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Formation of Effective Organizational and Economic Environment of Innovative Support of Enterprise Competitiveness in Ukraine

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Abstract

The article deals with theoretical, methodological and practical aspects of ensuring the competitiveness of enterprises on the basis of innovation, identifying existing problems and substantiating methodical tools for their solution, which involves the transfer from the resource model of management to innovation, touching the issue of personnel policy.

Keywords: enterprise competitiveness, innovation support, personnel policy.

Introduction

Under the conditions of deepening of globalization processes and constant intensification of competition, the basis of ensuring competitiveness of enterprises are innovations, which allow them to take the leading positions in the market. Unfortunately, the development of innovations as one of the main factors in raising the level of competitiveness is not carried out by enterprises at present. At the same time, transformations, as a result of which uncertainty, threats and risks grow, expand the multivariate methodological tools for the process of ensuring the competitiveness of enterprises on the basis of innovation. Qualitative transformations of social needs, the rapidity of scientific and technological progress, the intensification of competition and other factors of the environment require all enterprises of innovation activity. Innovations solve a wide range of problems that involve fundamental changes in the competitiveness of enterprises. Thus, the strategic tasks require the competitiveness of domestic enterprises on the basis of innovation, which will promote the generation

of competitive advantages and strengthening of competitive positions. Therefore, the study of the impact of innovations on the level of competitiveness of domestic enterprises in today's environment is becoming increasingly urgent, as the shortcomings in the development and selection of innovations lead to the economic crisis and the loss of competitiveness and backwardness of domestic enterprises.

Brief Literature Review

Problematic issues regarding the competitiveness of enterprises based on the introduction of innovations are the subject of research by many scholars: I. Ansoff, O. V. Arefieva, O.V. Vynohradova, O.Y. Gudz, P. Drucker, T. Kono, K. Oppenender, A. A. Peresada, M. Porter, P.A. Stetsyuk, A. Thompson, R. A. Fatkhuddinov, L. I. Fedulova, J. Schumpeter and some others. But at the same time, beyond the limits of scientific discussions, the definition of the possibilities for ensuring competitiveness on the client-oriented value-competent innovation basis, which introduces fundamentally new requirements to the mechanism of competitiveness management at the enterprise, and marks the space for further development of scientific research, remain.

Purpose

Consideration of theoretical, methodological and practical aspects of ensuring the competitiveness of enterprises on the basis of innovation, identifying existing problems and substantiating proposals for their solution.

Results

Competitiveness of agricultural enterprises in the market economy environment is formed and developed on the basis of competition and under the influence of special natural factors. The assessment of the competitiveness of agricultural entrepreneurs in the methodological plan, and even in the presence of sufficient amount of empirical data, can be carried out in various ways. Since in our study the rate is made on the versatile analysis of production activity, efficiency, then the competitiveness assessment will be based on the assessment (economic analysis) of the competitiveness of certain types of agricultural products on the basis of the concept of cost analysis and their relationship with the scale of production. We believe that such a position is quite reasonable, since the vast majority of agricultural enterprises in Ukraine carry out their activity according to the resource model, making a bet on the growth of high-margin export-oriented crops, as well as minimizing costs due to low production costs. The high level of competitiveness is mainly due to the low cost of production, not through effective marketing and the search for markets. Due to the disorganization of the market and the monopolization of the sales channels, cost concept of competitiveness prevails in the natural economic potential of the national agriculture.

The analysis of the impact of scale of production on the production costs of certain types of products, which determines the competitiveness of economic entities, is presented on the basis of methodological provisions and directly evaluation of the competitiveness of agricultural enterprises. As the object of evaluation, we have selected the indicators of the production performance of agricultural enterprises in Ukraine, Cherkasy region, in particular: PP Papuzhentsi, PSP Zelenkivske , STOV Kolos, STOV Onopriivske, TOV Nadiya. The aggregate competitiveness is calculated by analyzing indicators of production efficiency (costs) of wheat, corn, sunflower seeds and milk. The reason for choosing these types of products is that they are the most liquid on the market today. According to our methodological approach, which is presented on the basis of separate components of the methodology developed by other scholars [11, 12], the competitiveness of enterprises by types of products (wheat, maize,

sunflower seeds, milk) is first assessed, and then the average coefficients of competitiveness of enterprises (2012 – 2016) is determined.

