

SHCHURYK M. V.

doctor of economic sciences, professor  
Private Institution of Higher Learning "King Danylo Halytsky University of Law  
in Ivano-Frankivsk"

### **SOCIAL AND ECONOMIC ASPECTS OF DEVELOPMENT OF RURAL COOPERATIVE ENTERPRISES**

*The author of the article proved that the implementation of the market model in the agricultural sector had led to the almost total destruction of production cooperatives. The causes of destruction of cooperative and state farms have been investigated. The development of agricultural farms was analyzed since the land and agrarian reforms in the domestic agroindustrial complex. The motivational mechanism of agricultural operation has been established which is based on economic and financial interests of economic entities. The social development of the Carpathian villages in connection with the introduction of neo-liberal model of agricultural development has been analyzed. The need to change the format of the agrarian economy development through the creation of producers' cooperatives and state farms was noted in the article. The need to target the development on the solution of social and economic problems of rural residents has been substantiated in the article.*

**Keywords:** cooperatives, agrarian farms, land, development, financing, household, protection.

ЩУРИК М. В.

д. е. н., професор  
Івано-Франківський університет права ім. Короля Данила Галицького

### **СОЦІАЛЬНО-ЕКОНОМІЧНІ АСПЕКТИ РОЗВИТКУ КООПЕРАТИВНИХ ПІДПРИЄМСТВ СІЛЬСЬКИХ НАСЕЛЕНИХ ПУНКТІВ**

*У статті доведено, що імплементація ринкової моделі в аграрний сектор призвела до майже повного знищення виробничих кооперативів. Досліджуються причини руйнування кооперативних і державних сільськогосподарських підприємств. Аналізується розвиток агрогосподарств в часу проведення земельної й аграрної реформ у вітчизняному АПК. Встановлено мотиваційний механізм функціонування агропідприємств, у основу якого покладено економічні, матеріальні інтереси суб'єктів господарювання. Проаналізовано соціальний розвиток сіл Карпатського макрорегіону у зв'язку з запровадженням неоліберальної моделі розвитку сільського господарства. Зазначається потреба змінити формат розвитку аграрних господарств завдяки створенню виробничих кооперативів і державних сільськогосподарських підприємств. Обґрунтовується потреба спрямувати розвиток на вирішення соціально-економічних проблем сільських жителів.*

**Ключові слова:** кооперативи, агрогосподарства, земля, розвиток, фінансування, домогосподарства, захист.

ЩУРИК М. В.

д. э. н., профессор  
Ивано-Франковский университет права им. Короля Данила Галицкого

### **СОЦИАЛЬНО-ЭКОНОМИЧЕСКИЕ АСПЕКТЫ РАЗВИТИЯ КООПЕРАТИВНЫХ КОМПАНИЙ СЕЛЬСКИХ НАСЕЛЕННЫХ ПУНКТОВ**

*В статье доказано, что имплементация рыночной модели в аграрный сектор привела к почти полному уничтожению производственных кооперативов. Исследуются причины разрушения кооперативных и государственных сельскохозяйственных предприятий. Анализируется развитие агрохозяйств в период проведения земельной и аграрной реформ в отечественном АПК. Установлено мотивационный механизм функционирования агропредприятий, в основание которого положено экономические, материальные интересы субъектов хозяйствования. Проанализировано социальное развитие сел Карпатского макрорегиона в связи с внедрением неоллиберальной модели развития сельского хозяйства. Обосновывается потребность изменить формат развития аграрных хозяйств благодаря созданию производственных кооперативов и государственных сельскохозяйственных предприятий. Обосновывается необходимость направить развитие на решение социально-экономических проблем сельских жителей.*

**Ключевые слова:** кооперативы, агрохозяйства, земля, развитие, финансирование, домохозяйства, защита.

**Statement of the problem.** Land and agrarian reform in the domestic agricultural sector led to a radical reduction in the number of cooperative and state farms. Such transformations negative impact on solving social and economic problems of social protection. Rural dramatically increased the number of poor, exacerbated the moral and ethical components of life, there is unemployment.

**Analysis of recent researches and publications.** Future social and economic development of the Ukrainian state is largely dependent on successful performance of the domestic agricultural sector. Retrospective studies show that in Ukraine during the declaration of independence did not create an adequate model of the agricultural sector, which would provide highly effective and appropriate solution to economic, social and environmental objectives. This is despite the fact that our country has one of Europe's best natural resource and employment potential. Transformation processes that took place in the agricultural sector in the shift to neo-liberal principles of survival greatly exacerbated the problems of the village, its further development.

