

Identification of role of small business in production of agricultural products of Polissia

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The purpose. To determine role of small business in production of agricultural products of Polissia on an instance of personal farms (Volynsk, Zhytomyr, Rivne and Chernihiv oblasts). **Methods.** Economic-statistical, analysis and synthesis, monographic, inductions and deductions, graphical and comparisons. **Results.** Role of farmer and individual facilities in production of principal products of agricultural produce is shown. In dynamics they analyze production of separate sorts of agricultural products of the region on various classes of facilities. Potential and economic aspects of their activity are probed. Factors constraining the further development of farmer and personal peasant farms are specified, and measures which should be accepted for building favorable conditions of effective operation of enterprise frameworks in agrarian sector, heightening level of competitive strength of products, provision of social stability and equilibrium in the market are offered. **Conclusions.** Cooperation of small agricultural commodity producers, including farms and personal peasant farms, will promote their transformation in commodity farms and to deriving additional incomes of participation in integration, will reinforce their competitive strength. It also will resist to speculative intermediary, will realize quality control and certifications of products, joint realization of products, attraction of innovative techniques, etc.

Key words: *small business, agricultural products, farms, personal peasant farms, cooperative societies.*

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Introduction. Today, small and medium businesses are an integral part of global entrepreneurship and at the same time one of the most influential sectors of the economy of most developed countries of the world, a promising direction for the development of each country, including Ukraine. In this regard, the state regional policy at the local level in the field of entrepreneurship should be aimed at creating conditions for improving its competitiveness and dynamic development.

Analysis of recent research. The study of the economic aspects of the development of farms and personal farms received considerable attention in the works of many scientists [1-8]. But in today's conditions, the value and functions of farms change. Based on the new quantitative and qualitative significance of personal peasant farms and farms, the question of improving the organizational and economic mechanism of functioning and prospects for their development, as well as determining their place in the future model of the agrarian economy, is of particular relevance.

Research target identification of the role of small business (personal and private farms) in the production of the main agricultural products of the Polesye region (Volyn, Zhytomyr, Rivne and Chernihiv regions), to identify problems and development prospects.

Research methods. To solve the tasks, the following research methods were used: economic and statistical - in determining the current state of small business in Polesye, the effectiveness of its activities; monographic - to study the positive experience on this issue; analysis and synthesis - to identify the problems of the functioning of farms, households of the population and determine ways to overcome them. Using the methods of induction and deduction, scientifically based results were obtained and general conclusions were formulated.

Research results. Analyzing the state and prospects of development of small business, it should be noted that small and medium business is a substantial part of the economy, to which it is impossible not

to take into account, regulating economic relations in the country. Small business support is a strategy for forming a middle class and developing the economy as a whole.

It should be noted that the formation of the organizational and economic basis for the functioning of agricultural enterprises has been completed in the region, powerful agribusiness structures, the division of land and property have been organized, state acts have been issued on the right of private ownership of land.

In general, under the influence of market factors, such a structure of agricultural production has developed, in which corporate, private-farming, state, and households have their own niches. Agricultural enterprises of the region usually produce the most commercially attractive and export-oriented types of products (grain, rapeseed, sugar beet, poultry, etc.), and households are more focused on food self-sufficiency and filling the domestic food market.

In world practice, farming is one of the ways to revive the business activities of rural producers. Small farms mainly create new jobs, care about the social development of rural areas. Farmers can not act otherwise, because they live among fellow villagers and are forced to solve urgent problems with them. Along with them, they traditionally grow agricultural products of the population's economy, primarily to meet their own vital needs, but gradually increase their focus on making a profit from commercial activities [9].

Analysis of the number of farms shows that they occupy a significant niche in the market in the region (61% of the total number of agricultural enterprises). In 2017, 2,208 farms functioned in the region, operating on 298.9 thousand hectares of agricultural land (of which 281.8 thousand hectares of arable land) (Table 1). On average, one farm had about 135.4 hectares of agricultural land, including 127.6 hectares of arable land. It should be noted that the area of agricultural land increased in proportion to the change in the number of farms, so the areas of both land and arable land, which fell on one farm, remained almost unchanged [10].

