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ГОЛОВНІ СКЛАДОВІ ЧАСТИНИ ВАРТІСНО-ОРІЄНТОВАНОГО УПРАВЛІННЯ ТА ЇХ ОСОБЛИВОСТІ У СІЛЬСЬКОГОСПОДАРСЬКИХ ПІДПРИЄМСТВАХ

В даній статті розглядаються філософія та методологія вартісно-орієнтованого управління та його застосування на сучасних підприємствах. У цій статті досліджені переваги вартісно-орієнтованого управління, процес вартісно-орієнтованого управління, його основні складові частини та їх характеристики. У загальних рисах окреслено вирішальну роль аграрних підприємств в українській економіці. Проаналізовано особливості аграрних підприємств та їх сучасний стан. Особлива увага спрямована на особливості вартісно-орієнтованого управління в аграрних підприємствах. Було запропоновано впровадження методу «сільськогосподарської» доданої вартості у аграрних підприємствах. Був описаний процес додавання вартості у сільському господарстві. Надані рекомендації щодо принципів впровадження концепції вартісно-орієнтованого управління у сучасних сільськогосподарських підприємствах з метою підвищення конкурентоспроможності і стійкості цих підприємств. Робиться загальний висновок щодо необхідності, особливостей, принципів впровадження вартісно-орієнтованого підходу до управління сучасними сільськогосподарськими підприємствами.

Ключові слова: вартісно-орієнтоване управління, сільськогосподарське підприємство, додана вартість, ланцюжок вартості, процес управління.

Рис. 2. Табл.1. Літ. 18.

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ОСНОВНЫЕ СОСТАВЛЯЮЩИЕ ЦЕННОСТНО-ОРИЕНТИРОВАННОГО УПРАВЛЕНИЯ И ИХ ОСОБЕННОСТИ В СЕЛЬСКОХОЗЯЙСТВЕННОМ ПРЕДПРИЯТИИ

В данной статье рассматриваются философия и методология ценностно-ориентированного управления и его применение на современных предприятиях. В этой статье исследованы преимущества ценностно-ориентированного управления, процесс ценностно-ориентированного управления, его основные компоненты и их характеристики. В общих чертах обозначены решающую роль аграрных предприятий в украинской экономике. Проанализированы особенности аграрных предприятий и их современное состояние. Особое внимание направлено на особенности ценностно-ориентированного управления в аграрных предприятиях. Было предложено внедрение метода «сельскохозяйственной» добавленной стоимости в аграрных предприятиях. Был описан процесс добавления стоимости в сельском хозяйстве. Даны рекомендации относительно принципов внедрения концепции ценностно-ориентированного управления в современных сельскохозяйственных предприятиях с целью повышения конкурентоспособности и устойчивости этих предприятий. Делается общий вывод о необходимости, особенностях, принципах внедрения стоимостные-ориентированного подхода в управление современными сельскохозяйственными предприятиями.

Ключевые слова: ценностно-ориентированное управление, сельскохозяйственное предприятие, добавленная стоимость, цепочка ценностей, процесс управления.

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THE MAIN ELEMENTS OF VALUE-BASED MANAGEMENT AND ITS FEATURES IN AGRICULTURAL ENTERPRISES

The present article deals with a philosophy and methodology of value-based management and its application in the modern enterprises. The benefits of value-based management, process of value-based management and its main components with their

characteristics were examined in this study. The crucial role of agrarian enterprise in the Ukrainian economy was outlined. The features of agricultural enterprises their current state were analyzed. Special attention was paid to individual characteristics value-based management in agriculture enterprises. The application agriculture value-added method to agriculture enterprises was proposed. The value added in agriculture was described. Recommendations on the disciplines of application of the concept of value-based management in the modern agriculture enterprises in order to enhance the competitiveness and sustainability of these enterprises have been given. A general conclusion was made concerning necessity, features and disciplines of application value-based approach to management of modern agriculture enterprises.

Key words: value-based management, agricultural enterprises, value added, value chain, management process.

