THE INVESTMENT MODEL FOR THE INTENSIVE DEVELOPMENT OF UKRAINIAN ENTERPRISES IN THE AGRARIAN SECTOR

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Kulynych Yu. M., Arych M. I., Ivantsiva A. V. The Investment Model for the Intensive Development of Ukrainian Enterprises in the Agrarian Sector

The article proposes an investment model for the development of Ukrainian enterprises in the agrarian sector, which is one of the «locomotives» of the domestic economy. However, only by creating high value-added can be expected sustainable economic development both as an economic entity and as a whole economy of country. A long-term partnership with the advanced economies of the world is another key prerequisite for sustainable economic development. The article explores a potential Norwegian market in the context of the consumption of agriproducts as fodder for aquaculture, as well as Ukrainian agrarian market. Ukraine's competitive advantages in the market for food ingredients for fish in Northern Europe have been formulated. The results of the study point to the high potential of soybean protein concentrate (SPC) for the Norwegian market and, in turn, the great prospects for Ukraine in this market as a leader in the European soya growing. Measures that will facilitate the establishment of strong economic ties between Ukrainian agrarian enterprises and the markets of the developed countries have been determined. An investment model for the intensive development of Ukrainian enterprises in the agrarian sphere has been formed.

Keywords: investment, economic development, agrarian enterprise, international economic relations, soya protein concentrate, aquaculture, strategic partnership, value added.

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Кулинич Ю. М., Арич М. І., Іванціва А. В. Інвестиційна модель для інтенсивного розвитку українських підприємств аграрної галузі

У статті запропоновано інвестиційну модель розвитку українських підприємств аграрної галузі. Разом з тим, тільки створюючи високу додану вартість, можна розраховувати на сталий економічний розвиток як окремого господарюючого суб'єкта, так і економіки країни загалом. Ще однією ключовою передумовою сталого економічного розвитку вважаємо довготривале партнерство з передовими економіками світу. У статті досліджено потенційний норвезький ринок у контексті споживання агропродукції як кормів для аквакультур, а також український агроринок і сформовано конкурентні переваги України на ринку інгредієнтів для корму риби в Північній Європі. Результати дослідження говорять про величезний потенціал концентрату соєвого білка (SPC) для норвезького ринку та, своєю чергою, великі перспективи для України на даному ринку як лідера з вирощування сої в Європі. Визначено заходи, які сприятимуть налагодженню міцних економічних зв'язків українських агропідприємств із ринками розвинених країн. Сформовано інвестиційну модель для інтенсивного розвитку українських підприємств аграрної сфери.

Ключові слова: інвестиції, економічний розвиток, аграрне підприємство, міжнародні економічні відносини, концентрат соєвого білка, аквакультура, стратегічне партнерство, додана вартість.

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Кулинич Ю. М., Арич М. И., Иванцива А. В. Инвестиционная модель для интенсивного развития украинских предприятий аграрной отрасли

В статье предложена инвестиционная модель развития украинских предприятий аграрной отрасли, которая является одним из «локомотивов» отечественной экономики. Вместе с тем, только создавая высокую добавленную стоимость, можно рассчитывать на устойчивое экономическое развитие как отдельного хозяйствующего субъекта, так и экономики страны в целом. Еще одной ключевой предпосылкой устойчивого экономического развития считаем долгосрочное партнерство с передовыми экономиками мира. В статье исследован потенциальный норвежский рынок в контексте потребления агропродукции как кормов для аквакультур, а также украинский агрорынок. Сформированы конкурентные преимущества Украины на рынке ингредиентов для корма рыбы в Северной Европе. Результаты исследования говорят о большом потенциале концентрата соевого белка (SPC) для норвежского рынка и, в свою очередь, большие перспективы для Украины на данном рынке как лидера по выращиванию сои в Европе. Определены меры, которые будут способствовать налаживанию прочных экономических связей украинских агропредприятий с рынками развитых стран. Сформирована инвестиционная модель для интенсивного развития украинских предприятий аграрной сферы.

Ключевые слова: инвестиции, экономическое развитие, аграрное предприятие, международные экономические отношения, концентрат соевого белка, аквакультура, стратегическое партнерство, добавленная стоимость.

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Nowadays it is impossible to satisfy the growing needs of society without proper resource support, that's why the use of investment is a common practice that should ground on a mutually beneficial basis. In particular, businesses require funds for expanding or modernizing their material and technical base; regions – for creating additional workplaces and ensuring flow of revenues to local budgets; investors – to increase the real cost of equity.

