

Exploring the spectrum of transactional expenditures and their influence on the competitive edge in agricultural business management

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***Abstract:** The article considers transaction costs as costs of agricultural enterprises in market conditions. Analysing the main types of transaction costs in the agricultural sector the ways of their reduction are studied.*

The theory of transaction costs is an integral part of neoinstitutionalism, a new trend in modern economics. Its creation is associated, first of all, with the names of two economists - Ronald Coase and Oliver Williamson. In the theory of transaction costs, the main dimension of the analysis is the cost of economic interaction, exchange or transaction. The category "exchange" is interpreted very broadly and includes legal obligations, short-term and long-term commitments, and the exchange of goods. These commitments are legal documents or verbal agreements between parties.

The costs and losses in such relationships are called transaction costs. Transaction costs are the central category of neo-institutionalism analysis. On the contrary, neoclassical theory considered the market as a perfect mechanism and argued that no costs should be taken into account to realise exchange. The first concept of transaction costs was revealed in 1937 by Ronald Coase in his article "The Nature of Firm".

The digital economy offers new opportunities to reduce transaction costs, such as improving access to information, reducing the time to find and negotiate deals, and automating contract monitoring and enforcement. However, it also generates new types of costs related to data security, the protection of digital rights and intellectual property, and the need to adapt to rapidly changing technologies [4].

The introduction of the concept of transaction costs into economic analysis is a great achievement. Recognition that human interaction is not free has allowed to shed light on the true economic situation. In fact, without the concept of "transaction costs" (this term was not recognised for a long time) it is impossible to understand the mechanism of the economic system, its efficient operation and problems, as well as to create a basis for making correct economic decisions [1].

In the theory of transactional costs as a as the initial indicator of the analysis are economic mutual costs, exchange. or transaction. The category "exchange" is interpreted very broadly and includes legal liabilities, as well as short-term and long-term commitments in conjunction with exchange of goods. These obligations are legal documents or a verbal agreement between the parties [2].

Importantly, the digital economy requires companies and organisations to rethink their approaches to managing transaction costs in order to remain competitive and take full advantage of digitalisation. This includes investing in digital infrastructure, developing new business models and strategies, and training and developing the skills of employees to operate in a digital environment [3].

The fundamental changes taking place in entrepreneurial activity lead to a change in the criteria for determining the competitive priority of a modern enterprise. At present, the process of value creation is moving from the production sector to the information and communication sector, with information taking the leading place.

The issue of increasing the level of competitiveness of modern enterprises is the effective management of transaction costs.

The activity of modern companies takes place in the conditions of continuous changes in the external environment. This, in turn, requires revision of traditional organisational forms of enterprises.

The word combination "transaction" was first introduced into the scientific circle by J. Commons. In his interpretation, a transaction is not an exchange of goods, but a change in the rights and freedoms created by society. He noted that there are three types of transactions:

1. A sale is a change in the subject matter of a transaction of rights and freedoms, and there must be consent and economic interest of the parties in its realisation.

2. Managerial transaction is the basic element in it and means that people are subordinate to each other in managerial activities (higher level manager has the right to make decisions);

3. An alternative transaction in which the asymmetry of the same rights of the parties is preserved and the management function is performed by a team. Such an alternative transaction is the formation of the company's budget by managing directors, development of decisions on resolving disputes of business entities in the arbitration court. Managerial decisions are not made in such transactions. Through them there is a redistribution of wealth between economic agents. Transactions can be simple and complex. For example, buying apples in the market would be a simple transaction.

"The study of the range of transaction costs and their impact on competitive advantage in the management of agricultural enterprises" the following aspects can be emphasised:

In modern conditions of agricultural enterprises management, transaction costs play a key role in the formation of competitive advantage. The analysis of different types of transaction costs allows to identify potential areas for optimisation and efficiency improvement of business processes. In the article it was shown that investments in reducing transaction costs contribute not only to strengthening the position of the enterprise in the market, but also ensure sustainable development in the long term.

Special attention should be paid to the development and implementation of innovative approaches to management, which can significantly reduce the time and resources spent on transactional operations. This, in turn, will increase the flexibility and adaptability of enterprises to changes in the external environment and market needs.

The final part of the study confirms that strategic management of transaction costs is an integral element of successful management of agricultural enterprises and can serve as a basis for achieving high competitiveness in agribusiness.

Aral Sea region faces unique challenges due to its arid climate and water scarcity. However, by adopting innovative strategies and technologies, farmers and agribusinesses can optimize transaction costs and enhance sustainability. The key steps include adopting water-efficient practices, leveraging digital platforms, enhancing local cooperation, and accessing government support [4] .

There are many types of transaction costs in the agricultural sector. They can be sorted and generalised in different ways. Below is a table of these costs.

Table.1

Classification of Transaction Costs in Agribusiness

Type of Transaction Cost	Description
Search and Information Costs	Costs incurred in obtaining information about products, services, prices, and suppliers.
Bargaining and Decision Costs	Costs associated with negotiating and making decisions about transactions.
Policing and Enforcement Costs	Costs related to ensuring that the other party sticks to the terms of the contract.
Opportunity Costs	The cost of foregone opportunities when resources are used for specific transactions instead of alternative uses.
Transportation and Logistics Costs	Costs involved in the movement of goods from producers to consumers.
Financial Costs	Costs related to accessing and using financial services for transactions.

In conclusion, the table "Classification of Transaction Costs in Agribusiness" encapsulates the diverse array of expenses that agricultural businesses must navigate to maintain a competitive edge. These costs, ranging from information acquisition to enforcement of agreements, directly influence the operational efficiency and strategic decisions within the sector. Effective management of these transaction costs is crucial for optimizing profitability and sustainability in the dynamic landscape of agricultural business management. By minimizing these expenditures, agribusinesses can allocate resources more effectively, fostering innovation and growth in a competitive market.

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