Statement of the problem. The agricultural sector plays a major role in the Ukrainian economy. According to the Ministry of Agrarian Policy and Food of Ukraine, agriculture provides 14 % of the total GDP of Ukraine. Exports of agriculture sectors in 2015 amounted to USD 14,6 billion, representing the unprecedented 38,2 % of Ukraine's total exports. There are over 3 million people employed in agricultural industry. At the same time, there are many problems that threaten the sustainable developments of agricultural enterprises in Ukraine [1]. There are some of them: physical, technological and moral deterioration of basic production assets of agricultural enterprises; the presence of a significant disparity in prices for agricultural products and industrial means of production and labor, causing permanent lack of financial resources and limiting the activities and development of agricultural producers; irrational use of land, labor and financial resources of the agricultural sector; a reduction in soil fertility, inefficient use of existing potential of agricultural land; insufficient development of agricultural market infrastructure .

In our opinion, to solve most of these problems will help the introduction of value-based management in agricultural enterprises. Value-based management is advanced concept that recognized worldwide

Analysis of recent research and publications. From the academic point of view, value-based management is not a new issue. One of the most important proponents of it, Rappaport, introduced the concept of creating shareholder value back in 1986 [2]. Timothy Collier, Tom Copeland, David Vessels have described the main elements of value-based management, their characteristics and principles [3]. J. William Petty, John D. Martin, James S. Wallace have paid specifically attention to the process of implementation value-based management at enterprises and such necessarily aspect of this process as social responsibility [4, 5] Many other famous researchers have examined this theme, among of them: Simms, Mc Taggart, Boulos, Merchant, Morrin and Jarell [6, 7, 8, 9, 10]. Such Ukrainian scientists have researched value-based management as Milinchuk O.V [11], Mendrul O.G [12]. We use researches such Ukrainian scientist as Aleskerova U.V, Makhnush S. for discovering modern Ukrainian agriculture [13, 14].

However these still remains a problem coverage of the use of value-based management on particular enterprise, such as agriculture in our case. This was the reason for choosing the purposes of our article.

Formulation of article aim. The purpose of this article is describe the elements of value-based management in the agriculture enterprises.

Realization of this goal has led to the following tasks:

- to consider in generate the process of value-based management;
- to describe the main components of value-based management;
- to discuss the process of value creation in agriculture enterprises;
- to recommend some disciplines for successfully implementation value-based management in agriculture enterprises.

The main material of research. We can describe value-based management as output:

“Value-based management is essentially a management approach whereby companies’ driving philosophy is to maximize shareholder value by producing returns in excess of the cost of capital.” [6, p. 10]

We can describe value-based management as a combination of process and the outcome: « Value based Management is a combination of beliefs, principles and processes that effectively arm the company to succeed in the battle against competition from the outside and the institutional imperative from the inside. These beliefs, principles and processes form the basis of a systematic approach to achieving the company’s governing objective.” [7, p.15]. We can consider value-based management as a process: “Value-based Management is a holistic management approach that encompasses redefined goals, redesigned structures and systems, rejuvenated strategic and operational processes, and revamped human-resources practices. Value-based Management is not a quick fix but a path requiring persistence and commitment.” [8, p. 13].

In general, the distinctive features of value-based management are:

- Management: VBM is a management tool, a control system; an apparatus that is used to integrate resources and tasks towards the achievement of stated organizational goals [9, p.3].
- Approach: VBM is a prescribed and usually repetitious way of carrying out an activity or a set of activities that propagate its values all over the organization. It is a robust disciplined process that is meant to be apparent in the heart of all business decisions [10, p.6].

The process of value-based management consists of four main steps: setting of goals, finding the value drivers, management process and compensation design (according to figure 1) [3, p.26-35].

There are three main elements of value-based management:

- Creating value. How the company can increase or generate maximum future value.
- Managing for value. Governance, change management, organizational culture, communication, leadership.
- Measuring Value. **Value Based Management** is dependent on the corporate purpose and the corporate values. The corporate purpose can either be economic (Shareholder Value) or can also aim at other constituents directly (Stakeholder Value) [10, p. 25].

Value creation is the first, most important, the starting point of the whole system of value-based management. Consider this process in more detail at agricultural enterprises. Industry characteristics of agricultural enterprises directly affect on this process. Among of them:

- Uncontrolled nature-climatic conditions impact on agriculture;
- seasonality of production;
- long time periods between costs incurred and income;
- the using of its products in the manufacturing process;
- different periods of storage and different conditions of product’s sales;
- the use of living organisms as objects and means of labor;
- earth is the main resource production;
- the low level of concentration and monopolization of agriculture;
- low profitability of agriculture;
- the need for continuous determination of the market value of biological assets [11,

p9].

