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## Organisational and economic adaptation of small agricultural enterprises to institutional changes in wartime conditions

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► **Abstract.** The development of small agricultural enterprises of various organisational and legal forms, strengthening their potential, and creating an effective agribusiness infrastructure becomes extremely important in the process of changing the institutional environment. In this regard, the research was aimed at substantiating the organisational and economic foundations for ensuring the adaptation of small agricultural enterprises to institutional changes, particularly those caused by wartime conditions. To achieve this goal, methods of analysis and synthesis, comparison, expert assessments, and abstract-logical methods were used. The study identifies the role of various organisational and legal forms of small agricultural enterprises in the performance of small agricultural business entities in Ukraine, based on their share in area and number of entities. An analysis of the dynamic changes in income, profitability, and efficiency of small agricultural enterprises of different organisational and legal forms was conducted. The importance

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of developing small agricultural enterprises of various organisational and legal forms to ensure the stability of agriculture is substantiated. The study of the activities of small agricultural enterprises using expert assessments provided grounds to identify problematic trends and ways to adapt to institutional changes in wartime conditions. A matrix for ensuring the organisational and economic adaptation of small agricultural enterprises to institutional changes is outlined, and the feasibility of its practical application in agricultural sector enterprises has been proven. The results of the study can be used by managers of small agricultural enterprises, government authorities, and local self-government bodies in the formation and implementation of programmes aimed at eliminating crisis phenomena in the agricultural sector

► **Keywords:** agricultural enterprise; small enterprises; adaptation; organisational and legal forms

## ► Introduction

Ensuring the adaptation of small agricultural enterprises of various organisational and legal forms to changes in the institutional environment, strengthening their production potential, and establishing an effective infrastructure for the agricultural sector becomes critically important in modern conditions. The issue of supporting the functioning of small agricultural enterprises remains quite complex due to the underestimation of their role in the development of rural areas, ensuring food security and employment of citizens, preserving land resources, and greening agricultural production. As a result, the activities of small agricultural enterprises of various organisational and legal forms are marked by instability and often short-term functioning. In the process of agricultural production, these entrepreneurial structures face numerous organisational, social, legal, and financial problems, which are exacerbated by crisis phenomena, particularly those caused by martial law in Ukraine.

With regard to the agrarian sector of the national economy, the basis of its institutional transformation relates to the formation of the potential to meet the modern challenges of food security, as substantiated in the works by A. Hutorov *et al.* (2021) and O. Artyukhin *et al.* (2023). Yu. Hubeni (2019) and Y. Maksymiv *et al.* (2022) examined the prospects for the development of organisational and legal forms of agricultural entrepreneurship, taking into account the awareness and readiness for entrepreneurship among the population under institutional changes. M. Malik (2023) researched the theoretical-methodological and organisational-economic foundations of institutional and economic policy for the development of agricultural entrepreneurship in Ukraine. I. Yatsiv & H. Cherevko (2022) identified the patterns of the impact of the size of agricultural enterprises on their operational efficiency. V. Zhuk *et al.* (2023) investigated the mechanisms for compensating damages caused by military actions to agricultural enterprises. I. Balaniuk & B. Ivanochko (2023) conducted scientific research on the issues of institutional dynamics of small agricultural enterprises' development in connection with the functioning of local communities. T. Yavorska *et al.* (2019) explored the theoretical-methodological foundations for the development of family farms in rural areas. K. Kolarov *et al.* (2021) studied the determinants related to the process of internationalisation of small and large enterprises, identifying the differences in this process. I. Bezhenar & O. Hryshchenko (2023) identified key problems affecting the activities of farms, as well as determined priority directions, potential, and development opportunities in the context of global challenges and martial law.

Experience and practice in developed countries convincingly confirm that small agricultural enterprises of various organisational and legal forms are, and will continue to be, an organic component of modern agricultural production. Aiming at the production of environmentally friendly products, engaging in craft production of unique agro-food products, ensuring a high degree of flexibility and diversification of activities, small agricultural enterprises of various organisational and legal forms could become the foundation of the Ukrainian agricultural sector and occupy a significant niche in the domestic and foreign markets. The purpose of the study was to outline the main performance indicators of small agricultural enterprises of various organisational and legal forms of management, problems, and prospects of their development in Ukraine under conditions of institutional changes.

