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Ensuring the economic interests of the founders, owners, and investors in the agricultural business

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Abstract. Based on the materials of the group of joint-stock companies of agricultural business, the characteristics reflecting the implementation of private property instruments implemented in joint-stock companies aimed at ensuring the economic interests of owners, founders, and investors that stimulate initiative and entrepreneurship are considered.

The further development of signs of private property in the agrarian business deserves attention and remains one of the urgent problems of the agrarian economy.

The significance of private property is characterized by a number of signs: the material form of interests; the existence of relations associated with the assignment; the dependence of the income received by the owner of the property on the means of production; availability of legal documents regulating property relations.

World experience shows the efficiency of production in agriculture with private ownership of land, other production resources, capital in general.

A significant period of transition from the state and cooperative collective-farm ownership to private ownership, its transformation in various enterprises of organizational and legal forms of management are characteristic of agriculture in Russia. In the course of privatization, there were processes of formal formation of private owners of land and property of agricultural enterprises. The obtained land shares and property shares, employees of collective and state farms used to create new organizational and legal forms of management (joint-stock companies, cooperatives, limited liability companies, etc.), or, to date, in some places lease land shares in rent created by new organizations [1, 2]. The transfer of shares and shares by the owners eventually ended with the receipt (purchase, repurchase) of shares [3, 4]. There were also processes of change of ownership in the transfer (sale) of shares for various reasons, including the natural process of the death of the owners. The capital of external investors was drawn up according to a certain number of shares.

One of the organizational and legal forms of management in agriculture has become joint-stock companies, in which the owners of shares were guaranteed ownership rights to use shares for economic benefits in the form of dividends from part of the profits received by the company with direct participation or non-participation in production processes.

The accumulated experience of joint-stock companies in agriculture allows us to analyze and assess the degree of realization of the advantages of private property, to identify possible ways to improve the organization of its tools in order to increase production efficiency, thanks to the development of the initiative and entrepreneurship of owners and founders.



For a preliminary assessment of the effectiveness of the implementation of signs of private property in the agricultural business, there is an opportunity to use information on the activities of joint stock companies, which is posted on the official website “Center for Disclosing Corporate Information” [5]. The site organizers assumed to post information about the annual activities of enterprises and companies in more than 20 branches of the Russian economy. The management of each company was asked to place the financial statements in two (three) blocks: the company's annual report and accounting (financial) statements: annually and quarterly. To present the text of the company's annual report, at least the following sections were provided:

1. Information about the company;
2. The position of society in the industry;
3. Priority areas of the company;
4. Report of the Board of Directors on the development results in priority areas:
 - Characteristics of the company's economic activities for the year (main activities, sales), characteristics of financial activities (the main provisions of the accounting policy, information on the size of net assets, assessment of receivables and payables, indicators of financial stability, solvency, financial results, information on tax and other payments of the company);
 - Financial risks associated with the activities of the company;
 - Prospects for the development of society;
 - Corporate activities, management, and control bodies of companies.

Acquaintance with the materials of the site posted by the management of individual organizations, companies, enterprises of the agricultural sector showed that out of 400 positions (by organizations), information for 2017 was presented by about 200 business entities.

The content of the text of the annual report management of many organizations did not adhere to the recommended procedure for posting information.

To get an idea of the state of the situation with the implementation of the signs of ownership in a number of enterprises, through a random sample, information was obtained on 10 joint-stock companies (presented in Table 1).

Table 1. Indicators of the conditions and results of the work of societies, 2017.

Name	Number of employees	Crops, ha	Capital, mln. rub.	Share of equity, %	Revenue, mln. rub.	Net profit, thous. rub. *
JSC “Zarya” Oryol region	30	1960	226.8	87.1	56.4	17
JSC AF “Gvardeyskaya”, Rostov region	186	-	223.4	83.6	213.8	4999
JSC AF “Russian Field”, Nizhny Novgorod region	26	1861	317.1	7.3	45.8	706
JSC “Collective farm named after Lenin”, Volgograd region	-	0109	190.4	86.6	138.6	1478
JSC “Grain Farm Kushevsky”, Krasnodar region	-	-	125.,2	72.4	592.9	130978
JSC “Gorodishche”, Moscow region	122	1421	269.2	81.8	179.0	2097
JSC “Aleksino”, Leningrad region	122	1550	350,0	96.1	182.9	41220
JSC “Krasnoturanskiy” Krasnoyarsk region	153	-	998,4	44.2	364.0	153

JSC “Named after Lakin,” Vladimir region	-	4570	385,1	16.3	294.2	161161
JSC “New Five-Year Plan”, Kurgan region	354	-	441. 0	41.9	267.3	4280

According to the information that is incompletely presented by the management of individual societies, there is an opportunity to draw some conclusions:

