THEORETICAL-METHODICAL FUNDAMENTALS
OF FARMERS FUNCTIONING IN UKRAINE

The formation of a multifaceted economy has led to the tremendous foundation of farming small forms in agriculture, to the development of an organizational form such as farming whose role is significant precisely in ensuring employment in the countryside, raising incomes of the rural population and the commodity supply formation of certain types of agricultural products. Farms have confirmed their high viability due to their inherent economic isolation and freedom, family basis, high adaptability to external conditions of operation, which creates the motivation for high-performance work. However, the low level development of their logistical base, the predominance of extensive agricultural production technologies and the high labor costs significantly reduce their competitiveness in highly competitive agricultural markets, limit their opportunities for development and human capital increase in rural areas. In such circumstances, there is an objective need to create a favorable environment for the functioning of farms, focused on enhancing their competitiveness in the context of European integration and ensuring the sustainable development of rural areas within the framework of forming a balanced agricultural structure.

In a short period of time, peasant farms have undergone a stage of their emergence, a difficult period of formation and shifting positions in the production of certain types of agricultural products, and now they have entered a stage of development in the new conditions of European integration, globalization climate change, power decentralization and rural communities unification.

Nowadays duality is allowed in the definition of “farm”, because it identifies the concept of “peasant economy” and “farm”. The study of business small forms features proves that the dual character is embedded in the very phrase – the farm, because, on the one hand, is focused primarily on the market character, and on the other, can not be ignored the historical specificity of domestic peasant farms.

The modern farming is proved to be significantly different from the classical “Chayan” model of the peasant economy, because it functions in other historical and macroeconomic conditions, characterized by changes in motivation, transformation of the economic mentality and value system, in particular, today the economic entities at the level of economic mentality consider themselves as an entrepreneur but not as a peasant [1]. This is due to the fact that the farm has more powerful material and technical base, is oriented towards the use of innovative technologies, as well as their legal status, motivation to work allow to believe that the concept of “farmer” is more appropriate for modern conditions, and the concept of “peasant” has more social than economic meaning.

The term “family farming” refers to the form of farming that is carried out by the family or its individual members, or with the involvement of employees who do not exceed the number of employed in the production of family members. Therefore,
family farms can be attributed to households and part of farms that correspond to the criteria which were mentioned above. We believe that farming differs from the peasantry in the first place by the basic purposes of carrying out production and economic activity, and the common features are private ownership of land and household members labor.

The basic principles of farms forming and functioning are: the principle of economic independence; the principle of personal interest; the principle of rationality; the principle of direct participation; the principle of flexibility; the principle of full property liability; the principle of environmental friendliness; the principle of professionalism [2].

The author’s approach to the farming concept definition is to deal with the agricultural producer who concentrate on private ownership of the production means where land and their activity is based on the labor use of agriculture members and partially employed workers and carries out its activities for the production purpose and sale of agricultural products and food. Characteristic features of the farm are: specific factors of production: land, labor, capital and entrepreneurial initiative; the farmer is a business entity combining the functions of owner, worker, production organizer and entrepreneur; functioning is ensured by the high-productivity, intensive work of the farmer himself, his household members and his employees.

Two concepts of peasant economy development are distinguished: as an entrepreneurial economy where the owner hires himself as a worker, and as a working family farm where the family receives a single labor income as a result of annual labor costs and compares its efforts with obtained material result.

It is proved that the models of peasant farms behavior differ in the following indicators: components that are taken into account when constructing the model of behavior; information; external factors. Five options for interpreting the peasant farms behavior are identified: a peasant model that maximizes income and a tenant model based on the classical theory of profit maximization are traced under domestic conditions to the functioning of small farms producing livestock products; the “risk-averse” farmer characterizes the behavior of small farms that choose the conservative type of behavior that is typical for small and medium-sized farms operating in the “shadow” agricultural market; the “peasant evading other workers” and the “farmer peasant economy” models incorporating the “new home economy” theory, the main reason for the non-standard behavior of peasant households is their focus on maximizing not profit but utility.

The basic models of the subjects development of rural family economy are systematized on the strategic goals basis of their development: the labor farm model which is family farms characteristic and started their activity in the field of agribusiness based only on the use of labor by members of the agriculture. Production volumes in farms of this type are limited by the financial capacity and labor potential of the rural family, but the latter factor of production may be increased by attracting the services of third parties;

the farm-to-work model is, in its essence, a farm of this type similar to a private enterprise, and the family nature of the business is manifested only through the ownership of land and leases on agricultural land, fixed assets and family production.
management. The majority of these farms belong to small and medium-sized agricultural businesses;

the family corporation model takes place when the scale of the family business goes beyond the parameters set by law for small and medium-sized businesses, but the control of business is exercised by members of the same household.

Taking into account the need to adapt the taxation and accounting systems to the international standards of financial reporting, as well as to increase the efficiency of government support for small producers, requires improving the methods of typing business entities. In order to ensure the unity of methodological approaches to the typologization of agribusiness entities, it is proposed to include the value of agricultural land as a primary means of production for business entities in net assets. The statistical basis of the calculation is the statistical form 6-land, which shows the area of land use, and the value component must be determined on the basis of the regulatory monetary valuation of agricultural land, which was put into effect in 2017. Obviously, subject to the lifting of the moratorium on the sale of agricultural land the valuation may be determined by the market value established in the region.

A distinctive feature of farms specializing in crop production is seasonality [3]. It is found that most farmers do not record non-agricultural income in their financial statements in order not to lose the status of “agricultural producer”, which provides for tax benefits and the possibility of attracting state support on a non-refundable basis. In order to solve this problem, it is advisable to expand the list of agricultural production activities, which are classified as “agricultural production”, including to them, the provision of services to households and other economic entities in the field of agribusiness for the implementation of certain technological operations, rural tourism, folk crafts.

References:

