

Dmytro O. Chernetsov*

INSTITUTIONAL TRANSFORMATIONS OF THE ORGANIZATIONAL AND ECONOMIC MECHANISM OF FARM DEVELOPMENT

The article examines institutional transformations of the organizational and economic mechanism of farm development in the context of structural changes in the agricultural sector, European integration processes, digitalization and the growth of crisis challenges. It is substantiated that the effectiveness of farm development is determined not only by the resource potential, but also by the quality of the institutional environment, the consistency of regulatory norms, access to financial instruments and the ability of farms to adapt to changing economic conditions. The impact of formal and informal institutions on changing organizational structures, management approaches and economic behavior of farms is analyzed. Particular attention is paid to the role of state agrarian policy, the transformation of land relations, the development of cooperative and cluster forms of interaction, as well as the impact of digitalization on reducing transaction costs and increasing the efficiency of management decisions. It is proven that in conditions of war and systemic economic crisis, the organizational and economic mechanism of farm development acquires an anti-crisis orientation, focused on preserving production potential, ensuring food security and increasing adaptability to external risks. It is generalized that the institutionally updated organizational and economic mechanism of farm development is a key prerequisite for their stability, recovery and long-term sustainable development in the post-crisis period.

Keywords: farms, organizational and economic mechanism, institutional transformations, agricultural sector, state agricultural policy, digitalization, cluster development, war, economic crisis, sustainable development.

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Дмитро О. Чернецов*

ІНСТИТУЦІЙНІ ТРАНСФОРМАЦІЇ ОРГАНІЗАЦІЙНО-ЕКОНОМІЧНОГО МЕХАНІЗМУ РОЗВИТКУ ФЕРМЕРСЬКИХ ГОСПОДАРСТВ

У статті досліджено інституційні трансформації організаційно-економічного механізму розвитку фермерських господарств у контексті структурних змін аграрного сектору, євроінтеграційних процесів, діджиталізації та зростання кризових викликів. Обґрунтовано, що ефективність розвитку фермерських господарств визначається не лише ресурсним потенціалом, а й якістю інституційного середовища, узгодженістю регуляторних норм, доступом до фінансових інструментів та здатністю господарств адаптуватися до мінливих умов господарювання. Проаналізовано вплив формальних і неформальних інститутів на зміну організаційних структур, управлінських підходів і економічної поведінки фермерських господарств. Особливу увагу приділено ролі державної аграрної політики, трансформації земельних відносин, розвитку коопераційних і кластерних форм взаємодії, а також впливу діджиталізації на зниження транзакційних витрат і підвищення ефективності управлінських рішень. Доведено, що в умовах війни та системної економічної кризи організаційно-економічний механізм розвитку фермерських господарств набуває антикризового спрямування, орієнтованого на збереження виробничого потенціалу, забезпечення продовольчої безпеки та підвищення адаптивності

* Kyiv National University of Technologies and Design. Ukraine.

до зовнішніх ризиків. Узагальнено, що інституційно оновлений організаційно-економічний механізм розвитку фермерських господарств є ключовою передумовою їх стійкості, відновлення та довгострокового сталого розвитку в післякризовий період.

Ключові слова: фермерські господарства, організаційно-економічний механізм, інституційні трансформації, аграрний сектор, державна аграрна політика, діджиталізація, кластерний розвиток, війна, економічна криза, сталий розвиток.

Problem statement. The transformation of the agricultural sector in the context of structural changes in the economy, European integration processes, digitalization and military aggression has significantly changed the institutional environment for the functioning of farms. Traditional organizational and economic models of farming development, formed under relatively stable regulatory and market conditions, are increasingly less responsive to the challenges of modernity and do not provide the necessary level of sustainability, competitiveness and long-term development of agricultural producers. The intensification of external shocks, in particular macroeconomic instability, disruption of logistics chains, limited access to financial resources and increased security risks, has exacerbated the structural imbalances of the current mechanism for regulating and supporting farms. At the same time, institutional reforms in the field of land relations, decentralization, public finance and digital governance are forming a new architecture of interaction between the state, the market and farm business entities. However, these transformations are often fragmented and lack coherence, which leads to asymmetry of access to resources, uneven adaptation capabilities, and increased transaction costs of farms. Under such conditions, the lack of a holistic and adaptive organizational and economic development mechanism limits the integration of farming into value chains and reduces its investment attractiveness. Despite the growing scientific attention to the problems of institutional development of the agricultural sector, the issues of systemic transformation of the organizational and economic mechanism of farm development remain insufficiently studied, especially in the context of war and prolonged economic crisis. This necessitates the formation of comprehensive theoretical and methodological approaches to analyzing the impact of institutional changes on the management, financial, and investment decisions of farms in order to substantiate the directions of modernization of their development mechanism and ensure the stability, recovery, and sustainable growth of the agricultural economy.