Cash earnings on average per month per household, located in rural areas in 2011 amounted to 2912.6 UAH, While in urban areas – 3693.6 UAH. In the village below the poverty line is 17.1% of households. Share of farmers with incomes below the subsistence level reaches 47.7%. Wages in agriculture is 40% lower than the average for the economy [1].

Insufficient address social issues in rural individual scientists explained the inhibition of cooperative and state agricultural enterprises, which are the most socially oriented. For 15 years the legal framework of agricultural cooperatives have been contradictory trends: the initial phase of their development surge quickly changed to descending, that there was deterioration and worsening of the network: In 2000, there were 3.5 thousand producers' cooperatives , in 2011 – only 0.9 thousand, and that some of them existed only on paper [2, p. 11].

Analysis of the implementation of the market model for the agricultural sector shows that the basis for its development was the relationship of land ownership, especially private. This is despite the fact that the current legislation of all forms of ownership in Ukraine are equal. Due to privatization of land and property of the former agrarian farms vast majority of agricultural land was transferred to the ownership of new agricultural enterprises and farms. These organizational transformation as a certifying individual scientists publish exacerbated the contradictions in the development of the agricultural sector. Research current practice showed significant contradictions multi-vector domestic agricultural and rural development: the progressive economic development is not conducive to agricultural progress, adverse trends in rural areas are enhanced [3, p. 82]. Privatization as an important lever of social relations, especially land, which has been successfully applied in many countries, Ukraine has not worked properly. Search the reasons which make it impossible success of private ownership in agriculture shows that the privatization process was not aimed at the general rise of domestic agricultural sector, and the enrichment of a small group of pro-government and oligarchic structures. His season proves that private ownership of land should be formed based on the theory of stakeholders, in which the following should be a subject of interest in the village: the entire society, the peasantry; agricultural workers; outside rural large capital [4, p. 89]. Without denying the importance of privatization in agriculture, we still believe that the proper social and economic development in rural areas become possible thanks to the revival and development of state farms and cooperative ownership. Note that the organization of the state and cooperative agrarian farms in the use of market economy model is not sufficiently highlighted in the publications of scientists.

**Problem.** Suggest and justify the need to intensify the development of cooperative and state farms that can successfully tackle the social and economic problems of rural areas.

**Results.** Retrospective study of social and economic development of the agricultural sector in Ukraine indicate the presence in it of a certain uncertainty, randomness. The economic market model, which was introduced instead directive did not provide the proper address economic and social problems in the country, has not improved the social protection of rural residents, has not led to replenish local budgets. At the same time it is known that the implementation of social function

in rural areas fully dependent component of economic development. The economy of the village is closely correlated with the mechanism of budget revenues. The current village to fill the budget, providing people with jobs primarily require: development of small and medium enterprises; revival in rural areas of cooperation and integration; diversification of the rural economy; establishing a system of marketing of agricultural products [5, p. 13]. In this key role must be assigned to the development of agricultural enterprises not only private, but also other forms of property that will be possible thanks to the transformation of the current social and economic model. We believe the current model is flawed now and not suitable for the conditions of the domestic agricultural sector. As shown by our own experience of economic reform uncritically borrowed from the neo-liberal model that underpinned the national economic model, not only failed to provide increased efficiency of social production, but also led to its decline. It destroyed the entire old system of social security, living standards worsened general population [6, p. 12].

We know that the core operating model of socio-economic development of the domestic agricultural sector was the privatization of land resources of former farms and limitations of the state in economic development. Privatization in Ukraine was seen as a goal of public policy. Attention was not accepted trend that privatization is not considered advisable as a method of public policy, but as a tool that can be used only on existing country specific institutional and economic conditions [7, p. 49].

Privatization in agriculture regarded as a panacea for successful solving economic and social problems in rural areas.

A special role was given at this fine land privatization. Conductor reform agroindustrial complex constantly imposed the idea that privatization through small finds "real" owner of land who successfully solve not only economic but also social ills in the country. This explains the concentration of ownership and use of private households Carpathian macro-region, almost 75% of agricultural land. Taken into account not experience highly developed countries smallholding inhibits proper use of land resources of the agroindustrial complex. As a result, the current structure of land ownership and land use should be considered destructive (Table 1).

