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INSTITUTIONAL PROVISION OF ECONOMIC SECURITY AND STABILIZATION OF THE DEVELOPMENT OF AGRICULTURAL ENTERPRISES

Abstract. *The article examines the features of institutional provision of economic security and stabilization of the development of rural enterprises. It is primed so that the current mental instability of the market, the successful development and functioning of any subject of economic activity is important to lie in a reliable, clear and soil system economical security. In the practice of doing business in rural agricultural enterprises, economic security is carried out unsystematically for the most important part. In the minds of the uncertainty and war camp, the threatening environment, the conjunctural fluctuations of the economy, the ongoing crisis as a result of the military conflict in Ukraine, the success and flexibility of the functioning of the rural people enterprises on the market depend solely on the approximation of factors for ensuring a stable state of economic security, since in fact the war creates a force major circumstances that convey not only a short-term use of assets, but also the possibility of decline and irreversible waste of resources. Form-major situations are characterized by the lack of transferability and the impossibility of forecasting, which complicates the process of economic development. It has been proven that the peculiarity of the institutional provision of economic security of agricultural enterprises is the variety of types and forms of specification of the rights of power, types and forms of domination, middle powers in water and diversity between and additives and, finally, the very type of government that emerged in the process of the historical evolution of informal rules of conduct agricultural activity. To ensure the economical security of rural enterprises, informal rules are not just a part of the institutional environment, but the most important warehouse, which will significantly determine the effectiveness of the implementation of new formal institutions. Just as formal rules can be changed quickly, informal norms can only be changed step by step, but they themselves make formal norms and laws effective.*

Keywords: *institutions, economic security, institutional approach, formal factors of institutional support, informal factors of institutional support, sustainability of development, agricultural enterprises.*

JEL Classification: E22, Q13, Q16, Q55

Formulation of the problem. In modern conditions of market instability, the successful development and functioning of any subject of economic activity largely depends on a reliable, high-quality and thorough system of economic security. In the business practice of domestic agricultural enterprises, economic security measures are mostly carried out unsystematically. In the conditions of uncertainty and martial law, a threatening external environment, cyclical fluctuations of the economy, overcoming the crisis due to the military conflict in Ukraine, the success and long-term functioning of agricultural enterprises on the market is decided only under the condition of approximating the factors of ensuring a stable state of economic security, since in fact the war creates a force major circumstances, which involve not only a reduction in the volume of assets, but also the possibility of stopping and even the irreversible loss of resources. Force majeure circumstances are characterized by unpredictability and the impossibility of forecasting, which complicates the process of economic development.

Analysis of recent research and publications. Scientific works of domestic scientists V. Ya. Ambrosov, H. Kolodko, Ya. O. Grigorenko, I. Yu. Hryshova, D. V. Fedorkin, O. V. Nikoliuk, O. M. Halytskoho, O. P. Dyachenko, V. M. Chornoy, T. M. Shestakovska are devoted to the study of the problems of economic security of agricultural enterprises of the

national economy. However, despite the numerous achievements of scientists in the field of research on the peculiarities of increasing the level of economic security of agricultural enterprises, the issues of developing and using appropriate tools for formation of an institutional environment to increase the parameter of the outlined type of security and stabilization of the development of economic entities.

The purpose of the article. The purpose of our research is to study certain aspects of the formation of the institutional environment of agriculture to ensure economic security and stable development of agricultural enterprises.

Presentation of the main research material. Balanced actions to ensure a stable state of economic security in a crisis state, flexibility and speed of response to market changes, subject to competent coordination of business models, the development and preservation of resource capabilities of agricultural enterprises allows to ensure the diversification of their economic system and move to new business models that involve change types of cash flows, which of course, in the conditions of war, must be balanced and take into account the numerous risks and unforeseen circumstances.

Ensuring a stable state of economic security of agricultural enterprises should be based on the ability to quickly respond to the possible loss of labor and material resources, on the search for alternative options for cooperation with other market participants. The war made it possible to activate completely new types of activities, which for many agricultural enterprises are a new incentive not only to survive, but in the future to gain leadership positions in the presence of external challenges and, accordingly, to adjust to the implementation of a system of corrective measures in compliance with the principles of effective management, competence, confidentiality and the promotion of economic responsibility in the market.

A feature of ensuring the economic security of the agrarian sector, unlike other spheres of economic activity, is the variety of types and forms of specification of property rights, types and forms of management, direct state influence and the variety of restrictions and compulsions and, ultimately, the very type of management that has developed in the process of a long historical evolution of informal rules of agricultural activity.

