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THE SOCIO-ECONOMIC ROLE OF SMALL AGRIBUSINESS IN THE DEVELOPMENT OF MODERN UKRAINE AND POLAND

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Abstract. Factors influencing the formation of the socio-economic role of small agribusiness, directions for establishing the institutional and organizational-economic structure of small-scale enterprises in the agricultural sector of Ukraine and Poland are singled out.

An analysis of the activities of small agribusiness entities was carried out using statistical data from GUS (Central Statistical Office of Poland) and the State Statistics Service of Ukraine for the period from 2010 to 2020. The trends in running a craft business were disclosed. It has been demonstrated that the development of the agricultural sector is dominated by the direct freedom of decision-making and choice of producers. It was established that small agribusiness in Ukraine and Poland can meet the requirements of a competitive environment and function effectively under the conditions of coronavirus and war in Ukraine.

The purpose of our research is to theoretically and methodologically justify scientific provisions and develop recommendations that will accumulate specific institutional and technological capabilities to produce necessary raw materials and create agri-food products in Ukraine and Poland.

The methodological basis of the research includes fundamental principles of economic theory, management, and studies of scholars regarding the socio-economic role of small agribusiness in the conditions of war in Ukraine. Observation, sampling, and grouping methods were used for the theoretical justification in identifying problems in the development of small agricultural businesses; generalization and comparative analysis were employed to form the institutional and organizational-economic functionality of small-scale enterprises in the agricultural sector of Ukraine and rural areas, refine the conceptual framework, and draw conclusions and proposals on the selected topic.

Keywords: craft production, individual farms, institutional, small businesses, yield.

JEL Classification: Q12; O13; O57; L26

1. INTRODUCTION

In the conditions of wartime and the restructuring of the economic mechanism in Ukraine, small entrepreneurial formations are entrusted with additional missions related to ensuring local food security, strengthening energy supply, and participating in the resolution of socio-economic problems in territorial communities. Due to its specific organization and functioning capabilities, small agribusiness can quickly mobilize its resource base and achieve effectiveness in complex institutional conditions, a risky entrepreneurial environment, and a turbulent market, thereby inheriting an exceptional socio-economic role and efficiency.

For small agribusiness, these characteristics are most institutionalized because, in particular, its development, such as employment and economic activities, is mostly carried out by the founder-owner

of such a subject.

The development of small agricultural businesses is a pressing issue for the effective institutional construction of both the national economy of Ukraine and the socio-economic development of rural areas (Shpykuliak et.al, 2010). Economic practices and the existing model of organizing business activities in the agricultural sector require restructuring with greater support for the small business segment.

The mentioned location of organizing business activities has gained priority socio-economic significance due to the impact of the wartime factor, the importance of ensuring employment for the population, and supporting the functionality of the local economic order. This exerts a special influence on the formation of institutional capabilities in ensuring the socio-economic role and effectiveness of small business entities, which are present in the market and interact in the “production-distribution-exchange-consumption” system.

Agribusiness includes forms, institutional types of business entities whose activities are related to production, market value circulation and exchange of food products, various types of agricultural products, services, etc. This activity involves earning a profit (by business entities), as well as income from the sale of surplus agricultural products and food after acquiring the effects of self-sufficiency (non-entrepreneurial entities).

Researchers consider this problem multifaceted, because business activities implement both economic and social functions (Lopatynskyi, 2023) (Matkovskyi et al., 2022), and production (Kołoszko-Chomentowska & Sieczko, 2014), and the development of business as a form of economic, entrepreneurial activity is of crucial importance at the micro level for the territorial community, business owner/founder, employees, etc. (Lopatynskyi, 2023). The state of development of society in the conditions of war confirms the decisive role of business in the economic system of any level, whether sectoral or global (Lopatynskyi, 2023).

As for the problems directly in the agrarian complex, in the countryside, such negative socio-economic processes as: “...the outflow of the rural population, the low competitiveness of small and medium-sized agricultural enterprises, the reduction of the range of agricultural products and domestic demand for food, the strengthening of the polarization of the socio-economic the development of rural areas, a decrease in the level and quality of the social capital of rural communities, the lack of state support for non-agricultural entrepreneurship, the imperfection of investment support mechanisms” (Lupenko & Shpykuliak, 2017).

Realizing institutional and economic capabilities, small farms implement a special private-proprietary business model. We consider it to be the most classical Schumpeterian (Schumpeter, 2011), where the entrepreneur acts first of all as an innovator, a subject who uses land, labour and capital in a “different way”, thus modeling competitive results of economic development (Schumpeter, 2011). This aspect of cognition is qualified according to the set of entrepreneurial capabilities and potentially acquired effects of small business entities. That is, a small business operates under conditions of risk and, without a doubt, for the sake of profit.

