Researchers believe that under modern conditions, the development of health insurance must be put on a scientific basis. With this in mind, we note that health insurance should be taken care of not only by specialists in the field of health care, but also by economists. Medical insurance is a component of the country's insurance system, a branch of economic, currency, and redistributive relations related to the formation and use of the insurance fund. From an economic point of view, medical insurance is a system of measures

to create a special monetary fund from which expenses for medical services, maintenance of patients in medical and preventive institutions and other material losses resulting from deterioration of health, reduction of working capacity and violation of social human activity. Naturally, the transition to health insurance gives rise to a significant number of problems, the solution of which becomes extremely urgent. So, in particular, an important problem is the development of methods of technical and economic substantiation of the pricing of relevant medical services. Such methods are necessary, on the one hand, for medical insurance companies to forecast their development in order to ensure the profitability of their own activities, and on the other hand, for health care management bodies and the State Insurance Supervisory Authority of Ukraine to develop adequate measures to regulate the insurance medical services market. For the effective implementation of the mechanism of social protection of the population in Ukraine necessary to determine strategic purposes and optimal Indicators health population, to ensure coordination of interaction of all structures operating in to the health care system, to develop strategic and current plans for the development of health care health and systems of its financial support, to evaluate the economic and social effectiveness of the network of medical and preventive care institutions and financial institutions institutes. One of the effective types of social protection of the population is compulsory medical care insurance. Mandatory medical insurance – installed legislation system guarantees granting medical assistance to citizens. Mandatory medical insurance – form medical insurance, what is directed on implementation Constitutional rights insured persons on receiving free of charge medical services in order which is defined.

Mainly task mandatory social medical insurance is: levels rights citizens on receiving medical help for preservation health population for free basis; due financial software granting medical services and help the population state in improvement equal health of the nation; creation and implementation competitive (with using the newest medical equipment) market medical service and granting highly effective medical services. Insurance medicine is a rather broad concept that covers the training of medical personnel, the provision of medical assistance, financing of scientific activities, as well as costs for the development of the material and technical base of medical institutions. The American Academy of Insurance

Financial mechanism in the system of economic vectors of development of Ukraine

Medicine interprets insurance medicine as a field of medical specialization, within which a doctor performs risk assessment regarding the life, health and disability of individuals in the context of health insurance. Insurance medicine provides protection of the interests of the population in the field of health care thanks to medical insurance, which consists in providing guarantees for the payment of medical care in the event of an insured event at the expense of funds accumulated by the insurer. Ukrainian market medical insurance today serve big joint-stock public insurance companies. They are not interested in serving the residents state with small solvency (it basic interest population of Ukraine) and with significant insurance risks. Such trends must be changed because they limit wide access to medical insurance, and such significant circle policyholders formulates mistrust to medical reforms.

Today, health insurance, as one of the types of insurance activity, includes in himself the following objects: state and state subsidies; patients, employees and more precisely insured persons and their contributions; employers (state and commercial enterprises and institutions) and their targeted contributions; insurance fund with the accumulated amount funds necessary for payment treatment insured persons; therapeutic institutions with their a package medical services; pharmacies which provide therapeutic institutions and patients medicine, necessary drugs and equipment.

Scheme interaction with the above objects are shown in Figure 1.

In the twenties years previous century was proposed state doctrine protection health. Uniqueness her was in that what financing was carried out with state funds with a constitutional guarantee of free provision medical services The next step in the development of medicine was the creation, based on state licenses, commercial (private) healthcare systems that demanded payment for the provided medical service. As in most countries of the world, so in Ukraine exist today competitive the above two systems. Insurance medicine (or medical insurance) arose in Germany in the nineteenth century Himself process (mechanisms) there were insurances organized without intervention state bodies Creation professional unions on large enterprises in era industrialization, (in that time chancellor of Germany was Bismarck), contributed to organize "Medical funds", which became basis collective solidarity insurance with purpose granting quality medical services. In Ukraine mandatory medical

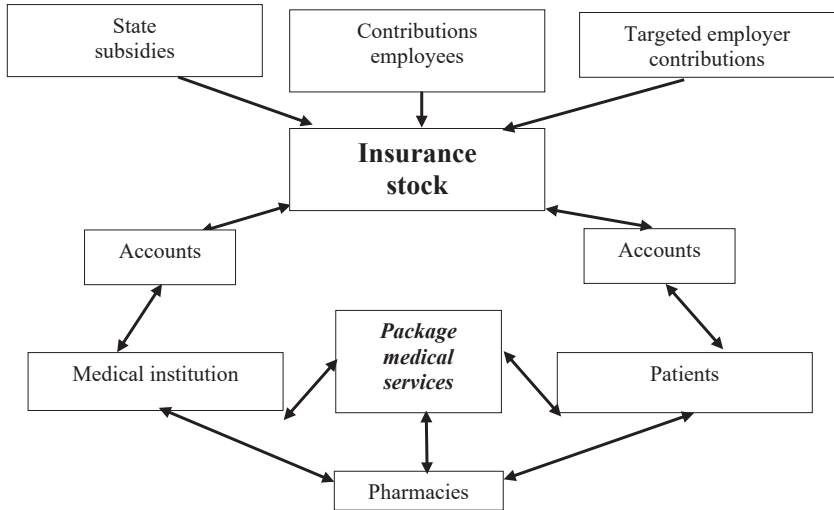


Figure 1. Characteristics of the interaction of medical insurance subjects

insurance, as state mechanism and as the doctrine of the new medicine began to be developed seventeen years later.

Various ideas have been proposed in recent years regarding implementation health insurance, insurance fund and reforms in the health care system. Example: developments new normative and legal bases; finalization strings laws and codes; creation concepts insurance fund (or fund medical insurance); filling the insurance fund at the expense of physical and legal contributions individuals and from the state at the expense of social insurance and temporary loss funds working capacity; involvement or not involvement private insurance companies to work in insurance industry medicine; using the experience of voluntary insurance in Ukrainian realities; using foreign experience. Part with above listed ideas and questions today implemented are discussed or implemented in new regulations for adoption the law "About Medical Insurance". The medical industry in Ukraine today does not have the opportunity to enjoy the advantages of the market economy. Health insurance is at the stage of development. The state budget, from which medicine is currently financed,

Table 1

Comparison table of mandatory and voluntary health insurance

Mandatory medical insurance	Voluntary medical insurance
Non-commercial	Commercial
One of the types of social insurance	One of the types of personal insurance
It is carried out by state insurance organizations or organizations controlled by the state	It is carried out by insurance organizations of various forms of ownership
Insurance rules are determined by the state	Insurance rules are determined by insurance organizations
Policyholders are the state and the working population	Policyholders are legal entities and individuals
Sources of financing are contributions from the state budget, employers and the working population	Sources of financing – personal income of citizens, profit of employers (legal entities)
The program (guaranteed minimum medical services) is approved by authorities at various levels	The program is determined by the contract between the insurer and the insured
Insurance tariffs are established according to a unified methodology approved by the state	Insurance tariffs are established in accordance with the insurance contract
The quality control system is established by state bodies	The quality control system is correct
Profits can be used not only for the main activity	Profits may not be used for any commercial or non-commercial activity

is unable to cover even half of its needs. The health insurance system today is not a clear explanation for many people, that is, insurance is a guarantee in the event of an insured event of reimbursement of financial costs for medical care due to the early accumulation of funds. This is due to the need to provide citizens with affordable, high-quality and diverse medical services. It can become an additional source of financing health care measures. But today, medical insurance should make it possible to attract additional financial resources at the expense of various sources for the organization of medical assistance to the population by providing medical services and guarantees of various opportunities to receive them in full for the entire population.

3. Analysis the current state of financing the system protection health in Ukraine

For many years, the model functioned in Ukraine financing systems protection health, which predicted direction budgetary funds mainly on maintenance medical infrastructure. In that time, citizens were limited in access to granting quality medical services, and health care facilities were not fully equipped with modern diagnostic and therapeutic equipment in general, the main ones problems in financing health care systems, which need to be solved, there are: financial insecurity of citizens, low quality and efficiency of medical provision services, ineffective spending of budget funds. Due to existing systemic problems in the financing of institutions of health care.

The Ministry of Finance of Ukraine initiated a systemic reform of the industry, in particular the creation and introduction new model funding, which provides for: clear and transparent guarantees state of volume free of charge medical assistance; better financial protection citizens in case diseases, effective and fair distribution public funds and reduction of informal payments; creation incentives to improvement quality granting medical help the population state and communal institutions protection

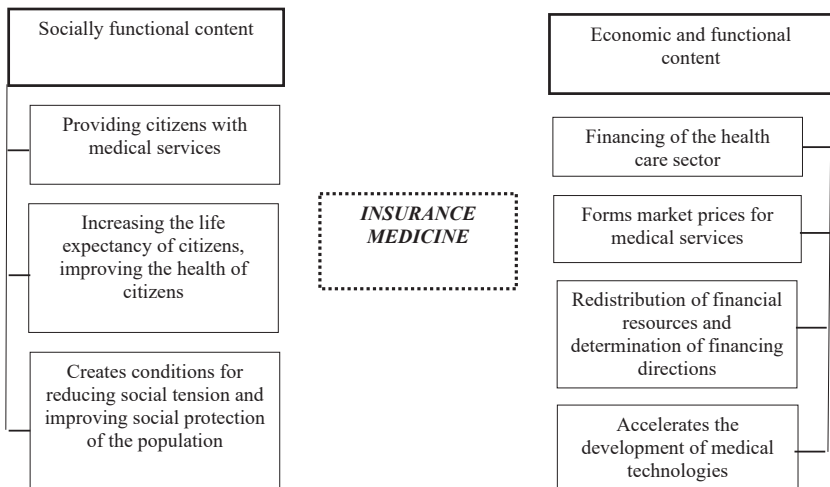


Figure 2. Socio-economic dimension of insurance medicine

Financial mechanism in the system of economic vectors of development of Ukraine

health. In order to achieve the goal, the Cabinet of Ministers of Ukraine adopted the concept of financing reform of the health care system, which contains the main stages and a step-by-step plan for the implementation of the reform. Mainly the task of the reform is the transition from itemized financing of medical services to financing by the results activities, what will contribute as increase efficiency activity herself systems, so and improvement of approaches to models her financing. To number basic changes, provided for reform belong to:

- implementation state guaranteed package medical assistance;
- formation the only one national customer of medical services;
- creation of new opportunities for local authorities to exercise powers in the sphere of health care;
- autonomy of medical care providers; introduction of the principle of "money are walking by the patient";
- development modern management system medical information.