In the context of the evolution of the theory of economic security, the dominant role is played by the institutional theory. The orientation of agricultural enterprises to the institutional direction in accordance with its nature, on the one hand, gives rise to many critical remarks, on the other hand, new and new concepts and postulates of security-oriented economic policy are emerging. Any important task in modern society, including the provision of economic security at different levels of aggregation of this problem, is solved in organized basic institutions, or as it is often called today – institutions that use appropriate tools of influence for this.

We agree with O. Inshakov and D. Frolov that the institution is the driving force of any purposeful activity and is the basic category of institutional theory. Instead, the institution is a more complex concept. The institute can be interpreted as a functional organization that implements a specific system of homogeneous institutions. That is, it is important to understand institutions as complex factors of social production, which are specific complexes of the interaction of institutions and organizations that establish effective institutions within the framework of the economic system. Institutes are typical complexes of institutions that act as functional genotypes of organizations, evolutionary models of their functional structure [4, p. 97]. Accordingly, each institution has a unique set of institutions in its composition, which makes it possible to diversify the forms of organization of human activity.

According to O. Shpykulyak's interpretation, institutions are rules, traditions, established stereotypes, and institutions are organizationally structured formations that support rules, institutions, form conditions of life and opportunities for social existence [13, p. 163]. D. North speaks of the existence of effective and ineffective institutions, the ratio between which determines the real economic environment [8, p. 68]. Therefore, the conscious formation of the institution should take place on a reasonable basis, and it is necessary to implement only those institutions that are designed to function effectively. The construction of a new institution (institute) should be considered as an innovation. From the point of view of adaptability (speed of

adaptation to new conditions and changes), institutions are divided into flexible and rigid. Flexible – quickly adapt to the influence of external factors, and rigid – relatively stable, their change requires a fairly long period of time (under normal conditions). According to the criterion of functional breadth, institutions of a market economy can be divided into: general purpose institutions and special institutions [6, p. 84].

The activity of general purpose institutions is not limited to the performance of a specific function as part of the market infrastructure, but also involves participation in the implementation of the tasks and goals of other subsystems. Also, in the classification of institutions, they are divided into external (basic rules in the economic system) and internal (make possible agreements between individual subjects); systemic (determine the type of economic order) and local-organizational (structure interaction related to concluding agreements) [9, p. 102].

The main formal institutions for ensuring the economic security of agricultural enterprises include: the institution of ownership, the institution of state regulation, the institution of entrepreneurship, the institution of contracts (agreements), the institution of competition, and the institution of knowledge. Informal institutions include peasant customs, traditions, religious preferences, moral principles and attitudes, stereotypes of agricultural behavior, etc. The basis of informal rules are the cultural traditions and values of the country or region, which determine the outlook and behavior of people. They become especially significant in rural communities, where personalized exchange dominates (when agricultural enterprises directly cooperate in the same field), and therefore agreements are quite often made verbally, and conflict resolution is often based more on folk customs than on legal norms. In this regard, the statement of H. Kolodko is correct: "Imperfect institutional development will not provide an opportunity to fully use the existing social, human or financial and resource capital. Accordingly, a two-pronged approach is required. On the one hand, it is necessary to constantly support the development of relevant institutions in the necessary direction (which includes their formation, formation and training), and on the other hand, to wait patiently "until the stimulating process reaches its peak with the help of soft persuasion of agricultural enterprises of the need move forward" [5, p. 43]. A possible reason for the ambiguous perception of the ideology of market transformation lies in the conservatism of the peasant masses, their inability to quickly and rationally evaluate certain alternatives.

A special place among informal institutions for ensuring the economic security of agricultural enterprises should be given to institutions of social justice and trust, which are the main components of the formation of an optimal institutional environment. "The first establishes for all agricultural enterprises conventional norms, which are based on economic culture, a system of values, habits and traditions, mentality, which influence their behavior. It includes rules for social justice; mechanisms that ensure compliance with the rules of social justice and norms of behavior of agricultural enterprises in economic relations" [10; 14].

The second is an important norm of informal relations, and all economic relations are based on it. The process of its formation is long-term and determined by the historical experience of many previous generations of peasants. It depends on the affirmation and effective functioning of such formal institutions in society as the state, property, democracy, the realization of human rights, the rule of law and the actions of informal ones (culture, religion, respect, traditions, customs, moral attitudes, etc.). Currently, this institution is distorted in the country in general and in agriculture in particular, and the lack of trust among stakeholders in the agricultural sector leads to an increase in the transaction costs of society and a negative attitude of the peasants to any reforms. After all, if the participants of the economic process believe in the inviolability of rules, norms, agreements, property rights, etc., then they will refrain from the possibility of their violation or non-fulfillment. Conversely, if they are not believed or considered unfair, then the costs of concluding agreements will increase. Summarizing the conducted research, we will highlight the key institutional determinants of ensuring the economic security of agricultural enterprises (Figure 1).