## ► Materials and methods

To achieve the goal, the data of the State Statistics Service of Ukraine were used (Official website of the State Statistics Service of Ukraine, n.d.). The object of statistical observation and indicative assessment are small agricultural enterprises of various organisational and legal forms, including small farms, which collectively determine the main array of parameters and indicators. The analysis process covers the activities of small agricultural enterprises in the pre-war period of 2016-2021 and the period of martial law in 2022-2023. The level of development of small agrarian entrepreneurship for 2016 was assessed on the basis of the form "Report on costs for the production of agricultural products (works, services), 2-farm (annual)", and for 2017-2023 on the basis of the form "Report on costs for production of products (works, services) of agriculture, 2-farm (annual)" (Order of the State Statistics Service of Ukraine No. 153..., 2022). This form is submitted by farms and small enterprises engaged in agricultural activities to the body of the state statistics service of the relevant territory according to the list determined by the relevant body. The identification of the reporting subjects and the information filling of the statistical sample is carried out according to "The methodology for conducting a sample survey of farms, small enterprises in agriculture" (Order of the State Statistics Service of Ukraine No. 421..., 2022). According to this methodology, the main indicators of economic activity of enterprises in the field of agriculture are recorded statistically. This observation is selective in the degree to which units are covered, not continuous. In the process of research, using the calculation and analytical method, the following indicators of the economic activity of small

agricultural enterprises were evaluated: net income from the sale of agricultural products in general and in the section of the branches of plant and animal husbandry, net profit from the sale of agricultural products in general and in the section of the branches of crop and animal husbandry, the profitability of agricultural products in general and in the cross-section of the fields of crop production and livestock production. The use of the grouping method made it possible to assess the structure of the area of agricultural land of various organisational and legal forms of small agricultural enterprises and to compare the level of their economic efficiency.

The abstract-logical method, which is used to identify logical relationships between the elements of the studied system, made it possible to investigate the causes of the crisis in the management of small agricultural enterprises in Ukraine, to clarify the role and significance of martial law in its occurrence. The application of the method of expert evaluations made it possible to more accurately assess the problems of functioning of small agricultural enterprises of various organisational and legal forms and ways of their adaptation from a professional point of view. During the research, the comparison method was also applied in order to compare over time the indicators of small agricultural enterprises of Ukraine of different organisational and legal forms of management.

## ► Results

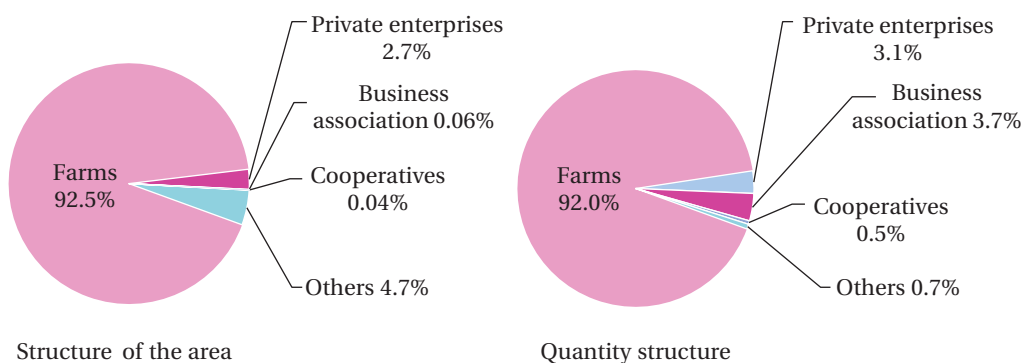
Agriculture is the dominant sector of the national economy of Ukraine, which forms the country's export potential, guarantees food security, and demonstrates a sufficient level of development efficiency in the difficult conditions of martial law. At the same time, a significant share in the production of agricultural products is occupied by small enterprises.

The formation of an effective structure of the agricultural sector is impossible without the development of small agrarian businesses. Small agrarian entrepreneurship is a necessary element of the dynamic development of rural areas, characterised by high flexibility and the ability to adapt to changes in economic conditions,

contributing to providing the population with an appropriate level of income and other benefits. However, the existing organisational and economic mechanism of the development of small agricultural enterprises in the conditions of institutional changes is more problematic than in large farms, which is emphasised in this study.

