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## ***The economic safety of Ukrainian farms***

**Formulation of a scientific problem and its significance.** A prerequisite for the effective functioning of the farms are strengthening their economic safety. This will reduce the risk of business and increase their competitiveness. In addition, the current state of the majority of farms in Ukraine is characterized as a crisis. Thus, there is a need to develop scientifically-based mechanism for the formation of a high level economic safety of agricultural enterprises as a guarantee of their further development in a changing market environment.

**Topicality of the research and its analysis.** The analysis of problems related with scientific aspects of economic safety of enterprises are addressed in the writings of some researchers: G. Androschuk, A. Arkhipov, A. Baranovsky, N. Bolva, N. Vlasova, V. Geyets, A. Hrunina, G. Darnopyh, V. Zakharchenko, E. Ivanova, V. Kartavtsev, O. Novikova, G. Taranushenko and Pasternak, V. Senchahova, N. Sergienko and others. However, the essence, components and ways of ensuring the economic safety of enterprises in theoretical and applied aspects are still insufficiently studied. There is no generally accepted assessment methodology of the level of economic safety of enterprise with agricultural production peculiarities. This influenced the choice the topic of our research.

**Purpose and objectives of the article.** The aim of research is substantiation of the theoretical and methodological principles and elaboration of the scientific recommendations for increasing the economic safety of farms in Ukraine.

**Written reproduction of the shell and merits of findings available from research.** The economy of the country can not acquire signs of stability if there is a

low level of economic safety at both levels (state and regional), industries and individual enterprises. The economic safety of farms can be defined as a state or enterprise, which is characterized by resistance to internal and external threats and their ability to ensure the implementation of their own economic interests as well as function effectively and develop in conditions of uncertainty and economic risks.

Formation of economic safety of farms is under the influence of external and internal environmental factors. The inability of businesses to influence the exogenous factors (climatic conditions, market conditions, business and tax legislation, etc.) causes the focusing on the endogenous factors (availability of qualified personnel, logistics, information and analytical support, etc.). This is the main reserve of forming competitive advantages and increasing adaptive capacity of the enterprise.

The components that form the level of the economic safety of farms are finance, resources, technics, staff, production, environment and sales. They have complementary nature and interact constantly. The most significant among them are financial safety as a stable functioning and development of enterprises and it primarily requires the financial support.

Nowadays Ukrainian farms operate under the significant number of internal and external risks. In particular, fertility of the soil, which has a constant tendency to decrease, affects environmental and industrial safety negatively. Poor skills, low pay and a significant turnover of the staff determine unsatisfactory level of environmental safety of farms. Reduction of economic safety within the financial component caused by an imbalance of receivables and payables, insufficient internal and external funding. The aggravation of the military and political situation in the country leads to the discontinuation of the state financing of farms, deterioration of the investment climate in the country, living conditions (causing migration), the state of the banking system (which makes impossible to credit farmers). The above are the basis for the formation the system of measures for strengthening the economic safety of agricultural products at different levels of the hierarchy.

The state creates and regulates the economic conditions of farms. Most farms feel the lack of their own funds for financial and economic activities. It leads to reducing their economic safety. To solve this problem at the macro level it was proposed to strengthen the state's role in the credit policy through implementing the following measures:

- improve the mechanism of partial or full state guarantee of repayment of loans;
- regulation of the credit interest rate;
- use of preferential regimes payment of debts and loans in banks;
- solve the problem of long-term loans by implementing the mortgage credit of the agricultural land.

In order to solve the problem of the insurance protection for farmers the significant support from the state is necessary. It is important to apply the partnership between the private and the public sector in behalf of the successful functioning of the insurance system. The state should behave as a coordinator and monitor of the activities of insurance companies. Insurance contracts, involving the state support, promote the development of voluntary insurance of agricultural products and activate investment processes.

To strengthen the economic safety of farms at the micro level was founded the organizational and economic mechanism of farms economic safety. It includes the following steps: 1) collection of information; 2) processing the information; 3) estimation of the economic safety; 4) monitoring internal and potential threats of the enterprise; 5) identification of strategic alternatives, the development and implementation of appropriate measures to strengthen safety; 6) analysis of the effectiveness of implemented measures.

During the first and second stage the collection, processing, systematization, generalization and ordering of information is made by an expert. At the third stage this expert determines the level of safety for every element and calculates the integral index. Internal and potential threats of the enterprise revealed to the next stage. After the above procedures it is necessary to choose the strategic direction of safety management based on its current level. To implement these strategies one should take into account the impact of each component of economic safety, as its decline is due to the reduction of components. Therefore it is necessary to elaborate the appropriate measures by components and calculate the predicted value of the index of economic safety that will anticipate changings it in the future.

The impact of implemented measures, estimation and monitoring of economic safety is carried out at the next stage. For businesses that have a high level of safety is recommended the development strategy. It involves maintaining of the existing level of safety and maximum utilization of the existing potential in the future.

Enterprises that have a medium and low level of safety should apply a strategy of stabilization. It provides safety management and potential recovery of the enterprises by enhancing financial and economic activities, optimization of the structure of production. The survival strategy should be introduced to enterprises that have a critical level of safety. Such companies should focus on changes of their activities (reduction in production, reduction in the number of employees, their salaries and optimizing of the organizational structure).

To strengthen the financial safety of enterprises it is often offered to attract foreign investments and credit resources. But for small and medium producers the possibility of obtaining them is rather low. The solution of this problem is possible by combining business on a cooperative basis. It will increase their investment attractiveness and solvency as the risk of default on investment decreases. The credit problems can be overcome within cooperatives and credit unions also. They enable to obtain the credit at lower interest rates and more favorable terms compared to the financial and credit institutions.

An effective way of improve the technical safety of farms is the financial leasing as a way of long-term lending. Its use allows to update the fixed assets and avoid problems with attraction of credit resources.

Strengthening industrial safety is possible by improving the production process and implementation of resource-saving technologies that will reduce costs of production. Development of measures to preserve the natural potential of enterprises provides for implementation of ecologically safe technologies that will improve soil fertility and their rational use as well as positive environmental impact. Limited use of agrochemicals and application of organic fertilizers solve the problem of high-quality products that will be competitive both in the domestic and world markets, which is especially important in conditions of deepening world food crisis.

**Conclusions and further research perspectives.** The formation and support of economic safety of farms is a determining condition for its development. Only a small fraction of farms have a high level of safety in Ukraine. This situation requires the implementation of measures to strengthen their economic safety. The Conceptual Basis at the macro level is strengthening the state's role in the credit policy, promoting technology and equipment leasing as an alternative to their acquisition, developing a network of insurance funds and creating the system of motivation to enhance economic safety. At the micro level - proposing the introduction of

organizational and economic mechanism of economic safety within the strategic guidelines, defining them according to the current level. This will protect Ukrainian farms from the effects of destructive influences, help to create favorable conditions for their development and maintain a high level of economic safety.

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