It is worth noting that important and valuable ideas for the formation of a new scientific approach to the institutional provision of economic security were proposed by K. Polanyi, which we find in the studies of the Polish scientist R. Zyba [14], who conducted an analysis of the collapse of civilizations, the power of the gold standard, self-regulation of contractual markets and liberal state. In his opinion, the destruction of

modern civilizations occurs precisely because their economy was based on personal interests and acted against the interests of society. These considerations are supported by the arguments of economic anthropology and the new institutional theory formed in the research of A. Shastitko [11].

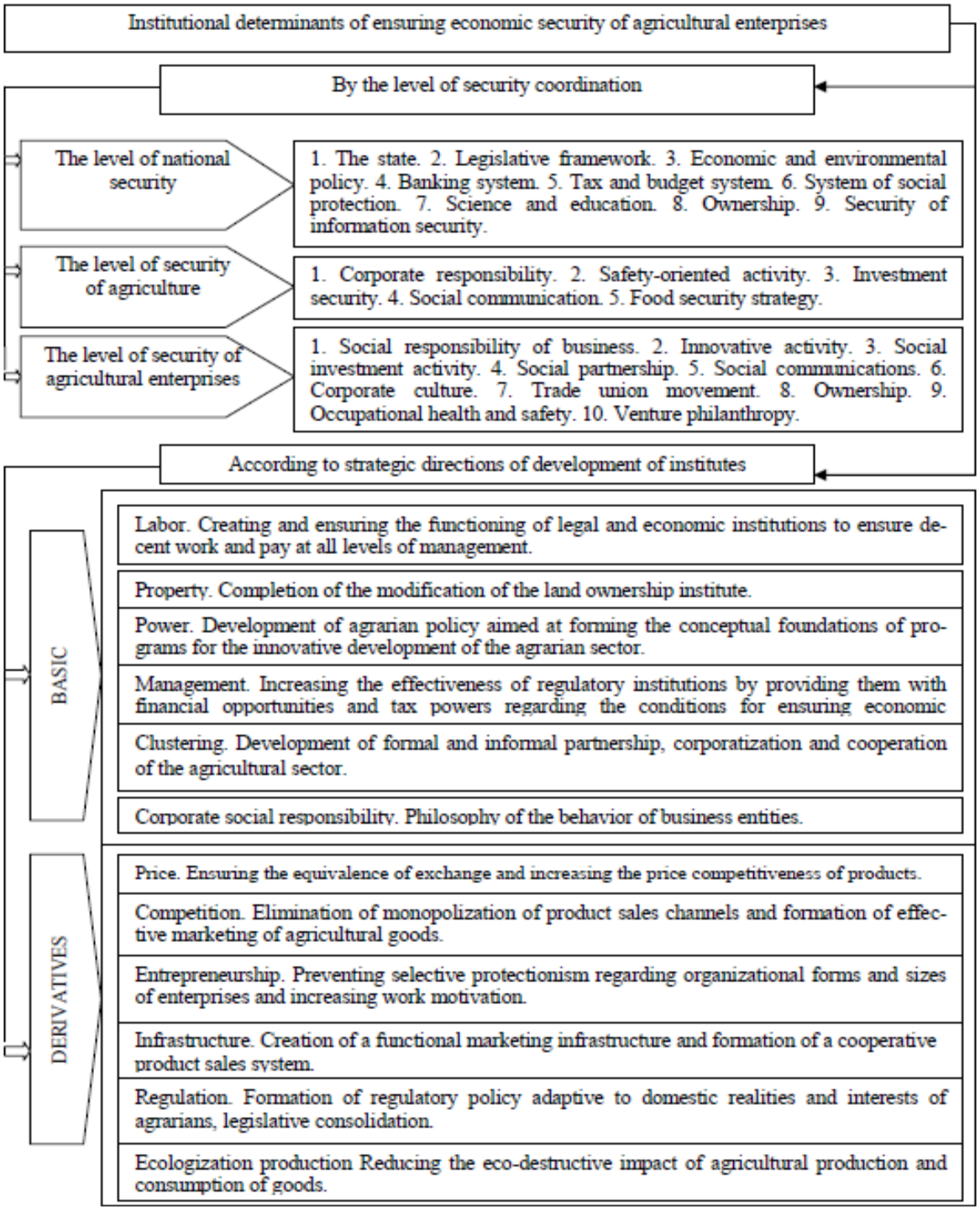

Figure 1. **Institutional determinants of ensuring the economic security of agricultural enterprises**

Source: built by the authors from the data [7]

It is based on a set of elements that form the core of the scientific approach and determinants of ensuring economic security (Figure 2).

