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DEPARTMENT OF INDUSTRY ECONOMICS

**THE PLACE OF ECONOMIC ENTITIES IN ENSURING THE SAFE
DEVELOPMENT OF RURAL-URBAN AGGLOMERATIONS**

Materials of the scientific colloquium

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The collection contains abstracts of reports of participants of the scientific colloquium. They
substantiate the essence of the rural-urban agglomeration as a socio-spatial entity, consider various
aspects of the functioning of economic entities as guarantors of the safe development of these new
entities.

The publication is addressed to scientists, teachers, specialists employed in the agri-food
industry and in the field of public administration.

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RURAL-URBAN AGGLOMERATION AS A SOCIO-SPATIAL PHENOMENON

In the scientific literature and in social practice, the use of the term «agglomeration» (from the Latin «agglomer» – joining, accumulating) is traditionally associated with the development of urbanization, resulting in the formation of large socio-spatial formations, which include the central settlement (large town) and located at a short distance from it are much smaller cities, between which there are certain functional connections.

Since 2015, agglomerations have begun to appear in Ukraine, destroying certain stereotypes that have formed in the public consciousness about the nature of such socio-spatial formations.

Such changes in perceptions of the essence of the agglomeration are a consequence of decentralization of public power and administration, the institutional foundations of which were laid by the Order Cabinet of Ministers of Ukraine «On Approval of the Concept of Reforming Local Self-Government and Territorial Organization of Power in Ukraine» (April 2014), of Ukrainian law «About voluntary association of communities» (February 2015), the Resolution of the Verkhovna Rada of Ukraine «On the formation and liquidation of districts» (July 2020) and other regulations.

2. Kotelnikova M. Odesa beaches: how the mayor's office destroys the coastal zone. URL: <https://lotsia.com.ua/article/otkrytye-plyazhi-v-odesse?> (access date: 16.11.2021).

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FEATURES OF FORMATION AND DYNAMICS OF DEVELOPMENT OF SMALL AND MEDIUM ENTERPRISES OF FOOD INDUSTRY

In any country, it is important to develop those types of economic activities that meet the needs of the population and strengthen the country's competitive position. Such industries include the food industry, which operates in the domestic and foreign markets, meets the vital needs of the population and is a key component in shaping the food security of the state.

Ukraine has a well-developed food industry, which mainly meets domestic demand for food and plays an important role in the country's export potential. However, its technological development lags far behind developed countries. This indicates that its important role in the dynamics of socio-economic development of Ukraine in the context of global challenges is still underestimated, and the country has no active policy to ensure its dynamic development, especially in terms of small and medium enterprises in the industry.

Today, the domestic food industry unites 22 specialized industries, which include more than 40 major industries. The leading industries are: oil and fat industry, meat, confectionery, dairy, alcohol, flour, sugar. In the overall structure of food production, the largest share (27.9%) falls on the products of the oil and fat industry, 13.3% are meat and meat products, 10.5% – dairy products, 11% – beverages [1, p.169].

In turn, food processing enterprises need large capital investments, due to which the industry emerged from the crisis of 2014 only in 2017.

According to official statistics, the main contribution in terms of net profit growth is made by large enterprises. Thus, over the past 9 years, the financial result of profitable enterprises has increased almost 5 times, in the industry as a whole only 3.2 times.

If we look at the difference in the financial result between profitable enterprises and unprofitable enterprises, on average for 9 years the profits of large enterprises outweighed the losses by 586%, but the average losses exceeded the profits by 26%, in small enterprises losses exceeded profits by 57%, which indicates the presence of structural problems of formation and development of industries of this type [2].

At the same time, small and medium-sized enterprises of the food industry have a positive impact on a number of socio-economic parameters of the country's development, which is due to the following features of the activities of these entities

First, the food industry in terms of SMEs aims to meet the basic needs of man, necessary for his life – the needs of nutrition. The development of the food industry is directly related to the implementation of such Sustainable Development Goals of Ukraine as overcoming hunger and improving the health of the population. This is especially important for Ukraine, which is characterized by low incomes, where food expenditures exceed 50% of household budgets [3, p. 141].

Secondly, the food industry is a labor-intensive industry that creates a significant number of jobs, and therefore makes a significant contribution to employment.

In conditions when there is a contraction of production activities in traditional for Ukraine heavy industry and the problem of unemployment is exacerbated, small and medium-sized enterprises in the food industry are becoming an important area of employment. It is important that this type of industrial production is widespread in all regions of Ukraine, in medium and small towns, so the development of the food industry will help increase employment in those areas where unemployment is highest.

Third, the food industry is able to create a significant amount of added value, which is an extremely important task for Ukraine to increase GDP and more effectively participate in the international division of labor. Ukraine has mainly raw material exports of goods, but the countries with significant value added goods have the greatest benefits from integration into the world economy.

