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**THE ESSENCE OF THE POTENTIAL OF THE AGRICULTURAL ENTERPRISE AND THE DIAGNOSTICS OF ITS FORMATION.****СУТНІСТЬ ПОТЕНЦІАЛУ СІЛЬСЬКОГОСПОДАРСЬКОГО ПІДПРИЄМСТВА ТА ДІАГНОСТИКА ЙОГО ФОРМУВАННЯ.****Kolach S.M. / Колач С.М.***k.e.s., doc. / к.е.н., доц.*

ORCID: 0000-0001-8650-4696

**Vasylyna O.R. / Василина О.Р.***k.e.s., doc. / к.е.н., доц.*

ORCID: 0000-0003-2124-3792

**Berezivskyi Z.P. / Березівський З.П.***k.e.s., doc. / к.е.н., доц.*

ORCID: 0000-0001-57311377

**Perih Y.A. / Періг Ю.А.***asist / асистент*

ORCID: ); 0009-0008-5976-4554

*Lviv National Environmental Universiti, Lviv-Dybliany, V.Velykoho, 1, 80381**Львівський національний університет природокористування,**Львів-Дубляни, В.Великого, 1, 80381*

**Abstract.** *The work examines the essence of the formation and development of the potential of an agricultural enterprise, its structure and properties, which are the basis of its effective use. The aspiration to a high level of utilization of the potential of economic resources of agricultural enterprises and its growth rates for an individual agricultural enterprise strengthens its competitive advantages, and its success will depend on how successfully the compliance of the existing resource potential with functioning in the formed external environment is ensured.*

**Key words:** *potential, agricultural enterprise, resource potential, efficiency of use.*

**Introduction.** In modern economic conditions, agricultural enterprises must ensure efficient and competitive use of all available resources. In the process of production and commercial activity, agricultural producers are constantly faced with new challenges and threats, so they need to respond in a timely and efficient manner both to negative manifestations and to identify and use promising ones in a timely manner. The main factor that determines the degree of economic ability to respond to the mentioned processes is the effective use of the company's resources, that is, their resource potential. At the same time, it should be noted that the mechanism of forming the potential of an agricultural enterprise is not fully considered and does not always meet the task of increasing its competitiveness and development prospect.

**Main text**

**Analysis of recent research and publications.** Many scientists were engaged in the research of issues of formation of the potential of agricultural enterprises. It is appropriate to note such people as V.G. Andriychuk [1], V.M. Besenyuk [2], M.I. Kisil [6], Krasnorutsky O.O. [7], S.V. Rudenko [8] and others.

Currently, there are many problems regarding the optimization of the use of the potential of agricultural enterprises in modern conditions. However, most of the theoretical ideas regarding the formation and development of the potential of an agricultural enterprise, its structure and properties underlying its use are contradictory



or insufficiently substantiated.

O. A. Stakhiv proposes to determine the effectiveness of the use of production potential based on the results of the analysis of enterprise activity. [9] Insufficient attention is also paid to the mechanisms of increasing the efficiency of the use of the resource potential of agricultural production, and this, in turn, negatively affects the rational use of resources by agricultural enterprises. Fedyrets O.V., Sazonova T.O. emphasize that the main agricultural production resources enable the enterprise to satisfy the needs of the population in the production of its own products, provided that they are effectively distributed and used effectively during the production cycle. [10] This requires consideration of a number of issues regarding the economic nature, characteristics, structure and use of potential in agricultural production.

**Setting objectives.** The purpose of this article is to investigate and substantiate the theoretical essence of the potential of agricultural enterprises and the principles of its formation and to propose ways of increasing the efficiency of its use in modern realities.

**Presenting main material.** In the theoretical works of scientists, devoted to the analysis of the essence and use of the potential of agricultural enterprises, the variety of its characteristics, such as economic, scientific and technical, production, labor, information and natural resources, is noted. Research on the economic category "potential" began to be actively discussed in the late 70s - early 80s of the 20th century. The origin of the term "potential" is determined by the Latin word "potential", which means strength, possibility and power. Potential is considered as available reserves and activated resources that can be used to achieve a goal or solve a task. Understanding the potential distinguishes two main aspects: as a sum of reserves and the possibility of achieving a certain result.

At first glance, these may seem like two different approaches to the definition of "potential", but there is a deep interaction between them: in both cases, potential is related to the possibility of achieving a certain result, which depends on the availability of resources. This definition can serve as a starting point for revealing the essence of different aspects of potential.

Under the concept of "enterprise potential" we mean an economic category that includes the quantitative indicators of each resource and their potential characteristics. The efficiency of the enterprise's potential is ensured by the purposeful use of existing structural elements in the process of economic activity [7].