1. Dynamics of development of farms of the Polesie region

Indicators	Of the year					2017 to 2011, %
	2011	2013	2015	2016	2017	
Number of farms, units	1957	2023	1976	2155	2208	112,8
Area of agricultural land, thousand hectares	218,0	229,2	247,2	270,2	298,9	137,1
including arable land	204,9	217,0	236,3	255,3	281,8	137,5
It belongs to one registered farm:						
land area, hectares	111,4	113,3	125,1	125,4	135,4	121,5
including arable land	104,7	107,3	119,6	118,5	127,6	121,9
Produced gross output, million UAH	927,7	1160,9	1340,0	1689,7	1939,6	209,1
including: - crop production	704,7	914,2	1065,9	1380,3	1636,4	232,2
- animal husbandry	223,0	246,7	274,1	309,4	303,2	136,0
The share of farms in the production of gross output, %						
Gross agricultural output households, million UAH	3,4	3,8	4,3	5,1	5,6	X
including: - crop production	4,0	4,5	5,1	6,0	6,6	X
- animal husbandry	2,3	2,4	2,7	3,1	3,0	X

However, from year to year the share of agricultural products produced by them in the total volume grew. If in 2011 they provided 3,4% of the agricultural production in 2015 - 4,3, then in 2017 – 5,6% (6,6% of the total crop production and 3,0% of the gross production of animal products).

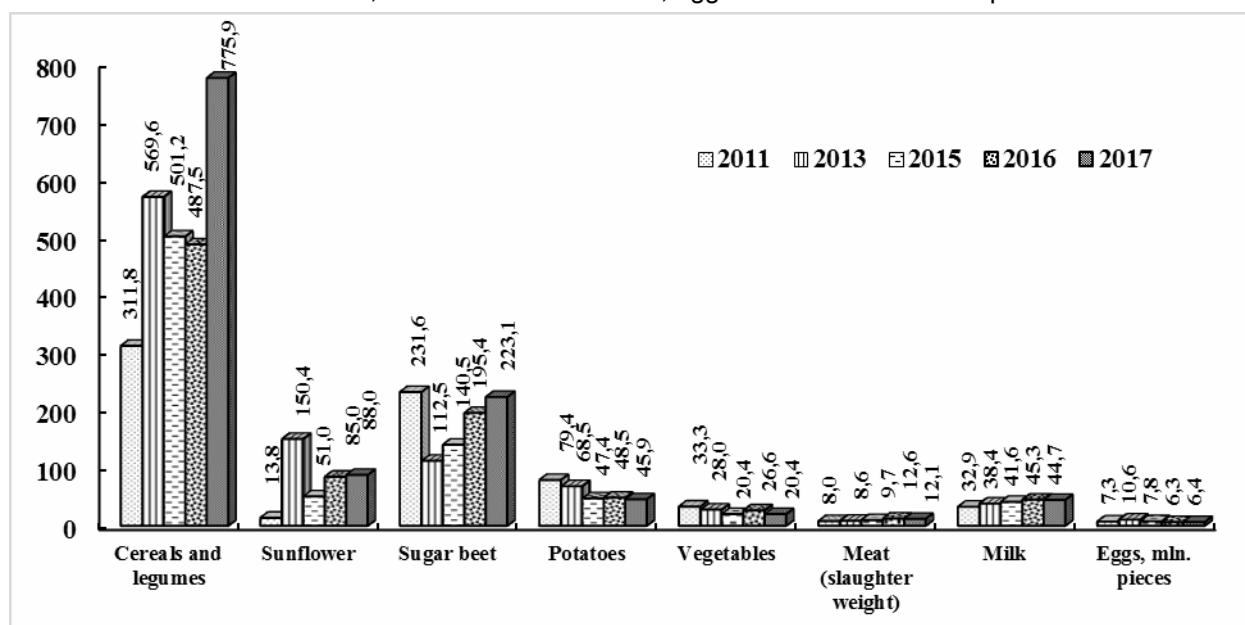
Farmers in the region specialize in crop production, which is due to the lack of working capital for farmers, the lack of necessary facilities, and most importantly, the high level of cost of livestock products. This situation caused a steady decrease in the number of cattle and pigs (Table 2).

