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## CHARACTERISTICS AND SPECIFICI OF THE TERRITORIAL SUSTAINABLE POLICIES IN THE AGRARIAN SECTOR OF THE REPUBLIC OF BULGARIA

**Abstarct.** The effective implementation of the territorial development policy in its species diversity is directly related and directly related to the expected final results, ensuring sustainability in the development of all sectors of the economy.

The territorial development policy in the agrarian sector is directly related to the following directions: investment in agriculture, organization of the territory of the agricultural holding locally, the agricultural land market, overcoming crises affecting the agrarian sector and prevention in this respect, and others.

**Keywords:** *agrarian sector, spatial planning policy, sustainable development, agricultural land, investments, analysis, objectives, priorities, measure, data.*

### Introduction

The agricultural sector in recent years has shown some sustainability and dynamics, as a presence in the economy of the Republic of Bulgaria, regardless of its peculiarities and its dependence on climatic and other conditions. Statistics show that gross value added created by industries in 2018 is BGN 95 119 million (EUR 48 634 million) at current prices, registering a real growth of 3.5% compared to the previous year.

Value added of agricultural sector entities in 2018 is at the amount of BGN 3 698 million at current prices. In real terms, it shrinks by 2.0% y. By economic sectors, gross value added for 2018 is distributed as follows: industry (incl. construction) - 25,8%; services - 70.3%; agrarian (agriculture, forestry and fisheries) - 3.9%.

The share of the agricultural sector in total gross value added decreased by 0.8 percentage points compared to the previous year.

According to preliminary seasonally adjusted data of the National Statistical Institute of the Republic of Bulgaria ([www.nsi.bg](http://www.nsi.bg)), in the first and second quarters of 2019, the total gross value added for the country's economy increased by 3.3% and 3.7% respectively. the corresponding period of 2018 in real terms.

In terms of gross value added generated by the agricultural sector, preliminary data indicate a slight increase of 0.1% in real terms in the first quarter of 2019. and growth of 3.9% in the second quarter. The gross value added created in agriculture in 2018 amounts to BGN 3 663.4 million (at basic prices).

Reflecting the trends of slight growth in the value of final production and more than two and a half times higher growth in intermediate consumption, it registered a decrease of 2.6% (by BGN 96.9 million) on an annual basis. For 2018, the entrepreneurial income in the preliminary data industry amounts to BGN 2 477,2 million - 8,7% below the level of the previous year. The main factors contributing to this result were

the reduction of gross value added by the industry and the increase in rental costs and compensation of employees.

The aforementioned results illustrate the level of effectiveness of the agricultural policy pursued. Agrarian policy aims at creating sustainable conditions for the development of the agricultural sector. In this connection, it should be noted that one of the main directions of agricultural policy is the territorial structure. The article describes and analyzes some of the main features of this area.

For the purposes of the study, official statistics, literature analysis and information from documents of the Ministry of Agriculture, Food and Forests of the Republic of Bulgaria were used.

The purpose of the study is to prove the important role and place of the policy related to the territorial structure for the sustainable development of the agricultural sector of the Republic of Bulgaria.

### 1. Areas of territorial development policy in the agricultural sector

The effective implementation of the territorial development policy in its species diversity is directly related and directly related to the expected final results, ensuring sustainability in the development of all sectors of the economy. The territorial development policy in the agrarian sector is directly related to the following areas:

First, investing in agriculture. Within 2018, most investments in the Republic of Bulgaria were attracted in the financial and insurance sectors (EUR 623.8 million) and Manufacturing (EUR 128 million). Net foreign investment in agriculture, forestry and fisheries during the year amounted to EUR 11.6 million.

In macroeconomic terms, investment is defined as the flow of fixed assets (fixed capital) plus surplus stocks (working capital) over a given period. There are two main groups of investments: fixed (fixed, which

consists of fixed assets) and investment stocks (Savov, St., 1999, p.136).

Investment policy is linked to the concept of "capital investment". Capital investment refers to the money allocated for the reproduction of fixed assets, their expansion and modernization (Ivanov, V., 1995, p.85). Such an opinion was shared by another author who included cash and material assets in capital investments (Hadzhiev, St., 1990, p. 175).

One of the main directions in which the process of investing funds is realized is precisely in the implementation of the territorial development policy in the agricultural sector and, above all, in the construction on agricultural land.

Here the relationship between innovation and investment activities in construction on agricultural territories should be noted.