At the macro-region is dominated by farms with little land, causing difficulty increasing commercialization of agricultural products, as well as preventing the cultivation of land using modern high technology, technology.

Table 1

**Grouping of rural households by land area in 2012  
in the Carpathian macro-region [8, p. 25] (in percent)**

	Value of household land area					
	0.5 ha or less		0,51 – 1,00 ha		1.01 ha or more	
	by number	by area of land	by number	by area of land	by number	by area of land i
Ukraine	50,2	11,6	27,0	15,7	22,8	72,7
Transcarpathian	47,5	14,1	23,5	17,7	29,0	68,2
Ivano-Frankivsk	31,5	10,9	35,4	27,4	33,1	61,7
Lviv	31,4	9,3	33,9	23,7	34,7	67,0
Chernivtsi	47,3	17,0	28,2	20,1	24,5	62,9

However, the difficulty lies elsewhere. As a result of deregulation measures, sharing and privatization of state-owned agricultural enterprises, co-operatives left with little or no land on which conclusively prove we performed calculations based on official data of State Statistics (Table 2).

Statistical calculations indicate that the current macro-region in the agroindustrial complex and owners of lands are farms, which are almost 4 million, while state-owned enterprises, there are only 229. Yet the difficulty lies also in the fact that the dynamics of economic agents in the domestic agricultural sector has steadily to decrease (Table 3).

Table 2

**Description of land tenure and land use entities  
in the Carpathian macro-region as of 01.01.2012 (thousand ha)**

	Farmland											
	total		of these									
			arable		fallow		perennial plants		hay		pastures	
citizens	state-owned enterprises	citizens	state-owned enterprises	citizens	state-owned enterprises	citizens	state-owned enterprises	citizens	state-owned enterprises	citizens	state-owned enterprises	
Transcarpathian	355,5	17,5	161,4	7,8	-	-	21,3	2,8	75,8	2,6	97,0	4,3
Ivano-Frankivsk	375,8	5,6	265,9	4,7	8,4	0,2	14,4	-	63,0	0,2	24,1	0,5
Lviv	801,1	19,8	528,3	14,0	-	0,5	19,9	0,4	112,6	2,4	140,3	2,5
Chernivtsi	329,9	5,6	213,5	4,5	-	-	24,6	0,5	32,2	0,4	59,6	0,2
However, in the macro-region	1862,3	48,5	1169,1	31,0	8,4	0,7	80,2	3,7	283,6	5,6	321,0	7,5

Table 3

**The number of active businesses in agriculture [9, p. 50] (as of July 1)**

	2002	2005	2009	2010	2011	2012
Total	61178	57877	57152	56493	56133	55866
Business partnerships	9337	7900	7819	7769	7757	8121
Private enterprises	4116	4123	4333	4243	4140	4183
Production cooperatives	2111	1521	1001	952	905	856
Farms	43042	42447	42101	41726	41488	40732
State-owned enterprises	570	386	345	322	311	294
Companies of other forms of economic	2002	1500	1553	1481	1532	1680

The largest share in the structure of the undertakings in the domestic agricultural sector occupied farms (in 2012 it reached 72,9%). The second and third ranked respectively business partnerships and private enterprises. The lowest share of occupied cooperatives and state-owned enterprises (in 2012 they were respectively 1.6 and 0.9%). These figures confirm underestimation of development in Ukraine production cooperatives and state-owned enterprises, which clearly demonstrates the low percentage of agricultural land that is under their authority.

Outstripping development of farms, companies, private agricultural enterprises is ensured through the current agricultural policy, which serves as a catalyst for private ownership of land. However, private ownership, in our opinion is not without defects, deficiencies, as is often implemented through actions of social and environmental component development.

Retrospective studies and experience in agricultural production in many countries show that the most socially oriented in this regard is the co-operatives and state agricultural enterprises. This is particularly important role in rural areas owned and serving co-operatives, the organization of which should be considered the most democratic. Each member of the cooperative has the right to participate in decision-making team. In addition, co-op designed to ensure the social protection of

farmers, including pensions, guaranteed job and so on. It is particularly important that cooperatives tend to have broad powers concerning the involvement of not only internal but also external finance. The experience of developed countries shows that agriculture efficient and effective forms of management are considered when stored jobs for farmers who are both owners and workers act excessive exploitation of natural resources and human pressure on the ground, do not allow a significant reduction in their renewable and reproductive opportunities [10, p. 65].