19.10.2017 The Verkhovna Rada of Ukraine adopted the Law of Ukraine "On State Financial Guarantees of medical care of the population", according to which the state with the funds of the State Budget of Ukraine boundaries programs medical guarantees provides financing necessary medical services and medical means Program medical guarantees – it package medical services, guaranteed the state, determined, based on the priorities of health care in Ukraine, within the scope of state funding opportunities, and includes services emergency, primary, outpatient, hospital and palliative care and rehabilitation, medical assistance children, which not fulfilled 18 years, and medical accompaniment pregnancy and gave birth Use he can each one citizen of Ukraine, a also persons equated to citizenship.

The amount of funds directed to the implementation of the medical guarantee program is determined by the Law of Ukraine on the State Budget of Ukraine in the amount of at least 5% of the gross domestic product of Ukraine. Expenditures for the medical guarantee program are protected items of budget expenditures. However, for all years independence expenses on medicine rarely exceeded 3% At preparation last year's state budget minister of finance Sergii Marchenko noted what magnification financing protection health to 5% may happen in 2023 year because of gradual increase this one dynamics from laid in 2021 year 4.2% GDP.

To implement state policy in the field of state financial guarantees of medical care population under the program of medical guarantees by Resolution of the Cabinet of Ministers the National Service was formed Health of Ukraine (NSZU), which is the customer of medical services of medicines under the medical program guarantees, and concludes agreements on medical care with health care institutions of all forms of ownership and physical persons – entrepreneurs, which have license on proceedings medical practice.

An important aspect of the medical reform is the reorganization of medical institutions into communal non-commercial ones enterprises, the so-called autonomization. Such institutions can enter into contracts with NSZU and receive direct budgetary financing by services with medical service, and not medical subvention from State budget Contracts for medical care are concluded in the amounts provided for in the security budget health for the corresponding budget period based on the cost and volume of medical services, whose customer is the state or local self-government bodies. The cost of such a service is calculated from taking into account the structure of costs necessary for their provision. In this way, NSZU implemented the main principle medical reforms "money are going by patient", paying cost realistically provided medical services The principle "money follows the patient" in practice means that the patient turns to a specific doctor for help, and the state pays for the specific package of medical services provided to patients, not the medical institution. Such a mechanism gradually began to replace ineffective financing payment bed-places.

For the first time, Ukrainians were able to freely choose a doctor by signing a declaration with them, and communal medical ones institutions where family doctors work switched to paying for services under contracts with the National Health Service. Medical facilities which signed a contract with the National Health Service, became financially independent, can manage their budget independently, no limited by the tariff grid or staffing schedule. This made it possible for heads of institutions to determine directions allocating funds to current needs within the budget, including revising medical wages employees.

On April 1, 2020, the first Medical Guarantee Program in Ukraine was launched, which includes primary, specialized outpatient, hospital, emergency palliative and rehabilitation, and reimbursement medicines.

Financial mechanism in the system of economic vectors of development of Ukraine

Agreements with the National Health Service for the provision of medical services under the Medical Guarantee Program for this period was signed by 90% of the institutions that submitted their proposals to the NSHU. Thus, almost all are communal medical institutions (district, city, regional hospitals) of the country entered the reform and began to receive funds for contract with NSHU. In 2020, NSHU concluded 3,862 contracts with 1,675 specialized and emergency medical institutions assistance and paid 56.2 billion hryvnias. According to the priority service packages of health care institutions provided assistance to almost 29,000 children under the " neonatology " package; 58,000 patients received help at strokes; 16 thousand patients with myocardial infarction; 230,000 patients received patients at the outpatient stage from purpose early diagnosis oncological diseases; in within the framework maternity package provided services 187 thousand women For these priority services in 2020 year NSHU paid 4.3 billion hryvnias.

In connection with implementation II medical reform stage, in accordance to Law of Ukraine "About state guarantee of medical care of the population" as amended and the Budget Code of Ukraine from April 1, 2020, provision of medical subvention to local budgets is not foreseen. Corresponding expenses are carried out at the expense funds of KPKVK 2308060 "Implementation of the program of state guarantees of medical care of the population" and KPKVK 2311500 "Subsidy from the state budget to local budgets for support of certain institutions and events in system protection health".

by law of Ukraine "About the state budget of Ukraine for 2021 year" was approved budgetary program "Realization programs guarantees medical service population", in volumes 72.0 billion hryvnias, actually UAH 89.5 billion was allocated. During the year, taking into account changes to the State budget, the amount of budget programs increased by UAH 20.2 billion. and amounted to UAH 92.2 billion. Reduction of expenses by areas of use budget funds "Payment of medical services of primary medical care" and "Reimbursement of the cost of medicines" took place with the aim of increasing the amount of subvention from the state budget to local budgets on implementation support individual institutions and measures in system protection health. Realization programs state guarantees medical service population in 2021 year conditioned the need

in funds for provision of payment for services related to the provision of medical assistance to patients with acute respiratory disease caused by *COVID-19* coronavirus *SARS-CoV-2* (Table 2).

The state budget of Ukraine in 2021 was implemented in difficult macroeconomic conditions, however thanks to the balanced and consistent budget policy of the Government, it was possible to accumulate budget revenues, necessary for financing the medical industry, including expenditures aimed at supporting the population and overcoming the consequences of the pandemic, as well as a number of other expenses that contribute to the development of the economy and well-being citizens. In 2020, cash expenditures of the State Budget for health care totaled UAH 124.9 billion. which is 9.7% of the total amount of state budget expenditures and 86.4 billion hryvnias (or 223%) more than in in 2020. The largest share in the structure of expenditures on health care was made up of expenditures on other activities (90%) and hospitals and sanatoriums institutions (6%).

Expenses on the other activity in sphere protection health have grown on 84, 2 billion hryvnias, and it almost in four times more comparatively from 2020 a year Together with those expenses on hospitals and health resorts institutions decreased on 456.7 million hryvnias, or on 6%. That is, we see influence pandemic and medical reforms on volumes expenses state budget, so as to expenses on the other activity in sphere protection health are related emergency and urgent care centers that were overcrowded throughout 2021 with patients with COVID-19.

IN 2021 r planned volume expenses State budget of Ukraine on protection health increased on 30.3%, comparatively from previous year, and composed 173.6 billion UAH That's it growth conditioned change mechanism granting medical services.

Due financing systems protection health in Ukraine for software granting quality medical services for all citizens, raising the wages of medical workers is one of the main ones priorities of the State Budget for 2022. UAH 192.5 billion is allocated in the budget for the development of the industry including UAH 157.5 billion for the implementation of the Medical Guarantee Program. The budget also provides for a number of expenditure on health care, in particular, on the provision and development of transplantation of organs and others in Ukraine anatomical materials

Table 2

**Analysis of implementation of the budget program
"Implementation of the state medical guarantee program
service population" in 2021 year, billion hryvnias**

Directions using budgetary funds	plan	plan with changes	fact	deviation (3-2), +/-	deviation (4-3), +/-
1	2	3	4	5	5
In total by budgetary program, in including	72.0	92.2	89.5	+20.2	-2.7
Payment medical services emergency medical assistance	4.7	5.9	5.9	+1.2	-
Payment medical services primary medical assistance	19.1	18.2	18.1	-0.9	-0.1
Payment medical services secondary (specialized), tertiary (highly specialized), palliative medical help medical rehabilitation, medical help to children to 16 years, medical assistance in connection with pregnancy and childbirth	44.2	46.3 v	45.1	+2.1	-1.2
Payment medical services secondary (specialized), medical help by program medical guarantees in Poltava region, what are provided in within the framework execution of the pilot of the project	0.35	0.35	0.35	0.0	0.0
Payment medical services, connected with providing medical help patients with sharp respiratory disease caused by <i>COVID-19</i> coronavirus <i>SARS-CoV-2</i>	-	15.1	15.1	+15.1	0.0
Payment medical services, connected with providing medical help patients with acute respiratory disease <i>COVID-19</i> , caused by coronavirus <i>SARS-CoV-2</i> , at the expense of funds every day fund	-	5.3	3.9	+5.3	-1.4
Reimbursement cost medical means	3.1	1.0	0.9	-2.1	-0.1
Payment expenses, connected with technical provision granting medical services and discharge electronic recipes and messages means mobile connection	0.4	0.3	0.01	-0.1	-0.29
Reserve funds	0.5	0.0	0.0	-0.5	0.0

and treatment citizens of Ukraine by the border (1.5 billion hryvnias), on acquisition expensive medical equipment to create a capable network of institutions Health Care (2.7 billion hryvnias).

When forming the volume of budget expenditures for health care, the market salary is taken into account medical workers. In 2022, the basic salary level for doctors will be UAH 22,500, for middle medical employees 13.5 thousand UAH Among innovations provided for payments employees institutions health care in connection with their move to a new place of work or, if necessary, retraining during formation capable network of hospitals in hospital districts.