Production potential, as a key economic category, determines the ability of the enterprise's economic system to create a variety of products, taking into account resource provision. It is a combination of various resources, including qualitative and quantitative aspects, as well as their optimal structure and rational use. All this determines the ability of the business entity to produce and successfully conduct commercial activities, and also takes into account the influence of territorial features, natural conditions and traditions on the effectiveness of production activities.

The production potential of an individual rural farm includes land, material and labor resources aimed at efficient production of agricultural products. Resources are the basic material base of production and can be used in various combinations. They represent the expendable part of the production process and determine only what can



be obtained as a result of the production process.

The resource potential of an agricultural enterprise is considered, in particular, through the prism of three groups of aggregated resources: social, natural, and production. The social component of labor resources includes the ability of the management apparatus, employees of the economic system, and collectives to effectively use resources [2].

The production and resource potential of an agricultural enterprise interact and are interconnected, as both are key elements in agriculture. Let's consider the main aspects of their relationship, Fig. 1.1.

<b>Land resource</b>	Production potential: Determined by the ability of the land to grow certain types of crops and productivity.
	Resource potential: Includes land area, its quality, availability of fertile soils, climatic conditions, etc.
<b>Technical equipment and technologies</b>	Production potential: Depends on the availability and quality of modern equipment and technologies in rural production.
	Resource potential: Covers the availability and availability of technical resources such as machinery, equipment, transport, etc.
<b>Financial resources</b>	Production potential: Depends on the availability of financial resources for the purchase of seeds, fertilizers, pesticides and other resources necessary for growing and processing crops.
	Resource potential: Includes the financial capabilities of the agricultural enterprise, access to credit, investments and other financial aspects.
<b>Innovation and research</b>	Production potential: Depends on the implementation of modern land cultivation methods, plant varieties, irrigation systems, agricultural techniques and other innovations
	Resource potential: Includes the possibility of financing research and development of new technologies, as well as personnel potential for their implementation.
<b>Market orientation and marketing</b>	Production potential: Related to the ability to produce goods that meet market and consumer requirements.
	Resource potential: Depends on marketing resources, which include financial opportunities for advertising, market research, brand development, and others.
<b>Environmental sustainability</b>	Production potential: Determined by the ability of the economy to preserve and restore natural resources and reduce the negative impact on the environment.
	Resource potential: Includes the availability of environmental resources, the possibility of implementing environmentally friendly technologies and compliance with environmental safety standards
<b>Risk management</b>	Production potential: Depends on the ability of the enterprise to adapt to changes in climatic, economic and other conditions.
	Resource capacity: Includes the availability of financial and insurance resources to protect against risks such as weather, market fluctuations, etc.

*\*formed by the author*

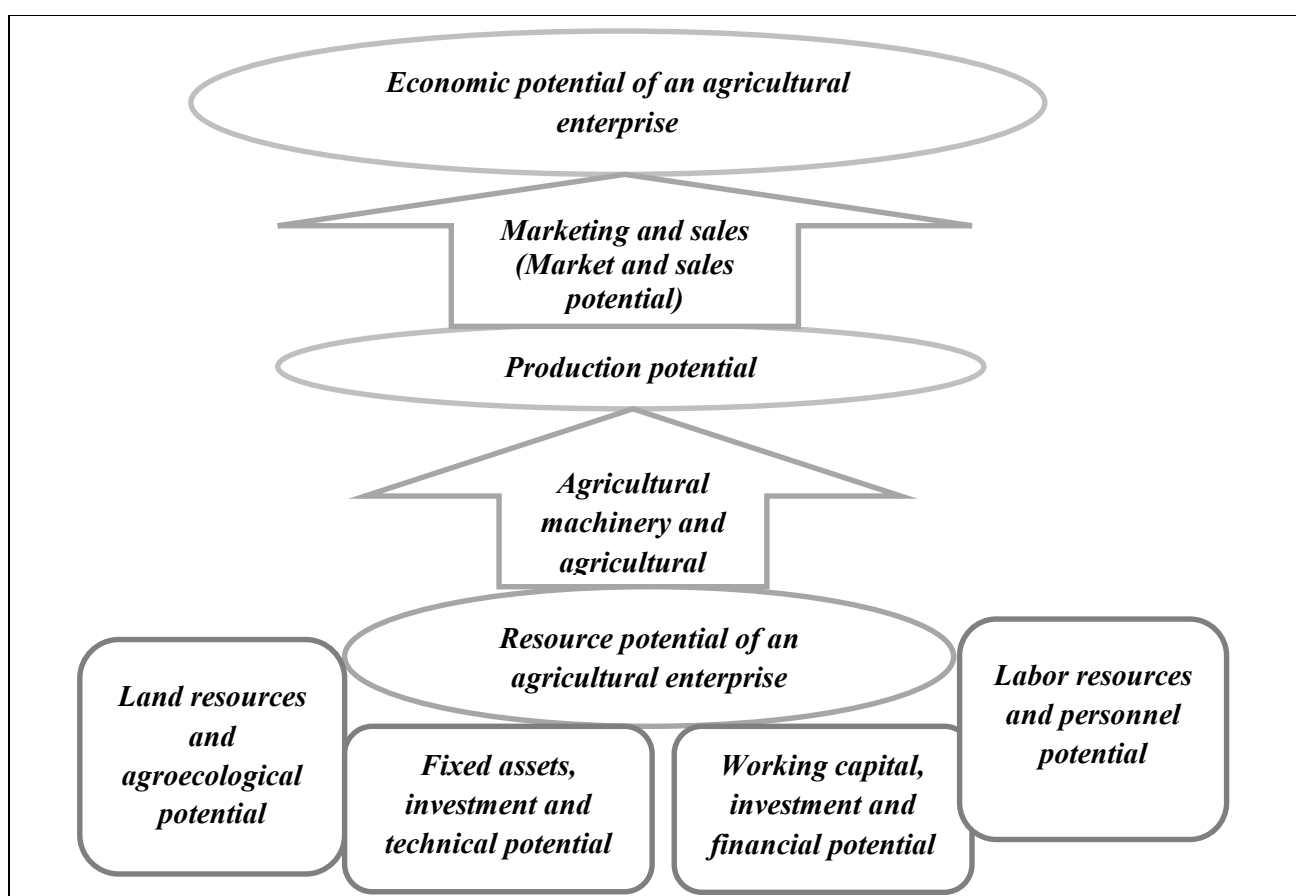
**Fig. 1.1. Production and resource potential of an agricultural enterprise and aspects of their relationship.**