The issues regarding enterprise development and international economic relations have been investigated by many domestic and foreign scholars, including O. V. Rayevnyeva, S. I. Ozhegov, M. D. Aistova, A. L. Gaponenko, B. L. Kuchin, Yu. V. Filippov, Yu. A. Putianin, I. B. Novik, R. L. Ackoff, V. A. Zabrods'kyy, M. P. Torado, I. O. Bohatyr'ov, N. V. Afanas'yev, V. D. Rohozhyn, V. I. Rudyka, E. A. Smirnov, H. Theil, F. R. Dwyer, P. H. Schurr, F. Nilssen, D. Skarmeas, M J. Robson, and other.

While acknowledging the importance of scientific works by the mentioned authors, it is necessary to emphasize that a number of conceptual and methodical tasks need further development.

The *aim* of the article is to suggest the way of increasing the investment attractiveness of Ukrainian agricultural enterprises through the progressive trade policy or stimulating their intensive economic development.

To achieve the aim of this paper the following objectives were set:

✦ studying the potential target market (Norway) in the context of consumption of agricultural products;

✦ investigating the Ukrainian agricultural market and creating competitive advantages of Ukrainian agricultural products in the market for fish feed ingredients in Northern Europe;

✦ defining measures that would promote establishing strong economic ties of Ukrainian agricultural enterprises with the markets of developed countries;

✦ elaborating an investment model for intensive development of Ukrainian enterprises of the agricultural sector.

Ukraine is a market with a great potential. The improved business climate and the free trade agreement between the EU and Ukraine create new business opportunities. We believe that an area of cooperation that has a potential for a substantial increase is the agricultural trade between Ukraine and Norway.

The largest share of the agricultural trade between Norway and Ukraine comprise animal feed products, which implies that there is a window of opportunity for Ukrainian agricultural products to succeed in the Norwegian market that is not able to satisfy the internal food demand either for human or animal feed.

Norway is the second largest seafood exporter in the world [9]. An important and large part of the Norwegian seafood is aquaculture products, mostly salmon and trout. An average salmon fish feed composition today consists of about 30% marine and 70% vegetable raw material.

The total fish feed production in Norway is about 2 mln tons, implying that at present there is a demand for 1.4 mln tons of agricultural products that potentially can be sourced from the Ukrainian agriculture. In terms of focusing on possible raw materials that can be used for fish feed we should consider the following goods that can be exported from Ukraine:

1) Proteins:

✦ *Soy protein concentrate* is produced by refining soybean meal to a higher degree. At ethanol extraction sugars, oligosaccharides and anti-nutrient factors (ANFs) are removed from soybean meal leading to a higher concentration of protein. SPC is an excellent protein source for fish feed.

✦ *Wheat gluten* is a special product achieved by washing out starch from wheat flour dough with water until all the starch granules have been removed, leaving the sticky insoluble gluten as an elastic mass which is then cooked before being eaten. It has about 80% of protein and is used as a binding material.

✦ *Sunflower meal* is the by-product of the extraction of oil from sunflower seeds. In terms of production, it is the 4th most important oil meal after soybean meal, rapeseed meal and cottonseed meal.

✦ *Corn gluten* is a powdery byproduct of the corn milling process.

✦ *Faba beans* is another component for fish feed.

✦ *Pea protein* concentrate is made by separating the protein fraction of pea seeds from the fiber and starch fractions. It has been used in fish feed since 2010 and has good characteristics and price.

2) Oil:

✦ *Rapeseed oil* is the best oil in the market that suits aquaculture and has the best omega-6 characteristics among the same price level products.

3) Carbohydrates:

✦ *Wheat* is one of the actually primitive products harvested from land.

✦ *Peas* are a new trend. We should check the potential for its production in Ukraine.

Among the analyzed products, a special attention should be paid to SPC (soy protein concentrate), which is a product of an advanced processing of soybeans with a high protein content.

SPC has been imported to Norway from all the continents of the world (*Fig. 1*), but the highest volume comes from South America. Currently Europe also has a share in its import, but it comprises only about 5% of the total import volume of SPC. Brazil has 95% in its import (400 ths tones) and thus is the absolute market leader and a competitor for the Ukrainian market.

The interest of the Norwegian market in SPC is determined by the following factors:

✦ SPC is the most common ingredient in fish feed, having 25% of the total feed structure;

✦ almost all SPC imported to Norway goes to aquaculture;