The State Budget 2022 provided for:

- UAH 3.1 billion for the centralized purchase of equipment, in particular for the improvement of the material and technical base of hospitals, bacteriological and physicochemical laboratories of the Centers for Disease Control and Prevention, creation of expert-level laboratories for conducting research used in transplantation;

- UAH 2.6 billion for the purchase of vaccines to protect the population from COVID-19;

- UAH 789.5 million for the continuation of the pilot project on transplants in Ukraine (288.5 million more than in the current year's budget);

- UAH 300 million for the development of the biocluster (3 times more than was allocated this year for the launch of this project, with a potential expansion of another UAH 735 million).

The provision of medical and social services to insured persons and victims of industrial accidents and occupational diseases during the first half of 2022 was carried out in accordance with the requirements of the Law of Ukraine "On Mandatory State Social Insurance". According to the reporting data of the working bodies of the executive directorate of the Fund, during the first half of 2022, 2,219 insured persons and their family members, including 2 internally displaced persons, received treatment in the rehabilitation departments of sanatorium-resort institutions after suffering illnesses. 1,316 victims of industrial accidents and occupational diseases were treated and provided with medical rehabilitation in health care institutions, including 30 victims – internally displaced persons. As reported in the Cabinet of Ministers of Ukraine, 175.7 billion hryvnias have been allocated in the budget for health care in 2023. Exactly 1 April

Financial mechanism in the system of economic vectors of development of Ukraine

2020 year started Program medical guarantees (PMG). As are reported in NSHU, condition on 01.04.21 this one program signed 1 524 institutions specialized medical help WITH them 50 private It 90% institutions, which submitted your offers NSZU More 138 projects contracts expect on signature. Essence this one programs in ago, what state undertakes guarantee to the patient certain spectrum medical services free of charge IN as a result almost all communal medical institutions (district, city, regional hospitals) of the country have entered the reform and will receive funds under the contract with the NSZU. In general projects contracts received 1 662 providers specialized medical help Most contracts signed in Kharkivska region – 132, Dnipropetrovsk – 110, Lvivska – 102.

Such way financing protection health of Ukraine needs further reforms, implementation new one's technologies and transition to European system treatment.

The analysis of the financial provision of health care was carried out in recent years has shown that the industry has not received the necessary government funding that it does is in dire need, especially in the context of the COVID-19 pandemic. During the period of reforming the health care system the country's government does not pay enough attention to the growth of the priority of the medical sector, nor has any been done steps to encourage the population to take insurance. Despite the fact that the insurance market in Ukraine has the necessary experience and can become a participant in the creation of an effective systems protection health.

An effective mechanism for financing health care is a public-private partnership, the essence which boils down to the fact that public institutions and private partners pool their resources for implementation certain of the project with appropriate distribution risks, responsibility and rewards (reimbursements) between them, for mutually beneficial cooperation. Public-private partnership in Ukraine in recent years is one of the largest promising tools investment attraction.

In the near future, Ukraine should pay attention to the possibility of approaching a functional one the structure of general budget expenditures to the average level of European countries, increasing the specific weight health care costs. It is also important to work towards the development of insurance medicine, because, as world experience shows that this format of financial relations in medicine is almost the most effective in reality

today. At the same time, access to medical services in Ukraine is currently decreasing. This one problem especially sharp in rural areas: not enough software medical institutions with the necessary medical equipment, medicines and transport, as well as the lack of personnel makes it impossible to provide quality medical services, timely and qualified medical assistance. Local state administrations must take on the role of financing and quality control of purchased equipment and equipment and the process of equipping medical facilities. Delay in decision problems of poor quality of medical care in rural areas and the decrease in the number of medical institutions and pharmacies led to a worsening of the situation health rural population.

In order to avoid risk deterioration quality medical service population, necessary to develop the main one's principles and practical mechanisms involvement of medical workers in rural areas and to approve the State program, which will allow to introduce stimulation medical employees at the national level. Recruitment in rural areas is possible by providing free housing, transport, Internet and allowances to main salary pay Such incentives are regulated by law about improvement availability and quality medical service in rural areas. It was also important to train medical personnel. In addition to preparation young specialists and fulfillment of state orders in higher education institutions institutions, great attention should be paid to the retraining of medical workers from taking into account features new functioning systems protection health. Another tool for stimulating the development of medical insurance in rural area may be creation "insurance groups" for rural residents Obviously, they grouped together by separate contracts insurance. So, risks for insurance companies are decreasing and so and cost such policy for each a person. Implementation of measures proposed by the reform requires significant resources. Ago necessarily go over to new sample interaction between participants voluntary medical help. It provides for state reimbursement of part of the insurance premium for the poor It happens as follows: an insurance company that wants to take participation in voluntary health insurance, applies to the National insurance services, which carries out mandatory checks and includes insurance the company to the list of companies with which such insurance can be concluded. Insured persons apply to social security authorities to participate in programs voluntary

Financial mechanism in the system of economic vectors of development of Ukraine

medical insurance. IN own queue these bodies assess the solvency of insured persons and their incomes by submitting a request to territorial one's bodies State fiscal services.

It is worth noting that stricter requirements for insurance companies, which carry out voluntary medical insurance, they can bring to stabilization insurance market by withdrawal certain insurers, which not will be able to satisfy new ones requirements by impossibility software appropriate level capitalization. Criteria selection insurers – participants programs voluntary medical insurance determine the insurer as a reliable state partner programs.

An important task of the state is to raise awareness in order to convince citizens who do not support the reforms or even actively oppose them any reasons about potential benefits from their implementation. Opposition the public to innovations may be as a result balanced analysis offered changes, and also as a result emotional, purely intuitive negative attitude towards brand new attitude.

Medical insurance is divided into compulsory medical insurance (OMS) and voluntary medical insurance (VMI). Mandatory health insurance is implemented through programs of mandatory health care. It has a special meaning because it is comprehensive, universal. This is extremely important due to the fact that any person lives in society, and as a living being, has the right to receive assistance in case of loss of health, regardless of whether he can pay for this assistance. But in this way, society cannot provide assistance in the case of a disease, the treatment of which requires too much expense; provision of highly comfortable treatment conditions, etc. That is why the OMS system is supplemented by the Voluntary Health Insurance (VHI) system. Popularity The insurance premium in Ukraine is growing year by year, which is evidenced by the growth of both the number of concluded contracts and the amount of insurance payments. Currently, about 30 insurance companies operate on the insurance market, the average payout rate is more than 60%. Insurance companies with different capabilities, experience and authority. Each insurance company strives to bring something unique to the insurance business, which will distinguish it favorably from its competitors.

4. Directions of reforming the health insurance system

There are too many expectations associated with the introduction of health insurance in our country, so the draft of this law causes a lot of controversy among specialists and the medical community. Despite some obvious advantages and disadvantages of the mentioned project, it can be said that the introduction of health insurance is unnecessarily delayed. Currently, the development of the health care system in Ukraine is taking place in the conditions of internal contradictions of the socio-economic development of the state. The industry suffers from inconsistent socio-economic policies, unequal conditions for conducting medical practice by various business entities, and an unfavorable investment climate in the field of health care. Ukraine is currently at the stage of implementing mandatory state social health insurance. According to the conducted economic calculations, the OMS will provide 7.54 billion hryvnias in addition to the budget part of the financing. per year Despite its notable advantages, its introduction in Ukraine is being hampered by the lack of a uniform approach to the draft law on social security. For that in order to to provide effective implementation proposed changes, necessary to spend communication campaign of introduction programs state help in voluntary medical insurance. He must have a systematized media plan, certain criteria according to which it is possible to evaluate his efficiency, and corresponding channels communication in accordance to target groups. All structural elements of the campaign (specific means of communication) should have common message, be recognizable and equally documented. The informational and educational campaign should consist of a set of separate elements, measures (messages), which are carried out in a certain sequences, complementing realization campaign.

System medical insurance is being reformed step by step (Figure 3).

In our opinion, as a result of such efforts to introduce state programs help in voluntary medical insurance citizens should be informed about mechanism such help and their rights on receiving state compensation; Understand benefits participation in state program; develop trust in insurance companies with which it can be concluded voluntary health insurance, and be sure of their ability to pay; To realize what are they take direct participation in program. Today, it is very important that Ukraine, when introducing insurance medicine, a new system of providing medical

AND. Preparatory stage
Reform (autonomy) institutions protection health in within the framework medical reforms; development licensed requirements to insurance companies. Definition of categories of persons who are entitled to state benefits compensation Specification content standard medical politicians Information and educational campaign on voluntary health insurance
II. Normative stage
Adoption of the necessary approving regulatory acts basics state support in voluntary medical insurance
III. Stage implementation
Licensing insurance companies, which take participation in program state support, and creation corresponding register. Preparation of the register of persons entitled to state compensation parts insurance awards Calculation cost standard medical policy Approval of the subvention for the implementation of the program in the State budget of Ukraine and her distribution. Adoption of the necessary approving regulatory acts basis state support voluntary medical insurance.
IV. The final stage
Introduction state support voluntary medical insurance, granting compensation parts insurance awards

Figure 3. The main stages of implementation of state support in voluntary medical insurance

care, introduction of paid medicine and a system of payment for services, should adopt the positive world experience and take into account the mistakes that other countries have gone through.