2. Livestock and poultry stock in farms of the Polesie region

	Of the year					2017 to 2016, %
	2011	2013	2015	2016	2017	
Livestock and poultry population, thousands of heads:						
cattle	31,1	31,6	29,3	28,3	25,1	88,7
pigs	45,9	43,1	50,1	62,9	45,9	73,0
birds of all kinds	263,6	297,6	180,6	191,4	592,9	3,1 times
Per 100 hectares of agricultural land accounts for:						
cattle	14,3	13,8	11,9	10,5	8,4	80,0
pigs	21,1	18,8	20,3	23,2	15,4	66,4
birds of all kinds	120,9	129,8	73,1	70,8	198,4	2,8 times

Over the past year, the number of livestock decreased by 11.3% and 27.0%, respectively. However, the poultry population increased by 3,1 times. As a result of such changes in 2017, in the farms of the region, 8,4 heads of cattle per 100 hectares of agricultural land were against 14,3 heads in 2011, 15,4 - pigs against 21,1 heads in 2011, and 198,4 heads of birds of all kinds.

Most farms in the region engaged in the cultivation of grain and leguminous crops, sugar beets, and in recent years increased the production of sunflower (Fig. 1). The production of main types of livestock products for the last two years has not had significant changes. Meat of all kinds (slaughter weight) was produced within 12 thousand tons, milk - 45 thousand tons, eggs - more than 6 million pieces.



* Calculated according to the State Statistics Service of Ukraine

Fig. 1. Production of main types of agricultural products in farms of the Polesye region, thousand tons

In 2017, agricultural production was profitable (except for growing pigs for meat in farms) and in farms there is a little higher level of profitability than in agricultural enterprises (Fig. 2). Profitability was higher in farms of the region in the production of sunflower by 4.9%, grain and leguminous crops - by 6.8, sugar beet - by 10.6, cattle for meat - by 28.4%, profitability indicators were almost the same potato production, and only the production of milk and pigs for meat in agricultural enterprises was productive.

In a mixed economy, economies of different categories have their niche. Thus, in the conditions of reforming the agricultural sector of the economy, households of the population (agricultural producers who do not have the status of a legal entity) not only retained their potential and production volumes, but also ensured economic growth in the production of certain types of agricultural products.