The essence of small entrepreneurship in the agrarian sector of the economy is interpreted as the definition of a socio-economic phenomenon that actually and potentially has a significant impact on the development of rural areas, particularly on the basis of sustainability (Danko & Ladyka, 2023).

In contrast to Ukraine, small business in the agricultural sector of Poland is institutionalized in the European system of entrepreneurial, organizational and socio-economic values. The development of economic structures takes place within the framework of the Common Agricultural Policy of the EU (Oleinyk, 2022). This is extremely important for the perspective of small agribusiness and for strengthening the ability to acquire competitiveness on the EU market.

The basis of the agricultural system in Poland is family farms, the peculiarity of which is their family character, which is expressed in the close connection between the farm and the household and provide public goods that benefit society as a whole (Kołoszko-Chomentowska & Sieczko, 2014).

The most important feature of economic entities in Poland is the connection between the farm and the household, based on ownership and family values. (Kołoszko-Chomentowska & Sieczko, 2014, p. 98). Already in the process of socio-economic development, the role of farms in the economy undergoes constant changes, due to connections with the external environment, public perception, growing expectations regarding food security, although natural agriculture is still present (Kołoszko-Chomentowska & Sieczko, 2014).

As for the recovery of the Polish economy (*Realizacja celów 2023*) in 2021, it became the leader of the post-pandemic recovery in the EU, although already with the beginning of Russia's war against Ukraine, its economic consequences also became felt in Poland, in particular due to: Russian robbery of Ukrainian agricultural crops, agricultural machinery and the blockade of Black Sea ports, which posed a serious threat to the world's global food security and significantly increased global food prices and disruption of supply chains, rising commodity prices and currency depreciation and inflation.

Conceptually, agribusiness and agrarian entrepreneurship are significantly different from each other according to their inherent functions, performed tasks, spheres of economic capabilities. In general, we agree with the conclusion that: agribusiness is a field of economic activity related to the cultivation of plants and animals to obtain food and raw materials for processing (Stegnei et al., 2023); agrarian business is to a greater extent a commercial activity (Stegnei et al., 2023), includes the field of agrarian entrepreneurship, implies a broader functionality of finding opportunities for profit.

In the conditions of modern institutional interaction in the market, access to transactions, agrarian entrepreneurship has acquired the nature of business. Another argument is that even small enterprises try to go beyond the purely production of goods and services by participating in cooperative collaborations - the creation of simple companies (Lupenko et al., 2022), (Shelenko et al., 2020), (Shelenko et al., 2017), (Shpykuliak, 2004). Small agrarian entrepreneurship as a component of the agribusiness development mechanism: the basis for the formation of capable territorial communities; ensures the preservation of the historically structured way of life and land resources (Humeniuk et al., 2021). These are the basic socio-economic determinants of priority for the development of small agribusiness in Ukraine, particularly in wartime conditions. Positive changes in small agrarian enterprises require real perception and support from local authorities, which should unite producers and stimulate them to cooperate (Humeniuk et al., 2021), (Shelenko et al., 2022).

Institutionally, the development strategy of entrepreneurship (Lupenko et al., 2023) is necessary, as well as the prerequisites for forming integrated structures involving small businesses (Formation and functioning, 2022), namely, entities of different organizational and legal forms of economic activity (Shelenko 2019). Institutional support for entrepreneurship, particularly small businesses, should be provided by both government authorities and business owners' associations (unions, associations, agencies) (Vitkovskii et al., 2022). Additionally, for the agricultural sector of rural areas, and the overall development of small agribusiness and agri-entrepreneurship, institutional, socio-economic, and social support from territorial communities is considered one of the crucial factors. Recognizing the importance of interacting with local businesses, they implement programs aimed at creating a favourable business environment and attracting investors (Didenko & Kravets, 2023). Overall, especially in conditions of organizational and economic turbulence, institutional support holds primary importance.

The comprehensive actualization and diversification of roles of family farming are associated with changes in entrepreneurship development practices, where small agribusiness plays a decisive role in forming local food security for territorial communities (Lopatynskyi et al., 2022).

Small businesses, in terms of organization, predominantly function as private companies, family farms, thus becoming institutionalized in the economy and the market based on private ownership. This hypothesis will be substantiated in this article.

2. MATERIALS AND METHODS

The purpose of our research is the theoretical and methodological substantiation of scientific provisions and the development of recommendations that will accumulate special institutional and technological capabilities to produce the necessary raw materials and create agro-food products in Ukraine and Poland.

The subject of the research is the processes and trends that characterize the development of small agribusiness, subjectively small forms of management and entrepreneurship in terms of assessing their social and economic role in Ukraine and Poland.

Object studies are based on data from the Ivano-Frankivsk region, the agricultural sector in which has a special structure of forms of management – small family-type farms predominate. The institutional similarity with the economic system of agriculture in Poland is maximal. The above is an argument for asserting the representativeness of the research data and conclusions.