✦ the volume of import constantly grew in a rapid pace until 2012, when it slowed down as well as the increase in its price (980 USD/ton in recent years) (*Fig. 2*).
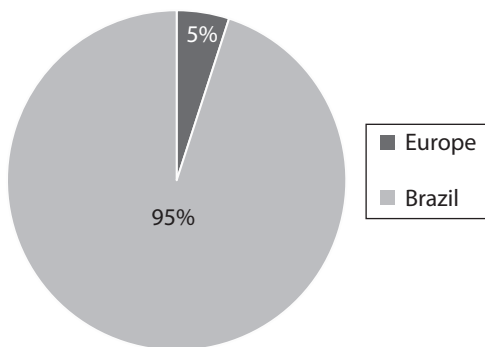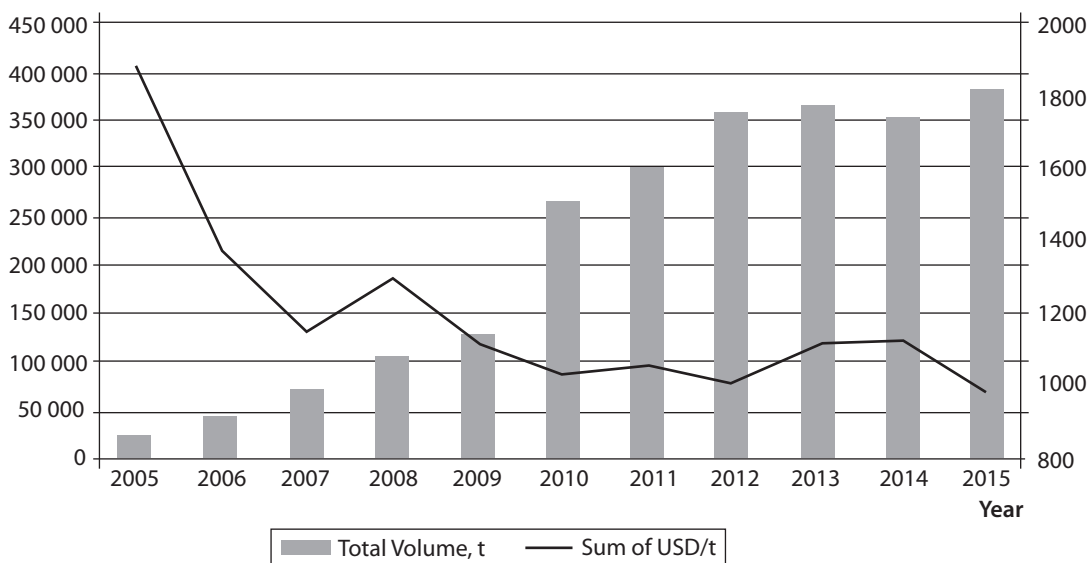
Fig. 1. The structure of the Norwegian SPC import

Fig. 2. The SPC volume and price dynamics for 2005–2015

of soybean export has not radically changed. The main consumers of Ukrainian soybeans are Turkey, Iran and Egypt.

Ukraine is the largest soybean producer in Europe. The soy segment in Ukraine remains one of the most promising and dynamically developing (*Fig. 4*). Over the past few years the market is showing a steady increase in the gross yield, high export demand as well as the growth of the processing capacities.

More detailed statistical information on the production volumes of soybeans can be found in *Tbl. 1* [2].

The correlation and regression analysis of the soybean market in Ukraine for 2012–2015 showed a very high level of dependence of the soybean output (the dependent variable, ths tons) on the planted area (independent variable,

As the market leader it has a big influence on the price of the raw material that has reached its highest level in 2015.

Soy is a product grown on all six continents. The majority of the grown crop is exported (*Fig. 3*). The soybean export volume is less only than that of wheat, corn and barley. In 2014 the volume of exports of soybeans reached 2.5 million tons, which amounted to 1.2 bln dollars. The geography
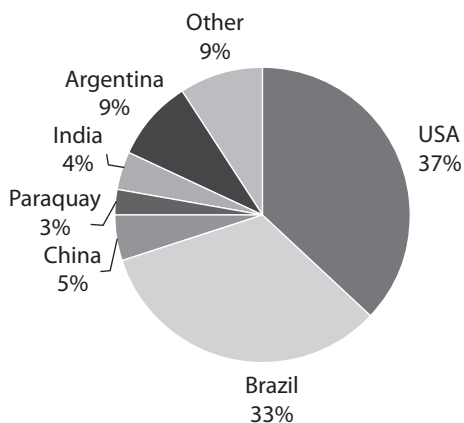
ths ha), since the factor characteristic at the level of 78.5% determines the dispersion of the dependent indicator. The equation of the pairwise linear regression for these indicators is as follows:

$$Y = 180.18396 + 1.81670 \cdot X.$$

The following received values of the correlation and regression research also confirm the high level of dependence:

✦ correlation coefficient (*r*) is 0.886;
✦ relationship between the investigated elements is direct;
✦ closeness (strength) of relationship according to the Chaddock scale is high;
✦ number of degrees of freedom (*f*) is 3;
✦ Student's *t*-test is 3.305;
✦ critical value of the Student's *t*-test at the given number of degrees of freedom is 3.182;
✦ $t_{approx} > t_{crit}$, the correlation between the factors is statistically significant ($p < 0.05$).

