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DIRECTIONS OF INCREASING OF SMALL FARMS COMPETITIVENESS

Abstract.

The article analyzes the competitive areas of small farms as an important component of national agricultural businesses. The basic principles of the commodity labor of family farms. The model of the small farm, the main principles of which is diversification, competitiveness, and high income members-owners.

Formulation of research objectives. The study aims are to develop practical recommendations for the competitive functioning of small farms as a valuable component the national agricultural business.

Conclusions and recommendations for further research. At the present stage of development of agrarian sector of Ukraine issues of increasing providing competitive functioning of national farmers, particularly small farmers are particularly important. A practical model farm to provide a cost-effective industrial and economic activity based on cultivation fruit crops and their partial recycling has been proposed. The importance of having appropriate professional qualification of members-owners of farms as an integral part of competitive performance has been proved. Aspects of competency of personnel to providing effective economic activity of farms as part of national small agricultural businesses have been formulated

Keywords: *farm competitiveness, diversification, economic efficiency.*

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НАПРЯМИ ПІДВИЩЕННЯ КОНКУРЕНТОСПРОМОЖНОСТІ МАЛИХ ФЕРМЕРСЬКИХ ГОСПОДАРСТВ

Анотація. *В статті проаналізовано напрями конкурентоспроможного розвитку малих фермерських господарств як важливої складової вітчизняного аграрного підприємництва. Обґрунтовано основні принципи функціонування товарного сімейно-трудоного господарства. Розроблено модель малого фермерського господарства, основними принципами якої є диверсифікація, конкурентоспроможність, а також високий рівень доходів членів-власників.*

Ключові слова: *фермерське господарство, конкурентоспроможність, диверсифікація, економічна ефективність.*

Statement of problem and its connection with important scientific and practical tasks. The current state of operation of the national agricultural sector is characterized by increasing of social and economic importance of the subjects of small and medium businesses such as farms and peasant households. Their share in general structure for the vast majority of agricultural products is over 60%, and in certain sectors (horticulture, gardening and potatoes) exceeds 90%. It should be noted, that operation of small agricultural businesses performed nowadays inconsistently under survival conditions.

Program of transformation of peasant households into farm type agricultural enterprises is virtually almost single public measure during the last period. However, it should be noted that the practical implementation of this project is complicated by the inconsistency problems that government representatives pose to the subjects of agriculture and socio-economic realities of today. But the fact of the measure demonstrates the recognition of farmers' way of economic activity as the only potential for sustainable rural development. Recently socio-economic importance of the agricultural business segment only grew, as

evidenced by the increased attention on the part of government institutions.

In particular, Prime Minister Vladimir Groisman during the presentation of the program of the government said that the key issue in agriculture will support small farms. In the project budget for 2017 is allocated about 5.5 billion UAH is in support of this segment of the agricultural business. [3]

Analysis of recent publications on the issue. Specificity of functioning farms as part of domestic agricultural enterprises and research of the theoretical and practical rules for the family farm labor commodity type are reflected in the works of V.S. Diyesperova [4] V.K. Zbarskoho [5] S.V. Kalchenka [6], M.I. Malika [8] O.V. Chayanova [9] T.I. Jaworskoi [10]. However, in our view, issues related to the provision of competitive small farms on the principles of innovation and active use scientifically based methods of economic activity, require further study.

Formulation of research objectives. The study aims are to develop practical recommendations for the competitive functioning of small farms as a valuable component the national agricultural business.

The presentation of the main results and their justification. Basic foundations of functioning of domestic small farms identified in the work of O.V. Chayanov, who formulated the category of "family labor economy" as a form of agricultural production, based mainly on the use of members of a peasant family, whose mission is to ensure the sustainable development of the family as a social and economic one.

The main principles of functioning of a modern family farm labor, in our view, are follows.

1. Competitiveness.

1.1. External. In relation to the other businesses in the fight for resources, including land and labor, as well as the consumer.

1.2. Internal. The need to ensure members participating farm income level that would stimulate their further activities within this economic unit.

2. High level of marketability as a guarantee to ensure the competitive functioning. As noted by V.K. Zbarskij, the type of high-value production is lowering the unit cost of sales

with an increase in the volume of sales (effect of scale). Economy on scale allows high-value agricultural enterprises to offer their products to more affordable prices, and thus capture new market segments and be competitive [5].