Thus, the restructuring of the health care economy is needed and it should begin with strengthening the financial basis of the industry, with a change in the general financing scheme, which involves a mandatory transition from the budget system of financing to a mixed budget and insurance system financed with the active participation of enterprises. institutions, organizations of various forms of ownership with elements of voluntary health insurance of the population. Thus, the state policy for the development of medical insurance as part of the general social and economic policy of Ukraine should determine the main principles, directions and forms of economic influence in the sphere of social protection

of the population. Health insurance must be supported by a regulatory framework; improvement of tax policy and state supervision; increasing the financial reliability of insurers, the insurance culture of the population; training and retraining of personnel. So, the results of the study prove that the implemented stages of the medical reform transformed the financial mechanism of the state management of the health care system, introducing the financing of medical institutions according to the principle "money follows the patient". It is assumed that the reformed health care system will increase the efficiency of the use and financing of budget funds. However, it is not possible to provide high-quality medical care under conditions of limited budgetary resources. For this purpose, it is necessary to attract additional financial resources. This concerns, first of all, the provision of medical services to socially vulnerable sections of the population, the treatment of serious diseases, the treatment of which is carried out using innovative technologies and modern medical equipment. Many experts believe that it is possible to overcome the crisis in domestic medicine by implementing multi-channel financing of health care, in particular, at the expense of mandatory state medical insurance.

5. Findings

The introduction of the system of insurance medicine in Ukraine is extremely important and necessary. It is not only a component of social protection of the population of every developed country, but is also considered as an alternative model of health care organization. Mandatory health insurance makes it possible to use the funds intended for health care more rationally, to increase the quality of these services and the level of provision of them to the population. An analysis of health care financing in recent years has shown that the industry has not received the necessary government funding it so desperately needs, especially in the context of the COVID-19 pandemic. During the period of reforming the health care system, the country's government does not pay enough attention to increasing the priority of the medical sector, and no steps have been taken to encourage the population to take insurance. Despite the fact that the insurance market in Ukraine has the necessary experience and can become a participant in the creation of an effective health care system. In addition, in many developed countries of the world, voluntary health insurance is

an important mechanism for financing health care expenditures. Voluntary health insurance makes it possible to obtain additional health care through the formation of various additional programs that are not included in the state-guaranteed mandatory health insurance program. In Ukraine, this type of insurance is almost undeveloped, and, accordingly, its share in the structure of health care costs is negligible.

An effective mechanism for health care financing is a public-private partnership, the essence of which boils down to the fact that public institutions and private partners combine their resources for the implementation of a certain project with the appropriate distribution of risks, responsibilities and rewards (reimbursements) between them, for a mutually beneficial cooperation. In recent years, public-private partnership in Ukraine has been one of the most promising tools for attracting investments.

In the near future, Ukraine should pay attention to the possibility of bringing the functional structure of general budget expenditures closer to the average level of European countries by increasing the specific weight of health care expenditures. It is also important to work towards the development of insurance medicine, because, as world experience shows, this format of financial relations in medicine is almost the most effective in today's realities.

6. Conclusions

Ensuring the economic and social security of the middle and low-income population, as well as guaranteeing the rights of every citizen to quality medical care, is one of the key principles of insurance medicine. And it is on these principles that the new health care system in Ukraine, based on mandatory state insurance, should be built.

Currently, a state system of financing the health care sector is functioning in Ukraine, which should guarantee citizens free access to high-quality medical care, but, unfortunately, this is not the case in practice. First of all, this is related to the shortage of financial resources and an ineffective system of redistribution of funds. The field of voluntary health insurance is developing at a fairly fast pace, but voluntary health insurance is not a solution to this problem, since only wealthy people can afford insurance policies at the moment. These relatively successful reforms were brutally interrupted by Russia's unprovoked full-scale aggression on February 24,

2022. In the period from February 24 to September 3, the WHO surveillance system for attacks on medical facilities documented 503 attacks on the medical care system, as a result of which 129 people were injured and 100 died. These attacks include attacks on health facilities (425 attacks), supply systems (144 attacks), transport (72 attacks), personnel (60 attacks), patients (24 attacks) and warehouses (12 attacks). However, even these large numbers may turn out to be too optimistic, since it is currently impossible to accurately assess the situation in the occupied territories. The demand for medical services has changed significantly in different regions of Ukraine, given that a third of Ukrainians were forced to leave their homes with the onset of full-scale war, the largest displacement crisis in the world. 7 million Ukrainians have become internally displaced persons (IDPs), while 7 million refugees from Ukraine have been recorded across Europe. As a result of the war, 27% of the population and 32% of IDPs have someone in their household who has stopped taking their prescribed medication. Up to 30% of IDPs have problems accessing health care, compared to only 9% of the general population. As IDPs and refugees begin to return, it is important to restore and expand primary health care (PHC) services in the transition from humanitarian assistance (where relevant), while improving access to pharmaceuticals, trauma, emergency care and public health surveillance.

Even long before the 2022 war, Ukraine had the lowest share of health care spending in total public spending compared to neighboring Eastern European countries. Moreover, the share of health care in public expenditures has been steadily decreasing (from 8.97% in 2016 to 7.67% in 2019). Of course, the WHO report encourages Ukraine not to lower the priority of health care in public spending in the future, even despite the war. Quite a few initiatives have already been launched to attract funding for health care during wartime – for example, Multi-Donor Trust Fund and Ukraine Humanitarian Fund.

References:

1. Bogomolets on medical reform: Law No. 6327 will lead to the closing of hospitals and the reduction of doctors. Available at: https://ua.censor.net.ua/news/459383/bogomolets_pro_medreformu_zakon_6327_pryzvede_do_zakryttya_likaren_i_skorochennya_likariv

2. Health care spending in 2021: when expectations are shattered by harsh reality. Available at: <https://www.apteka.ua/article/579552>

Financial mechanism in the system of economic vectors of development of Ukraine

3. Martseniuk O. (2021). Current trends in the development of the insurance market of Ukraine in the conditions of European integration. *Colloquium-journal*, no. 3 (90), part 2, pp. 38–47. Available at: <http://www.colloquium-journal.org/wp-content/uploads/2021/01/colloquium-journal-390-chast-4.pdf>

4. NSHU: Procedure for implementing the Medical Guarantee Program in 2021. Available at: <https://www.kmu.gov.ua/news/poryadok-realizaciyi-programi-medichnih-garantij-u-2021-roci>

5. On the approval of the Procedure for the use of funds of the fund for combating acute respiratory disease COVID-19, caused by the SARS-CoV-2 coronavirus, and its consequences: Decree of the CMU of April 22, 2020 No. 302. Available at: <https://zakon.rada.gov.ua/laws/show/302-2020-%D0%BF#Text>

6. Official site of the League of Insurance Organizations of Ukraine. Available at: <http://uainsur.com>

7. Official website of the Ministry of Social Policy of Ukraine. Available at: <http://www.mlsp.gov.ua>

8. Official website of the National Commission for State Regulation of Financial Services Markets. Available at: <https://nfp.gov.ua>

9. State budget expenditures for 2018–2021. Available at: <https://openbudget.gov.ua/nationalbudget/expenses?class=functional&view=table>

10. The concept of the reform of the financing of the healthcare system of Ukraine. Available at: http://moz.gov.ua/docfiles/pre_20160205_o_dod.pdf

SOCIAL POLICY AS A BASIS FOR ENSURING FINANCIAL SECURITY OF A PERSON

Oksana Ruda¹

DOI: <https://doi.org/10.30525/978-9934-26-291-3-8>

Abstract. *The purpose* of the paper is the penetration of globalization into all spheres of social life leads to a number of changes concerning, first of all, the economic condition of countries, manifested through differences in their resource potential, the global labor market, and the aggravation of problems related to finding optimal ways to satisfy human needs. As a result of this, the question arises of ensuring the development of the social sphere, which should focus on meeting the physical and spiritual needs of the population, improving living conditions, achieving a high standard of living, etc. *Methodology* of the important role in solving this task is given to the social policy of the state. The need to bring the level and quality of life of the population of Ukraine closer to world standards requires qualitative changes in the implementation of social policy, improvement of its financial support. The conflict between the European integration aspirations of our country and the realities existing in it leads to an urgent need for a consistent reorientation of domestic social policy to achieve a high level of social standards, build a developed system of social protection of the population, ensure effective protection of workers' rights and comprehensive harmonious development of the individual. One of the key issues facing most countries in both the long-term and short-term perspective is the construction of an effective system of social protection of the population capable of solving urgent and permanent social problems. *Results.* There is a particularly urgent need to rethink social policy in Ukraine, to define a clear goal, tasks, mechanisms and stages of its implementation. Social policy is a component of the state's internal policy. It is aimed at ensuring the well-being of citizens by providing

¹ Candidate of Economic Sciences, Associate Professor,
Department of Finance, Banking and Insurance,
Vinnytsia National Agrarian University, Ukraine
ORCID: <https://orcid.org/0000-0002-3266-7470>

them with the opportunity to obtain the necessary material, cultural and spiritual benefits. Social policy has specific features, such as humanistic direction, orientation on human development. Social policy is a method of state regulation of the market economy through the distribution and redistribution of public goods and the development of relations between employees during their creation. State policy should be aimed at social security, social assistance, housing programs, health care, education, and support of socially oriented spheres of activity, in particular food and light industry. Social policy has a decisive influence on the state's competition strategy on the world market and the competitiveness of the national economy, as it ensures the development of human potential, social stability in society, and improvement of the investment and innovation climate in the country. *Practical implications.* The goal is to deepen the theoretical and methodological foundations of the social policy of the state as a regulator of the development of the social sphere in the conditions of the formation of the information society and to substantiate the directions for the improvement of social policy. The object is the social policy of the state to ensure the financial security of a person. The subject is theoretical and practical issues of implementing social policy to ensure financial security of a person. The essence of the concept of social policy is considered. *Value/originality.* The state of Ukraine's social policy and the prospects for changing social policy in accordance with current challenges are analyzed. The main principles were substantiated and recommendations were developed for improving the areas of implementation of the state's social policy and social protection of the population in the context of adaptation to EU standards. The main theoretical provisions, conclusions and recommendations have a practical direction, regarding the introduction of organizational and legal changes in the system of managing the social protection of the population at the territorial community level, namely indicators of external evaluation of the process and results of the activity of the social service provider.