The importance of small agricultural enterprises in the conditions of institutional changes is manifested through such functions as: innovative, stimulating, financial, and social (Lopatynskiy *et al.*, 2024). The innovative function is manifested in the innovative approach of entrepreneurs to the organisation of agricultural production. Stimulating the development of rural areas through the development of infrastructure and increasing the level of employment is the basis of the stimulating function of small agrarian entrepreneurship. The financial function is conditioned by the fact that small agrarian entrepreneurship is a significant source of filling local budgets. At the same time, small agrarian entrepreneurship is a socially responsible business (Yatsiv *et al.*, 2024), which is the essence of the social function, realised in particular through the development of social farming. The studied form of agrarian entrepreneurship is currently at the initial stage of development in Ukraine. However, in the conditions of post-war recovery, its development will be an objective requirement of the time.

The analysis of the structure of the organisational forms of the formed sample of small agrarian enterprises proved that the most common form of organisation of small agrarian enterprises in Ukraine today are farms (Fig. 1). According to statistical data, the share of farms in the number of subjects of small agrarian entrepreneurship is 92.0% (Official website of the State Statistics Service of Ukraine, n.d.). The predominance of the share of farms among other organisational and legal forms in Ukraine is justified by the fact that in the process of reorganisation of collective agricultural enterprises, family members were more often united to implement joint activity, as they could not independently ensure effective agricultural production.



**Figure 1.** The share of forms of management of small agricultural enterprises in their total area and number in Ukraine in 2021

**Source:** compiled by the authors based on the statistical observation data from the Official website of the State Statistics Service of Ukraine (n.d.)

The study of the distribution of general land use in the section of the formed sample of small agricultural formations allowed for the characterisation of the level of

prevalence of subjects of various forms of management in specific conditions. Farms cultivating 92.5% of the area of agricultural land occupy 92.0% in the structure of the

number of small agricultural enterprises of different organisational and legal forms. That is, the relationship is proportional. This proves the predominant concentration of land resources in this organisational form of management and the focus on the production of products that require a sufficient level of land supply. At the same time, business associations cultivating 0.06% of the area occupy 3.7% of the total number of small subjects of the agrarian sphere. Cooperatives cultivating 0.04% of the area make up 0.5% of the total number of small agricultural formations. Private enterprises cultivate 2.7% of the area and occupy 3.1% of the total number, and other forms of small agrarian enterprises cultivate 4.7% of the area and occupy only 0.7% of the total number of subjects of small agrarian entrepreneurship.

The specified share of farms in the total number of small agricultural enterprises and the corresponding land use area in general show that at this stage of reforming agrarian relations, such farms managed to occupy the main place among small commodity producers. This trend is well-founded because small farms are the most

common form of management in most countries of the world with highly developed economies, proving their right to exist and demonstrating high efficiency.

According to the data in Table 1, there is an increase in the dynamics of the volume of net revenue from the sale of agricultural products by small enterprises of all forms of management. During the analysed period, the volume of net revenue from the sale of agricultural products of small enterprises increased by 160.4%, in particular, small farms by 111.5%. The amount of net revenue from the sale of plant products by small enterprises in 2023 compared to 2016 increased by 176.1% and from the sale of livestock products decreased by 16.9%. In particular, the following change in this indicator was observed in small farms: growth by 115.4% in crop production and by 6.1% in livestock production. The main reason for the increase in revenue in the field of crop production is the price factor. The reason for the decrease in the income of small agricultural formations in the field of animal husbandry was the refusal of this type of activity due to unprofitability.

**Table 1.** Net revenue from the sale of products by small agricultural enterprises of various organisational and legal forms in Ukraine, UAH million

Indicator	2016	2017	2018	2019	2020	2021	2022	2023	Deviation (%) of 2023 compared to	
									2016	2022
<b>Net income (revenue) from the sale of agricultural products</b>										
All organisational and legal forms of small agricultural enterprises	38,737	38,973	50,160	63,844	85,784	134,168	81,505	100,861	160.4	23.7
Small farms	29,649	34,823	38,350	46,298	50,877	85,562	50,950	62,696	111.5	23.1
The specific gravity of small farms, %	76.5	89.4	76.5	72.5	59.3	63.8	62.5	62.2	-14.3	-0.3
<b>Net income (revenue) from the sale of plant products</b>										
All organisational and legal forms of small agricultural enterprises	35,578	37,252	47,445	60,146	83,033	131,728	79,044	98,237	176.1	24.3
Small farms	28,591	33,402	37,505	45,527	50,056	84,642	50,225	61,573	115.4	22.6
The specific gravity of small farms, %	80.4	89.7	79.0	75.7	60.3	64.3	63.5	62.7	-17.7	-0.8
<b>Net income (revenue) from the sale of livestock products</b>										
All organisational and legal forms of small agricultural enterprises	3,159	1,721	2,715	3,698	2,750	2,440	2,461	2,624	-16.9	6.6
Small farms	1,058	1,421	845	771	820	919	725	1,123	6.1	54.9
The specific gravity of small farms, %	33.5	82.6	31.1	20.8	29.8	37.7	29.5	42.8	9.3	13.3