The analysis shows that in Ukraine and the Carpathian macro-region in particular, the development of cooperatives (production and service) farm can be a catalyst for solving socio-economic problems of the peasants and rural areas. Firstly, through the creation of cooperative farms will be created jobs; secondly, farmers get a real opportunity to improve their financial, financial support; thirdly, will create the proper conditions, and rural infrastructure; fourth, you can spend the concentration and centralization of land farmers, some of whom now target not used, empty; fifthly, each household will receive assistance in connection with the cultivation of their own land; sixthly, the cooperative generated peasant ensure the implementation of agricultural products; seventh, in agriculture will appear real competitor in the market of agricultural products, labour market and so on. This is not a complete list of benefits and opportunities for solving social and economic problems through the creation and development of cooperative agricultural enterprises in rural areas. However, we realize that the process of establishing cooperative enterprises in rural areas is difficult and controversial. Not all cooperative enterprises, because of objective and subjective reasons can solve problems that have accumulated for decades. Yet, underestimate the participation of cooperative groups in rural development, according to the current state of his inappropriate. Moreover, the villagers inherent collectivism that can be successfully used for the organization of rural development.

**Conclusions.** Agrarian and land reform in the domestic agricultural sector led to radical changes in the organization and establishment of agricultural enterprises. The most widely used agricultural enterprises and private farms and farm communities. At the same time, cooperatives and state farms have not been developed. On the contrary, their number decreases every year. In Ukraine and the Carpathian macro particularly significant development also received households. According to official data of the State Statistics households are now subordinate to almost 70% of agricultural land. Studies show that the transformation in the agricultural sector did not breakthrough towards solving social and economic problems. The newly created farm seeks mainly to solve its own rather than social problems in rural areas. This explains the decline of social infrastructure in rural areas, worsening social security peasants, moral and spiritual decline of rural residents. This season is strongly indicative of the need for the formation of new social and oriented farms. These we believe are agricultural cooperatives and state agrarian farms, organizational and legal documents which require activities to address not only economic but also social needs of rural residents, to promote rural development. The significance of these agricultural enterprises lies primarily in the fact that in the course of business provided they create jobs, provide assistance to households of their own economy, financial and technical support and more. In addition, cooperatives are able to receive financial borrowing to meet the needs of business. Establishment of cooperative enterprises promotes deployment in rural areas of democratization, raising the morale of villagers. There are other advantages that convinced of the need to rebuild, diversify development in rural areas of marketing and production cooperatives and state farms.

#### **List of the used references**

1. The State Statistics Committee of Ukraine. URL: <http://www.ukrstat.gov.ua>.
2. Krysanov D.F., Widow L., Varchenko A. et al. Globalization in the Agricultural Domain Ukraine: Causes and Consequences. Bulletin of Agricultural Science. 2012. Vol. 12. P. 8–14.
3. Popova O. Agro sphere: socioeconomic content and principles of sustainable development. Economy of Ukraine. 2012. Vol. 5. P. 73–84.
4. Zos-Kior M. Theoretical aspects of the improvement of land relations in the contemporary economy. Economy AIC. 2013. Vol. 3. P. 88–93.

5. Kutcenko V.I. Social Environment Ukrainian Village as a Prerequisite for Sustainable Development: Diagnosis and Prospects. *Economist*. 2013. Vol. 11. P. 11–14.
  6. Zveryakov M.I. In Search of a Way out of the Crisis. *Economy of Ukraine*. 2013. Vol. 8. P. 4–21.
  7. Kindzersky Y. The Imperative Use of Public Sector Modernization of Economy. *Economy of Ukraine*. 2013. Vol. 12. P. 40–52.
  8. Statistical Bulletin. The Main Characteristics of Agricultural Households in Rural Areas in 2012. State Statistics Service of Ukraine; ed. for the release of O.M. Prokopenko. K., 2012. 80 p.
  9. Statistical Yearbook "Agriculture in Ukraine" in 2012. State Statistics Service of Ukraine; ed. for the release of O.M. Prokopenko. K., 2013. 402 p.
  10. Pimenova O.V. Model Forms for Evaluating the Effectiveness of Management in Agriculture. *Economics and Forecasting*. 2012. № 4. P. 63–72.
-