Consequently, the assessment of the competitiveness of agricultural enterprises by type of products includes methodological steps and assessment of the relevant approaches.

The first approach is the assessment of the competitiveness of agricultural enterprises, which is carried out according to certain types of products (wheat, corn, sunflower seeds, milk); the most liquid agricultural production on the market, which is produced and sold in Ukraine, Cherkassy region and specifically defined economic entities are selected. Output information for calculating the competitiveness coefficient (Table 1) is given in Annex B - the results are selected, which are most characteristic of economic efficiency of the economy (sales volume, sales revenue, full cost of sales).

The formula for calculating the competitiveness of the "cost estimate - production" approach includes: the cost of production of a particular type of product, the implementation rate, the cost of production of a particular type of products of an individual enterprise and the average cost of production of a certain type of production. Consequently, the coefficient of competitiveness of an enterprise is determined by the formula:

$$CC_{ij} = \frac{P_{ij}}{\frac{c_{ij}^{unit}}{\overline{C_{ij}^{unit}}}}$$

In which:

CC_{ij} is the coefficient of competitiveness;

C_{ij} is expenses of the enterprise for the production of one type of products;

P_{ij} is the realization of the enterprise of the type of products;

c_{ij}^{unit} is the cost of production of the enterprise of the type of products;

$\overline{C_{ij}^{unit}}$ is the average industry cost price of the type of products.

The average coefficient of competitiveness of the enterprise is calculated as the sum of coefficients by type of products (wheat, corn for grain, sunflower, milk) (see Table 1).

Table 1: Average coefficients of competitiveness of agricultural enterprises for 2012–2016*

	Wheat	Corn	Sunflower	Milk	On average
Ukraine	1,259	1,333	1,571	1,126	1,322
Cherkasy region	1,826	2,135	1,105	1,286	1,588
PP Papuzhentsi	1,682	1,812	1,377	2,829	1,925
PSP Zelenkivske	0,735	3,151	0,802	7,568	3,064
STOV Kolos	1,559	2,247	0,397	0,420	1,156
STOV Onopriivske	2,003	1,841	0,728	-	1,524
TOV Nadiya	13,573	-	13,651	5,502	10,909

* Source: calculated by authors

Based on the above approach, in particular on the basis of production costs for production, we have calculated a comparative assessment of the levels of competitiveness of agricultural enterprises. As a

result, it should be noted that, in the context of particular crops, competitiveness is high enough - enterprises conduct effective economic activity.

The second approach is the assessment of the competitiveness of agricultural enterprises based on an analysis of the structure of enterprise costs, depending on the volume of sales of products by selected species; the basis is a change in the share of costs, depending on the increase in sales volumes.

The special attention in the methodical plan is paid to a structure of expenses in%, expenses on 1 hectare of cultivation of crops, share of expenses in the price of product sales and separate indicators of production efficiency. The enterprises are divided into groups and the place of specific enterprises is determined for a certain group.

The third approach is a comprehensive assessment of the competitiveness of an agricultural enterprise by product type. In the methodological evaluation plan, a selection of indicators was made, and the calculation of the competitiveness coefficients for the enterprises of Cherkasy oblast (on average) and for specific enterprises (PP Papuzhentsi, PSP Zelenkivske, STOV Kolos, STOV Onoprievske, TOV Nadiya) (Table 2), and the rating of enterprises is formed on the coefficients of competitiveness (Fig. 1).

Table 2: The coefficients of competitiveness of Cherkasy region enterprises *

Name of enterprise	By type of products				By enterprise	
	Wheat	Corn	Sunflower	Milk	On average	With weighing
Enterprises of Cherkasy region	1,127	1,128	1,207	1,066	1,132	0,757
PP Papuzhentsi	0,983	0,979	1,144	1,001	1,027	0,755
PSP Zelenkivske	1,107	1,106	1,116	1,194	1,131	0,925
STOV Kolos	1,062	1,009	0,955	0,854	0,970	0,711
STOV Onopriivske	1,028	0,990	1,805	-	1,274	1,031
TOV Nadiya	1,416	-	1,475	1,048	1,313	0,982

* Source: calculated by authors

Absolute values of indicators are calculated according to the average level in Ukraine; a generalized competitiveness indicator is defined for each type of product; the average competitiveness indicator - by the enterprise and generalized also, and weighted average - on the share of products in the income of a particular enterprise.