In the process of research, we studied the literature on this topic, followed by a comparative analysis of statistical data using descriptive statistics tools, evaluated the results and drew conclusions.

As part of the identification of directions for the operation of small agribusiness, an analysis of the yield of agricultural crops was carried out, the dynamics of sown areas of individual farms were studied, and their production of animal husbandry products was outlined.

The results of the analysis and their interpretation were preceded by a discussion of the used indicators and research methods. The methodological basis of the research is the fundamental provisions of economic theory, management and research by scientists in the part of the socio-economic role of small agribusiness in the conditions of the war in Ukraine. Methods of observation, sampling and grouping were used for theoretical substantiation when identifying problems in the development of small agrarian business entities; generalization and comparative analysis – for the formation of institutional and organizational and economic functionality of small forms of management in the agrarian sector of the economy of Ukraine and in the countryside, clarification of the conceptual apparatus, formation of conclusions and proposals regarding the selected topic. The use of a synergistic approach is crucial for determining the necessary search for opportunities to enter foreign markets with the offer of craft, exclusive types of products. Thus, it is one of the determining factors of the effectiveness of efforts aimed at achieving sustainable development in the country.

Synergy also directly or indirectly affects the achievement of other goals of small business functioning. The main focus was on recognizing synergies in actions implemented at the institutional level.

In the article, we used data from the Main Statistical Office of Poland and Ukraine for the period from 2010 to January 2020) from an overview of the research cycle in the processing industry of agriculture.

3. ANALYSIS AND DISCUSSION

The institutional, economic, and socio-economic structure of the implementation organization model, as well as the effectiveness of business activities in the agricultural sector, are closely related to the current situation in Ukraine. The entrepreneurial and market environment is characterized by exceptional turbulence due to the presence of numerous disruptions caused by the wartime situation. Russia's military aggression against Ukraine has projected non-typical risks for entrepreneurs, while their task remains to achieve profit. This is the classical Schumpeterian concept defining the essence and functionality of entrepreneurship, which is considered fundamental for any market conditions. The entrepreneur or businessman seeks economic gain by organizing activities at their own expense or through borrowed capital, engaging in necessary transactions at their own risk.

The economic functionality of small agribusiness has been institutionalized through the

establishment and proliferation of small enterprises. Such enterprises are part of the organizational and institutional structure of the market in various organizational and legal forms.

Similarly, we conceptualize the perception of functionality for enterprises of all forms and sizes, subjects of economic activity, and, accordingly, for proponents of small businesses (Fig. 1).

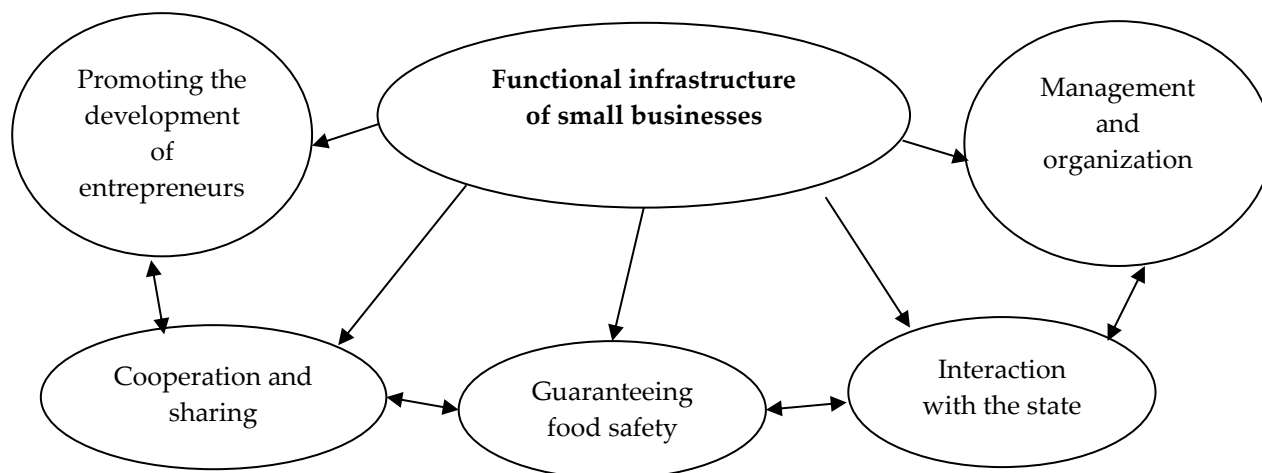


Fig. 1. Institutional and organizational and economic functionality of small businesses in the agrarian sector of the economy of Ukraine and in the countryside

Source: Authors

Structurally small forms of management in agrarian business should be institutionally distinguished by:

1) Sectoral definitions of entrepreneurship qualification – entrepreneurial and non-entrepreneurial sector (defined by the legislation on the regulation of entrepreneurial activity structures and the functioning of production and economic systems);

2) The sphere of application of labor and capital (defined by the functionality of the economic entity in the “production-distribution-exchange-consumption” system);

3) The form of management, organizational and organizational-legal form of the enterprise (enterprises, households (households), in particular personal peasant farms; private enterprises; farms and family farms; enterprises of other forms according to the qualification of “small” size);

4) Size – criteria for classifying enterprises as small (defined by legislation). More specifically, in particular, these are: family farms, other physical and legal entities-entrepreneurs in the category of micro- and small, as well as households (households) and personal peasant farms.