**Source:** calculated by the authors based on statistical observation data from the Official website of the State Statistics Service of Ukraine (n.d.)

Under conditions of martial law, small agricultural enterprises faced the problems of blocking ports, increasing the cost of logistics, and direct losses caused by the war (such as demining of fields, damage to agricultural machinery, occupation of territories, and illegal export of Ukrainian grain). A significant problem for them is the limited possibilities of obtaining bank loans. The situation with insufficient access to bank loans and the general increase in the cost of capital made it difficult to replenish financial resources and carry out activities.

In connection with the establishment of new sales channels and the restoration of the opportunity to export products in 2023, the amount of agricultural products sold by small enterprises increased dynamically compared to 2022, but did not reach the pre-war period. Thus, the net income from the sale of agricultural products in general increased by 23.7%, in particular, small farms by 23.1%. Net income (revenue) from the sale of plant products increased by 24.3%, in particular, small farms by 22.6%. At the same time, net income (revenue) from the

sale of livestock products increased by 6.6% in all organisational and legal forms of small enterprises and by 54.9% in small farms. On the contrary, in 2022, a decrease in this indicator was observed compared to the pre-war period, since small farms were among the enterprises that lost livestock as a result of hostilities. The set of support programmes for these farms contributed to the increase in sales volumes in 2023.

The specific weight of small farms in the amount of revenue from the sale of agricultural products in general from 2016 to 2023 decreased from 76.5 to 62.2%, in particular from the sale of plant products from 80.4 to 62.7%. At the same time, sales of livestock products increased

from 33.5 to 42.8%, respectively. It should be noted that the decrease in the specified indicator in the period until 2022 was quite dynamic. Thus, the share of small farms in ensuring the volume of livestock production was smaller and amounted to 29.5%. The small volume of revenue from the sale of livestock products is explained by the high labour intensity and high cost of its production. This leads to the fact that livestock products make up a small share of the gross volume of products produced by small agricultural enterprises. It is appropriate to emphasise the dynamic increase in the amount of profit from the sale of agricultural products by small agricultural enterprises in the pre-war period (Table 2).

**Table 2.** Profit from the sale of products by small agricultural enterprises of various organisational and legal forms in Ukraine, UAH million

Indicator	2016	2017	2018	2019	2020	2021	2022	2023	Deviation (%) of 2023 to	
									2016	2022
<b>Profit, loss (-) from the sale of agricultural products</b>										
All organisational and legal forms of small agricultural enterprises	11,486	10,636	12,179	13,859	23,795	49,614	23,674	21,028	83.1	-11.2
Small farms	8,826	9,582	9,302	10,170	13,737	31,066	13,891	13,086	48.3	-5.8
The specific gravity of small farms, %	76.8	90.1	76.4	73.4	57.7	62.6	58.7	62.2	-14.6	3.5
<b>Profit, loss (-) from the sale of plant products</b>										
All organisational and legal forms of small agricultural enterprises	11,043	10,548	11,872	13,425	23,507	49,372	23,461	20,686	87.3	-11.8
Small farms	8,736	9,518	9,195	10,098	13,608	30,943	13,808	12,919	47.9	-6.4
The specific gravity of small farms, %	79.1	90.2	77.5	75.2	57.9	62.7	58.9	62.5	-16.6	3.6
<b>Profit, loss (-) from the sale of livestock products</b>										
All organisational and legal forms of small agricultural enterprises	443	88	306	436	287	243	214	341	-23.0	59.4
Small farms	90	65	106	73	129	123	83	167	85.0	100.6
The specific gravity of small farms, %	20.3	73.9	34.6	16.7	44.9	50.6	38.8	48.8	28.5	10.0

**Source:** calculated by the authors based on statistical observation data from the Official website of the State Statistics Service of Ukraine (n.d.)