The priority of the competitive development of agricultural enterprises in the shortest possible time should be the transition from the resource to the intellectual-innovative model of sustainable development. This priority is relevant for specific enterprises, especially small and medium enterprises, as well as for the entrepreneurial structures of the industry. Thus, it is necessary to move from resource to innovation competitiveness, which involves not only simple minimization of costs, but also social (environmental, environmental, etc.).

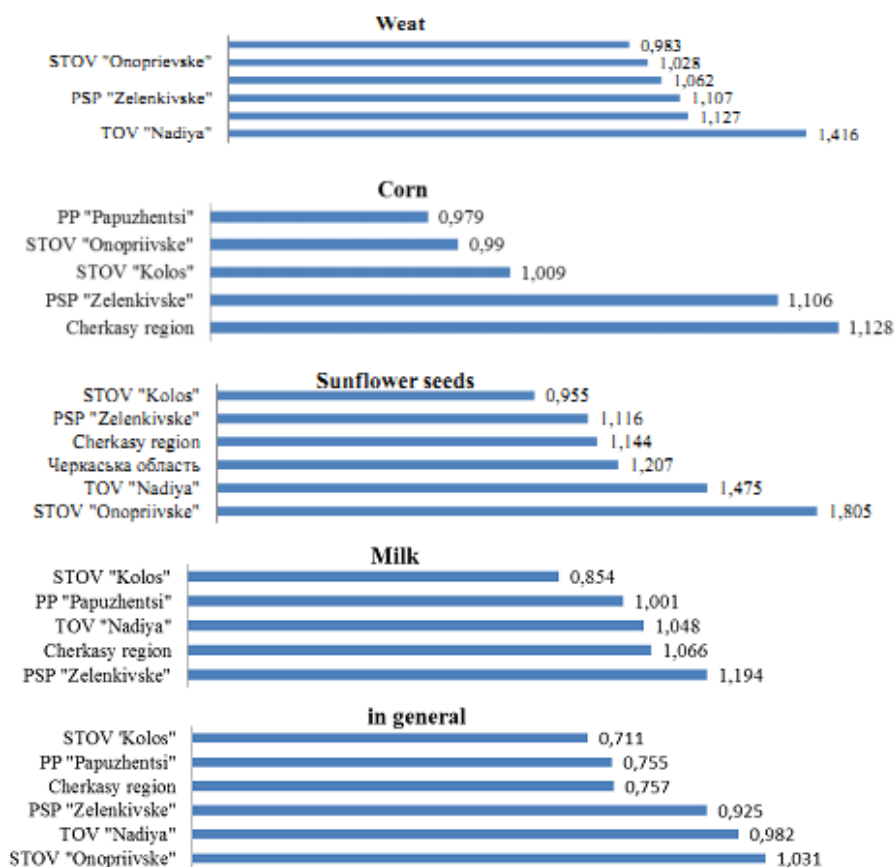


Fig. 1: Rating of enterprises by coefficients of competitiveness *

* Source: Authors

According to the results of the analysis of the current state of efficiency, formation and development of competitiveness of agricultural enterprises, it has been established that the main priority for a selected set of personified structures should be innovation - the fastest departure from the resource model of functioning (Table 3). In this regard, we are emphasizing the strengthening of the innovative provision of production, improving its quality, finding effective ways of implementation and format of presentation on the market.