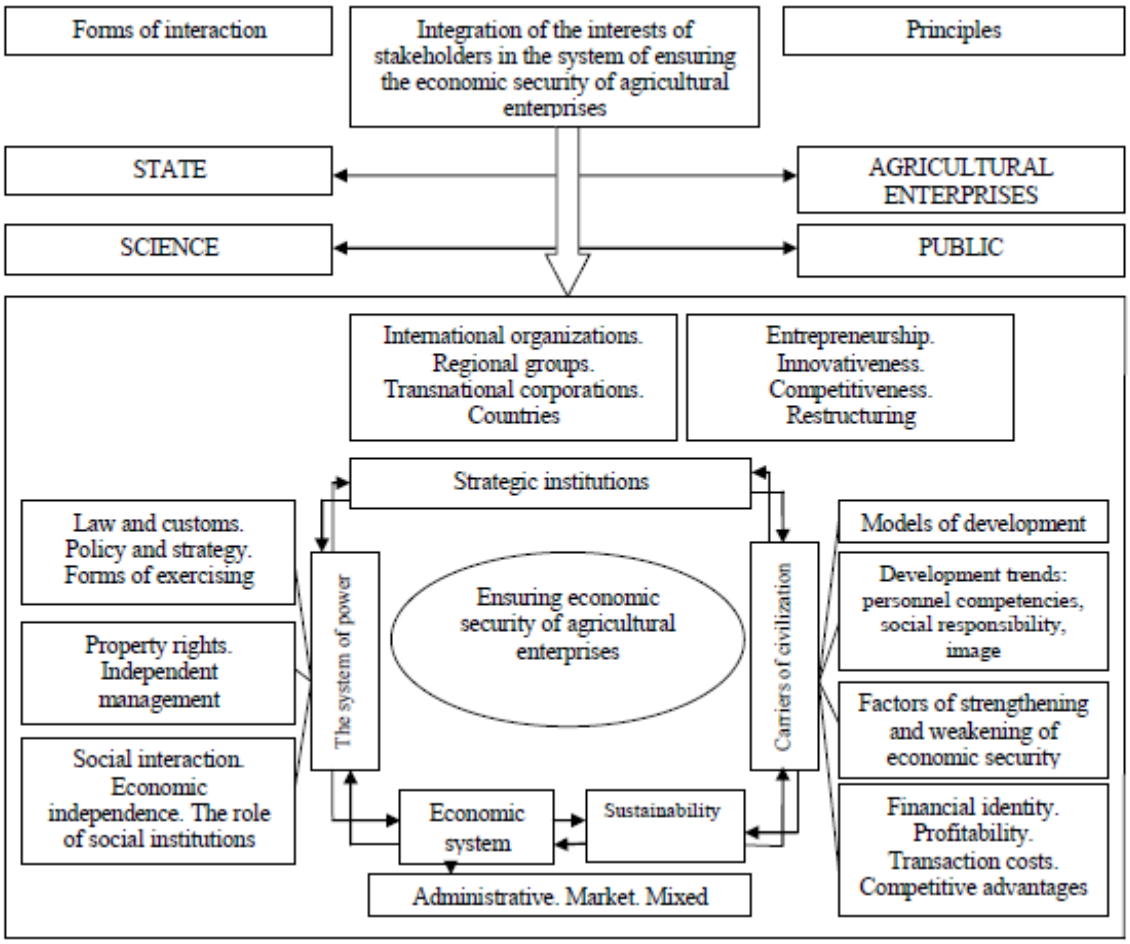

Figure 2. **Directions for ensuring the economic security of agricultural enterprises according to the new institutional approach**

Source: improved by the author based on data [2; 5; 10; 12]

To ensure the economic security of agricultural enterprises, informal rules are not just a part of the institutional environment, but its most important component, which largely depends on the effectiveness of the introduction of new formal institutions, and if formal rules can be changed quickly enough, then informal rules usually change only gradually, but precisely they give actions formal norms and laws of efficiency. Their evolution is directly related to a change in the way people think, so this process is quite long, because it is impossible to change the consciousness, mentality and economic culture of stakeholders in the process of ensuring economic security at the same time by any legal act. Informal rules, norms, customs are not created by the authorities, they often develop spontaneously, which gives rise to their abuse and distortion in practice. In the period of transformational changes, institutions slowly adapt to changes in the surrounding situation, therefore, institutions that were effective become ineffective and remain so for a long time, since there is no leap-like development of society.