An important argument confirming a high potential capacity of Ukraine for soybean production is definitely the fact of its asserting itself as an agrarian country with considerable raw resources and favorable climatic conditions. Moreover, the agrarian character of the development and
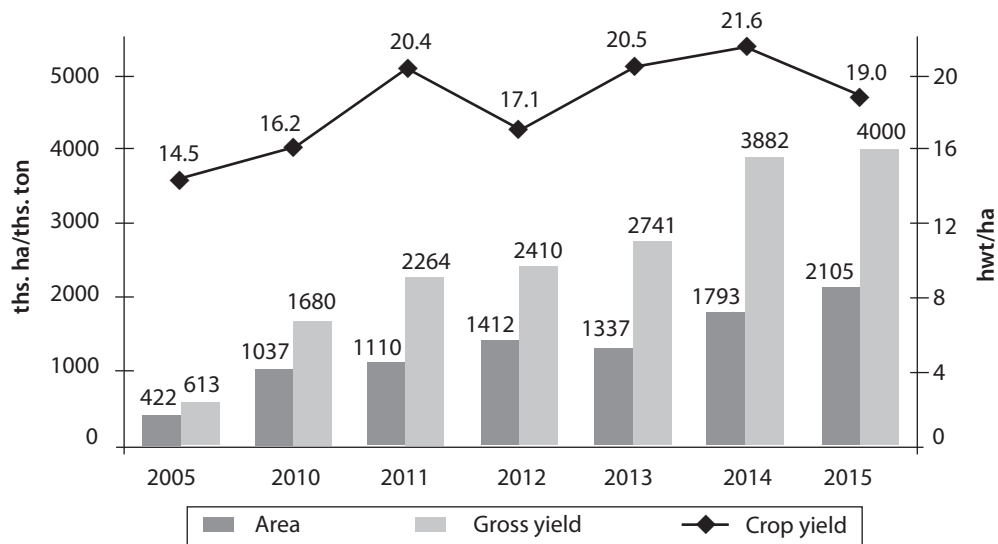

Fig. 3. The main soybean exporters in 2015

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Fig. 4. The dynamics of the soybean production in Ukraine

Table 1

Soybean production in Ukraine, 2012–2016 *

Year	Farms of all categories				Including agricultural enterprise			
	Planted area, ths ha	Harvested area, ths ha	Output volume, ths ha	Yield, hwt/ha	Planted area, ths ha	Harvested area, ths ha	Output volume, ths ha	Yield, hwt/ha
2012	1476.4	1412.4	2410.2	17.1	1382.2	1318.2	2269.4	17.2
2013	1369.9	1351.0	2774.3	20.5	1277.6	1258.8	2606.0	20.7
2014	1805.8	1792.9	3881.9	21.6	1691.1	1677.8	3674.6	21.9
2015	2158.1	2135.6	3930.6	18.4	2002.5	1980.0	3675.0	18.6
2016	1868.2	1853.4	4279.1	23.1	1716.2	1701.4	4001.6	23.5

*Note: The data are presented excluding the temporarily occupied territory of the Autonomous Republic of Crimea and Sevastopol; for 2014–2016 – also excluding the zone of antiterrorist operation.

activity of Ukraine is proved by the result of the correlation and regression analysis of the export volume of soybean products (thousand US dollars) and, what is especially important, the planted area throughout the country for the period of 2012–2016. Thus, the correlation coefficient (r) is 0.967; the relationship between the investigated elements is direct; the closeness (strength) of relationship according to the Chaddock scale is rather high; the number of degrees of freedom (f) is 2; the Student's t-test is 5.335; the critical value of Student's t-test at the given number of degrees of freedom is 4.303; the correlation between the factors is statistically significant (p < 0.05); the equation of the pairwise linear regression is as follows:

$$Y = -8282176.55210 + 363.59268 \cdot X.$$

In this case the determination coefficient r2 is 0.934 (the factor characteristic X determines 93.4% of the dispersion of the dependent indicator Y); the average approximation accuracy (characterizes the adequacy of the regressive model) is 2.8%.

The planted area under soybeans increases every year. According to the Ministry of Agrarian Policy and Food of Ukraine, soybeans are grown in our country by more than seven thousand households. Soybeans need a large amount

of moisture, so its main growing areas are located in the central regions, such as Poltava, Kirovohrad, Vinnytsia, Khmelnytsky and Kyiv regions. The share of soybean output is constantly growing. According to official statistics, in 2015 soybeans held 8% of crop structure (2.1 mln ha), whereas in 2014 – 6.6% (1.8 mln ha). The production of this crop is also increasing. In recent years our farmers have made a breakthrough in the production of soybeans. If in 2000 its gross yield was only 64 ths tons, in 2014 it reached 3.9 mln tons despite the fact that its yield was almost unchanging. If in 2014 in average 21.6 hundredweights were collected from 1 ha, in 2013 this figure amounted to 20.5 hundredweights. The overall gross yield of soybeans in 2014 exceeded the previous one by 41%. The above mentioned results allowed Ukraine to be in the top ten largest world producers of soybeans.

