

Chapter 5

Responsible Financial Practices for Supporting Innovation in Ukrainian Agricultural SMEs


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ABSTRACT

The basis for the development of any enterprise, including in agriculture, is continuous improvement. Financing, including from the state, is crucial for the successful implementation of innovation processes. Considering that small farms make up an average of 35% of agricultural enterprises, state support and stimulation of innovation are especially important for them. The study examines the main problems of agricultural production and the possibilities of financing their solution. Seasonal fluctuations in the work of the Ukrainian state program “Affordable Loans 5-7-9” are studied, within the framework of which an average of 49.05% of allocated credit funds are directed to farmers. Seasonal results of the program are analyzed and it

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is found that the most significant increase in lending volumes relative to the number of issued loans occurs in the fall (coefficient 0.056). The availability of affordable financing combined with a constant supply of innovative agricultural machinery allows for an increase in the efficiency of land use.

INTRODUCTION

Agricultural production is the foundation of food security, making it one of the most vital industries. This sector relies on resources with a natural ability to regenerate; however, in the context of modern large-scale agricultural production, these recovery processes are increasingly challenging. Enhancing agricultural efficiency requires the implementation of innovative solutions.

There are many reasons to accelerate innovation in agriculture. As one of the largest exporters of agricultural products, Ukraine faces challenges in ensuring high product quality. A key issue is the lack of advanced technologies for primary processing, which could help elevate agricultural products to a higher market segment in terms of both quality and price. The adoption of new technologies can also significantly reduce costs by optimizing fertilizer and water usage, as well as minimizing fuel consumption during processing.

The need for innovation in the production of agricultural products is manifested in the demand for financing new technologies from representatives of agribusiness, manifested not only in the form of a constant search for sources of financing, but also an increased interest in advertising and educational events held by distributors of new technologies. In order to obtain up-to-date information on scientific and technical developments, the results of scientific and practical experiments conducted by scientists in the field of technologies that allow increasing the efficiency of agricultural production, representatives of private producers and agricultural firms constantly study information coming from the scientific and practical environment. However, due to the large volume of this information and the lack of targeted propaganda of the results of scientists' work by the state, innovative processes in agriculture are not systematized and require more systematic development with the participation of enterprises interested in informing agricultural producers and engaged in the implementation of ready-made solutions in the field of innovations in agriculture.

Several technological factors influence the efficiency of agricultural production. The use of Big Data and other digital tools enhances crop forecasting and resource management, while autonomous devices enable precise field monitoring and the smart application of fertilizers and plant protection products. Robotics and automation help reduce manual labour, boost productivity, and improve the industry's appeal to potential workers. Additionally, advancements in genetics allow for the

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