Table 3: Signs of priorities of formation and development of competitiveness of agricultural enterprises within the framework of innovation model*

Productive and economic	Social and environmental
Qualification of personnel	Wage level
Level of production innovation	Working conditions and way of organizing production
Technical and technological level of production equipment	Level of organic production
Level and trends of changes in production costs	Labor costs and social development of the team
Changes in the quality of manufactured products	Production and storage infrastructure

Criteria for achievement (provision)

System training of personnel Training of young specialists at the expense of the future employer (enterprise) Updating the material and technical base Innovative technical policies and technological changes Modern social and economic infrastructure Newest varieties of crops and breeds of animals Land cultivation technologies that ensure the restoration of fertility on the basis of environmental friendliness Advanced standards of quality and safety of agricultural food products
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* Source: Formed by the authors

In the effectiveness of innovation support priority, in addition to the latest technologies, it is necessary to provide the quality of human resources and labor potential, as well as in the functional plan - the intensification of agricultural production and food production. Intensification of production can be ensured exclusively at the expense of purposeful, systematic innovation activity and personnel development, which requires from the entrepreneur the appropriate motivation, additional costs, a creative approach to the formation of the competitiveness of the enterprise.

Approaching more specifically the recommendations in the part of innovative competitiveness of agricultural enterprises of the population under investigation, as well as personification for each of them, we distinguish the following tasks that are necessary to solve:

- 1) continuous improvement of the technical and technological support of the operation of production activities on the basis of the implementation of advanced scientific and technological achievements - the task can be solved by the entrepreneur independently, within the limits of available resources received as a result of the activity, as well as with the support of the party (state, local communities, lending, etc.);
- 2) the improvement of personnel and labor potential in quantitative and especially qualitative (education, qualification) aspects - is solved by means of targeted training of the necessary specialists at the expense of the enterprise, as well as advanced training, retraining of existing personnel on the target orientation on the expected technical and technological innovations (purchase of the latest technology, equipment, technologies, etc.);
- 3) reduction of the share of material costs, especially of fuel and lubricants, in the cost of production - a proposal to solve the implementation of energy saving technologies, the use of biological fuels created independently (as far as possible);
- 4) strengthening control over the quality and safety of products - introduction of world quality standards;
- 5) innovation of the reproductive-reproduction system of the branch gene pool - the introduction of new high-yield varieties of agricultural crops and breeds of high-yielding cattle;
- 6) preservation and reproduction on the basis of criteria of sustainable management of natural soil fertility - active use of renewable organic technologies with signs of ecological farming;
- 7) participation in infrastructure projects for the organization of effective chains of product promotion from manufacturer to consumer - the formation of commodity infrastructure objects on cluster and cooperative basis.

Innovative support today is a prerequisite for the formation and development of enterprise competitiveness. It is a fulfilled fact and indisputable necessity of continuous improvement of the organizational and economic environment of innovative competitiveness support. Innovations, their effective, purposeful diffusion provide continuous support for the competitiveness of business entities in today's dynamic markets. If we do not solve the problem of innovation development, then gradually the middle business will be absorbed by overgrown agrarian corporations, and almost all of the dictates

of the monopoly structures will be absolute. Therefore, the formation of an effective organizational and economic environment for innovation support for the competitiveness of agricultural enterprises, especially medium and small ones, is not only a problem for entrepreneurs themselves, but a state problem that needs to be addressed urgently.

Economic growth, the growth of production volumes and, in particular, the dynamic growth of additional incomes are no longer possible solely at the expense of a qualitative resource (land) - there is a need for innovation, advanced technologies that are available today only to large businesses, which have large amounts of land and feed on capital from other sectors. However, the resource advantages, in terms of land quality, are no longer so obvious for large enterprises. Therefore, both at the state level and at the level of business entities, today it is necessary to systematically take care of the formation of an effective organizational and economic environment for innovative competitiveness support. According to the results of the research, we propose a complex of organizational and economic directions and measures that have long been a period of development of agricultural entrepreneurship in Ukraine, have not been fully implemented (Table 4).

The priority solution requires the problem of the general attitude of the state to the basics of innovation development, which require the immediate formation of a clear innovative competitiveness policy, the creation of a functional, supportive environment for the development and implementation of innovations in agriculture. Implementation of the system policy of innovation in agriculture, the development of individual enterprises - the only way to reduce production costs, as well as increase the productivity of crops and animal productivity.