Under institutional determinants in the framework of our study, we propose to understand the key factors of ensuring the economic security of agricultural enterprises, which are determined by institutions of different socio-economic levels (the level of the national economy, the level of agriculture and the level of economic entities), which are entrusted with the performance of the main functions to guarantee security modern subjects of the agrarian sector and form an institutional environment for their sustainable development.

Institutional provision of economic security of agricultural enterprises has its own characteristics. Together with the use of general methodological approaches, it is necessary to take into account the complexity and problems of interactions between market institutions and formal institutions of the functioning of the agrarian sector characteristic of the existing social system and informal rules of agrarian management formed during the long historical evolution (culture,

traditions, customs, knowledge, demographic and national characteristics, infrastructure rural settlements, etc.). Institutional determinants of ensuring the economic security of agricultural enterprises "can be characterized as the process of formation and functioning of a network of social institutions, the functions of which are structuring relationships between economic subjects, coordination of their interests, as well as restrictions that form motivational and behavioral mechanisms" [1], which should primarily include innovative and socially oriented actions (relevant interactions) that contribute to ensuring the economic security of agricultural enterprises and their stable development.

In turn, the modern institutional theory of economic security of the state should take into account such attributes as: geographical location, natural wealth, cultural heritage, material and non-material resources as sources of satisfaction of needs, perception of the idea of economic security. Among other attributes of institutional provision of economic security of agricultural enterprises, it is necessary to highlight the institutional environment of management. First of all, it should include ownership of material resources, relations between social groups, control over the activities of state authorities and local self-government of territorial communities with agricultural enterprises.

Conclusions. Thus, the use of a new institutional approach to ensuring the economic security of agricultural enterprises determines its multi-criteria context. The methodological prerequisites of this approach are the identification of effective institutional determinants of ensuring economic security. Such a task, by its very nature, is quite difficult, because it involves, first of all, the search for a certain starting point for creating hypotheses and theories, a certain unit in system analysis. The sphere of activity of this system is very wide, but most often it includes the economy, public administration, law, politics, science and the public, and the main elements that can ensure and control its level, in our opinion, are the components of the chain of relations "the state – agricultural enterprises – science – society".

Today, due to the imperfection of legislation, low level of corporate culture, corruption of state bodies, unfriendly takeovers, seizure of property, financial manipulations and fraud are common phenomena in Ukraine. In this regard, it is necessary to further define the strategic goals of ensuring economic security and stable development of agricultural enterprises.

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ІНСТИТУЦІЙНЕ ЗАБЕЗПЕЧЕННЯ ЕКОНОМІЧНОЇ БЕЗПЕКИ ТА СТАБІЛЬНОГО РОЗВИТКУ СІЛЬСЬКОГОСПОДАРСЬКИХ ПІДПРИЄМСТВ

Анотація. *В статті розглянуто особливості інституційного забезпечення економічної безпеки та стабільного розвитку сільськогосподарських підприємств. Обґрунтовано, що сучасні умови нестабільності ринку, успішний розвиток та функціонування будь-якого суб'єкта економічної діяльності значною мірою залежать від надійної, якісної й ґрунтовної системи економічної безпеки. У практиці ведення бізнесу сільськогосподарських підприємств заходи економічної безпеки у переважній більшості проводяться несистематично. Доведено, що особливістю інституційного забезпечення економічної безпеки сільськогосподарських підприємств є різноманіття типів і форм специфікації прав власності, типів і форм господарювання, безпосередній державний вплив та різноманіття обмежень та примусів і, зрештою, сам тип господарювання, що склався в процесі тривалої історичної еволюції неформальних правил ведення сільськогосподарської діяльності. Для забезпечення економічної безпеки сільськогосподарських підприємств неформальні правила – не просто частина інституційного середовища, а найважливіша його складова, від якої значною мірою залежить ефективність упровадження нових формальних інститутів. Якщо формальні правила можна змінити досить швидко, то неформальні норми зазвичай змінюються лише поступово, однак саме вони надають діям формальних норм і законів ефективності.*

***Ключові слова**: інституції, економічна безпека, інституційний підхід, формальні фактори інституційного забезпечення, неформальні фактори інституційного забезпечення, стійкість розвитку, сільськогосподарські підприємства.*