An important element for an objective assessment of Ukraine as a producer of soybeans is the structural analysis of their domestic manufacturers including agricultural companies and households (*Tbl. 2*).

The data given in Table 2 show that the basic relative weight of the soybean output in Ukraine during the last 5 years falls on agricultural enterprises, the minimum share of which was 93.50% in 2015, and the maximum — 94.66% in 2014. However, it should be noted that by the soybean plant-

Table 2

The analysis of the soybean producers in Ukraine in 2012–2016

Year	Share of the output volume, %		Share of the planted area, %	
	Agricultural enterprises	Private households	Agricultural enterprises	Private households
2012	94.16	5.84	93.62	6.38
2013	93.93	6.07	93.26	6.74
2014	94.66	5.34	93.65	6.35
2015	93.50	6.50	92.79	7.21
2016	93.51	6.49	91.86	8.14

ed area the relative weight of agricultural enterprises gradually decreased from 93.62% in 2012 to 91.86% in 2016. In our opinion, such dynamics is negative, since the average yield of the investigated crop for 2012–2016 is 20.38 hwt/ha at agricultural enterprises and 17.18 hwt/ha at households, with an average yield throughout the country of 20.14 hwt/ha.

In the context of considering Ukraine as a powerful soybean producer and exporter, it is important to perform the correlation and regression analysis of the planted area provided for soybeans and the export volume of the crop. As a result of this study the following data are received: the correlation coefficient (r) is 0.955; the relationship between the investigated elements is direct; the closeness (strength) of relationship according to the Chaddock scale is rather high; the number of degrees of freedom (f) is 2; the Student's t-test is 4.553; the critical value of the Student's t-test at the given number of degrees of freedom is 4.303; the correlation between the factors is statistically significant ($p < 0.05$); the equation of the pairwise linear regression is as follows:

$$Y = 173717533.90783 + 903434.28532 \cdot X.$$

It is also found that the determination coefficient r^2 is 0.912 (the factor characteristic X determines 91.2% of the dispersion of the dependent indicator Y); the average approximation accuracy (characterizes the adequacy of the regressive model) is 4.6%.

To obtain a high level of objectivity of the scientific research we have carried out a profound correlation and regression analysis of such factors as the output volume, planted area, harvested area, export volume of soybeans in Ukraine. The equation of the pairwise linear regression is depicted in *Tbl. 3*.

The correlation and regression analysis of the factors characterizing Ukraine as a soybean producer and exporter also implies calculating the correlation and determination coefficients, the Student's t-test, etc. (*Tbl. 4*).

One of the problems that worry traders is the use of GM soybeans. The primary requirement of Norway, as most of other countries, for imported products is GMO free raw materials. Ukraine has a huge advantage – the cultivation of GMO crops is legislatively prohibited here. Therefore, the country can become a major producer of non-genetically modified

Table 3

The equation of the pairwise linear regression of the relationship between the output volume, planted area, harvested area and export volume of soybeans in Ukraine, 2012–2016*

No	Elements of the linear regression equation		Linear regression equation
	Dependent indicator Y	Factor characteristic X	
	Farms of all categories		
1	Soybean output	Planted area	$Y = 18018396 + 1.8 \cdot X$
2	Soybean output	Harvested area	$Y = 201.8 + 1.8 \cdot X$
	incl. agricultural enterprises		
3	Soybean output	Planted area	$Y = -1197.5 + 2.8 \cdot X$
4	Soybean output	Harvested area	$Y = 169.4 + 1.9 \cdot X$
	incl. private households		
5	Soybean output	Planted area	$Y = -9.6 + 1.8 \cdot X$
6	Soybean output	Harvested area	$Y = -9.9 + 1.8 \cdot X$
	Export analysis		
7	Planted area, total	Export volume, total (ths USD)	$Y = -8282176.6 + 363.6 \cdot X$
8	Planted area, total	Export volume	$Y = 14107508369.4 - 449641.1 \cdot X$
9	Planted area	Export volume	$Y = 173717533.9 + 903434.3 \cdot X$
10	Harvested area	Export volume	$Y = 240653039.3 + 879395.4 \cdot X$

*Note: The area is measured in ths ha, the output in ths tons, the export volume in kg.