This interconnection is at the heart of a proper risk assessment that is taken when investing an innovation. In this case, the innovation risk is measured by the probability that the expected effect of the innovation will be wrongly determined. Investment costs measure in value terms the capital needed to make the investment (Alexandrova, M., 2001, p. 12).

Cash flows for the acquisition or creation of investment items are divided into groups, the first of which is the item of investment expense. The second characteristic is the purpose of the investment expenses by activities, the third characteristic is related to the stage of making the investment expenses, and the fourth characteristic - to the type of the investment objects (Alexandrova, M., 2001, p. 12-14).

When designing and implementing the territorial development policy in the agricultural sector, the parameters of the accompanying investment policy, which will in practice ensure the development measures in the agricultural sector, must be specified. Hence the need for a preliminary comparative investment analysis.

Conducting comparative investment analysis by indexes and initial data is difficult to realize, especially if the results are not representative of the real estate market. Among the important factors for the implementation of the comparative investment analysis are the following:

- comparability of investments used in the analysis;
- representative investment indicators;
- a logically formulated and consistently implemented investment policy;
- a reinvestment policy;
- others.

It is difficult to put into practice a program that examines all the factors.

From this point of view, most comparative analyzes related to determining the effectiveness of real estate investment, the product of realized territorial development activities in the agricultural sector, provide general information that is of limited use in making investment decisions.

During the time of the comparative investment analysis, certain problems arise in the market and the

price of real estate, which are not pledged at the "input" of the analysis and receive deviations in obtaining the final result.

When considering real estate investment, it is important that the concentration falls on the determination of investment interest.

Different investors have different investment interests and their own characteristics related to investment risk when investing in real estate.

Some types of real estate are regarded as the equivalent of net real estate investments. In principle, every real estate object should be considered a business in itself. From this point of view, comparing real estate without considering its purpose can lead to incorrect results. In these circumstances, it is absolutely wrong to compare the returns on different investments without taking into account their particularities.

It is necessary to develop and summarize the comparative investment analysis and its results when exploring alternative investment conditions with previous investment results related to the study of a particular investment environment. For the development and improvement of this information, it is necessary to use samples that are necessary for two reasons:

- the first, due to the fact that it is very often difficult to obtain information on the total volume of real estate investments;
- the second, provided that they have the necessary data, is not always in a form that allows their efficient use and analysis.

When studying real estate - an element of agricultural infrastructure, it is necessary to take into account the fact that for the most part it does not give a true idea of the overall investment results of its management.

A well done comparative investment analysis of the real estate creates conditions for the investor to use the results of it, taking into account the importance of the individual indicators and on that basis make a good investment decision. There are three common problems with respect to establishing confidence in the representativeness of the comparative investment analysis and its outcome:

- insufficiently defined spectrum of study;
- the sample developed is very small and does not cover the full range of indicators;
- the design of the study or its implementation is inadequate to reality.

A thorough analysis of the income from real estate investments should be based on real results. In most cases, the probabilistic nature of an investment event in the real estate market is used in the preparation of the analysis, that is, it may or may not happen.

The reason for this condition, related to the investment analysis, is the difficulty of separating all the factors affecting the result, especially those related to the management, where the subjective factor has a very strong influence, but also with due regard to the specifics of the territorial development policy in the agrarian sector and its close relationship with investment policy (Kalinkov, K., 2008, pp.366-368).

Investments in agriculture are directed towards the construction of greenhouses and farm buildings for crop and livestock production, for storage and refrigeration. Various facilities with production and infrastructure content are being built (Valchev N., 2015, p.68-69).

In general, and every farm in particular, needs a lot of investment to start, including to secure the necessary territorial development measures. Therefore, the need for large investments in the agrarian sector is linked to the 'drilling' in the industry. The lack of investment in the required amount is characterized as a kind of barrier, moreover, that capital as a necessity is connected with obtaining investments for buildings, equipment, working capital and others (Mihnev G., 1993, p.39).

In this regard, investments such as costs of acquiring tangible fixed assets, including buildings, land, forests, permanent crops, machinery and equipment, are one of the main conditions for the realization of investment projects as projects intended for the construction of agricultural infrastructure and which are the product of specialized agricultural investment design in its capacity as a complex of activities, including research, design and participation in the process of construction of buildings and sites, including agriculture and infrastructure, other types of spatial planning activities on agricultural lands, etc.

