

N. Nedzelskiy, Student
N. Ovander, PhD in Ec., As. Prof., research advisor.
M. Davydovych, Lecturer, language advisor
Zhytomyr Polytechnic State University

PROFITABILITY OF AGRICULTURAL ENTERPRISES

Modern market conditions put before domestic enterprises new requirements to increase their volume of production and develop in conditions of competition and under the influence of external and internal factors. Any entrepreneurial activity cannot be promising if its financial result is not positive and it doesn't have dynamic growth. Based on these demands of the modern world, the attention of each leader is mostly focused on the profitability of a certain enterprise. Therefore, in order to gain the optimal level of profitability, business leaders need to study carefully the content and essence of present concepts. Only such a thorough approach can make management decisions effective.

Increasing the profitability of agricultural products is the basic activity of agricultural enterprises. It is extremely important to create a reliable platform and hire professional and competent staff. Such conditions will ensure sustainable rural development of economy in the whole country and provide scientific, technical and social progress.

The most problematic issue of the agricultural sector in the economy is the global economic crisis and pandemic. Under such conditions the development of agricultural enterprises and production processes are quite problematic. The market requires to produce and distribute agricultural products according to current needs and taking into account limited resources.

According to scientific researches the main purpose of agricultural enterprises is "to make profit and satisfy the needs of consumers using high quality agricultural products. Special attention now is given to production management at all stages of performed operations, including processes from supply to sale. At the same time, flexibility is becoming increasingly important in production and it can be achieved through rational organization process and usage of new equipment and technologies, etc. "[1].

Issues related to increase of the profitability of agricultural enterprises are covered in scientific research of Ukrainian and foreign scientists. The presence of debates in these studies indicates importance and significant interest in the chosen area.

Nowadays the economy of Ukraine is not so good, that's why a large number of enterprises face several problems related to ensuring a sufficient level of profitability and competitiveness. For instance, in the case of absence or reduction of profitability, there is a direct threat of reducing the liquidity of the enterprise and consequently, its bankruptcy. A market economy makes profit one of the most important economic indicators. Stable development of the enterprise and economic development of the country are tightly interconnected [3].

The American economist F. Knight notes that no economic term or concept is used in such a huge number of meanings as "profit", this also applies to the category of "income".

Making a profit is the main goal of each commercial enterprise. The company can be called successful, when her income exceeds her expenses. It is a general truth, if expenses exceed the income, the company suffers losses. The growth of company's profit give it a wide range of potential opportunities.

The total profit of the enterprise is the end result of the work. It takes into account the profit from all activities of the enterprise: profit from sales of goods, works, services - gross profit, profit from operating activities, profit from ordinary activities, income from extraordinary activities. In addition, calculate net income. The main component of total profit is the profit from the sale of marketable products. It accounts for over 95% of total profits.

Suppose it is known that one company get 10, and another - only 2 million UAH. profit. To say that the first company, which has a profit 5 times higher, works better than the second - is to draw the wrong conclusion. In order to accurately calculate the profitability of the enterprise, you need to compare profits with the costs of the enterprise or with the amount of production assets of the enterprise. This comparison characterizes the profitability of the enterprise.

A satisfactory level of efficiency requires, on the one hand, exceeding the final results over the costs of achieving them, and, on the other hand, comparing the results obtained with the results of similar objects. Based on this, although the absolute amount of profit received by the company is a very important indicator of activity, but can't characterize the level of efficiency, this is due to the fact that the absolute amount of profit characterizes only a one-time economic effect.

The level of profitability is characterized by the analysis of absolute and relative indicators. The absolute indicator is profit. At the expense of profit the company can increase the wage bill, expand and increase production turnover, finance other activities. In general, profit is defined as the difference between the profit of sales and their cost [2].

The dynamics of enterprise development directly depends on its profit. When distributing funds from profits, some of them are allocated for the purchase of more advanced equipment, training of employees, improving of working conditions, advertising that leads to increased efficiency and getting more income.

The formation of the company's profit is influenced by a wide variety of external and internal factors. External factors include: economic conditions, market capacity, effective consumer demand and state regulation of enterprises. Internal factors include: the volume of output, production cost, the price of sold products and range of products [4].

