

ANALYTICAL JUSTIFICATION OF CREATING BACK VERTICAL INTEGRATION OF AGRIBUSINESS ENTERPRISES

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One of the most important sectors of the domestic food industry is meat processing industry since its degree of development not only determines the level of food security, affects the health and efficiency of the population, but also seen as a potential source of strengthening Ukraine's position in foreign markets. The priority aimed at reducing production costs and increasing net income from sales of meat processing enterprises are forming raw areas by building vertical linkages between agricultural producers and processors.

Given the problems that are present in the work of farmers and meat processing industry, in the study we attempted to examine the implementation of the reverse strategy of vertical integration by the example of meat processing enterprise PE "Pivden-Miaso", which is a typical representative of the meat processing plants of medium size in the Odessa region, and Agricultural TOV "Mykolaiv Poultry Factory" situated near by location.

For primary producers within the integrated structure, the problem of search for sales channels is reduced to a minimum, or completely eliminated the cost of searching buyers of finished products; it becomes possible to sale products at competitive transfer prices and to participate in the distribution of residual profit from the sale of meat production by processing enterprise.

Participating in the back vertical integration, processing plant receives reliable partners who provide the appropriate volume, quality and delivery of products, mandatory compliance with contractual terms and conditions and mutually advantageous calculations, i.e. will be able to create their own raw zone that will lead to full capacity utilization and profitable operation. Focusing on long-term stable operation, processing enterprises will be able to increase production of finished goods, increase its range, update the main production facilities, introduce innovative and advanced technologies that will allow maintaining a leading competitive position in foreign markets.