In this sense, in the territorial development policy in the agricultural sector, an important participant is the investor, that is, any natural or legal person who carries out in his and in the interest of the owner a construction initiative and directly finances the construction (the owner of the property, the person to whom it is established) the right to build, or a public authority that initiates an investment proposal applying for a design visa) or other territorial development on agricultural land.

Second, the organization of the farm on a local scale. The main purpose of the organization on the territory of the agricultural holding is to determine the location and size of the individual elements of the territory (Kanchev. I., Doychinova. Jul., 2005, p. 22) in terms of its optimal organization, by conducting the appropriate local territorial development policy;

Third, the agricultural land market. The agricultural asset 'land' is an attractive investment not only for the main buyers (farmers) but also for the big companies trading it (Nikolova. M., 2019, p.261-272);

Fourth, overcoming crises affecting the agricultural sector and prevention in this regard. The agrarian sector, both from a macro and micro point of view, is constantly threatened with crisis situations. Crises in the sector are also linked to force majeure. The most frequently occurring force majeure circumstances causing crises in the sector are natural disasters - phenomena of geological, hydrometeorological and biological origin (Blazheva V., 2019, p. 71).

## 2. Parameters of the territorial development policy in the agricultural sector

The territorial development policy in the agricultural sector has its real parameters and is at the

same time an irreversible, essential and security element in agricultural management, but it should also be an irreversible tool in agricultural management. However, permanent conditions are necessary for this purpose.

First of all, it is an up-to-date legislation that complies with socio-economic needs to stimulate rather than impede the territorial development policy in the agricultural sector of the economy. One of the issues that did not receive sufficient clarity in the legislative process is the one about the parameters of legal regulation (Naumova, St., 2000, p.232).

In legal terms, it is a hierarchy of normative acts, laws and regulations. Vertical (hierarchical) alignment follows either legally established traditions (the most important social relations are regulated by law), or is the result of a particular framework.

Second, entities with good knowledge of legal matter and the conditions for its application, with a high level of competence in the field of the legislative package relating to the territorial development policy in the agricultural sector with the relevant legal regulations;

Third, full synchronization between the authorities and institutions entrusted with the implementation of the territorial development policy in the agricultural sector in the range of their legally prescribed functions, powers and responsibilities.

The varieties of territorial development policy in the agricultural sector, also as subsystems, reflect in their diversity the needs of the sector of conditions, including structural ones, with a view to its sustainable development. In this sense, territorial development policies in the agrarian sector can be divided into:

a / territorial development policies related to land division, including permanent use, change of purpose, placement of temporary structures, etc.;

b / territorial development policies related to the ownership of agricultural land, including regulation, cadastre, consolidation, temporary use of agricultural land, etc.;

c / territorial development policies related to the cultivation of the land and the preservation of its productivity, including the recultivation of agricultural lands, prevention of agricultural territories, landslides, etc.;

d / territorial development policies related to the infrastructure security of the sector, including the construction of various types of infrastructure and, above all, of agricultural infrastructure on agricultural territories with and without changing the purpose of agricultural land;

e / territorial development policies related to the consumption of real rights over agricultural land, including the right to build, easements, the right to upgrade and land, etc.

In this sense, territorial development policy in the agricultural sector is assigned not only the role of a necessary policy in the agricultural sector, but also a factor that stimulates or restricts to some extent the desired processes in the sector.

Spatial development policies transformed into development activities and activities can also in turn qualify as a variety of agricultural policy or directions in agricultural policy, especially since the implementation of development measures on agricultural land has an important and significant place in the common and specialized development legislation, including the agrarian legislation of the Republic of Bulgaria.

The legislation places a strong emphasis on the functions and participation in the territorial development policy in the agricultural sector of specific entities - bodies, representatives of the central and local authorities and others.

Participation in the territorial development policy of different bodies is in parallel with their participation in the implementation and implementation of the agricultural policy at different levels and in different scope, and in the specifics of the specialized territorial development legislation, and this participation is threefold:

- direct involvement in the management process directly affecting the agricultural sector (agronomy);
- Participation in the enforcement process (implementation of structural rules for agricultural land and the like);
- participation in the control processes on the development measures in the agricultural lands on the principle of direct and feedback.

Agrarian sector policies related to the sector's characteristics and objectives also play a dual role. Spatial planning in this sense is one of the policies of the sector with all its specifics. In this case, from the point of view of analyzing this policy, it is necessary to separate the agricultural territories as a service to the agricultural sector.