Obviously, this value-added strategy is very different from the commodity-oriented strategy with which most agricultural businessmen are familiar. In a commodity strategy, a producer focuses on the costs of production with the goal of being a low-cost producer. This is, in essence, a “supply-side” focus.

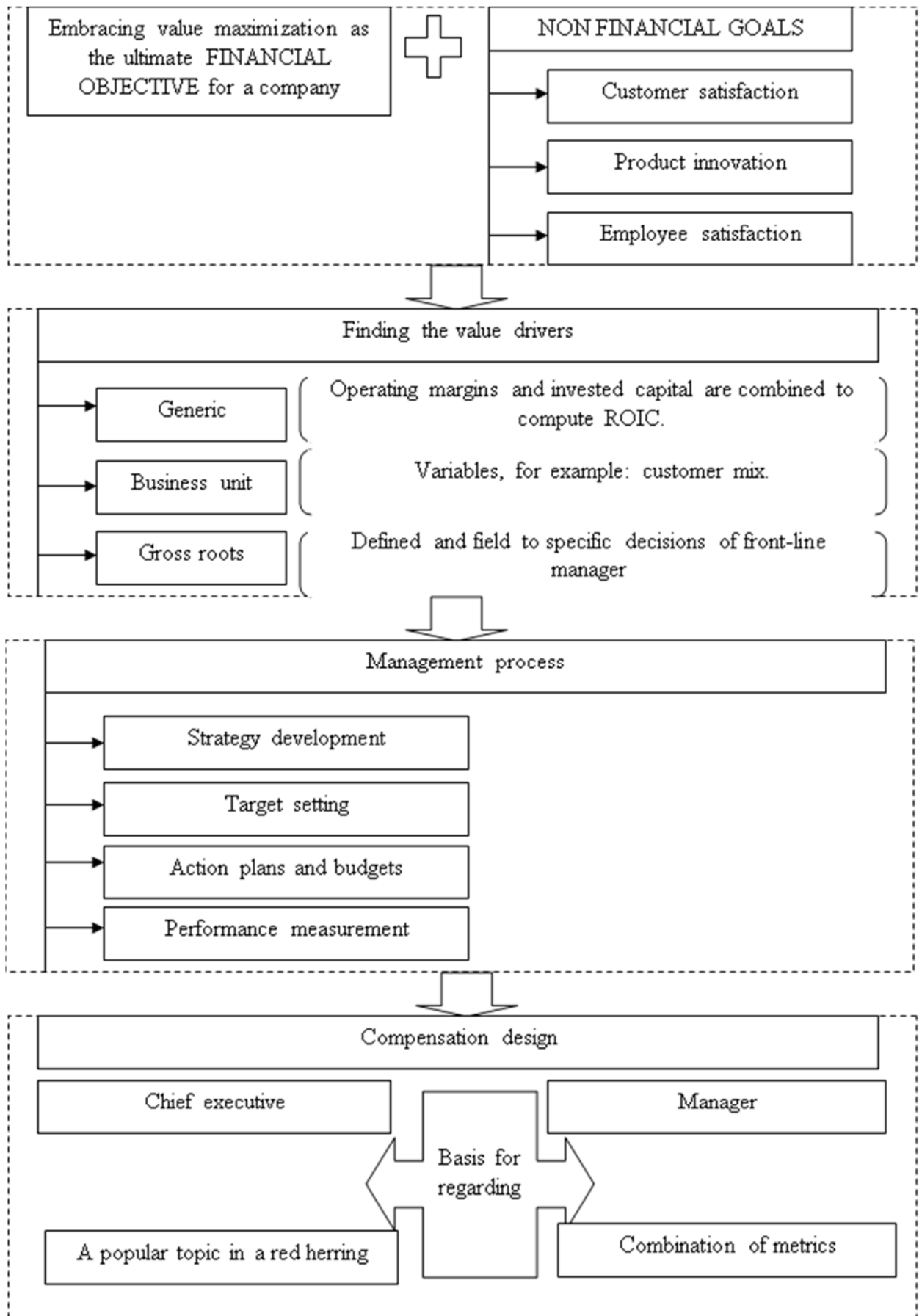


Figure 1. The steps of value-based management

The value-added strategy, in contrast, involves a “demand- side” focus –determining who the customers are and what they want.