In 2023, compared to 2016, the amount of profit from the sale of agricultural products by small agricultural enterprises of various organisational and legal types increased by 83.1%, in particular, small farms by 48.3%. The profit from the sale of plant products of small agricultural enterprises increased by 87.3%, in particular, small farms by 47.9%. Profit from the sale of livestock products decreased by 23%, while that of small farms increased by 85%. Compared to 2022, in 2023 it is worth noting a decrease in the amount of profit received from the sale of agricultural products by small agricultural enterprises in general by 11.2%, in particular, by 11.8% of crop enterprises, and an increase in the field of animal husbandry by 59.4%. If similar trends were observed in small crop farms, then a more dynamic increase in profit was characteristic of these livestock farms.

The specific gravity of small farms in the amount of profit from the sale of agricultural products by small agrarian enterprises decreased from 76.8 to 62.2%, from the sale

of plant products – from 79.1 to 62.5%. On the contrary, the specific weight of small farms in the amount of profit from the sale of livestock products increased from 20.3 to 48.8%, respectively. Despite the insignificant amount of profit received from the sale of livestock products by small farms, its share in the all-Ukrainian volume of this type of profit is quite significant. An increase in the volume of sales of livestock products by small agricultural enterprises to a level necessary to meet the needs of the population, increase the efficiency of the industry, and create an appropriate export potential to ensure competitiveness in the world market is one of the main prerequisites for the development of these farms at the current stage.

At the same time, it should be noted that the majority of income (97.4%) and, accordingly, profit (98.4%) from the sale of agricultural products by small agricultural enterprises of all organisational and legal forms is provided by the sale of plant products. This is due to the desire of small agricultural enterprises to quickly return the

invested funds thanks to the sale of products with higher profitability. Similar trends are present in relation to small farms, which provide 98.2% of net income and 98.7% of net profit at the expense of the crop industry.

The amount of net income (revenue) from the sale of agricultural products of small agricultural enterprises of all organisational and legal forms grew at a faster rate

compared to the growth of the absolute amount of profit from sales. This characterises the insufficient level of production efficiency of such enterprises and makes it necessary to increase it. The dynamics of the profitability of agricultural production in general and in the cross-section of crop and livestock industries in small agrarian enterprises of various forms of management is presented in Table 3.

**Table 3.** The level of profitability of agricultural products produced by small agricultural enterprises of various organisational and legal forms in Ukraine, %

Indicator	2016	2017	2018	2019	2020	2021	2022	2023	Deviation of 2023 from	
									2016	2022
<b>All organisational and legal forms of small agricultural enterprises</b>										
Profitability of agricultural products	41.4	34.0	32.2	26.6	40.5	58.7	40.9	26.3	-15.1	-14.6
plant products	49.3	36.5	36.9	29.5	42.9	59.9	42.2	26.7	-22.6	-15.5
livestock products	20.2	8.5	12.0	14.1	8.9	11.1	9.5	14.9	-5.3	5.4
<b>Small farms</b>										
Profitability of agricultural products	42.4	38.0	32.0	28.2	37.0	57.0	37.5	26.4	-16.0	-11.1
plant products	44.0	39.8	32.5	28.5	37.3	57.6	37.9	26.6	-17.4	-11.3
livestock products	9.3	4.8	14.4	10.4	18.7	15.4	12.9	17.4	8.1	4.5