Table 4 : Organizational and economic directions and measures to implement innovative provision of agricultural enterprises in Ukraine*

Directions	Specifying measures	Subjective implementation level
Formation of a favorable innovation-investment climate in the industry	Development and implementation of the State program of support of innovation and investment development of agriculture	State Regions Agricultural enterprises
Ensuring improvement of the personnel supply system	State social and economic support for the development of the labor potential of the village	State, rural areas Regions Agricultural enterprises
Creation of a purpose-oriented agriculture financial and credit support system	Identification of priority support measures	Branch Agricultural enterprises
Development of a stable system of information support and promotion of innovations	Development and implementation of comprehensive information security measures	Branch Agricultural enterprises
Active support for the preservation and development of the intellectual potential of the Ukrainian agricultural education and science	Development and implementation of a targeted program for improving the financing of domestic agricultural science	Branch Agrarian science and Education

Changing the philosophy of agricultural development from the resource model to innovation one	Organizational support for the realization of sustainable development goals	Branch Agricultural enterprises
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* Source: Formed by the authors on the basis of the results of the research

In the issue of the development and implementation of the policy of innovation development of agricultural enterprises, it is necessary to take into account the following features of agrarian innovations and innovation competitiveness of competitiveness:

- lack of opportunities for a real breakthrough in technology (major discoveries have already been made - only improvements are possible);
- agricultural activity is related to nature, therefore the risks of innovation are very high as agricultural enterprises in general;
- development of innovations is carried out for a long period of time;
- diffusion (distribution) is rather problematic, because agriculture is a conservative business;
- the market is represented by a huge number of sellers of the same product, so competition is high;
- for Ukraine, the peculiarity of land-resource, scientific and, in part, human resources potential in agriculture, is far superior to material and technical and even innovative, which provides competitiveness only through a resource management model.

For agricultural commodity producers, in order to increase and maintain their own competitiveness, the following directions of innovation are relevant:

- development of the field of plant growing and the introduction of elements of organic farming;
- introduction of the newest technologies of cultivation of land, which will ensure reduction of production costs and increase of productivity of agricultural crops, as well as output of products of higher consumer quality;
- the introduction of energy saving technologies and the development of bioenergy with the subsequent formation of a closed non-waste cycle of production;
- change of the philosophy of realization of innovative potential from the conservative resource model to the progressive-innovative;
- increase of innovative potential.

In our opinion, in the innovative provision of the competitiveness of agricultural enterprises in the absence of explicit possibilities of systematic innovation, organizational reliance should be placed on clustering. The priority of this formulation of the way of formation and development of enterprises' competitiveness is that entry into a cluster automatically induces an enterprise to mobilize its internal innovation potential, to create innovations. Having formed a cluster, they will have a real opportunity for a more complete realization of the internal innovation potential.

In terms of ensuring competitiveness, participation in the cluster will provide overall innovation, and most importantly, today it is extremely important to reduce the role of intermediaries in ensuring access of enterprises to the organized market of agricultural products. Under such conditions, we forecast the balance of economic conditions, the smoothing of seasonality, the emergence of additional opportunities for the development of innovative production, including livestock products. That is, the cluster as an organizational structure for business innovation in the research of enterprises, will promote market-oriented formation and development of their competitiveness.

The role of clusterization as an innovation-oriented mechanism of consolidation of resources of participating enterprises is not only in increasing their economic (production, economic) competitiveness, but also in the expansion of the social component (opportunities for enterprises to

solve social problems of territories), which is extremely important in the context of transformation of the economic system. That is, when creating a cluster from enterprises there is an ability to form, develop the competitiveness of productive and social.

However, in order to enhance the approach to general innovation in the development of the competitiveness of agricultural enterprises, one entrepreneur's desire is not enough - external incentives are required from the side of favorable state policy. Creation of a cluster will ensure the effective cooperation of agricultural enterprises, the activity to form and develop their competitiveness on an innovative basis, which will promote the active promotion of manufactured products to external, more profitable markets. Thus, we offer a complex of organizational and economic measures for ensuring competitiveness, which are based on the idea of universal innovation support. In general, the competitiveness of agricultural enterprises in this study is considered through the prism of a multifaceted analysis of the state of their development, in conjunction with the results obtained and the inputs, etc. Innovative support is also a complex of multifaceted improvements that need to be made for more successful business operations.