The economic meaning of profit is revealed in the functions it performs. Profit is an important category of market relations and has the following functions:

1) evaluation function - is the ability to assess the quality and efficiency of the business entity during a certain period;

2) distributive function - means using profits as the formation of sources of financing the enterprise and deductions in the form of taxes to the budgets at all levels;

3) incentive function - is the ability to stimulate the owners and employees of the enterprise, to conduct operational and financial activities more efficiently, to obtain greater profits, to meet their own needs and the needs of the enterprise [5]

Moreover, there is a significant need for effective and efficient management of enterprise profits. With the help of effective profit management, which includes the

implementation of the evaluation, distribution and incentive function of profits, the company is able to ensure its economic development and productivity [8, c.35].

Furthermore, during the formation of the company's profit it is necessary to develop a system of indicators to assess its potential volume and quality. In the process of profit distribution the most important areas of enterprise development should be determined, because it will help the company to work more effectively. There is a tendency to reduce the income of economic entities in the economy of Ukraine significantly, which leads to a decrease in profits or even losses of many enterprises.

With the help of profitability, the company determines the adequacy of profits in comparison with other economic variables related to the financial and economic activities of the enterprise. To determine profitability, you need to correlate profits with the factors that have the greatest impact on profit. Such indicators may be: income, expenses, resources or capital [3].

Profitability is an indicator that characterizes the effectiveness of the financial and economic mechanism and profitability of the enterprise in conditions of fierce market competition, as well as the economic crisis. It reflects the adequacy of the management system and the feasibility of management measures in the operation of the trading company [6, c.31].

Profitability can exactly characterize the level of management and the appropriateness of decisions made by managers over a certain period of time. The profitability of agricultural enterprises directly depends on the achieved level of efficiency of certain types of production.

Summarizing all above, profitability is a relative indicator of enterprise's efficiency. The main factors which indicate it are the quality of products, its cost, reducing losses of material resources during production, as well as more productive use of equipment [7, c.16]. In order to make a more accurate and high-quality assessment of the enterprise, it is much better to use the profitability indicator, which allows you to compare the results of activities with the resources spent on their achievement [6, c.30].

Thus, according to our study, profit analysis, educational literature and scientific articles we have found the lack of a comprehensive methodology for economic analysis of financial results and profits. That's why, the development of comprehensive methodology is highly important, because the analysis of formation and distribution of profits can help a certain business to flourish and to overcome the effects of crises and prevent them in the future.

REFERENCES

1. Бутко М.П., Задорожна С.М., Іванова Н.В. Виробничий менеджмент: підручник. Київ, 2019.
2. Бизнес и финансы. Прибыль и рентабельность [Електронний ресурс] – URL: <https://answer.pro/articles/159-pribyil-i-rentabelnost/>
3. Єпіфанова І.Ю. Прибутковість підприємства: сучасні підходи до визначення сутності / Єпіфанова І.Ю., Гуменюк В.С. // Випуск №3. – 2016. – URL: http://www.economyandsociety.in.ua/journal/3_ukr/33.pdf
4. Богацька Н.М. Прибуток підприємства: його роль, формування та резерви збільшення в умовах ринкової економіки // ЕНФВ “Ефективна економіка” – 2019.

5. Теоретична сутність категорії «прибуток підприємства»/ Майборода О.Є, Сукрушева Г.О, Куліш Є.В// Випуск №10. – 2017.
6. Подільський науковий вісник. – Науки: економіка, педагогіка. – 2017. – № 1. – 28-31 с.
7. Оцінка рентабельності підприємства та шляхи її підвищення в сучасних умовах господарювання/ Гаватюк Л.С, Дембіцька А.В// - 2018 – 15-19 с.
8. Огійчук М.Ф. Сутність прибутку та підходи до методики його визначення / М.Ф. Огійчук // Економіка АПК. – 2009. – № 6. – С. 31–45.
9. Антонюк Р.Р. Прибутковість сільськогосподарських підприємств: природа категорії / Р.Р. Антонюк // Вісник Харківського національного технічного університету сільського господарства – 2012. – № 126. – С. 50–55.
10. Зятюк Н.В. Теоретико-методологічні аспекти стратегії забезпечення прибутковості підприємства / Н.В. Зятюк // Культура народів Причорномор'я. – 2009. – № 154. – С. 27–31.