Analysis of publications. In scientific research on the problems of the development of the agrarian sector of Ukraine, the organizational and economic mechanism of farms is considered as a complex system of interaction of institutional, economic and organizational factors that are formed under the influence of structural transformations of the economy. A significant part of the works is devoted to individual elements of this mechanism, while the issue of its institutional evolution in conditions of crisis disturbances and military challenges requires further comprehensive understanding.

The study by L. V. Yaloveha and A. S. Popovychenko (2025) substantiates the role of cluster restructuring as a tool for adapting farms to structural changes in the agrarian sector. The authors focus on the integration of farming into inter-sectoral and territorial associations, which allows to increase the efficiency of resource use

and strengthen the market positions of farms. At the same time, the institutional prerequisites for the functioning of clusters and their stability in conditions of instability remain insufficiently disclosed [1].

The fundamental contradictions of the organizational and economic mechanism of the development of the agricultural sector of Ukraine are analyzed in the works of Ya. M. Hadzal and Yu. Ya. Luzan (2021). Researchers emphasize the discrepancy between state regulatory instruments, market conditions and real capabilities of business entities, which reduces the efficiency of the functioning of the agricultural sector. These provisions are the methodological basis for the analysis of institutional transformations of the mechanism of farm development in our study [2].

In the context of resource and energy constraints, the results of M. Ya. Vysochanska and O. G. Hurin (2025) are of great importance, who investigate the destructive factors of the formation of the mechanism of energy efficiency of the agricultural sector. The authors prove that institutional barriers, lack of financial instruments and fragmentation of state policy significantly hinder the modernization of farms, which is especially relevant in conditions of war and increasing costs of energy resources [3].

The problems of forming the organizational and economic environment for the implementation of structural policy in the agricultural sector are considered in the works of O. V. Kovaleva (2018). The author focuses on the need to coordinate institutional reforms with long-term strategic priorities for the development of the industry. At the same time, in the current conditions of the war economy, these approaches need to be supplemented with crisis management tools and adaptive institutional policy [4].

The socio-economic dimension of the development of farms is revealed in the studies of O. G. Shpykulyak and O. V. Alekseeva (2021), where farming is considered as a key factor in ensuring employment of the population and stability of rural areas. The authors argue that the organizational and economic mechanism for the development of farms should combine production and social functions, which is of particular importance in the context of demographic and security challenges [5].

The institutional features of improving the functionality of the organizational and economic mechanism for the development of the agricultural sector are highlighted in the works of I. Kostyrka, where the decisive role of the quality of institutions, the consistency of rules and the predictability of the economic environment is emphasized. These provisions are important for substantiating the need for institutional renewal of the mechanism for the development of farms in our article [6].

The theoretical principles of the formation and development of agribusiness enterprises are systematized in the dissertation study of M. V. Olikhovska (2012), which forms the methodological basis for the analysis of organizational and economic processes in agriculture. At the same time, modern transformations of the agricultural sector necessitate the expansion of classical approaches due to institutional and crisis-oriented aspects [7].

The financial and economic potential of the development of rural territorial communities is studied in the monograph of L. O. Vdovenko and D. V. Titov (2024), which shows the growing role of communities in forming conditions for the functioning of farms. The authors emphasize the importance of decentralization and local

financial mechanisms that directly affect the organizational and economic mechanism of farming development [8].

The institutional foundations of economic growth are revealed in the works of O. Antonova (2009), where institutions are considered as a key factor in the formation of incentives for economic activity. These provisions allow us to interpret institutional transformations as the root cause of changes in the behavior of farms and the effectiveness of their development [9].

The impact of regulatory policy on the development of land relations through the organizational and economic mechanism is analyzed in the studies of N. V. Shibaeva (2018). The author proves that institutional certainty in the field of land use is a critical condition for investment activity and long-term planning of farms [10].

The generalization of scientific approaches shows that, despite the thorough study of individual aspects of the organizational and economic development of farms, the problem of a comprehensive analysis of institutional transformations of this mechanism in conditions of war and systemic economic crisis remains insufficiently researched. It is overcoming this scientific gap that determines the relevance and scientific novelty of our article.

Presentation of the main results. The development of farms in modern conditions takes place in an environment of profound institutional changes caused by the transformation of the economic system, European integration processes, digitalization of the agricultural sector and increasing demands for sustainable production. Farming is gradually moving from a traditional survival model to a model of economic subjectivity, oriented towards the market, innovation and integration into wider value chains. In this context, institutional transformations of the organizational and economic mechanism of farm development are of key importance, which determine the conditions of their functioning, investment attractiveness and long-term competitiveness [2; 6; 8].