4. RESULTS AND DISCUSSION

Conducting an analysis of individual farms in Poland allows characterizing their activities as having a high potential in agricultural production, enabling self-sufficiency in food production, and being crucial for their constantly growing export, which constitutes 13 % of the value of Polish exports (Realizacja celów, 2023). As of 2018-2020, there are approximately 1.3 million family farms in Poland, and employment in agriculture reaches 6.5 % among them, with an increase in the area of agricultural land of over 30 hectares from 42 % to 47 % (Realizacja celów, 2023). Over the period from 2010 to 2021, there is also a noticeable trend of a 54 % increase in labor productivity in agriculture, despite a decrease in the number of people employed in this sector (Realizacja celów, 2023).

For evaluating the activities of small businesses, an analysis of agricultural crop yields was conducted (Tab. 1). From the data in the table, it can be observed that individual farms in Poland have higher crop yields compared to the data from Ukraine. The higher yields in Polish individual farms are attributed to factors such as: cooperation (participation in cooperatives that provide support and assistance in servicing); state support (the Polish government assists its farmers in promoting small

family forms, preserving jobs, and improving the ecological situation); specialization in the production of one type of product; and export-oriented agriculture.

Tab. 1

Yield of agricultural crops in individual farms, ts/ha

Types of agricultural crops	Country, region	Years				
		2010	2015	2018	2019	2020
Grain yield per hectare	Poland	34.1	35.3	32.9	35.2	46.4
	Lublin Voivodeship	31.5	36.6	38.5	39.3	48.3
	Ukraine	25.0	33.9	36.8	31.9	38.8
	Ivano-Frankivsk region	30.2	40.2	43.0	43.5	43.3
Wheat	Poland	41.0	42.1	39.0	41.6	51.5
	Lublin Voivodeship	37.2	43.6	46.9	47.3	57.4
	Ukraine	26.1	34.7	33.4	35.8	32.4
	Ivano-Frankivsk region	26.2	41.1	44.3	44.2	44.3
Rye	Poland	26.5	27.0	23.9	26.6	34.4
	Lublin Voivodeship	23.5	29.2	26.0	25.8	32.4
	Ukraine	20.6	25.9	26.0	27.0	27.2
	Ivano-Frankivsk region	23.6	27.3	27.3	27.8	28.4
Barley	Poland	33.9	33.6	30.2	33.2	42.7
	Lublin Voivodeship	30.7	33.8	36.6	37.2	42.5
	Ukraine	19.5	27.9	26.5	30.6	29.3
	Ivano-Frankivsk region	25.8	38.2	38.5	38.7	38.2
Potato	Poland	209.0	204.0	247.0	208.4	348.8
	Lublin Voivodeship	266.0	214.0	280.0	195.0	399.0
	Ukraine	131.7	160.9	169.3	156.6	156.9
	Ivano-Frankivsk region	126.6	158.4	171.0	169.0	167.0
Sugar beets	Poland	483.0	526.0	607.9	580.4	605.6
	Lublin Voivodeship	482.0	520.0	586.6	534.0	539.6
	Ukraine	257.4	328.2	361.1	343.3	351.0
	Ivano-Frankivsk region	243.2	323.5	351.0	285.0	275.0
Rapeseed and suripitsa	Poland	22.4	26.1	25.5	26.5	31.3
	Lublin Voivodeship	22.2	24.2	30.0	26.0	29.9
	Ukraine	17.7	17.0	21.4	21.1	19.9
	Ivano-Frankivsk region	-	-	-	-	-

Source (Agriculture of Ivano-Frankivsk region 2021; Statistic Poland. 2010, 2015, ..., 2021.; Agriculture of Ukraine. 2021, 2022)

When assessing the state of the business climate of agriculture in Poland, changes for 2021 and 2022, the situation in individual farms is unfavorable. Since there are pessimistic attitudes in individual farms regarding the improvement of the state of their affairs, in particular those that: specialize in the production of plant products; users of farms with an area of agricultural land from 1 to 5 hectares; farmers over 35 years of age, with a higher agricultural education and those who have been farming for over 20 years. However, the opinions of individual farms specializing in animal husbandry assessed the economic situation more favorably than users of diversified farms.