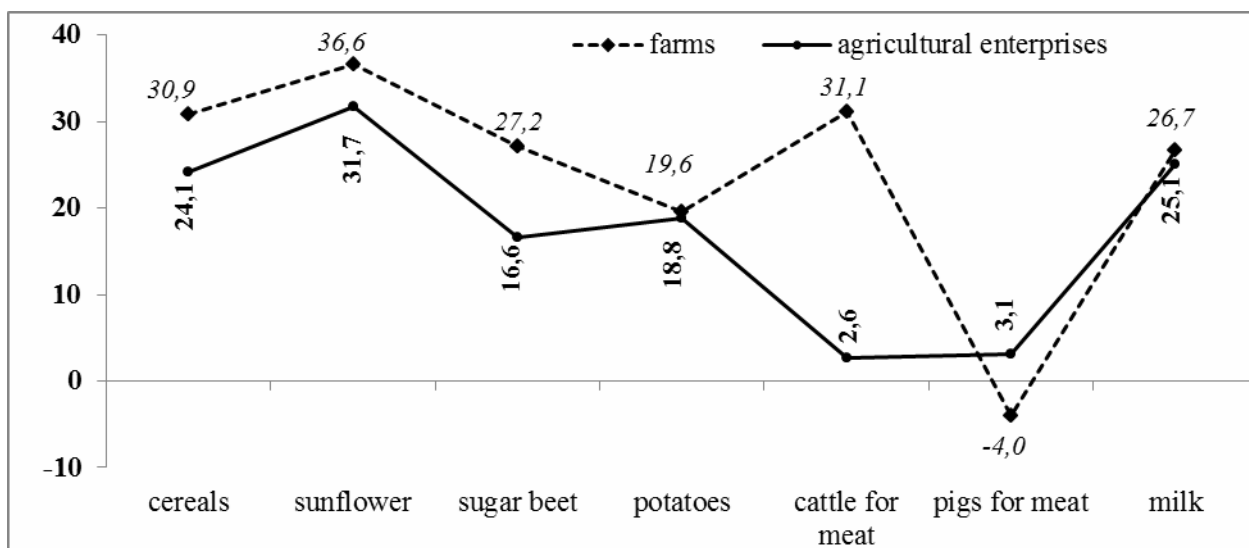


Fig. 2 - the level of profitability of the production of major products in agricultural enterprises and farms in 2017

By 2017, households produced products in the amount of 17,4 billion UAH. During 2011-2017, there is a tendency to gradually reduce their share in regional agricultural production (from 61,3% in 2011 to 50,0% in 2017) (Table 3). In 2017, households of the population held 402,3 thousand heads of cattle, pigs – 588,4, poultry – 18020,3 thousand goals. and produced 134,6 thousand tons of meat (52,7% produced in the region), 1429,2 thousand tons of milk (73,6%) and 1378,2 million eggs (76,8%) [11].

3. The share of households in the production of agricultural products of the Polesia region

Products	Of the year					2017 to 2011 (+,-)
	2011	2013	2015	2016	2017	
Agriculture Products	61,3	56,4	53,6	50,3	50,0	-11,3
Products Roslinitstva, total including:	54,6	48,6	46,0	42,4	42,9	-11,7
cereals	24,4	15,8	17,9	16,1	16,6	-7,8
sugar beet	16,3	16,8	12,1	10,4	9,3	-7,0
potatoes	95,8	95,9	96,3	96,0	96,5	0,7
vegetables	94,9	95,4	95,8	94,8	95,3	0,4
fruits and berries	97,3	96,4	96,6	95,7	94,4	-2,9
Livestock products, total including:	73,6	71,7	77,8	76,9	77,0	3,4
Meat (slaughter weight)	62,4	53,9	52,6	50,9	52,7	-9,7
Milk	80,6	78,2	77,1	75,4	73,6	-7,0
Eggs	79,2	80,3	79,2	77,0	76,8	-2,4

Between the categories of farms there is a fairly clear sectoral delineation of production activity. Thus, in the production of grain and leguminous crops and sugar beet, agricultural enterprises are totally dominated by 83,4% and 80,7%. There are objective conditions for this. These branches are most mechanized and require a certain scale, they are engaged in relatively small farmyards and even more so in tiny gardening plots makes no sense. According to the study, it was established that the average area of plots in households of the Polesia population was 1,3 hectares, while in Zhytomyr oblast most of the farms had land plots up to 1 hectare (0,92 hectares), and in Volyn oblast - almost twice as many (1,79 ha) (tab. 4). Therefore, households have focused their activities on growing potatoes, vegetables and fruit and berry products - their share in total production was about 95%.

In order to reduce the use of labor, households gradually increased the number of agricultural machinery and equipment, but the lack of workers in the peasant family forced them to attract employees.