The organizational and economic mechanism of farm development is formed under the influence of a system of formal and informal institutions that regulate access to resources, financial instruments, markets and infrastructure. The transformation of this mechanism occurs not only through changes in legislative norms, but also through a rethinking of the role of the farmer as an entrepreneur, a carrier of innovations and a participant in agricultural ecosystems. Institutional shifts are changing the logic of economic behavior of farms, stimulating the transition from individualized models to cooperative and cluster forms of interaction. An important aspect of institutional transformations is the evolution of state agrarian policy, which is increasingly focused on supporting small and medium-sized producers through subsidy mechanisms, credit guarantees, the development of advisory services and digital platforms. Such changes form new rules for access of farms to financial resources and technologies, lower barriers to entry to organized markets and increase the transparency of economic relations. As a result, the organizational and economic mechanism for the development of farming acquires features of adaptability and flexibility, which is critically important in conditions of macroeconomic instability and climate risks. Institutional transformations are also manifested in changes in the system of ownership and land use, which directly affects the investment decisions of farms. The formation of more defined and protected property rights creates the prerequisites for

long-term planning, the introduction of capital-intensive technologies and increased productivity. At the same time, the role of contractual relations, agricultural receipts, and partnership models of cooperation with processing and logistics structures is growing, integrating farmers into modern agribusiness chains.

Institutional transformation associated with the digitalization of agricultural activity is of particular importance. The use of digital services for production, finance and sales management changes the organizational structure of farms and increases the efficiency of managerial decision-making. Digital institutions are gradually becoming a component of the organizational and economic mechanism of development, providing access to information, reducing transaction costs and strengthening the integration of farming into national and international markets. In general, it can be stated that institutional transformations of the organizational and economic mechanism of farm development are systemic and multidimensional in nature. They cover the regulatory and legal environment, financial and credit relations, organizational forms of management and behavioral attitudes of farmers. The effectiveness of these transformations is determined not only by the speed of institutional changes, but also by the ability of farms to adapt to new rules of the game, integrate innovations and use the opportunities that open up in the process of structural modernization of the agricultural economy. It is in this context that the institutionally updated organizational and economic mechanism becomes a key factor in the sustainable development of farms and the strengthening of their role in the country's economic system. Further understanding of the institutional transformations of the organizational and economic mechanism of farm development should be directed to the analysis of the internal capacity of farming for institutional learning and the accumulation of organizational capital. In modern conditions, the competitive advantages of farms are less and less determined only by the availability of land or technical resources and increasingly depend on the ability to integrate management knowledge, innovative practices and institutional rules into their own business model. This means that the organizational and economic mechanism of development acquires the features of an evolutionary system in which the results of previous management decisions form the basis for future adaptation strategies. An important dimension of such evolution is the change in the role of human capital in farms. Professionalization of management, involvement of advisory services, participation in training and grant programs contribute to the formation of a new management culture focused on strategic planning and risk management. The institutional environment, in turn, is increasingly stimulating these processes through requirements for transparency, financial reporting and compliance with quality standards. As a result, the organizational and economic mechanism for the development of farms ceases to be purely reactive and is gradually transformed into a proactive tool for long-term development [1; 3; 5].

The influence of social institutions on the functioning of farms deserves special attention. The growing importance of business social responsibility, employment support in rural areas and participation in the development of local communities is changing the economic logic of farming. Farms are increasingly combining production goals with social functions, which requires the adaptation of organizational structures and financial models. In this context, institutional transformations con-

tribute to the formation of hybrid development models in which economic efficiency is combined with social sustainability and territorial integration. For analytical generalization of these processes, it is advisable to use tables that reflect the logic of institutional changes and their impact on the organizational and economic mechanism of farm development.

Table 1. The impact of institutional transformations on the elements of the organizational and economic mechanism of farm development

Institutional dimension	Nature of transformation	Changes in the organizational and economic mechanism	Economic result
Regulatory environment	Unification and harmonization of rules	Increasing transparency of management and accounting	Increase in investment attractiveness
Financial institutions	Diversification of financial instruments	Expanding access to capital	Increase in production modernization
Market institutions	Integration into value chains	Strengthening contractual relations	Income stabilization
Social institutions	Strengthening the role of communities	Expanding the social functions of farming	Increase in development sustainability

The proposed table allows us to trace how institutional shifts transform key components of the development mechanism and affect the economic results of farms. To deepen the analysis, it is also advisable to systematize the internal adaptive reactions of farms to institutional changes.