3. Preservation of family forms of labor management. Whereas, in accordance with applicable law, the activities of the farm business as a specific structure should be based on the use of labor of members a peasant family, the vast majority of spent human resources (60-65%) has accounted on them.

By choosing directions of activity sector, we have taken into account the following aspects.

1. Providing competitive farming functioning of, both in external and internal plan. This necessitates of economic activity on the basis of breakeven and income support members participating farm level, which exceed the regional average in 1,5-2 times.

2. Selected sectoral direction should provide a competitive preference for farming as compared to other subjects of agricultural production in this segment of the market, in particular the lack of entrepreneurial activity by representatives of large commodity sector.

3. The ability to function without significant initial financial costs and no need for loans, providing additional stability to the economy - a model project.

4. Family-labor form as an inseparable part of the farm functioning. The involvement of hired labor is assumed for possible performance from 35 to 40% of labor operations that are unskilled or highly specialized nature.

As an object of scientific research we chose the farm household "Mirage". This farm is located in v. Chervonoarmiyske Yakymivskij district of Zaporizhka region. By the size of the land area (10 hectares) and the number of employees (1 person is worker and 1 person is a member-owned farms) is typical of the region. We have developed a model provides reorientation of production activities of the farm on cultivation of fruit crops, zoned in the region that are in steady demand in the local market. Considering the fact that over 95% of marketable products gardening region and in the whole of Ukraine is grown in small-scale sector, where production is small-

scale in nature, we are not expected to significant competition in this market segment.

Given the need for leveling the problem of shortage of manpower during the manufacturing operations, we have chosen the following structure for land use, apricots and cherries - 30%, nut - 20%, peach, pear, grapes - 5% of other cultures - 5%.

Considering the time period between the laying of the garden and start fruiting, which is from 3 to 5 years, and the fact of providing recycling of unsold supply, which in this type of product is 20 to 25% of gross collection, we offer organization based on farm production alcoholic beverages. It should be noted that at the beginning of the production process of raw materials purchased among neighboring peasant households and in the future must come from their own harvest as spoilage.

Under current law, the annual license fee for the production of alcoholic beverages is 780 UAH, the license on the sale of alcoholic beverages is 8,000 UAH per year (possible quarterly payments in the amount of 2000 hryvnia, in which case the license should each extend), and for villages and towns except those that are within urban areas - 500 UAH per year. [1] In order to maintain a constant labor motivation of all members of participants of the farm is projected to set their initial monthly average revenue (similar to wages) at 5000 UAH, which is significantly higher than the corresponding figures for wages for skilled workers of Zaporizhzhya region and ensure stability and sustainability of the business unit. In the future, this figure is projected to gradually increase to 8,000 UAH / month (Table 1).

Table 1

The cost structure of 1 liter of alcoholic beverages*

Articles of expenses	Year					
	1		3		6	
	UAH	%	UAH	%	UAH	%
Conditional wage bill	33,0	55,42	42,0	70,53	51,0	85,64
Electricity, water, sugar	8,0	13,43	8,0	13,43	8,0	13,43
Amortization	0,2	0,34	0,2	0,34	0,2	0,34
Licensing	0,4	0,59	0,4	0,59	0,4	0,59
Raw materials	18,0	30,23	9,0	15,11	0,0	0,00
Total	59,6	100,0	59,6	100,0	59,6	100,0

* Developed by author

Another factor, that determines the nature of the dynamics of the cost structure of alcoholic beverages as a single primary source of income of the farm, is the presence of raw materials. It is predicted to use natural products, ie fruits and berries, including grapes. If

at the beginning of the project capacity utilization is expected at the expense of production of local residents, the subsequent gradual transition to its own raw materials will increase the income level of members of the farm owners.

As already noted, the production of alcoholic beverages is the only way to minimize the risks of the main activity - gardening, maintaining economic stability, increased marketability of production and the overall competitiveness of the functioning of the farm households as a subject of agrarian business. The specifics of the functioning of the indus-

try direction caused by the gradual nature of the increase in revenue with growth of trees, increasing their productivity, and at all stages of formation garden adequate agricultural measures (irrigation, fertilization, cultivation etc.) are compulsory of, duly reflected in the overall the amount of costs (Table 2).

