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ACTUAL FORMS OF AGRARIAN BUSINESS ORGANIZATION UNDER CONTEMPORARY CONDITIONS

The article is dedicated to contemporary forms of agrarian business organization in agriculture, which will not disrupt the formed structure of business and will enhance and supplement it, establishing conditions for sustainable development strategies. The author has considered advantages and disadvantages of all existing forms of peasant and farm households and agrarian holdings in Ukraine and proposed to form a conglomerate in the form of a vertical and horizontal icosahedron.

Keywords: peasant household; farm household; agrarian holding; vertical integration; conglomerate; icosahedrons; sustainable development.

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АКТУАЛЬНІ ФОРМИ ОРГАНІЗАЦІЇ АГРОБІЗНЕСУ В СУЧАСНИХ УМОВАХ

У статті розглянуто проблеми створення сучасних форм організації бізнесу агропромислової сфери, які, не порушуючи вже сформованої структури бізнесу, зможуть доповнити та поліпшити її, створивши умови для активізації стратегії сталого розвитку. Виявлено переваги та недоліки всіх існуючих в Україні форм селянських, фермерських господарств та агрохолдингів. Запропоновано створення конгломератів у вигляді вертикально інтегрованого ікосаедра.

Ключові слова: селянські господарства; фермерські господарства; агрохолдинг; вертикальна інтеграція; конгломерат; ікосаедр; сталий розвиток.

Рис. 1. Літ. 10.

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АКТУАЛЬНЫЕ ФОРМЫ ОРГАНИЗАЦИИ АГРОБИЗНЕСА В СОВРЕМЕННЫХ УСЛОВИЯХ

В статье рассмотрены проблемы создания современных форм организации бизнеса в агропромышленной сфере, которые, не нарушая сформировавшейся структуры бизнеса, смогли бы улучшить и дополнить ее, создав условия для активизации стратегии устойчивого развития. Выявлены достоинства и недостатки всех существующих сегодня в Украине форм крестьянских, фермерских хозяйств и агрохолдингов. Предложено создание конгломерата в виде вертикально интегрированного икосаэдра.

Ключевые слова: крестьянские хозяйства; фермерские хозяйства; агрохолдинг; вертикальная интеграция; конгломерат; икосаэдр; устойчивое развитие.

Introduction. Reformation of the agricultural complex in Ukraine contemplates the growth of entrepreneurial activity, formation of a mixed economy, and development of various organizational and legal forms of rural economy. Small and medium-sized agrarian businesses, represented by peasant and farm households and large holding groups, are components of a mixed economy within the agricultural complex. The main instrument used to form a sustainable market economy comprises the formation of a competitive environment based on optimal combination of small, medium-sized, and large agrarian business. Complicated and extremely contradictory processes of market relations require new thorough analysis of contemporary eco-

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conomic and social phenomena in agriculture and revision of some conclusions regarding its economic policies. Overcoming dimensional disproportions related to production potential, solution of social and economic issues, formation of mixed and multi-level economy, development of innovative institutes require the development of new approaches to formation of economic and organizational architecture of business and its elements, establishment of effective management mechanisms, and creation of preconditions for sustainable development strategy activation on a region as well as in the territory of the country.

Recent researches and publications analysis. The process of new forms formation in agrarian business in Ukraine has begun relatively recently. Thus, scientific researches of domestic economists have activated during the last two decades only. It is worth mentioning the scholars, who studied this issue. Among them are H. Cherevko (2006), V. Fedorov et al. (2008), M.D. Hylka (2014), V. Mesel-Veseliak and M. Fedorov (2012). Although their researches are well-grounded, there is a need to specify and create new forms of financial and economic transformations for particular rural regions having very specific characteristics.

The purpose of this research is to analyze advantages and disadvantages of the existing financial and economic forms of agrarian business organization in order to substantiate the most optimal organizational and economic form for Ukrainian southern region agriculture.

Key research findings. Various Ukrainian researchers define the causes for reduction of the agricultural good production volumes in different ways. H. Cherevko (2006) suggests that the main causes are the absence of an appropriate level of scientific substantiation of economic reforms and excessive politicization of their implementation. Moreover, there was a range of mistakes in reformation of Ukrainian economic mechanisms, the main of which is neglecting the objective economic laws (Hylka, 2014).