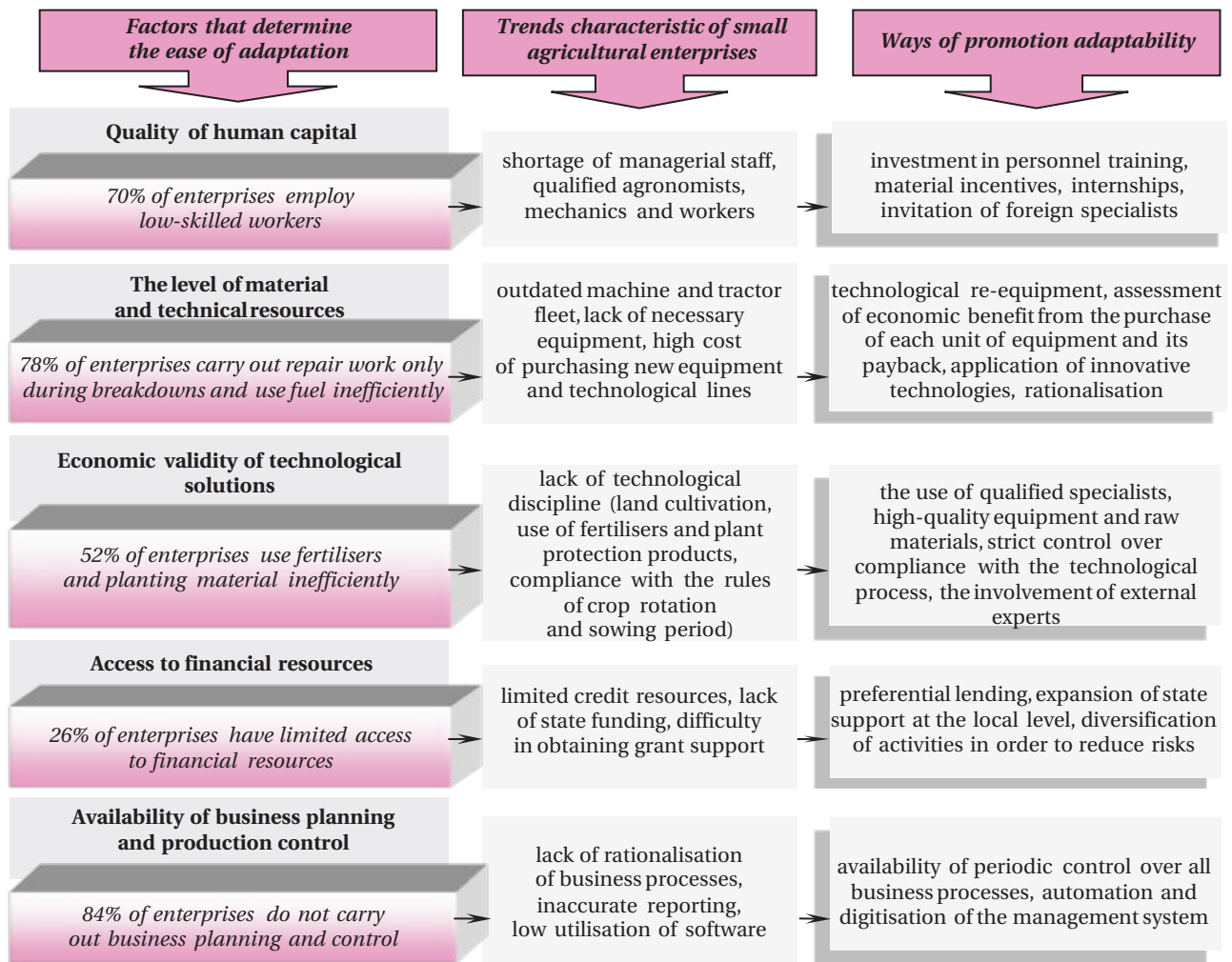
**Source:** calculated by the authors based on statistical observation data from the Official website of the State Statistics Service of Ukraine (n.d.)

The profitability of agricultural products in small agricultural enterprises of all forms of management was unstable. In the pre-war period, it increased from 41.4% in 2016 to 58.7% in 2021, but decreased to 26.3% in 2023. The level of profitability of crop production is characterised by a gradual increase until 2021 to the level of 59.9% and a decrease in 2023 to the level of 26.7%. The profitability of livestock production decreased by 5.3 percentage points. The profitability of agricultural products of small farms was also unstable. A more dynamic decrease was characteristic for the field of crop production, since in the conditions of martial law, these agricultural producers had problems with the sale of grain and industrial crops. As a result, not all farms from this category were able to ensure the profitability of their activities, so some of them were forced to stop working. Small livestock farms, on the contrary, showed an increase in the level of profitability until 2021 and no significant decrease in 2022, despite the fact that livestock farms in the eastern regions were destroyed.

The development of small agrarian business is an urgent problem for the creation of an institutionally effective model of the national economy of Ukraine and the socio-economic development of rural areas, as these challenges are exacerbated by wartime conditions and the growing integration of Ukraine into the structures and markets of the European Union, which requires taking into account the principles of conducting business in accordance with the requirements of the Common Agricultural Policy of the EU and the norms of the European Green Deal (Shpykuliak *et al.*, 2024).