In the framework of the innovation model of competitiveness of agricultural enterprises, which is aimed at sustainable development, for the basic in our study of farms, you need to pay attention to specialization. Here the specialization is based exclusively on a market-oriented model, a simple desire to produce products for which there is demand. For prospective competitiveness, enterprises need to choose the optimal scientifically-based specialization, based on available resources and natural conditions.

Innovative model of competitiveness can create for enterprises the precondition of avoiding the cost concept of economic activity to the concept of sustainable and expanded ecologically safe development.

In general, not only in the long run, but also today the problem of agricultural enterprises to ensure the effective development of competitiveness - is the transition to innovative methods of management. Determinant and still unattainable for most agricultural enterprises is the priority of complex innovation - wide application of innovations with a balanced production structure. In the priority of formation and development of competitiveness on the basis of innovation-oriented, ecologically safe, sustainable business development. The motivation of this position lies in the ability to ensure the competitive advantages of environmental and food safety, in particular on the world market. For example, in the European Union market, the environmental friendliness of food and food raw materials is the main competitive advantage, the availability of which provides added value and high additional income. The potential of agricultural enterprises, in particular in the studied region (Cherkasy region) - huge, it should be skillfully implemented as one of the main competitive advantages.

Innovative support for the competitiveness of agricultural enterprises depends on the entrepreneur himself - his desire to improve the system and from the state, which regulates the processes of innovation production. Particularly in weak economies undergoing transformation of the business environment, state support, coordination and organization of the innovation system according to the target sectoral, functional principle is extremely important, in essence decisive.

In Ukraine, which still refers to states with unstable economics, an unbalanced sectoral structure operating on the basis of a resource-based approach, agricultural enterprises have little ability to effectively self-innovate. The transitivity of the business with its unstable results imposes an appropriate imprint on the personnel component of entrepreneurial activity, as we have noted earlier, the problems of personnel policy are obvious, they need to be eliminated. Addressing the issues of human resources and labor potential of agricultural enterprises today is a matter not only of individual enterprises, but also of the state - the creation of organizational and economic conditions, the formation

of new and intensification of existing incentives to attract, retain personnel. However, entrepreneurs choose their business strategy independently, carrying out incentive measures to enhance the staffing component in the development and implementation of an innovative model of enterprise competitiveness.

Conclusions

Introducing the proposals for innovative support for the formation and competitiveness of agricultural enterprises, while addressing the issue of personnel, we emphasize the need to change the principles of personnel policy. There is definitely a question that the investigated economic structures require a competitive staff capable of universalizing their skills to work if necessary. To do this, we recommend that you implement a systemic HR policy in the direction of:

- encouraging rural youth in obtaining agricultural specialties with effective incentives for future employment in the enterprise;
- systematic continuous improvement of the skills of workers within the framework of implementation of the production program for the introduction of new technology and technology;
- an effective combination of labor incentives and ownership rights to assets (land, property) leased by the enterprise in terms of their optimal use, conservation, recovery, which directly affects the cost-effectiveness aspect of competitiveness;
- ensuring timely rotation of personnel on the basis of a creative assessment of abilities to work and comparing the results of labor activities for a certain period in the framework of the projection of the possibility of achieving the goals of the enterprise;
- enhancement of the qualitative composition of managers and specialists in the format of the systematic improvement of qualification, taking into account the continuity of obtaining the latest knowledge;
- a gradual departure from the model of labor application and its payment, which provides for a strictly minimization of labor costs, to the model of the precise linking of embedded work with the reward received, the use of additional incentive payments for the quality of work performed;
- ensuring favorable conditions for the consolidation of personnel in the countryside, in particular through the creation of a highly competitive housing environment in the countryside.

The main priority is the formation of an effective organizational and economic mechanism of the innovation support environment for enterprises, by improving the system of production and economic activity, as well as raising the level of socio-ecological economic results. The organizational and economic environment of innovation support for the competitiveness of agricultural enterprises needs improvement. The priority framework of this improvement is economic state stimulation of the process of formation of an innovative model of the mechanism of management on the basis of sustainable development of entrepreneurship.

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