The term value chain was first popularized in a book published in 1985 by Michael Porter, who used it to illustrate how companies could achieve what he called “competitive advantage” by adding value within their organization. “Value chain” describes the full range of value adding activities required to bring a product or service through the different phases of production, including procurement of raw materials and other inputs”. [12, p. 24-26].

Subsequently the term was adopted for agricultural development purposes and has now become very much in vogue among those working in this field, with an increasing number of bilateral and multilateral aid organizations using it to guide their development interventions.

The agricultural value chain concept has been used since the beginning of the millennium, primarily by those working in agricultural development in developing countries. Although there is no universally accepted definition of the term, it normally refers to the whole range of goods and services necessary for an agricultural product to move from the agriculture enterprise to the final customer or consumer [12, p.13].

“Agriculture value chain” can be seen in general and individual sense. At the heart of the agricultural value chain concept (in general means) is the idea of actors connected along a chain producing and delivering goods to consumers through a sequence of activities.

Agribusiness, particularly the food sector, is rapidly consolidating and increasingly responding to the changing tastes and preferences of consumers. Consumers have higher incomes than ever before. They are focusing more on convenience, quality, variety, service, health and social consciousness. They are also faced with the increasing value of (and demands on) their time. In a nutshell, consumers are more value conscious than ever. Consumers’ rising disposable incomes and the market fragmentation caused by retail consolidation exacerbate competition, but at the same time leave many niche markets to be exploited. This creates opportunities for producers to add value to their products. Examples could include “the global cotton value chain”, “the southern African maize value chain” or “the Brazilian coffee value chain” [13, p. 25-31].

Note that agriculture value chain in individual means is primordial of general agricultural value chain. Consider it thoroughly and comprehensively.

In fact, adding value to agricultural products beyond the agriculture enterprise gate usually has several times the economic impact of the agricultural production alone. Agricultural producers receive a much smaller portion of the consumer’s money than do food processors, especially processors who produce brand name items. Capturing that additional money by adding value to farm or ranch products is a goal of many producers [13, p.35].

Value added means adding value to a raw product by taking it to at least the next stage of production. This can be as simple as retaining ownership of your calves and wintering them on wheat pasture or placing them in a feedlot. Value can be added through membership in a cooperative that processes your products, such as a cooperative cotton gin. Or, adding value may be as elaborate as going all the way to the consumer with a “case-ready” food product.

“Customer value” reflects the relationship between the benefits customers receive from and the price they pay for a product. The more benefits relative to the price, the higher the customer value. This does not necessarily mean that greater value results from a low price. The price of a particular product may be high, but if the associated benefits are high as well, the customers perceive the product as valuable. This interaction creates customer value and, thus, the opportunity to add value to your product [14, p. 21-29].

Creating customer value is critical in building a profitable and substantial business. However, one must bear in mind that it is the customers’ perception of value, not the producers’, that is critical. It is also important to recognize that different customers have different perceptions of added value. These perceptions correspond to their expectations of quality, service, convenience and selection.

There are many different opportunities to create added value in agriculture. Consider this process in more detail on the case of wheat grain (according to figure 2) [15;16].

Value can be added to wheat grain in many ways. One way is for farmers to produce wheat grain for use in feed or food products. Wheat straw, a waste product, can be harvested, processed and then turned into building materials. Another way to add value to wheat is to graze it with stoker cattle, which increases the yield of wheat by causing “tillering” of the plant, and also generates income from the cattle operation. Wheat grain also can be converted into organic natural foods and sold at health food stores.