In general, the food industry is an industry that is extremely important for the activities of small and medium-sized businesses, the need for the development of which is emphasized in the European strategy «Europe 2020». Food production is not a capital-intensive type of activity, to ensure effective activity in it the effect of scale does not play a special role, so it is dominated by small and medium enterprises, whose share is 81.5% and 17.4%, respectively [4, p. 81-83].

Creating appropriate conditions for the development of food production will promote the development of small and medium enterprises, agricultural development, better use of agricultural products grown in households and increase employment.

However, on the way to productive and systemic development of the food industry, especially within the activities of SMEs, it is necessary to solve the urgent problems.

1. Obsolete material and technical base of many enterprises, a high level of depreciation of fixed assets. The high level of physical and moral wear and tear of the means of production cause the technological backwardness of the industry. The most technologically backward subsectors traditionally include: production of baby food, production of oil and animal fats, sugar production.

2. Low level of innovative development of enterprises in the industry. Intensification of investment and innovation processes aimed at modernizing food production in order to improve the quality and competitiveness of products is the only way to form an effective structure of economic and agro-industrial complexes.

3. Insufficient level of investment in the development of the industry. For example, from 2010 to 2016, capital investments in the development of the industry had an unstable positive dynamics, in 2010 their volume amounted to UAH 8.665

million, in 2016 – UAH 21.291 million. In 2017, the volume of capital investments was reduced to UAH 18.9276 million. The investment index for 2010–2017 in the food industry was 222%, but in the entire processing industry it was higher – 245 percent. Experts estimate that to create a modern highly developed food industry in Ukraine requires 20–25 billion UAH annually [1, p. 175], but the real amount of investment lags far behind the required.

4. Low production efficiency and high level of losses. The low level of profitability makes the industry unattractive for domestic and foreign businesses, does not allow to accumulate funds for the modernization of enterprises. It also causes a low level of wages, which does not motivate the influx of highly skilled workers in this area of activity.

Summarizing the above, it should be emphasized that the food industry throughout the period of independence has played and continues to play an extremely important role in the economy of Ukraine. In view of this, the priority strategic directions for the development of the food industry should be:

- modernization of the material and technical base of existing food industry enterprises and the creation of new ones on an innovative basis by attracting domestic and foreign capital in its development;

- formation of powerful agro-industrial clusters, which connect in a continuous technological process of agricultural production, a significant depth of its processing and production of food products from it, provide logistics and sales in domestic and foreign markets;

- improving organizational forms of doing business and management methods in the agro-industrial sector to increase the profitability of small and medium enterprises in the food industry, the broad involvement of foreign companies and their experience in organizing efficient food production.

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THE GLOBAL DEVELOPMENT OF ENTREPRENEURSHIP: DIGITIZATION PROGRESS IN AGRICULTURE IN UKRAINE

Digital technologies, including the Internet, mobile technologies and devices, data analytics, artificial intelligence, services, and applications provided in digital form, are changing agriculture and the food system. Examples abound at different stages of the agri-food value chain: automation of agricultural machinery allows you to precisely

regulate costs and reduces the demand for manual labour; remote satellite data and on-site sensors increase the accuracy and reduce the cost of monitoring crop growth and land or water quality; and tracking technologies and digital logistics services make it possible to optimize agri-food supply chains as well as provide consumers with reliable information.

The specifics of the agro-industrial complex is reflected in the conditions of introduction of elements of digital technologies and in general affects the efficiency of digitalization of agriculture. The use of such technologies is of great importance as a «vector of development» of integration with the subsequent saturation of the market with IT-technologies. Therefore, the introduction of elements of digital technologies is of fundamental importance, as it optimizes the time of technology development, attracts investors, as well as effectively manages the agricultural economy of the region. It is necessary to create a distributed information system with regional segments, integrated with the central part. This will give you a complete picture of what is happening in the country, without losing flexibility and speed.

In the structure of Ukraine's exports, agricultural and metallurgical products usually lead. But in recent years, these components for various reasons give up their positions, in contrast to the IT industry.

During the pandemic period, IT services in the country's total exports reached 8.3%, ahead of large chemicals and confidently catch up with metallurgy. Last year, these revenues tripled in six years; the industry is one of the three main suppliers of export services and remains the main source of income in the country's currency. In total, in 2016–2020, Ukraine received more than \$ 16 billion in export revenue from IT, and this contribution is growing every year. Even in the form of taxes, this sector of the economy brings to the state budget no less than infrastructure and transport.

To compete with competitors and keep up with the times, domestic IT businesses need to spend at least 1.5% of their income on education. But state educational

Збірник містить тези доповідей учасників наукового колоквиуму. Обґрунтовано сутність сільсько-міських агломерацій як соціально-просторового утворення, розглянуто різні аспекти функціонування суб'єктів господарювання як гарантів безпечного розвитку цих нових утворень.

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