1. Introduction

One of the main functions of the state is the implementation of social policy, which is able to ensure the full development of a person, the realization of his intellectual and professional potential. Currently, the

state system of social protection is a necessity for the stable functioning of modern society. This is caused, first of all, by the difficult financial and economic situation in the state, the partial occupation of its territory, the conduct of military operations in the east of the country, the rapid decline in the standard of living of its citizens and, as a result, the increase in the number of low-income sections of the population, the disabled, immigrants, large families and others categories of persons in need of various types of social assistance.

The formation of a modern information society requires the study of scientific categories of social policy and social security in the context of the philosophy and ideology of the information society, the use of new information and communication technologies and social networks.

The information society affects the political, economic and social spheres of society through the use of modern information and communication technologies, social networks and the formation of new social standards and a new social consciousness.

Socio-economic processes taking place in Ukraine in recent years contribute to a decrease in the level of employment of the population, the quality and availability of public goods in the sphere of health care, education and culture. Creation of an effective system of social protection of the population is a dominant task in the process of building a socio-economic model of society at the current stage in Ukraine. One of the determining factors contributing to the formation of effective social protection of citizens is the financial provision of this sphere, which, given the current circumstances and financial capabilities of the state, is limited. Therefore, effective budgetary financing of social programs is extremely important for the stable provision of social protection in Ukraine.

The problems of the social protection system and the problems of its financing attract the attention of many scientists. Among prominent scientists, we can single out the scientific works of I.H. Tkachuk, N.P. Boretska, O.Ya. Kovalya, S.I. Yuriy, E.M. Libanova, A.A. Andruschenko and others.

The purpose of the work is to deepen the theoretical and methodological foundations of the social policy of the state as a regulator of the development of the social sphere in the conditions of the formation of the information society and to substantiate the directions for the improvement of social policy.

2. The essence and principles of the social policy of the state

The effective functioning of the state in modern economic conditions depends to some extent on the sustainable development of the social sphere. Thus, the social sphere affects the standard of living of the population, which in turn contributes to the increase of aggregate demand in the economy, improvement of working and living conditions, increase of working capacity of the population, thereby regulating the processes of labor force reproduction, growth of human capital and cultural and spiritual life of society. The primary goal of the stable development of the country's social system should be to increase the quality of life of the population, which in turn is reduced not only to the consumption of material goods and services, but also to the satisfaction of spiritual needs. This goal is achieved by spending financial resources, the involvement of which should take place both at the level of the state and at the level of economic entities. It is the creation of an effective financial mechanism that will enable the social sphere to function effectively.

The social sphere solves a number of tasks that take part in the development of the country's economy and directly affect society. The main tasks are: creation of conditions for effective human work; ensuring productive employment of the population at the maximum level, improving the quality and competitiveness of the workforce; raising the level of quality and standards of life of the population; support of socially vulnerable segments of the population etc. [3].

Social policy is a component of the state's internal policy. It is aimed at ensuring the well-being of citizens by providing them with the opportunity to obtain the necessary material, cultural and spiritual benefits.

Social policy is a method of state regulation of the market economy through the distribution and redistribution of public goods. In the conditions of market relations, the state is forced to redistribute profits from economic activity in order to protect vulnerable sections of the population, eliminate income differentiation in society, and provide social protection for those citizens who, due to objective and subjective reasons, cannot provide themselves with a decent existence.

Social politics and social safety state in conditions formation informative society legitimately consider as politics, directed on coordinated by informative sphere society functioning economic, political and social

spheres of society, on the basis of ensuring a decent level life, social protection, social and information security citizens, social groups and society in as a whole.

Provided the formation of global information society and national models informative society problems of social protection and social security citizens, social groups and of states we can consider also and in informative aspects provision of social protection and social security the above-mentioned individuals, social and ethnic groups, of states and groups of states.

Among basic functions social politicians in socially responsible developing state in conditions formation informative society single out the following functions: formulation tasks of social development of society, provision implementation politicians social protection and social security on basis using modern social of information and communication technologies, technicians and means social and political management and marketing, using modern informative communication technologies in activity social structures authorities and civil society.

Such way we can affirm, what the main purpose social politicians state in conditions formation informative society is installation and regulation relevant politician legal and information and communication relations between society and individuals by implementation and regulation of the specified relations between individuals and social in groups to whose belong to data individuals.

Traditional approaches analysis social politicians predicted what subjects social politicians and social security perform mainly state structures [3]. But transformation traditional state in socio-legal the state introduction information and communication technologies in the social sphere contributed to ago, what question social politicians and of social security began to be implemented by social civil structures society.

The object of social policy is social relations (family-marital, educational-educational, social-labour, housing-communal, etc.), the processes of life in society (natural and mechanical movement of the population, differentiation of incomes, housing security, etc.) and social needs (medical and demographic, educational, labor, social and household), which together make up the social sphere of the country. Accordingly, the institutional system of ensuring social policy is formed by four groups

Financial mechanism in the system of economic vectors of development of Ukraine

of management subjects, such as: the state through authorities of various levels, public and political institutions (movements, associations, parties, organizations), employers and citizens. At the same time, three key goals of the researched policy are fulfilled, related to the resolution of conflicts in social relations, the regulation of social processes and the satisfaction of the needs of the population, in order to achieve the highest goal – a high level of economic and social well-being of the population.

Principles of social policy of the state: ensuring social justice in society and social security; formation of social solidarity of all strata of the population; development of social partnership; guaranteeing the availability of education; health care of citizens; pension provision in old age; creation of conditions for freedom of choice of profession, place of residence; ensuring the right to professional associations, etc.

In order to characterize the state of social policy, it is necessary to define the state of social security in general.

Table 1

Dynamics of the size of the main state social standards of Ukraine in 2016–2020

Indicators	Years				
	2016	2017	2018	2019	2020
Minimum pension, UAH	1074	1295	1409	1564	1769
Minimum wage, hryvnias	1438	3200	3723	4173	5000
Subsistence minimum, hryvnias	1376	1604	1745	1936	2189
Minimum consumer basket, hryvnias	1169	1446	1745	1936	2189
Average monthly salary, hryvnias	6475	7105	8867	10783	10340

Source: created by the author [11; 14]

The following indicators are of great importance when analyzing the state of Ukraine's social policy: the consumer price index, the subsistence minimum, the average monthly wage, the poverty line according to the relative criterion and the poverty level, the number of the employed and unemployed population. During 2020, there was an increase in the subsistence minimum, which is the main social standard that establishes the amount of state social guarantees. The size of the subsistence minimum for 2020 was increased by 11% compared to 2019. The subsistence minimum

for able-bodied persons in 2020 was UAH 2,189, and in 2018–2020, the minimum consumer basket and the subsistence minimum were of the same value. The average monthly wage in 2020 was UAH 10,340, which is 4.1% less than in 2019, and the average monthly wage in 2018 was UAH 8,867, which is 20% more than in 2017.

The poverty level according to the relative criterion increased in 2016 and amounted to 58.6%. And already in 2020, it was 43.6% (but according to UNICEF forecasts, without the pandemic, this figure could have been 27.2%), which is 5.8% more than in 2019. The practical aspect of implementing social policy involves the use of both methods of market self-regulation and methods of direct and indirect state intervention. Social technologies constitute a separate group of methods in modern conditions of development. At the same time, methods of persuasion, coercion, economic, administrative and legal measures and other methods of control are used within the limits of state regulation. Various means of persuasion are often used to achieve the goals of social policy, namely: clarification, education, dissemination of leading experience, moral and material stimulation. Methods of coercion are relevant when the means of persuasion against those persons who do not comply with or violate the requirements of laws and other regulatory acts, discipline, norms of the welfare state have been exhausted. Groups of social, economic and political mechanisms form structures of socio-economic positions, with the help of which the population is stratified according to income, education, profession, gender, race / ethnicity; these socio-economic positions, in turn, form mediating determinants of social policy, reflecting the place of the citizen in the social hierarchy.

There are interpretations of the state's social policy as a set of measures aimed at harmonizing the interests of various social groups in the sphere of production and distribution. Indeed, social policy carries out not only the redistribution of material and cultural goods, but also regulates the relations of workers during their creation. There is a direct relationship between economic growth and social progress in society. The effectiveness and efficiency of the state's social policy depends to a decisive extent on the state of the country's national economy. Social and economic policy make up the internal policy of the state.

The social policy of the state has an active and passive component. An active policy regulates labor relations, the labor market and employment, and

Financial mechanism in the system of economic vectors of development of Ukraine

provides jobs. Passive policy is aimed at supporting the socially vulnerable sections of the population. The social policy of the state should be aimed not only at social security and social assistance, housing programs, health care and education. Such socially oriented spheres of activity, such as food and light industry, which produce food, clothing and footwear, which are important for people, also need state support.

The main mechanisms of social policy implementation are mandatory and voluntary social insurance. Mandatory includes pension and health insurance, in connection with temporary loss of working capacity, from an accident at work and occupational disease that caused the loss of working capacity. Voluntary social insurance is insurance for citizens engaged in business and individual activities. They are entitled to all types of state social insurance benefits established for workers, employees and members of cooperatives, provided they pay insurance contributions to the Social Insurance Fund of Ukraine. Mechanisms for the implementation of social policy are also state social assistance – monetary payments, subsidies and compensations to vulnerable sections of the population, and state social guarantees of free medical care, free education, affordable housing, cultural and health facilities, etc.

Social policy technologically is carried out through the development and adoption of legislative and regulatory state acts and the approval of targeted social programs to be developed by the authorities representative and in the iconostasis in the scales by active participation citizens.