Understanding the combinations of any components and elements of the basic potentials leads to the mobilization of their rational use, increasing the opportunities for development, growth and achieving the goals of the enterprise's functioning. The list of functional potentials of the agricultural enterprise is presented in (fig. 1.2)

The universality of the principles and mechanisms of the formation of the potential of agricultural enterprises within the framework of the development concept ensures a degree of flexibility and a high level of adaptability for the performance of any tasks.

The resource component is the most capacious component of production potential, as it includes an extensive structure of used and interconnected resources in the production process: labor, capital, material and raw materials, and also intellectual. The rational use and combination of all these resources creates favorable conditions for the implementation of production tasks.



**Fig. 1.2. Model of transformation of potentials of an agricultural enterprise\***

*\* developed by the author based on [10]*

In the existing conditions of the functioning of agricultural production, there is a need for an optimal ratio between types of resources, which will ensure the balancing of production capabilities and the achievement of certain economic proportions.

Conclusions. Agricultural enterprises have potential, which consists in their resources, capabilities and ability to use them to achieve a high level of production of agricultural products. We can formulate the following conclusions regarding our research:



1. The availability and efficient use of basic resources, such as land, labor, capital and equipment, determine the potential of an agricultural enterprise. High productivity depends on their intelligent use.

2. The introduction of innovations, automation and modern agricultural technologies is important for the formation of the potential of agricultural enterprises. This allows entrepreneurs to optimize production, increase productivity and be more competitive.

3. Formation of the potential of agricultural enterprises includes compliance with the principles of sustainable development, balanced use of natural resources and minimization of negative impact on the environment.

4. The formation of qualified personnel is an important part of the formation of the potential of agricultural enterprises. Training, specialization and professional development help enterprises to use their workforce and intellectual potential effectively.

5. Building financial capacity, which includes proper planning, effective budget management and other financial aspects, is essential to ensure that the agricultural enterprise continues to operate effectively.

When building the potential of agricultural enterprises, one should take into account the specifics of the industry (for example, agriculture, animal husbandry or crop production) and regional features that affect development opportunities, it is important to study market trends and create sales strategies, optimize the supply chain, establish effective inventory management and logistics, - this will allow the enterprise to maintain reproduction of production and quick delivery of goods to the market.

The use of information technologies is also vital for modern agricultural companies to make strategic decisions, analyze data and manage economic processes. Participation in state and international support programs can help agricultural enterprises to develop, receive financing and have access to the latest technologies. In understanding the trend of climate change, there is a threat of negative impact on yields and growing conditions, so agricultural enterprises must be ready to adapt and implement new methods to remain sustainable in these conditions.

The general conclusions are that the formation of the potential of an agricultural enterprise requires a comprehensive approach that takes into account economic, technical, social and environmental factors. This is extremely crucial for the sustainable and successful development of agriculture, which is fundamental in the development of the state of Ukraine.

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