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**CONDITIONS OF THE FORMATION OF EFFICIENT PRODUCTION**

**AT FARM ENTERPRISES IN UKRAINE**

***Reviewer: H.V. Pasemko, Doctor of Public Management Sciences***

*Factors forming the efficiency of agriculture and features of its development in modern conditions have been defined; impact of various components of the activity of agricultural enterprises has been assessed. The main factors for ensuring efficiency of the activity of farm enterprises in the conditions of market business and market economy have been considered. Features of functioning of agriculture in terms of ensuring its efficiency have been systematized. Internal and external factors of the formation of efficient production at farm enterprises of Ukraine and the task of their management in order to ensure stable economic growth have been assessed.*

***Keywords:*** *agriculture, production, seasonality, efficiency, profit, expenses, income, return, agricultural enterprises.*

***Problem setting.*** The economic and political crisis in Ukraine against the background of market relations forms extremely difficult conditions for business development, including in agriculture. Determination of the conditions of survival, development and efficient activity are key to the general concept of the activity of farm enterprises. It is the definition of directions of the formation of efficient production in this situation that makes the study set out in this scientific article relevant. Features of agriculture and its capacity for natural reproduction of production factors makes this sector a basic one for the national economy. During a crisis, provision of population with food, and industry – with recyclable raw materials becomes one of the basic conditions for moving towards stabilization.

***Analysis of latest studies and publications.*** The matter of efficient organization of the activity of farm enterprises is studied in the works of many Ukrainian scientists with the most famous among them being V.Ya. Ambrosov, V.H. Andriichuk, V.Ya. Mesel-Veseliak, M.Ya. Moisa, Ye.V. Holubkov, S.P. Azizov, P.K. Keniiskyi, V.M. Skupyi, P.T. Sabluk, O.M. Shpychak, I.O. Shcheblykina, Z.V. Shcheblykina, T.R. Dzhemaliadinova and others [1-8]. The main vector of studies is comparison of expenses and income from all components of the activity of agricultural entities. Under modern dynamic changes in the economy, market challenges require constant additional extension, clarification and systematization of ways to increase efficiency of the activity of farm enterprises.

***Purpose and tasks of the study.*** *The purpose of the article* is assessment of conditions of the formation of efficient production at farm enterprises of Ukraine. *The task of the study* is to systematize the basic factors affecting the formation of efficient production at farm enterprises.

***Materials and methods of the study.*** The study is performed on the grounds of analysis of scientific papers by domestic scientists using monographic and dialectic methods. Logics and synthesis methods were used in the formation of results.

***Results of the study.*** Agricultural production is a specific field, the activity of which has a range of features affecting the efficiency of work. The following factors may be called the main ones affecting the efficiency:

* In agriculture unlike other areas, the fixed asset is land. A current feature of using the land is the fact that a considerable part of land areas are rented by agricultural enterprises which may be both employees and co-owners of an enterprise and third parties. Due to this, the use of rented, and not own land determines features of the organization of work on it related to increased costs on the rent due to land owners. Besides, there is a risk of possible unilateral termination of a lease agreement by the owners [2];
* Land as a locally placed object leads to movement of production instruments in the process of production in agriculture, and work objects such as plants and animals stay at the same place. Thus, production costs are significantly increasing, as there is a big need in mechanisms and considerable costs on movement and transportation of products [1, 5];
* Economic process of reproduction in agriculture is closely connected with natural processes. Use of living organisms developed under biological laws as production instruments limits scopes of receipt of products by biological possibilities of this resource. I.e., a contradiction arises between the desire to increase scopes of production due to the introduction of new technologies, machines, kinds of plants and other results of scientific and technical progress and the need to implement the concept of food safety that would ensure both protection of fertile land as the fixed asset of production and growing of products being safe for consumption by population (for example, GMO products cause significant doubts in consumption from the point of view of safety and human health) [2, 6];
* High dependence of agriculture on climatic conditions directly affecting the organization of production. Such dependence requires compulsory formation of insurance and reserve material and financial funds, which also significantly increases costs. (An example of such insurance is seeding of autumn 2015, when a significant part of winter crops did not shoot because of dry weather conditions, and the land was reseeded with spring crops in spring 2016). Climatic conditions are also a defining factor of the specialization of agricultural production as each climate defines crops to grow and terms of works determining features of the entire organization of production [4, 7];
* Part of produced agricultural products may be used in further production reducing the level of production merchantability on the one part, but reducing costs on production on the other part. Besides, it is capability of self-reproduction that allows agricultural production to work for some time without using external resources significantly increasing its stability in face of crisis phenomena. A property of complementarity of the main areas (plant and animal breeding) allows rational use of labor and material resources [1, 5];
* In agriculture, working period does not coincide with production one as it is based on biological processes and natural and climatic conditions. Seasonality in the production of agricultural products forms a specific process of the organization of production, especially using labor resources and distribution of working hours by places and production cycles. Seasonality also causes problems in the use of machines (combine harvester works only from two to four weeks per year and is stored during the rest of the time). A considerable problem is using labor resources and production instruments during the period between seasons [2, 5];
* In modern conditions, agricultural products are produced and prices for them in the domestic market of Ukraine are formed in the conditions being close to perfect competition, while the output of our products to the external market is restrained by significant obstacles both from intermediaries who captured this area of economic ties and other countries that do not wish to see a competitor to its own producers in their markets. Therefore, export is oriented at types of products, production of which is not regarded by the developed countries as justified due to damage to the environment and for the reasons of national food safety [6, 7];
* Problem of the liquidity of assets of farm enterprises (ban to sell the land, considerable percentage of obsolete production instruments, low speed of the turnover of funds in the sector) does not allow them to receive investments and loans from other business entities necessary to ensure economic growth and renewal also leading to increased costs on the production of products [4, 8];
* Public support of production is not stable in nature; therefore, it is not possible to forecast it in a long term as a way to reduce costs and increase income for farm enterprises (most of the current programs are short-term in nature and oriented at the prospect of development, and not the elimination of current problems. WTO accession has further reduced competitiveness of the sector in the world market for the support system) [1, 6];
* Farm enterprises often assume social problems of the territories where they function as staff retention is becoming a burning issue for long-term development of agricultural business [2, 4, 5].

***Conclusions.*** Thus, taking into account features of agriculture, its efficiency may be increased in three main directions: increased return from internal resources of enterprises (improved use of the land, saving and increasing its fertility, introduction of modern production technologies, optimized use of production funds and labor resources with regard to seasonality of production, formation of an efficient mechanism of remuneration retaining and restoring labor resources in a long term, orientation to environmentally friendly high-quality products in production); entrance to new markets and active participation in the formation of prices for agricultural products (including in the conditions of producers’ unions to conquer markets of other countries); active public support of agricultural production as a strategic area ensuring national food safety (promotion of eco-friendly production, non-admission of monopolization of the area by large groups of companies, assistance in obtaining modern technologies by producers, etc.).

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**A.V. Nesen. Conditions of the formation of efficient production at farm enterprises of Ukraine**

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