The dynamics of acreage sown by individual farms is shown in Table 2. The total area sown under grain crops in Poland in 2020 compared to Ukraine was 1.6 times larger, and in Lublin Voivodeship compared to Ivano-Frankivsk Oblast, this indicator was 10.7 times larger. This situation is also observed in the sown sowing areas of wheat 1.3 times and 13.7 times, rye 14.4 times and 23.2 times, respectively, sugar beet 13.3 times and 34.2 times, and rapeseed 58.2 times. The only exception is potatoes, which in

Ukraine in 2020, compared to individual farms in Poland, are 6.3 times higher and Ivano-Frankivsk region with Lublin Voivodeship 5.1 times higher.

In Ukraine, the dynamics of acreage sown by individual farms is lower due to the fact that a large amount of acreage is used by agricultural enterprises and agroholdings, because a significant part of the land is leased by them for a long period (Tab. 2).

Tab. 2

Dynamics of sown areas of individual farms, thousand hectares

Types of agricultural crops	Country, region	Years						
		2010	2015	2017	2018	2019	2020	2020 / 2010, %
Total: grain area	Poland	6893.9	6857.1	7017.6	7217.3	7316.1	6811.1	98.8
	Lublin Voivodeship	780.2	800.4	812.8	774.7	816.7	719.5	92.2
	Ukraine	3807.7	4017.9	4050.6	4053.7	4115.7	4141.2	108.8
	Ivano-Frankivsk region	63.7	68.5	68.6	68.3	67.7	67.5	106.0
Wheat	Poland	1774.4	2051.3	2085.7	2124.9	2224.2	2091.3	117.9
	Lublin Voivodeship	253.0	300.8	314.9	313.0	337.8	318.7	126.0
	Ukraine	1360.3	1489.6	1482.2	1530.8	1605.5	1604.6	118.0
	Ivano-Frankivsk region	21.2	22.8	23.4	23.0	23.2	23.3	109.9
Rye	Poland	999.4	683.6	838.1	860.8	864.8	800.8	80.1
	Lublin Voivodeship	61.6	50.5	42.6	46.8	38.0	39.4	60.4
	Ukraine	83.5	73.3	66.5	63.1	57.9	55.6	66.6
	Ivano-Frankivsk region	2.6	2.2	1.6	1.7	1.7	1.7	65.4
Potato	Poland	384.3	286.5	313.8	282.0	292.7	207.8	54.1
	Lublin Voivodeship	30.9	22.9	22.7	17.3	18.5	11.7	37.8
	Ukraine	1379.7	1268.3	1305.5	1302.6	1292.8	1308.0	94.8
	Ivano-Frankivsk region	69.7	59.2	59.0	58.9	59.5	59.7	85.7
Sugar beets	Poland	164.9	148.2	192.0	198.8	199.8	198.6	120.4
	Lublin Voivodeship	32.3	31.2	39.5	39.9	36.6	34.2	106.1
	Ukraine	44.4	25.6	21.1	18.0	15.9	14.9	33.6
	Ivano-Frankivsk region	0.59	0.3	1.0	0.1	0.1	0.1	16.9
Rape and suripitsa	Poland	662.1	724.9	700.2	672.1	709.0	802.6	121.2
	Lublin Voivodeship	38.8	60.4	78.5	107.1	109.5	123.7	318.5
	Ukraine	43.0	15.5	13.4	13.8	15.2	13.8	32.1
	Ivano-Frankivsk region	0	-	-	-	-	-	-

Source: (Agriculture of Ivano-Frankivsk region 2021; Statistic Poland. 2010, 2015, ..., 2021.; Agriculture of Ukraine. 2021, 2022)

Polish farms are mostly small (Table 3), which determines the structure of the area of cultivation of agricultural crops (Tab. 2), which means that it characterizes their socio-economic role in the development of rural areas in a different way. This role is the closest to the meanings of sustainable management, preservation of biodiversity, etc.

Tab. 3

Grouping of individual farms in Poland by the area of agricultural land in use for 2021

Indicators	of units	%	land area, thousand ha	%
Individual farms that had agricultural land	26629	100	4969	100
to 5,00 ha	1497	5.6	5	0.1
5,01 – 10,00 ha	1579	5.9	12	0.3

10,01 – 20,00 ha	2644	9.9	41	0.8
20,01 – 50,00 ha	8507	31.9	320	6.4
50,01 – 100,00 ha	4137	15.5	297	6.0
100,01 – 500,00 ha	5884	22.1	1385	27.9
500,01 – 1000,00 ha	1353	5.1	951	19.1
more 1000,00 ha	1028	3.9	1957	39.4

Source: (Statistic Poland. 2022)

During the period of the war, the Ukrainian agricultural sector demonstrated adaptability to the risks of wartime. Despite the challenges, the domestic market's needs for meat and meat products are met, and there is also an export of such products (in 2022, meat and by-products worth \$ 925 million were exported, which is 9 % more than in 2021) facilitated by trade liberalization with EU countries and the approval of international veterinary certificates for the export of animal products, expanding their presence in international markets (Priorities for ensuring, 2023).

