

SPECIALIZATION OF SMALL AGRIBUSINESS

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Abstract. *The article describes the term "specialization", the economic significance of the specialization of small commodity producers and the factors that influence the choice of specialization by households.*

Keywords: specialization; small agribusiness; households; niche crops.

Specialization as the main organizational and economic factor is defined by the social division of labor, focus on the production of limited products or part of the product in a particular, technological cycle and in a certain area. Specialization is an effective form of organization of agriculture, which allows to concentrate the production of certain types of products in certain areas and farms and, as a result due to this get the best results of economic activity [1]. Specialization creates initial conditions for the introduction of integrated mechanization of production, intensive and industrial technologies, advanced methods of production organization, reduces overhead costs, it is one of the ways to increase economic efficiency of production, which is very important for small-scale production.

The specialization of regions, industries and individual farms is one of the most important areas that allow to solve the problems of agro-food complex in the future. Rational location, zonal (regional) and economic specialization as well as concentration of production are important throughout the country, and play key role in improving production efficiency, regardless of the form of entrepreneurial activity. Location and specialization act as components of the social division of labor between economic areas.

World experience shows that the economy of any country is effective with the optimal joint functioning of small, medium and large business. In recent years, there is a predominant trend of leadership of small and medium enterprises in the world, moreover their development is one of important factors in solving socio-economic problems in the country as a whole as well as in some regions in particular. Small business in developed countries performs such important functions as attracting material, financial, natural, informational and human resources, which are not always taken into account in the activities of large business.

Small business provides jobs, creates real sources of income for its employees, provides production of goods, performance of works and provision of services to people at affordable prices, etc. The advantage of small business is that they are more flexible to changes in the economy, respond quickly to market demands, find a niche in the production of goods, works, services, quickly master the production of new products and tend to increase production, services and performance of works that allow them to survive and develop [4]. There are also negative factors that hinder the development of small business, namely: lack of financial resources, difficulties with the purchase of material and technical equipment, sales of manufactured products and more. These factors influence the development of small business not only in foreign countries but also in Ukraine.

The role and importance of the domestic agricultural sector of the economy as a key national budget-generating source is indisputable, as it solves burning issues of territorial and spatial development, especially in rural areas. For this reason the state should focus on the conditions of small and medium agribusiness development as it creates competitive environment, accelerates the development of the industry and the economy in general at the national, regional and local levels.

Small and medium business is a structural element of the agrarian sector of Ukraine's economy. Small business is represented by the households that usually define the direction of their activity. The specialization of households directly depends on the purpose and quality of the land that the peasant owns. Based on the available land use area, the small producer selects a production direction that ensures more efficient use of land and own financial resources. The choice of specialization of agricultural production is the main principle of development of these farms, which includes the cultivation of niche crops, that is high-potential.

Small agribusiness occupies a significant position in the production of gross agricultural output, food security of the state, it also contributes to solving social problems of the village, including increasing employment and maintaining the income of the rural population. Thus, sustainable rural development is

regulated through small farms [6]. Characteristic features of small agribusiness development are: combination of different activities by one small farm, which provides its flexibility and ability to quickly reorient the activities in accordance with market requirements, promptly responding to changes in the external environment; limited financial resources; small farms are trying to solve the employment problem by creating new jobs; combining the owner of the farm and the employee in one person; providing local markets with small volumes of crop and livestock products; intuitive nature of entrepreneurial activity; great dependence on natural and climatic factors that define the seasonality of production; work in conditions of maximum independence; lack of strategy for the future, etc.

The choice of specialization of small commodity producers should be based on marketing research and availability, as well as the distance to the markets for their products, taking into account the quality of roads. Production in households will be effective if their specialization meets the natural-climatic and economic conditions.

The economic importance of rational specialization of small producers is to create conditions for more efficient use of agricultural land and thus increase the production of quality crop and livestock products; contribute to a more rational use of material, labor and financial resources of farms.

Natural climatic conditions are an important factor in choosing the specialization of households. Successful cultivation of crops, breeding of animals are provided by conformity of natural conditions to their biological features and requirements of plants and animals.

The specialization of an agricultural zone or a separate farm is to identify the main industry and create conditions for its predominant development. It characterizes the production direction and defines the sectoral structure of the zone or economy. In developed countries, farms are specialized - fairly split into crop and livestock industries, regardless of the level of production concentration, they mostly specialize in the production of several types of products. Field specific farms are rare, because they are more likely to be entrepreneurial risk, which happens when demand for manufactured products decreases and, therefore, the production is unprofitable. For example, Canadian farms that specialize in a particular type of agricultural product include those that account for more than 50% of their sales revenue.

The production of niche products opens the possibility for a small producer to become a big player. Therefore, the cultivation of niche crops is an attractive area for diversification of production of households. Often such crops do not require significant investment in the organization of production, but provide a high level of profitability. In recent years, climatic conditions in Ukraine are changing and small producers, adapting to these changes, identify alternative crops. Nowadays it is possible to grow the cultures traditional for Georgia, Turkey, and the Crimea on the lands of the Mykolaiv, Kherson and Odessa regions.

When choosing a specialization, small agricultural business owners should focus on the types of products with steadily growing demand in the market. In the near future it will be organic products, as well as the niche ones, namely, turkey, quail, nuts, beans, spices, sorghum, chickpeas, peas, lentils, mustard, flax, hemp, berries (raspberries, strawberries, blackberries, blueberries, cranberries), etc. The production of niche products cannot become a prerogative of large business entities, as they use large areas of land under limited conditions, which is determined by natural and weather conditions, wide gauge machinery, automated control systems and logistics control. In contrast, small business entities can apply the agronomic measures needed to grow niche crops, and therefore the production of the latter creates an important alternative in their operation. The high economic potential of niche crops is generated by their high prices implementation and a significant, though unstable, demand on the agro food market.

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