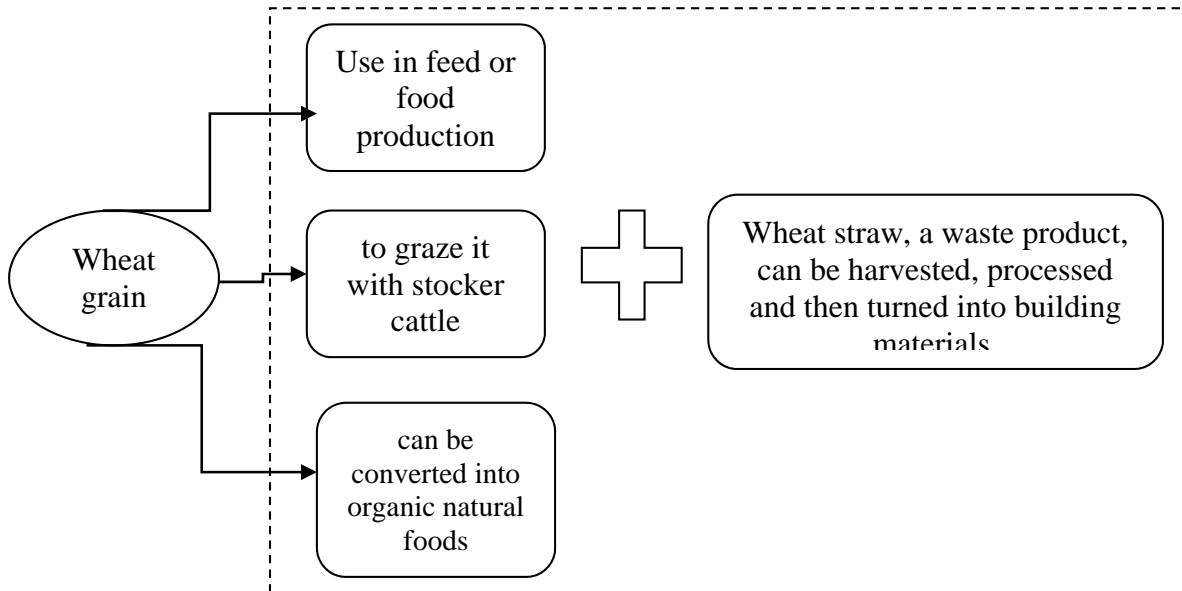


Figure 2. Possibilities of value-based management of wheat growing.

It should be noted that not only the value creation, but also managing for value is an important and necessary component of value-based approach. This component must also be adapted for use in agriculture enterprises.

There are several admitted operating disciplines that any value-driven enterprises are employing to meet. We have tried to clarify the meaning of these disciplines for agriculture enterprises (table 1) [17;18].

Table 1. Disciplines for value-oriented business

Any enterprise	Agricultural enterprise
Harness innovation for the Public Good	Service-oriented agriculture through information technology; Biofuel production, growing crops for this purpose
Put People in the centre	Meeting the request to disclose information of products;
	Respect tenure of land, fisheries and forests, and access to water;
	Engage and empower youth; Foster gender equality and women’s empowerment.
Spread economic opportunity	Contribute to sustainable and inclusive economic development and eradication of poverty.
	Creation of regional brands of agricultural products.
Engage in new Alliances	Cooperation with agrarian universities, research organizations and extension organizations, consumer, worker organization and so on.
Be performance-driven in everything	Incorporate inclusive and transparent governance

	structures, processes grievance mechanisms.
Practice superior governance	Conserve and sustainably manage natural resources , increase resilience, and reduce disaster risks;
	respect cultural heritage and traditional knowledge and support diversity and innovation;
Pursue purpose beyond profit	Business development with an emphasis on freshness;
	Contribute to food security and nutrition
	Promote safe and healthy agriculture and food systems.

Each of these points is important and worthy to be realized. But regional branding is the most innovative. Regional branding means to utilize natural and other resources found in a certain region to create differentiation from other products and to develop locally-triggered businesses. One of the ways to protect such regional brands could be to protect labels that indicate the origin of products (geographical indicators), if the established quality and social valuation of the product are attributed to its origin (e.g. champagne, wine, etc.).

Conclusions. Process of value-based managements consists of four main steps: embracing value maximization as the ultimate goal for an enterprise, finding the value drivers, management process and compensation design. There are three main components of value-based management: value creating, managing for value and measuring value. These three components are unchanged in any enterprise. However, the features of their implementation depend on the industry sector enterprises; the use of living organisms as objects and means of labor; earth is the main resource production – are the main features of agriculture enterprises. The transition from commodity-oriented strategy to value-added strategy is the main element of value-creating in agriculture enterprises. “Agriculture value chain” lots of different options. Managing for value implementations according to proverbial disciplines, but we have brought new means in this principles. In our opinion, contribute to food security and nutrition, promote safe and healthy agriculture and food systems, to meet the request to disclose information of products and creation of regional brands of agricultural products are the immediate steps of managing for value in any agriculture enterprises. Further research will cover implementation value measuring in the budgeting system of enterprise.

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