The assessment of animal production in individual farms is presented in Tab. 4.

Tab. 4

Production of livestock products in individual farms

Types of agricultural crops	Country, region	Years					
		2010	2015	2018	2019	2020	2020 p. / 2010 p., %
Livestock, thousand head	Poland	5266.0	5444.5	5885.2	5976.0	6004.4	114.02
	Lublin Voivodeship	338.6	356.2	371.3	379.9	372.3	109.95
	Ukraine	2968	2480	2195	2042	1866	62.87
	Ivano-Frankivsk region	177.1	146.3	-	116.8	109.5	61.83
Production of cow's milk, thousand tons	Poland	12279	13236	14171	14503	14822	120.71
	Lublin Voivodeship	765	806	800	831	797	104.18
	Ukraine	9032	7946	7309	6935	6503	72
	Ivano-Frankivsk region	454.1	457.3	-	411.0	394.7	86.92
Meat (in slaughter weight), thousand tons, including:	Poland	4578.6	5331.1	5970.1	6298.2	6481.9	141.57
	Lublin Voivodeship	307.3	317.3	335.8	300.2	272.9	88.81
	Ukraine	925	859	821	794	774	83.68
	Ivano-Frankivsk region	46.3	44.2	-	45.4	45.0	97.19
Beef and veal meat, thousand tons	Poland	75671	891.0	1058.3	1052.2	1052.5	1.39
	Lublin Voivodeship	54.9	44.5	51.9	54.7	50.5	91.98
	Ukraine	323	290	271	268	260	80.49
	Ivano-Frankivsk region	26.0	25.1	-	25.1	24.6	94.61
Pork meat, thousand tons	Poland	2035.3	1890.9	2007.4	1865.8	1864.5	91.61
	Lublin Voivodeship	159.4	163.8	181.7	161.2	141.0	88.46
	Ukraine	375	360	343	323	312	83.2
	Ivano-Frankivsk region	10.0	10.0	-	11.0	10.9	109.0
Poultry meat, thousand	Poland	1739	2518	2878	3356	3543	203.74
	Lublin Voivodeship	89	106	101	83	80	89.89
	Ukraine	182	176	174	172	173	95.05

tons	Ivano-Frankivsk region	9.5	8.3	-	8.4	8.7	91.58
Production of chicken eggs, million pcs	Poland	8500	8636	8974	7990	8091	95.19
	Lublin Voivodeship	401	226	378	356	299	74.56
	Ukraine	6803	7021	7232	7320	7254	106.63
	Ivano-Frankivsk region	223.9	239.6	-	255.5	258.0	115.23

Source: (*Agriculture of Ivano-Frankivsk region 2011, 2020, 2021; Statistic Poland. 2010, 2015, ..., 2021.; Agriculture of Ukraine. 2011, 2021, 2022, Statistical Yearbook, 2021*)

At the current stage of the development of the agrarian sector and rural areas, the types of business entities that function in the paradigm of food self-sufficiency, guaranteeing local food security, and also in some places looking for opportunities to enter foreign markets with the offer of craft, exclusive types of products are indicated.

The mentioned business sense is caused by wartime conditions, as well as due to the deepening of Ukraine's integration into the structures and markets of the European Union, which requires taking into account the principles of doing business on the conditions there. In particular, in the system of rules of the Common Agricultural Policy of the EU and the norm of the European Green Course.

Accordingly, small peasant farms are entering the business arena, producing craft products, represented in the organic sector of the agri-food business, implementing "green" (Shpykuliak & Bilokinna, 2019) types of activities, etc.

In particular, craft agribusiness is a prominent demonstration of exclusivity, as well as the development of local entrepreneurial initiatives. In Ukraine, it is becoming widespread and is characterized by innovation, because the products created in such a business are essentially unique.

Functionally, craft producers make a significant contribution to the development of a competitive environment and the sector of small agrarian entrepreneurship. We note that such entities accumulate special institutional and technological capabilities to produce the necessary raw materials and create, accordingly, an exclusive agro-food product. Especially in the agri-food sector, because owners of small farms, peasant farms and other private owners present their products on the local market, occupying a specific self-regulating niche.

The development of niche, not widespread productions is characteristic of small, family farms, which are extremely institutionally mobile in the market of agricultural products and food. Institutionally, the family farm meets the criteria of the ability to ensure a high level of work motivation, as well as sectoral organizational and economic mobility.

Family farmers have the ability to ensure the active development of local productions based on territorial specialization. This, especially in times of war, will contribute to the resilience of the agro-food systems in the national economy of Ukraine.