Table 4

The factors for the correlation and regression analysis of the output volume, planted area, harvested area and volume of export of soybeans in Ukraine, 2012–2016*

Elements of the regression equation		Type of relationship	r	Closeness (strength) of relationship	f	t-test	Critical value of the t-test	r²	Average approximation accuracy
Dependent indicator Y	Factor characteristic X								
Farms of all categories									
Soybean output	Planted area	0.886	Direct	High	3	3.305	3.182	0.785	8.2%
Soybean output	Harvested area	0.908	Direct	High enough	3	3.754	3.182	0.824	7.5%
incl. agricultural enterprises									
Soybean output	Planted area	0.917	Direct	High enough	3	3.981	3.182	0.841	7.4%
Soybean output	Harvested area	0.906	Direct	High enough	3	3.696	3.182	0.820	7.5%
incl. private households									
Soybean output	Planted area	0.961	Direct	High enough	3	5.986	3.182	0.923	7.2%
Soybean output	Harvested area	0.961	Direct	High enough	3	6.018	3.182	0.924	7.2%
Export analysis									
Planted area, total	Export volume, total (ths USD)	0.967	Direct	High enough	2	5.335	4.303	0.934	2.8%
Planted area, total	Export volume	–0.840	Indirect	High	2	–2.187	4.303	0.705	9.1%
Planted area	Export volume	0.955	Direct	High enough	2	4.553	4.303	0.912	4.6%
Harvested area	Export volume	0.954	Direct	High enough	2	4.485	4.303	0.910	4.1%

* **Note:** The area is measured in ths ha, the output in ths tons, the export volume in kg.

soybeans. Another competitive advantage of the Ukrainian soybean production is its access to the sea. Regardless of the situation in recent years and the temporary annexation of the Crimea by Russia, Ukraine still has a great potential and good possibilities for cargo transportation by sea.

Along with the cultivation of soybeans, the processing of the crop for soybean oil and soybean meal has also been developing in Ukraine in recent years. According to MAPF, there are about two hundred soybean processing enterprises in the country. In 2015 the capacity of processing oil seeds was 15 million tons per year and by the end of this year it is expected to have reached the volume of 16 mln tons. So, for Ukraine it is more profitable to process and export soy meal and oil. However, the issue of modernization of the production capacities to ensure the advanced level of soybeans processing, particularly for the SPC production becomes increasingly urgent for Ukrainian enterprises to become more competitive in the world market.

The idea of the advanced processing of soybeans is not new for the Ukrainian agricultural holdings, in particular the corporation "Svarog West Group" is planning to build a soybean processing plant with the capacity of processing 100-110 tons of raw material per day. As "Expert Agro" reports, the date of launching the plant has not been announced yet [5].

Apart from production of soybean meal and oil it is planned to implement the advanced processing of soybeans to obtain high-protein products. In view of the fact that one of the directions of the corporation's activity is crop production, the main advantage for the new plant will be its sufficient provision with its own raw material and the possibility to control its quality.

Moreover, it is noted that the agricultural enterprises of "Svarog West Group" cultivate non-GMO soybeans, the demand for the processing of which is high both in the domestic and foreign markets.

The "AdamPolSoja" company in Khmelnytskyi region initiated the construction of the plant for advanced soybean processing, which is to become the most up-to-date in Europe [1]. This was stated by the commercial director of the "AdamPolSoja" company Dmytro Motuzko: "We started implementing the project of, in our opinion, the most up-to-date plant for advanced soybean processing in Europe. It is now being built in Khmelnytskyi region, and I hope the construction will be completed in the nearest future".

He said that at the first stage the plant is to process non-genetically modified soybeans into meal, oil, lecithin and the "white petal" (a kind of nutrimental soybean meal). In the future it is planned to produce soy concentrates and isolates, which are not currently produced in Ukraine.

The negotiations on the possibility of starting-up production facilities for the advanced soybean processing are also carried out with "Interstarch Ukraine" LLC, but at the moment the greatest progress in this issue has reached the plant "Protein-Production", Kirovohrad region.

The implementation of the specified projects requires substantial funding, advanced technologies and experience. All these only emphasize the importance of searching for a foreign partner to develop similar projects in the agricultural sector of Ukraine.

The distribution of functions between the Ukrainian and the foreign party may be different: financial investments, portfolio investments, purchase of the world leading technologies, counseling, etc., however, in our opinion, the primary role of the foreign partner should be the intention to open its market for Ukrainian finished products with the high added-value. The guaranteed market is probably the most significant point for the potential investor that influences the decision on investing in one or another project.

The performed analysis of the Norwegian and Ukrainian market proves a great opportunity and a significant potential for the investment development of the Ukrainian agrarian sector, namely for the intensive development of enterprises for processing legumes, namely soybeans.

Ukraine can be rather competitive at the Norwegian market of high-protein products, provided that it will be able to offer high-quality products with high added-value.

At the same time, it is worth to mention that in order to come into the Norwegian market Ukrainian companies should gradually or concurrently solve two key tasks:

✦ implementing a complex of measures to restore the Ukraine's investment attractiveness;
✦ forging a compromise for mutual satisfaction concerning the issues of the key mental and cultural differences.