Nowadays, there are three predominant business forms in Ukrainian agriculture meeting the requirements of various businesses (small, medium-sized, and large ones), which include private peasant and farm households and agrarian market-type enterprises. Land was redistributed among agricultural enterprises and private peasant and farm households in the process of reformation. In the 1990s agricultural enterprises (collective and joint enterprises) used 93.7% of agricultural areas and private peasant households used 6.3% of these areas. In 2012 agricultural enterprises possessed 46.6% of agricultural areas, farm households possessed 10.0%, and private peasant households owned 43.4% of agricultural areas (Mesel-Veseliak and Fedorov, 2012).

In recent years new economic formations, emerged as a result of land leasing by "holdings" being powerful industrial enterprises and financial and servicing organizations, have been actively developing. The advantages of such formations include: attraction of investments from other branches of economy, including foreign ones; organizing raw material processing and avoiding a monopolistic economic influence of processing companies; effective use of high-powered techniques; application of economies of scale for reduction of production expenses and increase of land productivity; increase of the capital-labor ratio and labor productivity; implementation of innovative technologies; increase of the return rate at the expense of vertical mar-

ket formations establishment dealing with external markets; growth of rental payments for land.

The disadvantages of holdings include withdrawing funds from rural areas; encouraging monopolization, property redistribution and decrease of a variety of rural business forms; escalation of social problems in rural areas because of unemployment; reduction of animal husbandry production volumes. That is to say, the economy significantly underuses its agrarian potential (Lesokhin, 2011).

Therefore, there is a need to form and implement at the economic level as well as at the legal one such an organizational and economic form of business, which will be able, on the one hand, to localize the disadvantages of various forms of agrarian business and, on the other, to use different strengths of peasant and farm households and agrarian holdings.

There is a need to form favorable conditions for further development of peasant and farm households, since they guarantee relative stability of the agricultural sector in the period of reformation, compensating for the reduction of production amounts. Although they are smaller in capacity and in size than large farms, their activities are of considerable importance for economic sustainable development. Nowadays, more than 120 ths persons are employed in peasant households. This accounts for 2% of rural employable population in Ukraine. The share of peasant households gross product accounts for approximately 6% in 2013 (Hylka, 2014). These businesses are considered to be indispensable elements of successful functioning of all agrarian economy. They aim at demands of the internal market; it is simpler for them to adapt to changes in consumer demand; they almost do not waste money for managerial staff salaries. Providing employment of peasants is a weighty argument in favor of private peasant households.

Farming as a new form of business being inherent to developed countries of the world actively develops in Ukraine. Nowadays, there are 41.5 ths farm enterprises in Ukraine, which use 4.3 mln ha of agricultural lands. On average, an enterprise possesses more than 100 ha. This figure is higher than in most European countries, where the average size of a household is 18 ha, however, in Great Britain – 70 ha, in Germany – 32 ha (Mesel-Veseliak and Fedorov, 2012). Nevertheless, it is worth mentioning that farming in Ukraine develops not so actively. The main problems of farm households include: insufficient amounts of financial funds at their disposal; low level of long-term crediting involvement; high level of technical means depreciation; distribution of lower-quality lands from the land reserve; sabotaging support to large entrepreneurs, holdings and peasant households; insufficient state legal and economic support.

Globalization considerably influences many fields and spheres of activities being system-forming factors for society and economic development. Particularly, it affects the forms of cooperation and production integration. Under globalization a range of economic problems falls outside the scope of a region or the state due to emergence of new effective forms of cooperation and integration.

Economic integration becomes apparent at the level of national economies as well as at the level of particular enterprises, firms, corporations, and companies. It is expressed by extension and intensification of production and technological relations, formation of favorable business climate for economic activity. The existing integrative

unions are classified, first of all, according to organizational and legal forms of ownership (corporation, consortium, association, concern, economic union etc.). Holdings, conglomerates, cartels, syndicates, and trusts, which are referred to other types of organizational market entities, should be grouped separately. Nevertheless, according to a degree of national potential usage, financial and organizational unions are divided into: financial and industrial groups; transnational corporations; joint ventures. Majority of domestic corporations and financial and industrial groups build and implement organizational structures in accordance with a holding type, which adapts for work under the conditions of contemporary economy to a lesser extent and impedes the development of competitiveness in general. Global economy dictates its own terms and requires higher flexibility from large industrial enterprises.