4. Main general characteristics of households in the Polesye region

Indicator	Of the year					2017 to 2011, (+/-)
	2011	2013	2015	2016	2017	
Average size of household land area, ha	1,33	1,33	1,33	1,29	1,30	-0,03
Share of land shares-units and leased plots in the total land area, %	36,2	34,8	33,4	35,6	34,6	-1,6
Percentage of households that contain any kind of farm animals, %, including:	80,4	79,4	74,3	75,1	55,8	-24,6
cattle	54,9	51,6	48,0	43,0	44,6	-10,3
cows	53,8	50,2	47,2	41,7	43,4	-10,4
pigs	66,2	64,2	63,6	60,3	60,3	-5,9
a bird	96,1	96,0	95,8	95,4	96,0	-0,1
Households that:						
have a technique, %	26,4	34,6	34,8	32,5	38,4	12,0
attract employees, %	24,0	19,2	18,4	20,3	26,0	2,0

Despite the important role of households in the production of gross agricultural products and a significant proportion of self-employed in them, the market infrastructure for them is practically absent. Opportunities for the development of small and medium-sized businesses in rural areas are used very little, especially in the area unrelated to agricultural production, while agricultural production practically lacks motivation for the working-age population and the conditions for self-addressing the problems of increasing their own well-being. On the basis of creating favorable economic conditions for the production, procurement and processing of agricultural products, the purchase of young animals and poultry, seeds, feed, fertilizers and other materials, it is necessary to implement systematic measures for the further development of personal farms, the formation of personal farms as a commodity production sector.

For the further development of households, the necessary measures should be taken: at the legislative level, determine the guarantees of social and pension security for those working in the households; develop cooperation and integration of these farms; improve the mechanism of functioning of market infrastructure elements (exchanges, fairs, auctions, etc.); to improve the technical and technological support of personal households of the population through the development and production of small-sized equipment in order to reduce the cost of manual labor; develop consulting support for the functioning of these farms (advanced technologies, marketing, management).

In modern conditions of functioning of the agricultural sector of Ukraine, farms have a significant number of problems that hinder their further development, but analysis of the activities of farms convinces them that they can serve as the foundation for the further development of the country's agriculture.

The main ones are: land shortage in some regions; the allocation of insufficient land allotments for efficient management; weak government financial and credit support for farming; subjectivism and, at times, negative attitudes towards local executive representatives of farmers; lack of regulation of the sales market of the agricultural sector; the discrepancy in prices for crop and livestock products in favor of the first; lack of the necessary amount of seed capital for the creation of a farm; weak material and technical base of farms; lack of funds for the renewal of fixed assets, the purchase of livestock, seeds, mineral fertilizers, plant care products, the necessary equipment for the mechanization of the production process, etc.; late calculations of procurement organizations; imperfection of the mechanism of long-term lending and taxation of farms and the like.

In modern conditions in rural areas, it is important to solve the problems of establishing joint activities of small agricultural producers, households of the population in order to promote their products to end users, with minimal participation of intermediaries. The solution of this problem is seen in the further active development of cooperation, in which mainly farmers and personal peasant farms are interested.

Association in cooperatives will provide them with the means of production; facilitate the purchase, storage, processing and sale of products grown in them. On the basis of general procurement, agrotechnical and marketing activities, it will be possible to specialize production, increase its concentration, reduce costs and, as a result, ensure an increase in the economic efficiency of agricultural production.

The organization of production and service cooperatives will be one of the important areas of self-defense of rural producers and the output of the agro-industrial complex from a crisis situation. The development of cooperation should include systematic cooperation of agricultural producers specializing in the production of certain types of products or areas of their activities with the goal of the most efficient use of natural, industrial, labor and financial resources.

Conclusions

The quality of life and the well-being of the rural population directly depends on the model of management of rural development, which should take into account the powerful natural and human potential, the existing socio-economic and environmental problems. World experience shows that agricultural service cooperation is an effective tool for the economic growth of rural areas. Cooperating small agricultural producers, including farms and private farms, to promote their transformation into commodity farms, as well as enhance their competitiveness, generate additional income from participation in integration, and oppose speculative mediation. Despite the generally positive achievements of the agrarian sector, the available resource potential allows not only to consolidate the results obtained, but also significantly increase the production of high-quality and safe agricultural products, and increase the export potential of the industry. The creation of cooperatives of various specializations will allow to get the highest benefits from participation in market activities, focus on the effective use of production potential. Thanks to their participation in cooperation, farmers and farmers will be able to carry out quality control and product certification, jointly sell products, attract innovative technologies, and the like.

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