Together with the already mentioned competitive advantages of the Ukrainian market, which are subjective characteristics, and having focused on methodological aspects of conducting the assessment of the investment attractiveness of the country, the author [6] considers the methodology of the European Business Association (EBA) to be the most successful as regards the provision of a comprehensive approach to its implementation. The dynamics of the investment attractiveness for the last years can be seen in *Fig. 5*.

Based on the presented data for 2010–2015, the highest level of the investment attractiveness index is observed in the 1st quarter of 2011 – 3.43, the lowest – in the 4th quarter of 2013 – 1.81, but in the 3rd quarter of 2015 the index gained the value of 2.56. According to the methodology of the European Business Association, the investment attractiveness index has different characteristics depending on the values (*Tbl. 5*).

Table 5

Characteristics of the investment attractiveness index by the EBA methodology

Value	Characteristic
0–3	Negative
3	Neutral
5	Positive

The results of the calculations made using the proposed methodology demonstrate that today the level of the investment attractiveness index of Ukraine does not even reach the neutral value.

Certainly, to increase the level of the investment attractiveness, it is important to implement a number of
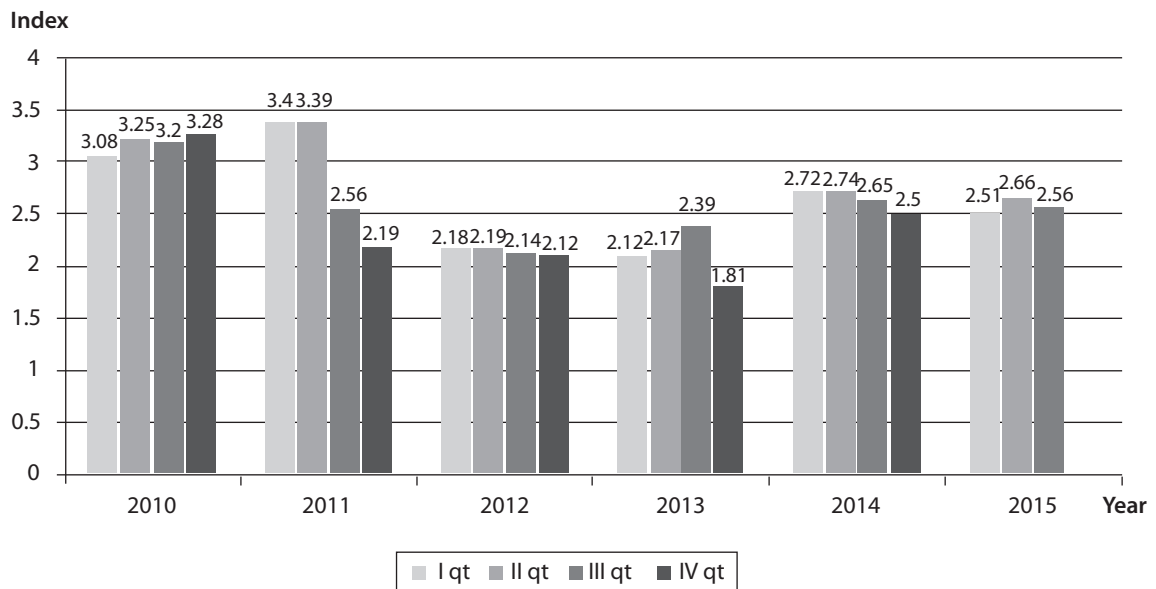
Fig. 5. The investment attractiveness index of Ukraine in 2010–2015 (quarterly) by the EBA methodology [4]

specific measures. We agree with O. K. Malyutin [3, p. 72] in terms of the proposed measures that will contribute to increasing the level of investment attractiveness of Ukraine and improving its investment climate:

✦ systematic and open completion of the privatization process;

✦ realization of the pension reform and facilitation of establishment of the institution of non-governmental pension funds;

✦ maximum restriction of the shadow sector of the economy, legalization of shadow incomes, which will provide a significant inflow of investments into the country's economy from abroad;

✦ development of the depository system;

✦ reformation of the remuneration system;

✦ change of the tax concept in the field of the investment resources taxation;

✦ reduction of the tax burden on the country's economy;

✦ elimination of the difference between the financial and strategic investors;

✦ development and introduction of the code of business conduct or the ethical code of corporate management for all market participants;

✦ provision of the state support to create mechanisms for attracting public funds for investment transactions;

✦ preparation of relevant information packages for potential investors;

✦ provision of profitability of state-owned enterprises;

✦ improvement of the efficiency of investments due to increasing the transparency of the market environment and operation of enterprises;

✦ conducting an effective fight against corruption;

✦ realization of the restructuring of large non-effective enterprises and maximal expansion of the sphere of the small and medium business;

✦ adaptation of the international standards for running business to the Ukrainian conditions;

✦ creation of equal competitive conditions for domestic and foreign investors;

✦ facilitating the development of an effective banking system targeted at the real economy sector;

✦ promotion of the development of the insurance market.