Thus, agrarian system of the territory, according to system theory, possesses more characteristics of a subsystem in the larger system, namely, the agrarian sector, as already noted.

From the point of view of the needs of the agricultural sector of different development measures on agricultural land, this subsystem has a number of specific goals, tasks and functions, but this subsystem is also directly related to the rules of agricultural legislation, without which it cannot exist. In addition, this subsystem actively interacts with other subsystems of the agricultural sector system, which make up its inter-structural elements.

One of these elements is agrarian marketing with appropriate marketing solutions.

Agrarian marketing involves in particular a number of tasks that include: harvesting, grading, sorting, packaging, transportation, storage, processing, distribution and sale of products. The fulfillment of most of these tasks depends on the agrarian infrastructure, which is a product of the territorial development policy (Nikolova. M., 2017, p. 150).

As Philip Kotler points out, marketing decisions are strongly influenced by events in the political and legal environment, which consists of laws, government

agencies, and pressure groups that influence and restrict organizations and individuals (Kotler, F., 2002, p.146).

Agrarian marketing is associated not only with the agrarian markets, but also with a number of features of agricultural production in Bulgaria that raise a number of other issues within the scope of marketing (Mishev, P., Simova, A., 1993, p. 19). In this sense, we can differentiate as a separate direction of agrarian marketing, device marketing in the agrarian sector.

### Conclusion

According to preliminary statistics, the value of final agricultural output (value of output after deduction of domestic turnover) at basic prices (prices including subsidies on products) for 2018 amounted to BGN 8 457,6 million.

Following the trend of change in the components of the value of gross output, it increased by 2.6% (by BGN 217.8 million) compared to the previous year. The structure of final output in agriculture for 2018 maintains the formed relationships between the branches of the industry, outlined at the value of gross output.

In the final production, the largest share of crop production is the highest - 68.3%. For 2018. the relative share of livestock production is 23.5%, of agricultural services - 5.9% and of non-separable non-agricultural secondary activities - 2.3% ([www.mzh.government.bg](http://www.mzh.government.bg)).

The state policy in the agrarian sector is aimed at enhancing the competitiveness of Bulgarian agriculture, sustainable development of the fisheries and forestry sectors, improving working conditions and quality of life in rural areas, using EU funds effectively, sustainable management of natural resources and compliance with high food safety standards.

The priorities and objectives of the policy in the agricultural sector, the measures and actions to achieve them in 2020, are in accordance with the Common Agricultural Policy of the European Union, the Government Program of the Government of the Republic of Bulgaria for the period 2017-2021 and the Bulgaria 2020 National Development Program.

In support of the drive to maintain sustainable parameters in the development of the agricultural sector, priority No.1 can be identified: achieving sustainable, competitive and market-oriented agriculture.

This priority is related to the following objectives:

- continuation of balanced and diversified agriculture policies;
- implementing a comprehensive approach for the prevention and management of risks and crises.

These objectives will be pursued through the implementation of a number of specific measures and actions, such as:

- a / optimization of land relations for guaranteeing the efficiency of land use and increasing the incomes from agricultural activity, through the following actions: adoption of changes in the regulations governing public relations in the field of property and land use; promotion of voluntary land consolidation for

the purposes of agricultural production, effective management of the state land fund;

b / prevention of climate risks in agriculture by: creating an appropriate legal framework to ensure the effective functioning of the system for the prevention of adverse climatic events in agriculture.

The common agricultural policy of the European Union is one of the most important policies of the European Union. This is due to its high share of the Community budget - almost 50%, as well as its vast territory and the large number of people directly affected by it.

The importance of the Common Agricultural Policy is also determined by the fact that it is directly linked to the Common Market and the European Monetary Union, which are two key elements in achieving European integration. In this way, the Common Agricultural Policy is also a key factor in stimulating the sustainable development of the agricultural sector.

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## NON-FINANCIAL STATEMENTS OF ENTERPRISES AS A STRATEGIC INSTRUMENT FOR ADJUSTING MARKETING PARTNERSHIP RELATIONS

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## НЕФІНАНСОВА ЗВІТНІСТЬ ПІДПРИЄМСТВ ЯК СТРАТЕГІЧНИЙ ІНСТРУМЕНТ НАЛАГОДЖЕННЯ МАРКЕТИНГУ ПАРТНЕРСЬКИХ ВІДНОСИН