Poland is also known for its craft agriculture – a sector where farmers, villagers, and local small entrepreneurs engage in producing food and other agricultural goods on a small scale. The main idea behind craft farming is to focus on producing high-quality, unique, and environmentally friendly products while adhering to traditional land cultivation and plant cultivation methods.

Craft rural farms actively contribute to the development of the local economy by offering unique products that attract both local consumers and tourists. Such farms often develop agrotourism, providing guests with the opportunity to witness the production process, participate in tastings, and get acquainted with rural traditions.

Craft rural farms emphasize an ecological approach, avoiding the use of chemical fertilizers and pesticides, and relying on traditional, natural methods of land cultivation and plant growth.

Rural cooperatives: In Poland, there are rural cooperatives that bring together small farmers and villagers to engage in collective production, product marketing, and resource exchange.

Small family businesses: Many small family-run agricultural enterprises in Poland operate in a craft style, emphasizing the quality, uniqueness, and ecological aspects of their products.

Agritourism: some farms in Poland are engaged in agritourism, inviting tourists to join the village life, observe the process of growing produce and taste local dishes.

Niche cultures, atypical for the Ukrainian agricultural sector, are beginning to appear in the economic activity of peasant farms. Micro- and small family farming business is searching for innovations available for implementation. Among the above are niche cultures characterized by special conditions of production and consumption.

Cultivation of exclusive niche crops, as well as production of non-typical for Ukraine types of animal husbandry products is a risky business, the effect depends on the possibility of selling them to the final consumer. This makes adjustments to the marketing system, requires innovation in the formation of traditions.

Farmers search for opportunities to ensure business profitability.

The most famous manufacturers of exclusive niche products, craft manufacturers of Ukraine:

- “Danube farmer” LLC – Odesa region (Danube farmer);
- “Agroelf” craft bread workshop – Cherkasy region (Cherkasy) – agro-processing sector - production of exclusive types of bakery products (AgroElf);
- “Rosenthal” cheese factory – Kvasy village in the Carpathian region – local production of exclusive varieties of cheese (Transcarpathian region) (Rosenthal cheese factory);
- the hazelnut growing farm of “Gorykh Polissya” LLC in Zhytomyr Region (YouControl), the “Batkiv Sad” farm is the work and effort of one family from the village of Vivsyaniki, Derazhnyan district, Khmelnytskyi region. (Parents garden);
- New city farm – a 60 m² farm has appeared in the center of Vinnytsia, where 5 types of lettuce are grown (no land, hoes, or shovels are needed. All you need for hydroponics is water, light, heat, and special fertilizers) (New city farm);
- the owner of a small business, entrepreneur Tetyana Belma, organized the production of craft cheese (Course to Independence) in Lanivtsi, Ternopil region.

Niche products are typically characterized by higher added value as their specificity allows them to stand out among competitors. Craft production directions of the Polish small business include:

- beer market (breweries such as Atak Chmielu, Browar Pustynny, Hopium/Jabeerwocky cooperatives, BroKreacja, Kingpin, Piwoteka).
- branded non-alcoholic beverages.
- health trends – plant-based beverages (iced coffee, kvass, cold teas).
- green tourism services and organic gastronomy, among others.

With changes in economic conditions and institutional development of agricultural entrepreneurship, particularly due to the drastic impact of the Russian military aggression against Ukraine, there is a shift in specialization among economic entities.

The peculiarity of implementing this process in small formations is the reorientation towards producing non-typical products until recently, i.e., changing specialization to enter new market niches. For example, exploring opportunities to cultivate crops that will ensure profitability in the long term, such as hazelnuts, which bear fruit for up to 80 years (Agroportal.ua, 2023).

The activities of peasant farms, including personal peasant and family farms, as well as other small forms of agricultural entrepreneurship, are localized at the local level. Therefore, their traditional institutional capacity to effectively influence the situation in forming local food security and organizing the production of agricultural raw materials comes into play. Thus, these farms perform an economic and social mission, which is crucial in satisfying the population's needs during wartime and embodies achievable prospects for post-war recovery of the agricultural sector and rural areas in Ukraine. We believe that these institutional roles of peasant farms have emerged due to their unique social capital and motivations to ensure food self-sufficiency.

Peasant farms show exceptional institutional and organizational-economic mobility and have shown a remarkable ability to guarantee local food security, albeit in the "survival" model (here they are the most effective), which is consolidated into the nationwide stability of the mechanism for solving this problem.

It is worth noting that cooperation serves as an institutional reinforcement of the competitive development of this type of economy. This is a sector of exclusive or niche cooperation, which is able to institutionally strengthen the development capabilities of local, in particular, craft agribusiness, ensuring sustainability. Therefore, the institutional mechanism of self-regulatory promotion of business within the framework of identifying and implementing local initiatives of villagers to develop specific industries.