- According to the average number of employees, such organizations as JSC “Zarya” and JSC AF “Russkoye Pole” should be attributed to the group of small organizations; in terms of the amount of annual revenue, all 10 companies are small enterprises;
- Dynamics of the amount of revenue (2016-2017) in most societies is negative, some exception is the JSC “Grain Farm Kushevsky” (144.1%), JSC “Aleksino” (110.8%), JSC “Named after Lakin” (108.5%);
- In the majority of societies in the plant growing grain production takes place, and in cattle breeding – milk and meat of cattle, in JSC “Gorodishche” – vegetables and potatoes, in JSC “Aleksino” – milk, and in JSC “named after Lakin” – meat cattle and milk;
- According to the data at the end of 2017, the total capital (property value) of the companies exceeded 200 million rubles, the exception was the JSC “Collective farm named after Lenin” (190.3 million rubles), and the largest size was allocated in the JSC “Grain Farm Kushevsky” (1255.2 million rubles);
- In the structure of all sources of financing from five companies, own funds accounted for over 70%, and two companies were distinguished by a high dependence on external sources (JSC AF “Russian Field” – 92.7% and JSC “Named after Lakin” – 83.7%), JSC “Krasnoturanskiy”, JSC “New Five-Year Plan” (external sources occupied 3/5 of the total capital);
- All the above noted to a certain extent influenced the level of the characteristics of the effectiveness of the activities of societies.

The net profit of individual companies fluctuated significantly over the years:

- JSC “Zarya” (11330 thousand rubles in 2016, 17 thousand rubles in 2017);
- JSC AF “Gvardeyskaya” (36981 thousand rubles in 2016, 4990 thousand rubles in 2017);
- JSC AF “Russian Field” (32,722 thousand rubles in 2016, 1,475 thousand rubles in 2017);
- JSC “Grain Farm Kushevsky” (449 thousand rubles in 2016, 103978 thousand rubles in 2017);
- JSC “Krasnoturanskiy” (11,621 thousand rubles in 2016, 153 thousand rubles in 2017);
- JSC “named after Lakin” (8314 thousand rubles in 2016, 161161 thousand rubles in 2017).

Noted characteristics, of course, significantly influenced both the performance indicators of activities and the realization of the economic interests of owners and founders (Table 2).

Table 2. Characteristics of the performance and return on capital of the company's shareholders.

Organization	Authorized capital, thousand rub.	Number of shares	Share holders, people	Return on equity, %	Capital return, rub.	Dividend, thousand rub.*
JSC “Zarya”	294.8	29480	-	0.01/0.63	0.265	-
JSC AF “Gvardeyskaya”	24	-	-	2.34/19.91	0.637	500
JSC AF “Russian Field”	5455	54550	-	0.21/0.63	0.140	-
JSC “Collective farm named after Lenin”	30339	30339 thousand	-	0.81/19.55	0.761	79.9
JSC “Grain Farm	38900	78900	88	7.54/0.04	0.365	No

Kuschevsky” JSC “Gorodishche”	1822,4	thousand 1822.4	-	0.82/2.61	0.702	1822
JSC “Aleksino”	18	thousand 17157	277	12.71/17.56	0.504	-
JSC “Krasnoturanskiy”	28007	28007	-	0.02/1.49	0.400	-
JSC “Named after Lakin”	144	thousand 143722	349	2.15/2.10	0.759	-
JSC “New Five-Year Plan”	48574	97147 thousand	-	0.86/2.50	0.527	-

* The most common is that according to the decision of the general meeting, dividends were not accrued and were not issued, it was decided to send the profit to the development of production.

The data led to the following conclusions:

- The value of the share capital of companies as of the end of 2017 differs quite significantly and this is manifested in the number of shares placed by the company among shareholders;
- In the composition of all the shares are preferred, but ordinary ones prevail, the nominal value of which in most companies is equal to one ruble;
- Among owners of shares, almost everywhere, individuals occupy the main place (often workers of reformed enterprises: former and present);
- According to information on the availability of societies in the balance of 2016-2017, there are no shares repurchased from shareholders;
- Data on the number of shareholders of individual companies in the annual reports, the management has not submitted for an unknown reason;
- According to the reporting of most companies, the return on capital is very significant for the year, and the level of values in 2017 is below 3%, with the exception being only the JSC “Aleksino” and JSC “Grain Farm Kushevsky”;
- In six companies, capital return exceeded 0.50 ruble per ruble of average value, relatively low values of this indicator were in JSC “Named after Lakin”, JSC AF “Russian Field”, and JSC “Zarya”;
- Subsidies of all kinds took place in seven societies, but the sizes differed significantly: in JSC “Named after Lakin”, they accounted for 8.1 rubles per ruble of revenue; JSC AF “Gvardeyskaya” – 9.4, JSC AF “Russian Field” – 4.9 kopecks, JSC “Collective farm named after Lenin” – 1.5, and JSC “Grain Farm Kushevsky” – 0.3;
- Relations with the budget for income tax occurred only in three companies, and the significance of these amounts was only in the JSC “Gorodishche”, which amounted to 13.8% in relation to the amount of net profit in 2017.

The materials of the tables rather convincingly testify to the complexity and instability of the conditions for the formation of the production and financial results of the societies.

The performance of representatives of the agrarian business is influenced by a diverse set of factors in the formation of income, expenses, profits, and ultimately the really significant amounts of income as a source of ensuring the economic interests of owners, founders, and investors. So far, unfortunately, there is no reason to satisfactorily assess the effectiveness of the manifestation of signs of private property that stimulate the initiative and business interest of owners, founders, and investors [8, 9].

Along with the need to continue improving the operations of the organizational and technological direction, regulating the financial relations of commercial organizations with the budget, funds, there is an obvious need to improve the development of attributes, while realizing the advantages of private ownership in the formation of higher and stable performance of organizations and reserves of higher security for the owners capital and founders of commercial organizations in the form of dividends.

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