Difficult wartime conditions force small agricultural enterprises of various organisational and legal forms to seek ways to adapt to the changed institutional environment. The adaptability of small agricultural enterprises is determined by their high manoeuvrability, the ability to quickly adjust to changes in the external environment due to the flexibility of internal subsystems, the capacity to self-organise, and the generation of innovative ideas in the agricultural sphere, which involves the formation of a certain organisational and economic toolkit. Based on expert generalisations of factors that determine the ease of adaptation, trends, and methods of adaptability, a matrix for ensuring the organisational and economic adaptation of small agricultural enterprises to institutional changes was constructed, which is presented in Figure 2.

According to M. Malik (2023), the general problems of the development of entrepreneurship in the countryside remain: limited opportunities to attract financial resources, use of outdated equipment and insufficient implementation of advanced technologies, limited motivation for innovation, low competitiveness in the sphere of labour remuneration, ineffectiveness of state regulatory mechanisms, insufficient support from authorities and local self-government, as well as legal instability and deficiencies in regulatory mechanisms. Besides, this list should be supplemented with such problems as: lack of support for novice farmers and young farmers, limited provision of advisory services to small agrarian enterprises, and low interest in cooperation among subjects of small agrarian entrepreneurship.



**Figure 2.** Matrix for ensuring organisational and economic adaptation of small agricultural enterprises to institutional changes

**Source:** formed by the authors based on their own research

The sustainable development of small agrarian enterprises depends on the implementation of effective investment projects, and successful adaptation, respectively, on the ability of enterprises to implement innovations. However, the existing level of financial support for most of these farms does not allow for the application of innovative potential in the production process to ensure better quality and higher efficiency. The substantiation of ways to solve the problems of the development of small agrarian enterprises and the achievement of long-term efficiency on an innovative and investment basis is due to the need for their rapid adaptation to changes in economic conditions.

### ► Discussion

In scientific works, it can be found the statement that the level of economic efficiency mostly depends not on the organisational and legal form of a small agricultural enterprise, but on the level of provision of each specific enterprise with means of production – basic means of production and land resources (Havrylchenko, 2021). In small businesses, the motivation of their managers is also

important, since during their professional activities they realise only about 30-40% of their potential, and motivation is a decisive factor in business efficiency, the creation of favourable working conditions and the use of incentives (Boryshkevych & Yakubiv, 2023). R. Dhillon & Q. Moncur (2023) note that small farms play an important role in ensuring global food security. In addition, smallholder agriculture provides environmental, cultural, social and economic benefits through increased crop diversification, self-sufficiency and employment. Accordingly, the future belongs to those farms in which, on the one hand, the interests of owners and employees will be interconnected (due to proper remuneration), and on the other hand, organisational and economic relations will be highly developed. The realisation of the ancient dream of rural residents that the land and means of production should belong to those who work for them gives a significant effect in small business. If the subject of entrepreneurial activity is one person or family, the owner and worker are combined in one person, then the level of business interest is created, which ensures the competitiveness and development of small business.

It is appropriate to emphasise that small agrarian enterprises of various organisational and legal forms of management are a considerable resource for the development of agriculture in Ukraine; they direct their activities to saturate the market with consumer products and reduce the level of unemployment in rural areas. Small agrarian enterprises, being market-type entities, under the conditions of the presence of appropriate “rules of the game”, are able to ensure the production of high-quality competitive products and high profitability (Bose *et al.*, 2017). The results of the study by C. Dias *et al.* (2021) confirm that by achieving a high level of environmental performance, farms can achieve a competitive advantage by mitigating their profound environmental impact. However, the modern institutional environment of small agrarian entrepreneurship in Ukraine does not provide favourable conditions for its functioning. In the process of reforming the national agricultural sector, small agricultural enterprises of various organisational and legal forms did not become the core in the organisational structure of agricultural production in our country, which would generate the basis of the agricultural sector.

The lack of appropriate stimulating factors for economic activity in the agricultural sector hinders the processes of development and effective functioning of small agrarian enterprises of various organisational and legal forms of management. One of the prospects for the development of small agricultural enterprises is the search for new customers and sales markets, since the supply chains that were previously formed are currently partially destroyed (Bezhenar & Hryshchenko, 2023). However, the majority of small agricultural enterprises of various organisational and legal forms are focused on domestic markets and do not use international markets for their growth and competitiveness (Protosvitska *et al.*, 2021). As proven by O. Levandivskiy & V. Humeniuk (2022), low prices for agricultural products and high prices for industrial goods negatively affected and still affect the purchasing power of peasant households. Despite the fact that globalisation and world integration processes are shifting the emphasis in competition towards the growing role of small agricultural enterprises, the majority of domestic farms are not ready to actively compete in highly competitive world markets. First of all, difficulties arise in connection with the existing standardisation system, which requires additional funds to confirm the conformity of manufactured products, standardisation and certification, and the introduction of quality management, etc.