Effective social policy state has be aimed at ensuring decent social living standards of citizens, guaranteeing their social security and stability of the political system of society, which in the conditions of the formation of the information society should be implemented on the basis of the principle of social justice, in particular, and in information sphere society.

3. Analysis of the financing of social protection measures in Ukraine

Due to the fact that one of the most important problems of modern times is the need to study social security issues as a component of national economic security and ensuring national interests. The choice of an adaptive form of the social policy model should ensure the freedom of social choice of different layers of the population and the positive impact of social

processes on the economic development of the country, and thus maintain a sufficient level of ensuring the financial security of a person in the system of national economic security.

Financial security is one of the most important components of economic security, without providing which it is impossible to solve any of the tasks facing Ukraine. At the same time, there is almost no analysis of the relationship and interdependence of financial security and the system of national interests. Ensuring the economic security of the national economy is a necessary condition for the realization of private and state economic interests, a guarantee of the evolution of the economic system and the successful positioning of the state in the global economic arena. Ukraine is currently in a state where the influence of economic and financial threats on the state of economic processes has reached its peak due to the political crisis, military actions in the East of the country and social imbalance in society. In view of this, scientists' attempts to propose measures to increase the level of financial protection of the population, business structures, and the state in general from destabilizing factors of the economic nature of origin are gaining relevance.

Social security, as a component of economic security, is related to the categories of national needs and national interests. In turn, the high level of social guarantees of each state is the basis of public welfare and the main goal of its financial policy.

The key criterion for evaluating the effectiveness of social policy and the standard of living of the population, as well as an indicator of the state of financial security of a person, is the amount of labor income of working people. One of the important indicators of the standard of living of the working population is the indicator of real wages.

Social security, as well as economic security, is inextricably linked with the categories of national needs and national interests. The financial security of a person is an important component of the social and economic security of the state, the center of which is the person and his needs, the quality of whose satisfaction affects the socio-economic development of the state and its social security.

The presence of threats to financial security restrain the development of the economy and, as a result, lead to an increase in social tensions. Ensuring financial security directly affects the political life of society,

Financial mechanism in the system of economic vectors of development of Ukraine

the implementation of economic policy, the implementation of social programs, strengthening the state's defense capability and security, and solving environmental problems. Comprehensive implementation of structural transformations in the economy of Ukraine is impossible without the activation of regulatory measures aimed at meeting the needs and interests of every person. These measures should contribute to the process of ensuring the stable life of society, the achievement of social harmony and social integrity, and the appropriate level of well-being of the population.

Characterizing the structure of general expenditures on social protection and social security in Ukraine for 2016–2021, it should be noted that almost 2/3 of all expenditures of the social protection system of Ukraine are directed to persons of retirement age. A particularly rapid increase in expenditures on social protection was observed in 2020 – by UAH 104 billion (such growth is associated with an increase in budget expenditures for pension payments and social benefits), at the same time, there is a decrease in expenditures in 2021, compared to 2020, by UAH 56 billion. In 2021, the share of expenditures on social protection of pensioners is 24.9%. Expenditures on social protection in case of incapacity for work make up a small share, in the amount of about 0.8-2.1%. However, we see a tendency to increase the financing of disabled citizens, as one of the vulnerable sections of the population. It is worth stopping at help in solving the housing issue. The indicator significantly increased in 2019 (1.6 billion hryvnias) compared to 2016, which indicates a positive trend in state assistance in solving the housing issue.

In Ukraine, social protection and social security expenses have always taken the leading place in social spending, and the country's budget has been one of the main sources of funding for the social security system. Social protection is becoming increasingly important for the population due to the negative impact of socio-demographic, economic and security factors. The number of vulnerable segments of the population in Ukraine has increased, new categories in need of social protection have appeared, while the vast majority of the population is not satisfied with the quality and availability of social services. For many years in a row, the forecast calculations for social expenses have not been coordinated with the sources of income and the amounts of benefits and guarantees established by the state. For decades, an excessive number of various benefits, benefits and

**Analysis of the structure of expenditures
on social protection and social security by category
of citizens from the state budget in 2016–2021, UAH billion**

	2016	2017	2018	2019	2020	2021
State functions	117925.6	142446.9	162949.9	168206.5	163849.4	155468.9
Defense	59348.9	74346.2	97024.0	106627.7	120374.1	92299.1
Public order, security, judiciary	71671.1	87845.0	116875.6	140151.2	157672.5	127751.9
Economic activity	31412.3	47000.1	63600.7	72365.1	16889.0	103708.5
Health care	12456.3	16729.1	22617.9	38561.6	124925.3	122761.8
Education	34825.4	41140.2	44323.4	51657.6	52857.3	48993.4
Social protection and social security	151965.5	144478.3	163865.6	218628.6	322720.3	266238.8
Interbudgetary transfers	195395.3	272602.9	298939.7	260302.0	160177.1	137923.6
Other	9743.1	12655.0	15645.2	16391.2	16551.8	15441.1

Source: created by the author [11; 16]

compensations have been formed in Ukraine, the size of many of which does not take into account modern economic realities, besides, the state does not have sufficient financial capabilities to ensure the corresponding payments. As a result, the leveling of the social value of such guarantees for the population and the growth of the state's debt due to lawsuits on the protection of social rights, satisfied by the courts in favor of citizens. A large number of allowances, supplements and increases to the pension overburdens the pension insurance system and turns it into a cumbersome social security system.

The social protection system of the population of Ukraine consists of: pensions, unemployment benefits, child birth benefits, a program to help families with children, a state program of grants and housing subsidies, burial benefits, and social protection for victims of the accident at the Chernobyl nuclear power plant. Also, provision of social assistance is guaranteed state support for families with children. Maternity benefit to uninsured persons is paid in the amount of 25% of the subsistence minimum for able-bodied persons, in which case the amount of this payment changes in proportion to the change in the subsistence minimum.

Financial mechanism in the system of economic vectors of development of Ukraine

Starting from 2015, the allowance for the birth of a child is assigned in a single amount of 41,280 hryvnias, which has increased by 10,320 hryvnias. in comparison with previous years. Since 2019, Ukraine has introduced a one-time cash or in-kind (at the parents' choice) state aid "Baby Package". The amount of monetary compensation for the cost of one-time in-kind assistance "baby package" is UAH 6,300.00.

Having analyzed the expenditures on social protection and social security, we see that at the expense of subventions from the State budget, local budgets are provided with benefits and housing subsidies to the population for the purchase of solid and liquid stove household fuel and liquefied gas and for the payment of housing and communal services. In the State Budget for 2021, 36.6 billion UAH is provided for the payment of subsidies, which is almost 600 million UAH less than in the State Budget for 2020 (37.2 billion UAH, plan taking into account the schedule – 36.4 billion UAH, cash expenses – 36.4 billion UAH, and 47.6 billion UAH were provided for the sequestration of the budget for 2020). It is worth noting that for 2018, the budget for the payment of subsidies provided UAH 72.7 billion.

From the conducted analysis, we can see that during the studied period there is a trend of increasing expenditures from the state budget for payment of subsidies to the population of Ukraine.

The main social standard for the implementation by the state of the constitutional guarantee of citizens for a sufficient standard of living is the legally established subsistence minimum. At the same time, the attempts of the Ministry of Social Policy to provide such a size of the subsistence minimum, which takes into account the real level of prices and the needs of the population, are restrained by the economic failure of the state. The methodology by which the living wage is determined needs to be updated, in particular, the sets of food, non-food goods and services that are not revised against the law are outdated and do not ensure that all needs are taken into account. As a result, the legally established living wage for all social and demographic groups in 2017–2020 was more than twice lower than the actual living wage calculated by the Ministry of Social Policy.

The minimum wage has increased significantly since January 2017 (from UAH 3,200 to UAH 6,000 in January 2021), and since January 2021 it

has exceeded the actual subsistence minimum every month (in January 2021 – by UAH 699, in February 2021 – by UAH 732, in March in 2021 – by 556 hryvnias, in April 2021 – by 508 hryvnias). At the same time, in connection with inflationary processes, the rate of growth of the minimum wage is gradually decreasing.

The minimum pension, which corresponds to the legally established living wage, grows slowly and does not reach the actual living wage, the gap between its size and the minimum wage has increased from 2.6 to 3.4 times since 2017 due to the rapid increase of the minimum wage. At the same time, at the beginning of 2021, only 1.2 out of 11.1 million people received pension payments that were lower than or corresponded to the subsistence minimum for this category of people. Due to the additional payment for state budget funds in 2019 and 2020, for almost 2.2 million people who had the required insurance experience (30/35 years) but low earnings, the minimum pension payment was approximated to UAH 2,000 and UAH 2,100, respectively, which in 1.6 and 1.5 times less than the average actual subsistence minimum for these years (3103.1 and 3253.1 hryvnias).

At the beginning of 2021, the majority of pensioners (75 percent) received an old-age pension in the amount of UAH 3,539 on average, which slightly exceeded the average actual living wage for this category of persons in 2020.

It is also necessary to analyze the average amount of the assigned monthly pension for all categories of pensioners in 2016–2022.

From the data in the table, it can be seen that during the analyzed period, the monthly pensions of all categories of pensioners increased by 14% in 2020 compared to 2019. The increase in the average size of the pension occurred in connection with the increase in the minimum wage in 2020 and the implementation of the pension reform in 2017. The increase for the period from 2016 to 2020 was 1.6 times. The current level of the country's pension provision does not provide an adequate standard of living for citizens of retirement age, and there is no adequate pension replacement of earnings lost by citizens due to old age. So, as of January 1, 2020, there were 11,335,000 pensioners registered with the Pension Fund of Ukraine, which is 135,000 less than on January 1, 2019.