New forms of organizational unit functioning are important phenomena among theoretical and practical economic problems of agrarian business, which are of interest under contemporary conditions of Ukrainian economy's development. The most actual direction for development is the formation of a multi-level vertical conglomerate as a neural networks providing innovative cooperation without geographical concentration and any legal or financial pressure (Bakumenko, 2012). An exemplary scheme of such interrelation is shown in Figure 1.

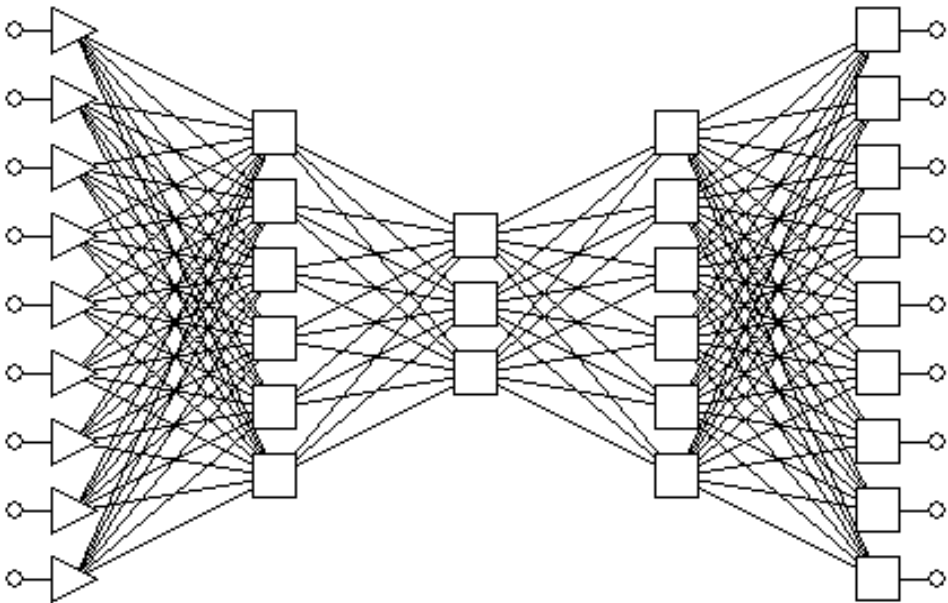


Figure 1. **Architecture of interaction between different entities of agrarian business in a vertical conglomerate, author presentation**

Multifunctional corporations were the first attempts to create network organizational entities. Their development is traditionally based on innovations and new technologies application.

The proposed architecture of interaction supports the multivariant nature of integrative relations between all objects of mutual activity, which can ensure the sustainable development of a region and the country economy as a whole.

Formation of a multidimensional icosahedron enables here the integration and equal interaction between peasant and farm households and also large agrarian holdings without the restriction of economic independence for its participants. Furthermore, there arises an opportunity for application of practical, real, and revolving intra-network investments, e.g., application of the existing models of crowdfunding as collective cooperation of investors (donors), which voluntarily combine their financial or other resources (as a rule, with the use of crowdfunding at Internet-platforms) to support the efforts of representatives of an integrative conglomerate (recipients).

Conclusions. The formation of such a network icosahedron (a vertically integrated conglomerate) enables applying contemporary managerial solutions and strategies at various business levels, to consolidate strengths of large, medium-sized, and small business with scientific organizations in order to get the synergetic effect, to establish business-incubators and technology parks, strengthen competitive positions at international markets. These processes will enable solving the problems of producers combining efforts on the basis of innovations. These processes may as well include cluster organizations.

Further research will be related to development of micromodels for each stage of sustainable development, for relations between these stages, and creation of the icosahedron model of Ukrainian southern region on the basis of heterogeneous neural network algorithms.

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Стаття надійшла до редакції 2.04.2015.