Craft farming is a business that specializes in the production of a kind of unique products, it is essentially exclusive food, agricultural raw materials due to craft and local territorial features peculiarities. A small craft business turned out to be the most suitable for rapid relocation in wartime conditions from territories where hostilities were conducted to safer places.

Additional institutional and organizational and economic opportunities are gradually emerging to support the ability of business entities to manage effectively. For example, the legal regulation of the mechanism for creating water users' organizations and already in 2022, three such organizations have been created.

Farmers who are ripe for processing introduce craft production. From the analysis of trends in the development of family and peasant farms, it follows that many farms are prospectively motivated to engage in processing. The state finances small grant projects for processing, which means mainly craft areas, in this, there is an actual, promising segment for development.

It is worth noting that in the conditions of martial law, the institute of self-employment of the population of entrepreneurial activity at the level of micro- and small entrepreneurship actively began to function. The development of peasant and family farms was updated, in particular in the field of livestock and crop production.

In support of our data, there is an opinion (Tereshchenko & Zvonovsky, 2022) that the creation of a favorable business environment depends on state support for the formation of stimulating business infrastructure, expanding the range of financing tools for small businesses. Also, with regard to Ukraine, the need to create an effective mechanism for financial stimulation of the transformation of households into business entities has long been overdue (Malik et al., 2018); creation of conditions for their possible transformation into small farms of the family farming type.

We agree with the statement that "ensuring the effective functioning of small entrepreneurship is determined by socio-economic phenomena and processes, as well as influencing factors that can promote or restrain the process of expanding the business environment" (Korobka, 2023).

As for the issues of priority, they are aimed at such measures as creating conditions for the balanced development of rural areas, promoting the development of organic production of agricultural products, and areas of activity in wartime conditions in Ukraine. According to the Report (Raport europejskich ekspertów, 2004), the most important non-market functions of agriculture include: support of socio-economic activity in sparsely populated regions, environmental protection in the field of agriculture and rural areas, preservation of rural cultural heritage.

Our research was confirmed in the work (Balaniuk et al., 2023) in the results relating to the fact that the determining factor for maintaining competitiveness and efficiency in the market institutional environment for small businesses was the creation of conditions for building an integrated system of social relations ties, as well as economic relations based on a balanced combination of their functions and interests.

These statements were proved by us as a result of the analysis of the institutional structure of economic entities, their economic activity, social significance based on the structure of their cultivated areas available in them production, species composition of produced goods and services, etc.

5. CONCLUSIONS

Analyzing the socio-economic role of small agribusiness in the development of the agricultural sector of the economy, several positive directions can be highlighted. Their activities will contribute to further improving the infrastructure in territorial communities, increasing investments, promoting entrepreneurship, ensuring food security, providing public goods (related to food supply), and stimulating socio-economic sustainable development of rural areas.

Our results indicate that the functioning of small business in both Ukraine and Poland plays a significant role in formulating the food security of the researched countries. Since small business is focused on high potential in producing craft products with competitive perspectives.

In a strategic sense, the key perception of the positive significance of small agribusiness for both countries is undoubtedly the feasible participation of small entrepreneurs in the development of rural settlement networks and the implementation of the European Green Deal, which embodies the constitution of processes based on sustainable development of rural areas, thus preserving the village as a unique living and economic environment.

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Виокремлено чинники формування соціально-економічної ролі малого агробізнесу, напрямки утвердження інституційної й організаційно-економічної структури малих форм господарювання в аграрному секторі економіки України і Польщі.

Здійснено аналіз діяльності суб'єктів малого агробізнесу, який проводився з використанням статистичних даних GUS та державної служби статистики України за період із 2010 – 2020 рр. Розкрито напрямки ведення крафтового бізнесу. Доведено, що домінантою розвитку аграрного сектору економіки є безпосередній вільний у рішеннях та виборі виробник. Встановлено, що малий агробізнес України та Польщі може відповідати вимогам конкурентного середовища та ефективно функціонувати в умовах коронавірусу та війни в Україні.

Метою нашого дослідження є теоретико-методологічне обґрунтування наукових положень та випрацювання рекомендацій які акумулюватимуть особливі інституційні й технологічні спроможності виробляти необхідну сировину та створювати агропродовольчий продукт в Україні та Польщі.

Методологічною основою дослідження є фундаментальні положення економічної теорії, управління, дослідження учених у частині соціально-економічної ролі малого агробізнесу в умовах війни в Україні. Методи спостереження, вибірка та групування були використані для теоретичного обґрунтування під час визначення проблем у розвитку суб'єктів малого аграрного бізнесу; узагальнення та порівняльного аналізу – для формування інституційного й організаційно-економічного функціоналу малих форм господарювання в аграрному секторі економіки України і на селі, уточнення понятійного апарату, формування висновків і пропозицій щодо обраної тематики.

Ключові слова: крафтове виробництво, індивідуальні селянські господарства, інституції, малі підприємства, врожайність.