Table 3

**The average amount of the assigned monthly pension
for pensioners of all categories, hryvnias**

Name of indicators	Years					
	2016	2018	2019	2020	2021	2022
The average amount of the assigned monthly pension, total	1699.5	2479.2	2645.7	3083.0	3507.51	3991.53
by age	1690.3	2556.7	2648.2	3064.8	3538.9	3944.8
on disability	1545.2	2000.9	2118.6	2641.1	2679.5	3269.8
in case of loss of breadwinner	1640.3	2368.0	2491.4	2916.5	3012.5	3730.7
for years of service	2282.4	2595.2	3970.6	4500.5	3205.5	6442.9
social pensions	1099.0	1450.6	1499.6	1644.3	1786.1	1955.7
lifetime allowance of retired judges (with full and part-time work experience)	16770.8	24722.3	28702.4	45874.2	67961.4	90822.2

Source: created by the author [11; 16]

The number of pensioners during the research period decreased by 13.5% in 2020 compared to 2016, this is primarily due to the reduction of the retirement age, as well as low life expectancy in Ukraine. During the analyzed period, in 2018 alone, the number of pensioners decreased by almost 570,000 people (compared to 2016). On average, the rate of reduction was 2% each year.

In 2016, the decrease reached 11.4%, but this indicator is connected with the impossibility of calculating the number of pensioners who were in the territory of the anti-terrorist operation (ATO) in Eastern Ukraine and Crimea.

It should be noted that in 2020 (compared to 2019), the pension of persons who receive it by age increased the most. The growth reached 22%.

The average social pension increased less (by 9%). On the other hand, the average amount of pension for years of service increased by 12% (compared to the indicators of 2019).

During the functioning of the current pension system, a number of social problems appear, social injustice, which most affects the poorest sections of the population, is the defining one.

4. Social policy of Ukraine and directions for its improvement

The social sphere is one of the most massive spheres of employment, which includes three large socio-professional groups: educators (8.4%), health care and social service workers (5.9%), culture and sports workers, recreation and entertainment (1.2%), which together make up 15.4% of all employed as of 2019. In modern conditions, the social sphere has certain features of development, which must be taken into account in improving social dialogue.

The main ones the reasons for the underfunding of the social sphere are not only insufficiency budgetary funds and deficits local budgets, but also those that are not implemented new ones and non-standard for economy countries methods regulation – using non-state funds by creation social funds and involvement socially responsible business

A model of economic and social development which now developed in Ukraine, formed because of inconsistent and controversial politicians in conditions permanent political and economic crisis and under powerful influence multidirectional forces which had of of Ukraine your geoeconomic and geopolitical interests As a result, instead of socially oriented and competitive market economy in Ukraine made up disintegrated and internally contradictory conglomerate fragmented markets, which not provide full-fledged inclusivity economic development, redistributing significant share his results on benefit narrow circles economic "players" [12].

Within the model of socio-economic development, what developed significant part population not sees own future, and business not interested in legal and strategically oriented activity on national territories. Hence the capital flight, significant fraction persons oriented on emigration with countries, internal emigration. Now all, what we have – it disagreements in actions management tops, absence strategic management, contradiction in looks among population and his excessive politicization, corruption, unemployment, low level democracy, education and medicine, legal exposure. These factors harmful affect on development social state Introduction state control in the field social politicians and subsequently and that, as far as successfully she will be function, will demand coordinated work in everyone spheres society, in particular economy, which has exactly function in context of the state financing everyone social programs [5].

Financial mechanism in the system of economic vectors of development of Ukraine

Reform social services in Ukraine already started and acquired institutional measurement with acceptance in new editors of the law of Ukraine "About social services", which came into effect on January 1, 2020. Appropriate to note what because of reforms decentralization is formed new system, bodies local municipality is provided more powers, in particular regarding social security protection population. Also on state levels accepted a string subordinates regulatory Acts in sphere social politicians.

Events 2020, are related with spread pandemic COVID-19 and introduction quarantine activities, made essential corrections in Indicators socio-economic development of the country. According to the results of 2020 received essential negative changes in indicators income and poverty of the population. Subsequently, negative effects they can to touch others spheres life, in particular those which are identified with non-monetary aspects and cause growth scales social alienation [13].

Simultaneously arise various challenges for sustainability of the social protection system in Ukraine.

Among the main problems in the sphere of social protection of the population of Ukraine, which require an immediate solution, the following can be highlighted: extremely high level of state participation in the sphere of social protection, extremely weak participation of the population in its functioning; an extremely rapid increase in the cost of services provided by healthcare, education, and culture institutions, which does not correspond to their quality; inefficiency of budget management of available financial resources both by the main administrators and by individual social institutions; insufficient funds for financing activities in the field of social protection of the population. Financial provision of social protection should also be analyzed from the point of view of achieving its goals. It should be noted that each individual social program provides for the achievement of its specific goals, which makes it possible to assess the effectiveness of their financing not only in the country as a whole, but also in individual regions. At the same time, all the goals of individual social programs provide for the achievement of the main goals of the social protection system of the population: reducing the level of poverty, increasing the income of the population, reducing inequality and increasing life expectancy. In general, the current trends in the financial provision of social protection in Ukraine

do not meet the challenges posed by the current socio-economic and demographic situation, which negatively affects both the level of funding and its effectiveness. Further development of social protection in Ukraine is possible only under the condition of deep structural restructuring of both the social protection system itself (reduction of social benefits and benefits; increase in targeting; reduction of the number of in-kind transfers, etc.) and the basic conditions and principles of financing (expansion of the share of private funds; growth of financing social programs based on the accumulative principle; increasing monetization and targeting of social benefits, etc.). They remain difficult administrative procedures and actions in ensuring social protection. Available disorganization granting social payouts benefits and help Entrepreneurs and working Ukrainians do not trust the social protection system and avoid participation in it, which negatively affects formation and filling social funds [thirteen]. The problem of provision remains unsolved availability of administrative services for receiving social support for territorial residents communities It has be clear mechanism financial software implementation bodies local municipality powers delegated by the state regarding drafting, implementation local budgets, control by spending funds managers budgetary funds, and also implementation others functions, connected with management funds local budget. In order to ensure the implementation of powers in the field of social protection of the population and protection of children's rights, in the executive body of the village, settlement, city council of the territorial community, the following are formed: a structural unit (or specialist in social work (hereinafter – FSR), which ensures the implementation of state policy in the field of social protection population, formation of local social support programs [2].

The practice of an integrated system of social services requires the creation of comfortable living conditions in any village, city, or settlement.

Despite positive developments in the formation of a new, decentralized system of providing social services, there are a number of problematic issues in the activities of territorial communities regarding the implementation of powers in the field of social protection of the population: reduction of the amount of social services provided to residents before the formation of the TG; insufficient personnel resources for the organization of social work in the community, in particular with regard to timely identification and provision

Financial mechanism in the system of economic vectors of development of Ukraine

of support to families / persons who are in difficult life circumstances, prevention of family violence, child abuse, loss of children due to neglect and neglect of their needs, solving issues related to the implementation of guardianship and care over adult incompetent and persons with limited legal capacity; insufficient level of qualification of employees who perform functions in the field of social protection of the population; lack of effective mechanisms for the interaction of structural subdivisions of social protection of the population of district state administrations with TGs, in particular regarding the proper organization of the reception of documents in the created TGs; insufficient implementation of mechanisms and forms of TG cooperation in the development of specialized social services for different categories of the population.

The functioning of the TG also indicates a high need for methodological assistance in building one's own effective organizational structure for the provision of social services and the transition to new methods of planning and financing social services. At the stage of introducing information technologies into the management system of social protection of the population and protection of children's rights at the TG level, an urgent task for the structural subdivisions on issues of social protection of the population, services for children's affairs of regional state administrations is the organization of continuous training of TG personnel. According to the report of the European Commission, in the countries members EU dominate four the main ones models: continental Anglo-Saxon scandinavian and South European [1]. Under model social protection are understood formed principles organizations and functioning programs social software. In Germany, Belgium and Austria, social protection is carried out through the social insurance system, i.e in them works insurance model social protection. System social software in Germany by international standards looks enough powerful her foundation formed with independent systems social guarantees what are financed with deductions from wages. The social system software in Germany is regulated The Social Code, which has the name Sozialgesetzbuch (SGB). The basis of the social security system is laid principle insurance. It means what right on social help in Germany have everyone insured persons System social software in Germany includes mandatory insurance health, mandatory retirement insurance, mandatory insurance from unhappy cases insurance

long-term care and insurance on case unemployment. Financing systems mostly is provided thanks to insurance contributions of the economically active population, employers and tax benefits Social provision of persons who are unable to do it on their own deduction, is carried out thanks to budgetary subsidies All of them collected funds accumulate in industry social funds Social insurance in Germany is mandatory It allows compensate solidary approach, equalize social services for persons with different level income, and also to provide the necessary assistance to those who are unable get her by help participation in systems voluntary insurance due to low or non-existent income Depending from industry insurance functions social insurance funds can perform as state, so and private organizations Germany reached very tall standards life and has comprehensive system social software.

Belgium inherent conservative (continental, European, institutional) model, which primarily aimed at the market and insurance. This one model is based on principles achievements persons where labor determines further social software. Problems arise in those sections of the population that do not employed and uninsurable. They are forced expect on local charitable bodies and social help usually insignificant Budgetary deduction and insurance contributions employees and employers are actually the same, the main links distribution is as state, so and private social insurance funds [1].

In Belgium with help social insurance and state social software are formed enough significant financial resources that reach 30% of GDP [17]. In Belgium social insurance is an important component of the system social security and is financed by principle social solidarity: the state – 20%, employers – 32-38%, employees – 13.07%. All funds accumulate in National service from social safety, which are distributed in such public institutions such as the National Pension Service, National Employment Service, National Service payment annual holidays, Stock insurance from accidents at work, Insurance Fund from occupational diseases, National Institute insurance from diseases and disability, Federal agency children's help [17].