Enterprises that will use new technologies will be competitive both in the foreign and domestic markets (Humeniuk *et al.*, 2022). An increase in the production of agricultural crops contributes to the growth of the export potential of agriculture (Aleskerova & Fedoryshyna, 2023). The creation and development of new agricultural enterprises should be carried out immediately according to European standards, taking into account

environmental friendliness, safety and energy efficiency of activities, which is due to the innovative component of their development.

### ► Conclusions

The growing role of small agrarian entrepreneurship during the crisis associated with martial law is well-founded. The reduction of production in the sector of large farms at a significant pace, alongside the flow of production resources from this sector to small farms during the crisis period, was due not so much to a drop in the level of productivity, but to the low manoeuvrability of large producers in all aspects of their activities. On the other hand, small agricultural enterprises of various organisational and legal forms became “victims” of material losses, loss of product sales channels, and an increase in the cost of logistics services, which led to a decrease in production volumes and profitability.

The adaptation of small agrarian enterprises of various organisational and legal forms of management to dynamic changes in the institutional environment will provide an opportunity to solve problems related to the country's food security and strengthen its position in the European market. It is worth noting that small agricultural enterprises perform extremely important social functions to a greater extent, such as creating jobs and reducing the unemployment rate, ensuring the flexibility and stability of the economy, developing human capital, providing sources of income for the population, forming the middle class of society, and reducing public spending on social protection and social security of vulnerable population groups.

That is why small agricultural enterprises are becoming more widespread each year. Quite often, such enterprises are profitable, produce unique products, and use personal contacts or international grants to enter foreign markets. Therefore, commercial banks are willing to work with them, and investors are ready to invest their own capital with greater interest than in medium and large agricultural enterprises, which generally contributes to the development and organisational and economic adaptation of small agricultural enterprises to institutional changes.

It should be noted that in the course of the conducted research, the activity of small agricultural enterprises was evaluated through the economic aspect. However, given the goals and functions they perform, the efficiency of this form of management is a combination of social, economic, technological, and environmental efficiency, the assessment of which will form the basis for further research.

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### ► References

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## Організаційно-економічна адаптація малих аграрних підприємств до інституційних змін в умовах воєнного часу

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► **Анотація.** Розвиток малих аграрних підприємств різних організаційно-правових форм, зміцнення їхнього потенціалу та створення ефективної інфраструктури агробізнесу стає надзвичайно важливим у процесі зміни інституційного середовища. У зв'язку із цим, дослідження було спрямоване на обґрунтування організаційно-економічних засад забезпечення адаптації малих аграрних підприємств до інституційних змін, які обумовлені, зокрема й умовами воєнного часу. Для досягнення цієї мети використано методи аналізу та синтезу, порівняння, експертних оцінок, абстрактно-логічний. У дослідженні визначено місце різних організаційно-правових форм малих аграрних підприємств у результативності діяльності суб'єктів малого аграрного підприємництва в Україні за часткою у площі та кількості суб'єктів. Здійснено аналіз динамічних змін дохідності, прибутковості та рентабельності малих аграрних підприємств різних форм здійснення господарської діяльності. Обґрунтовано важливість розвитку малих аграрних підприємств різних форм здійснення господарської діяльності для забезпечення стабільності сільського господарства. Дослідження діяльності малих аграрних підприємств методом експертних оцінок дало підстави визначити проблемні тенденції та шляхи адаптації до інституційних змін в умовах воєнного часу. Окреслено матрицю забезпечення організаційно-економічної адаптації малих аграрних підприємств до інституційних змін, доведено доцільність її практичного застосування на підприємствах аграрного сектора. Результати дослідження можуть бути використані керівниками малих аграрних підприємств, органами державної влади та місцевого самоврядування при формуванні та реалізації програм щодо усунення кризових явищ в аграрній галузі

► **Ключові слова:** аграрне підприємство; малі підприємства; адаптація; організаційно-правові форми