Table 2

Expected indicators of results horticultural crops cultivation*

Indicators	Year						Total
	1	2	3	4	5	6	
Gross harvest, hk	0	0	48,9	115,2	182,0	291,9	638,0
Realized, hk	0	0	17,1	71,4	111,8	192,7	393,0
Costs together, UAH thous.	24,8	27,2	27,2	94,5	105,0	115,5	394,2
Sales revenue, UAH thous.	0	0	28,4	131,5	221,6	397,0	778,4
Profit, UAH thous.	-24,8	-27,2	1,1	37,0	116,6	281,5	384,2
Profitability of products, %	-100,0	-100,0	4,1	39,1	111,0	243,8	97,4
Level of marketability, %	0	0	34,9	62,0	61,4	66,0	61,6

* Developed by author

It is assumed, that the production costs are fully compensated in the 4th year after the start of the project and future project starts to bring stable income. It should also be noted that the value of the average level of profitability (97%) due to the fact that the total cost does not include funds earmarked for the payment of members of the farm owners (similar to wages). Analyzes of the project as a whole, it shows that the value of economic efficiency is positive, the level of commercialization in the 6th year 79%, and the average value of 82.5%. This gives grounds to

attribute the experimental farm to farm with high marketability (table 3).

It is predicted that in the future, when the garden finally come to a productive mode, this sector will be able to provide the average income level of its members in the amount of 8500-10000 USD for one person, with the overall rate of return deposited at 120-130%. In turn, it should be noted that the key to successful implementation of this project is to diversify economic activities, both in types and in scale horticulture industry as direction, providing a report structure acreage garden plantings.

Table 3

The economic results of functioning of model farm*

Indicators	Year						Total
	1	2	3	4	5	6	
Gross harvest, hk	0	0	48,9	115,2	182,0	291,9	638,0
Used on product targets, hk	0	0	45,9	102,6	147,0	230,7	526,2
Including recycled	0	0	33,7	45,0	60,7	81,8	221,2
Costs together, UAH thous.	203,3	205,7	205,7	273,0	283,5	294,0	1465,2
Sales revenue, UAH thous.	180,0	180,0	208,4	311,5	401,6	577,0	1858,4
Profit, UAH thous.	-23,3	-25,7	2,6	38,5	118,1	283,0	393,2
Profitability of products, %	-11,4	-12,5	1,3	14,1	41,6	96,3	26,8
Level of marketability, %	0	0	93,8	89,1	80,8	79,1	82,5

* Developed by author

Also an integral part of the successful operation of the proposed model farm is the availability of appropriate professional and qualification training of its members-owners. It is assumed, that the implementation of a competitive economic activity will require working in a professional competence functions in the following areas.

Agronomy. The organization of production activities in the field of horticulture, choose the best practices and how to perform professional tasks, to assess their quality and level of performance. Monitoring information necessary for the implementation of professional tasks in accordance with modern requirements. The ability to choose the mode of agrotechnological-growing species and varietal structure of fruit crops in accordance with the state development strategy and resource potential of the farm. Carrying out of agrarian

measures to ensure the proper development of fruit crops (pruning, spraying, etc.).

Mechanization of production and processing of plant products. Organizing and effective use of mechanization in the production of fruits and berries, its further processing and distribution. Conducting measures for agricultural cultivation, organization and implementation process of processing fruits and berries and, if necessary, its further transportation. Continuous monitoring of the status of available technical measures to ensure their effective functioning. Monitoring of new technical and technological schemes for the organization of production and processing of fruits and berries.

Agricultural business. Economic efficiency evaluation of results of industrial and economic activities of the business unit. Monitoring of the dynamics of farming as a compo-

ment of the agricultural business in the region. Short- and medium-term farms planning of activities based on regional and national socio-economic trends. Providing of enforcement by farm enterprise of their obligations as part of the existing legal, social, economic and institutional relations. Active integration farm households in the process of cooperative construction as well as the formation of other inter-farm association.

However, the proposed professional and qualification scheme involves the adaptation of national training system for the agricultural business in the present economic requirements, which should operate on the basis of competence approach, clearly linking the task to decide employed in the course of economic activity, with the content of teaching and methodical load. Therefore the key to competitive functioning of national small farms has

become a effective collaboration of the scientific and business community.

Conclusions and recommendations for further research. At the present stage of development of agrarian sector of Ukraine issues of increasing providing competitive functioning of national farmers, particularly small farmers are particularly important. A practical model farm to provide a cost-effective industrial and economic activity based on cultivation fruit crops and their partial recycling has been proposed. The importance of having appropriate professional qualification of members-owners of farms as an integral part of competitive performance has been proved. Aspects of competency of personnel to providing effective economic activity of farms as part of national small agricultural businesses have been formulated.

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