Problem statement. The foundation for forming an effective agricultural sector of the economy of Ukraine is laid by formation and development of its institutional environment as an integral part of the country’s economic system which ensures a mutually beneficial interaction of all participants. Today’s state policy measures, taking account of the specificity of competition in the sphere, are unable to resolve problem issues of reducing transaction costs of business partners for the sector’s development. The consequence is economic differentiation that affects largely the efficiency of agricultural potential usage, which depends not only on material resources and production factors, but on the level of reproductive development of economic entities’ interaction.

Recent research and publications analysis. The issues of economic differentiation as a component of state regulation of the agricultural sector are highlighted in many research works by the Ukrainian and foreign scholars, in particular: M. Dubinina, M. Latynin, O. Luhova, D. Mishchenko, N. Stativka, Yu. Ulianchenko.

The paper objective is to obtain structural profiles of the institutional environment of the Ukrainian agricultural sector, which allow determining the level of stability of system-forming links between its participants, revealing a complex of problems that might pose obstacles on the way to ensuring the modern agricultural system’s stability and balance.

The paper main body. Realization of economic interests of the institutional environment participants in the agricultural sector of the economy of Ukraine, regardless of their form of ownership, is the key determining factor of the sector’s development. It is the state who should take into account the standpoints of all the
economic stakeholders, creating conditions for all the economic entities – from producers to consumers – in order to ensure a fair income distribution in the society.

The economic differentiation is seen as a system of the agricultural sector’s economic relations that reflects their structure, rules of formation, and development prospects, laying a foundation for the institutional environment of the agricultural sector of the Ukrainian economy.

The current configuration of the agricultural sector agents’ interaction, to our mind, can be presented as a multilevel hierarchy with separation of the relevant structural profiles of the institutional environment, and namely: sectoral, territorial, technological, infrastructural, and demographic, which make it possible to evaluate the level and nature of participants’ interaction and therefore determine what state regulation tools are necessary. The proposed technique helps identify the level of stability of the system-forming links between the institutional environment participants, and reveal a complex of problems that might pose an obstacle on the way to ensuring the modern agricultural system stability and balance.

The conducted analysis of economic differentiation as a basis for the state regulation of the institutional environment in the agricultural sector of the economy of Ukraine has proved the necessity for addressing the following issues:

− a low level of institutional provision of reproductive development of the agricultural sector due to economic agents’ business disunity, which results in a reduced synergetic effect of their cooperation;

− deformation of interaction between large and small agricultural producers, insecurity of the latter’s interests, which lowers their motivation for economic activity and causes imperfection of the domestic competitive environment;

− under-utilization of agricultural corporate sector potential, resulting in a decreased attention to building-up sectoral infrastructure;
inefficiency of state influence of the mechanisms for managing transaction costs at both micro and macro levels which gives rise to formation of a shadow agricultural sector;

• lack of a holistic picture of interaction between executive authorities and local government bodies in connection with local agricultural markets development which impairs the sector performance etc.

Conclusions of the research. Thus, modern economic differentiation as a component of the state regulation of the institutional environment in the agricultural sector of the economy of Ukraine has to take into account the need for improving the efficiency of transaction costs management in order to optimize management decisions at both micro and macro levels. At the same time, issues that have to be addressed at the state level are as follows: harmonization of ownership relations, optimization of agricultural products pricing, adjustment of economic interrelations, and building-up of an effective work incentive mechanism. The fundamental problem is absence of a constructive complementarity of formal and informal institutions for realization of interests of institutional environment participants, regardless of kinds of economic activity. There is also under-utilization of the potential of integration associations, which are a source of synergetic effect in participants’ interaction, and strengthening of protectionist barriers to intermediaries’ transaction activity.