Table 2. Adaptation strategies of farms in response to institutional transformations

Type of adaptation	Content of organizational changes	Economic logic	Long-term effect
Management	Professionalization of management	Reducing management risks	Increased efficiency
Technological	Introduction of innovations	Increasing productivity	Competitiveness
Financial	Diversification of funding sources	Optimizing costs	Investment sustainability
Socio-economic	Integration into communities	Expanding social capital	Sustainable territorial development

The generalizations presented in Tables 1-2 emphasize that institutional transformations create not only external constraints, but also new opportunities for the development of farms. Their effective implementation depends on the ability of farmers to combine institutional incentives with internal management resources, forming a holistic and dynamic organizational and economic development mechanism focused on the long-term sustainability and competitiveness of the agricultural sector. In conditions of war and systemic economic crisis, institutional transformations of the organizational and economic mechanism of farm development acquire the

dimension of anti-crisis adaptation and survival. Military actions radically change the parameters of the functioning of the agricultural sector, disrupting logistics, access to resources, financial flows and market ties. Under such circumstances, the institutional environment ceases to perform an exclusively regulatory function and increasingly turns into a compensatory mechanism aimed at reducing losses, maintaining liquidity and preserving the production potential of farms. Crisis conditions actualize the role of extraordinary institutional solutions that change the traditional architecture of the organizational and economic mechanism of development. Temporary tax breaks, simplification of administrative procedures, deferral of credit obligations and introduction of direct financial support programs form a new model of interaction between the state and farming. In this model, priority is not given to maximizing economic efficiency, but to preserving the continuity of the production cycle and the country's food security. Accordingly, the economic logic of farm development shifts towards stabilization and mobilization functions.

The war also strengthens the importance of institutions of trust and informal coordination mechanisms. In a situation of limited access to formal market instruments, farms increasingly rely on horizontal ties, mutual assistance and local cooperation networks. This contributes to the formation of adaptive organizational structures capable of quickly responding to resource shortages, changes in sales routes and instability of demand. Thus, the organizational and economic mechanism of development in war conditions is partially transformed into a network model, where institutional stability is ensured not only by formal rules, but also by social capital. Crisis phenomena also change the investment behavior of farms. Conditions of high uncertainty limit long-term planning and reduce readiness for capital-intensive projects. At the same time, institutional transformations contribute to the reorientation of investment decisions to projects of quick payback, energy efficiency and autonomy of production. This forms a new configuration of the organizational and economic mechanism, in which flexibility, resource conservation and minimization of dependence on external factors become priorities.

In a broader sense, war and crisis accelerate the institutional rethinking of the role of farms in the national economy. Farming is increasingly viewed not only as an element of the agricultural market, but as a strategic component of economic and food security. This leads to a shift in emphasis in state policy from fragmented support to the formation of systemic mechanisms for recovery and post-war modernization. In such conditions, the organizational and economic mechanism for the development of farms becomes a platform for combining anti-crisis instruments with long-term reconstruction goals, which ensures a gradual transition from the survival mode to the recovery growth mode [7; 10].

Conclusions. The conducted research shows that institutional transformations of the organizational and economic mechanism of farm development are systemic, multi-level and dynamic in nature and reflect profound changes in the economic environment of the agricultural sector. Farms are gradually evolving from a traditional model of functioning to an entrepreneurial-oriented form of management, within which the institutional conditions of access to resources, financial instruments, markets and knowledge play a key role. It is substantiated that the organizational and economic mechanism of farm development is formed under the influence of a combina-

tion of formal and informal institutions that determine the logic of economic behavior of agricultural entrepreneurship entities. Institutional shifts contribute to the transition of farming to cooperative, cluster and network models of interaction, which increases the resilience of farms to external risks and strengthens their integration into value-added chains. It has been established that the transformation of state agrarian policy significantly affects the architecture of the organizational and economic mechanism for the development of farms, changing the instruments of support, financial provision and institutional support. The focus on the development of small and medium-sized producers, the digitalization of services and increasing the transparency of economic relations creates the prerequisites for increasing the investment attractiveness of farming and increasing the efficiency of management decisions. It has been proven that institutional transformations in the field of property and land use form the basis for long-term planning and modernization of production, while strengthening the role of contractual relations and partnership models of cooperation. This contributes to reducing transaction costs and increasing the stability of farm incomes in a changing market environment. Particular attention is paid to the impact of digitalization and human capital development, which transform the organizational structure of farms and transfer the organizational and economic mechanism of development from a reactive to a proactive plane. Professionalization of management, institutional training and accumulation of organizational capital become key factors in the long-term competitiveness of farming. It is substantiated that in conditions of war and systemic economic crisis, institutional transformations acquire an anti-crisis orientation, changing priorities from economic growth to preserving production potential and ensuring food security. Extraordinary institutional solutions, the development of informal coordination mechanisms and network forms of interaction increase the adaptability of farms and their ability to function in conditions of high uncertainty. It is generalized that the institutionally updated organizational and economic mechanism for the development of farms acts as a key tool for ensuring their sustainability, restoration and post-war modernization. Its effectiveness is determined by the ability to combine anti-crisis institutional measures with the long-term goals of sustainable development, innovation and socio-economic integration of farming into the national economic system.

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