Along with the measures of a national character it is advisable to keep in mind forging a compromise at B2B level for mutual satisfaction concerning the issues of key mental and cultural differences. Interactions between people representing different cultures have often led to conflicts caused by misunderstanding and misconceptions about each other. People from informal, egalitarian cultures may offend high-status persons from hierarchical cultures by being too informal. People from cultures having a relaxed relation to time and scheduling may be perceived as lazy, undisciplined and even rude by more rigid-time oriented cultures. While the more fluid-time oriented cultures may perceive the rigid-time oriented people as arrogant martinets enslaved by arbitrary deadlines [7].

The research [8] investigates how cultural differences influence some of the antecedents considered in the prior literature on this problem and found to be important for achieving satisfaction in buyer-seller relationships, namely trust, communication/information-sharing, power-dependence, and commitment. Based on their discussions, authors have developed the following conceptual model (*Fig. 6*) to explain how to satisfy buyer-seller relationships when buyer and seller represent different cultures, because their cultural background may influence the antecedents needed to achieve the satisfaction.

In addition to the conceptual model proposed by the authors [4], we are offering the Ukrainian enterprises to develop their brand strategy for better positioning in western markets, particularly in the Norwegian one. Whether you
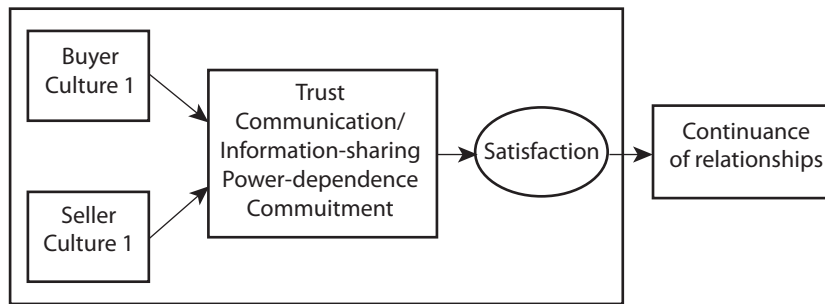
Fig. 6. The conceptual model

are starting from scratch or simply reviewing your existing strategy to make sure it reflects the current goals and vision for your organization, it helps to guide your thinking with a few concrete questions. Here are 7 you can use to nail down your brand strategy [6].

1. Who Are We?
2. What Makes Us Unique?
3. Why Are We Here?
4. Who Are We Talking to?
5. What Are We Doing?
6. How Do We Communicate?
7. Where Do We Invest Time?

Whether you are creating a brand strategy for the first time, or simply doing a periodic review of your existing plan, these 7 questions can help you nail down answers that are central to how your brand communicates, serves customers, and creates products and services.

Taking into account the conducted research, we consider that one of the key tasks of enterprises in the agricultural sector of Ukraine is their active work on searching for reliable foreign partners, conclusion of preliminary agreements with them prior to the beginning of production of final products. The preliminary agreements with a reliable stable market are considered to be the best argument in the negotiations with the prospective investor to attract investments into a certain production. The schematic view of the proposed investment model for the development of Ukrainian enterprises is represented by means of *Fig. 7*.
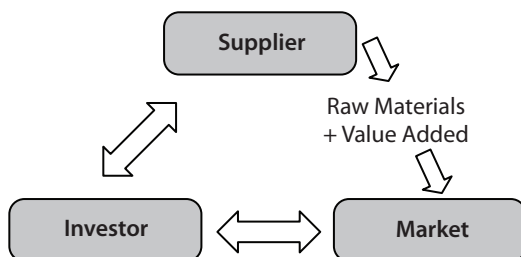

Fig. 7. The investment model for intensive development of Ukrainian enterprises of the agricultural sector

The uniqueness of the proposed model is a special attention to unofficial (in some cases official) agreements between the Ukrainian and the foreign party on intentions to produce/purchase finished products with high added-value, and these agreements will enhance the investment attractiveness of the Ukrainian industry.

CONCLUSIONS

The agricultural markets of developed countries are characterized by not only high capacity and stability but also by high demands to the quality and degree of processing of agricultural products. The crop cultivated without consideration for these aspects, even if it is GMO-free, is becoming less important for these markets. That is why the further development of the Ukrainian agricultural industry is of great importance.

Ukraine is among leaders in terms of volumes of cultivation of agricultural products, namely soybeans. Norway is a market that largely depends on suppliers of products of advanced soybean processing.

The application by Ukrainian enterprises of the proposed model will not only promote an intensive economic development of the Ukrainian agrarian industry, but also provide a qualitatively new level of its cooperation with highly developed countries, improve the investment attractiveness of our country. ∎

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