Today in Ukraine payout the majority social assistance is provided at the expense of the state budget in the form of subventions to local budgets. Funds enterprises, institutions, organizations etc. is the source what provide realization social guarantees for able-bodied population.

Financial mechanism in the system of economic vectors of development of Ukraine

Sources there are also funds for additional resources in the social sphere foreign targeted loan and loans, what directed on solution of the complex social problems and stand out under specific social programs. Important directly financing social spheres is active involvement elements insurance to the social security system, a exactly: creation necessary economic conditions for development of social insurance as fundamental component of the social security system. Out of five legalized types of social insurance today in Four are valid in Ukraine: pension, temporary loss working capacity, on case unemployment and from unhappy case in production.

Because budgetary financing is the main the source of the rise of the social sphere, should be accelerated process reformation systems taxes and carry out additional activities of filling income part state budget and budgets of all levels [5].

For solution this one problems expedient use experience European of states with okay developed systems social provision. Separate charges species taxes in some European countries is fixed by financing of relevant social expenditures. Such the system enables the state to be the guarantor of what funds will return society in in the form social services and benefits.

5. Conclusions

The current stage of the development of Ukraine as an independent and social state is taking place in the conditions of a social and economic crisis, which prompts the state authorities to search for ways to optimize social policy in relation to social expenditures, modernize and increase the efficiency of the social protection system of the population. In conditions of under-reformation of the social sphere, the existence of systemic deformations, the standard of living of the country's population decreases, its polarization into rich and poor social strata deepens, and inequality in access to public goods increases. These indicators lead to latent conflicts, large-scale marginalization, social rejection and carry different levels of social tension and social unrest. Taking into account the problems that accompany the social life of Ukrainians, there is a need through the state social policy to implement a number of reforms in the system of social protection of the population to increase the level of social and economic security of citizens, to ensure the transparency of the functioning of the

labor market with adequate remuneration, which would avoid the risk of being on the edge or below the poverty line. The main attribute of the social policy of each state is the social protection of the population, and the state of its financing determines the level of the country's economy. The standard of living of the society depends on the amount of expenditures aimed at financing the social sphere. The effectiveness of the system of social protection of the population largely depends on its financial support. Financial provision of social protection of the population has a multi-channel structure consisting of funds from the state and local budgets, state and non-state social funds, business entities of various forms of ownership, and charitable (charitable) funds. Financial provision of social protection of the population is carried out by redistributing part of the value of GDP on the basis of social solidarity, which involves mutual assistance of all participants of the social protection system. Such mutual aid is implemented in the form of redistribution of funds between different socio-economic and socio-demographic population groups. In general, the system of financial provision of social protection of the population is designed to create a financial base to ensure the protection of the population as a subject of protection during the action of social risk.

In Ukraine, in the structure of public expenditures, expenditures on social protection have always occupied a leading place, and the state and local budgets are the main sources of financing the social protection system. The main problem of financing the social protection system is insufficient state funds to fulfill the requirements of the current legislation. Although during the last five years in Ukraine there has been a significant increase in spending on the social sphere, this is not an indicator of the effectiveness of the social protection system in terms of the availability and quality of the provision of social services. We believe that the following are the main reasons for the negative impact on the implementation of budget policy in the social protection system, which are manifested, first of all, during the implementation of approved state budget expenditures:

1. Imperfection of the budget planning and forecasting system.
2. Inefficient budget management of available financial resources.

Solving the problems of financing the social protection system listed above requires fundamental changes in the social protection system, namely:

Financial mechanism in the system of economic vectors of development of Ukraine

1. Departure from categorical principle of granting benefits and orientation benefits for a specific person. Finding out the level of income human which claims on benefit and granting benefits only if her income is lower than average.

2. Introduction of a system of preliminary identification of persons in difficult life situations.

3. Organization of social monitoring of the spending of funds on social protection and determination of the effectiveness of the corresponding type of social assistance.

3. Ban on introduction new ones benefits legally establishing a specific source of funding for Each species benefits introduction limitation "one a person is one benefit".

4. To reduce expenditure parts Retirement fund necessary enter maximum size pensions by age, to provide detinization salary paid what will allow increase the base for calculating pension contributions.

5. Introduction mandatory medical insurance, what will allow reduce load on state budget and at the same time limit the possibility cover others budgetary expenses with funds on protection health.

Legislation in sphere social protection and social software has conform with budgetary legislation as in approaches and mechanisms, so and in basic procedures: introduction new ones forms and species social protection has to be carried out together with acceptance solutions about necessary funding, definition volume and sources such financing.

Because budgetary financing is the main the source economic stability social spheres, need speed up process reformation systems taxes and carry out additional measures to fill the revenue part state budget and budgets everyone levels.

Reforming the system of financial provision of social programs is an extremely important component of the state's social policy, because the basis of all transformations should be the interests, problems and needs of every person who needs social assistance.

References:

1. An economy that works for people. *European Commission*: Website. 2019. Available at: <https://ec.europa.eu/info/strategy/priorities-2019-2024/economy-works-people>
2. Bavol T. (2016). Optyimizatsiia diialnosti subiektiv nadання sotsialnykh posluh: systemnyi pidkhid. *Derzhavne upravlinnia ta mistseve samovriaduvannia*, 1(28), 61–66.
3. Bebyk B. (2009). Politolohiia: nayka i navchalna dyctsyplina. Kyiv: Kapavela, 496 p.
4. Biudzhetni kodeks Ukrainy vid 08.07.2010 r. № 2456-VI. *Vidomosti Verkhovnoi Rady Ukrainy*. 2010. № 50–51. Available at: <https://zakon.rada.gov.ua/laws/show/2456-17>
5. Hontar Z.H. (2021). Perspektyvni napriamy vdoskonalennia sotsialnoi polityky v Ukraini z urakhuvanniam dosvidu yevropeiskykh krain. *Sotsialno-ekonomichni problemy suchasnoho periodu Ukrainy*, 3 (149), 36–41.
6. Danyliuk O.I. (2019). Sotsialnyi zakhyst naseleennia ta finansovi mekhanizmy yoho realizatsii. *Efektivna ekonomika*, 5. Available at: <http://www.economy.nayka.com.ua/?op=1&z=7056>
7. Zherybylo I.V. (2020). Sotsialna polityka derzhavy yak rehulator rozvytku sotsialnoi sfery: teoretyko-metodolohichni aspekty. *Problemy ekonomiky*, 1, 283–289.
8. Dovhyi C.O. (2015). Informatsiino-komyunikatsiina demokratiia: monohrafiia. Kyiv, 420 p.
9. Nasibova O.V. (2019). Teoretychni aspekty finansovoho zabezpechennia sotsialnoho zakhystu naseleennia. *Ekonomika ta derzhava*, 8, 35–40. Available at: http://www.economy.in.ua/pdf/8_2019/8.pdf
10. Osipova L.V., Hrytsyk N.V. (2019) Finansuvannia sotsialnoho zabezpechennia v umovakh detsentralizatsii. *Pryazovskiy ekonomichnyi visnyk*, 2 (13), 10–15. Available at: http://pev.kpu.zp.ua/journals/2019/2_13_uk/3.pdf
11. Ofitsiyni sait Derzhavnoi sluzhby statystyky Ukrainy. Available at: <http://www.ukrstat.gov.ua>
12. Pysarenko S.M., Horin N.V., Ukrainets L.A. ta in. (2012). Menedzhment yevropeiskoi ekonomichnoi intehratsii: pidruchnyk / red. S.M. Pysarenko. Kyiv: Znannia, 373 p.
13. Pro rishennia Rady natsionalnoi bezpeky i oborony Ukrainy vid 14 travnia 2021 roku "Pro Stratehiiu liudskoho rozvytku": Ukaz Prezydenta Ukrainy vid 02.06.2021 r. № 225/2021. Prezydent Ukrainy: sait. Available at: <https://www.president.gov.ua/documents/2252021-39073>
14. Richni zvity Derzhavnoi kaznacheiskoi sluzhby Ukrainy. Available at: <http://treasury.gov.ua/main/uk/doccatalog/list?currDir=146477>
15. Roleders V.V., Kukel H.S. (2019). Problemy finansuvannia sfery sotsialnoho zakhystu naseleennia v Ukraini ta shliakhy yikh podolannia. *Investytsii: praktyka ta dosvid*, 10, 49–54.
16. Sait Ministerstva finansiv Ukrainy. Available at: <https://index.minfin.com.ua/ua/finance/budget/gov/expense>

Financial mechanism in the system of economic vectors of development of Ukraine

17. Tyshchenko O.V. (2017). Realizatsiia prava na hidne zhyttia yak osnova sotsialnoi polityky Belhii. *Sotsialne pravo*, 2, 120–127.

18. Tropina V.B. (2018). Finansy sotsialnoho zakhystu v konteksti yevropeiskoho vyboru Ukrainy. *Skhidna Yevropa: ekonomika, biznes ta upravlinnia*, 2 (13), 221–228. Available at: http://www.easterneurope-ebm.in.ua/journal/13_2018/41.pdf

19. Filipchuk V.R. (2018). Tendentsii ta problemy finansovoho zabezpechennia sotsialnoho zakhystu naselennia za umov hlobalizatsii. *Prychornomorski ekonomichni studii*, 31, 141–147.

Izdevniecība “Baltija Publishing”
Valdeķu iela 62 – 156, Rīga, LV-1058
E-māil: office@baltijapublishing.lv

Iespiests tipogrāfijā SIA “Izdevniecība “Baltija Publishing”
Parakstīts iespiešanai: 2023. gada 13. marts
Tirāža 300 eks.