Competitive development of subjects of the agri-business: theory and practice

O. Mandych
S. Kalinichenko
T. Duyunova
O. Sekovoy
A. Mykytas

Kharkiv Petro Vasilenko National Technical University of Agriculture, Kharkiv, Ukraine

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The necessity of practical use of the definition of "competitive development of subjects of the agribusiness" were proved and determined in the work. The theoretical essence of this concept allows it to be understood as a type of development, which, while maintaining the necessary level of economic efficiency and improving market positions in a competitive environment, is capable to shape the potential of increasing the competitiveness level in the long run through the use of strategies and the instruments of management strategies which oriented, first of all, on the formation of competitive advantages. It was proved that the provision of competitive development is possible through the introduction of strategic management tools, which suggests an understanding of the strategy as an integrated model of a specific long-term development direction. The principles of the formation of strategic management, which include guides of activity, both in the internal environment of the enterprise and in the external, were generalized and formed on the basis of the integrated methodological approach; approaches to managing competitiveness through the formation of certain competitive advantages; levels of adaptation of separate approaches and models, which will differ according to the fields of activity of the subject; general strategies, which are specified for the specifics of individual situational approaches in functional and operational load; a methodological approach based on the formation of strategic zones of economic activity of the subject of agribusiness, as well as on obtaining competitive advantages through the use of various innovative strategies of agribusiness.

The concepts of generation, implementation, realization of strategic management of competitive development of subjects of the agribusiness were substantiated on the basis of the use of elements, components and tools of the possibilities of introducing logistic and marketing activities to the main production and commercial activity of economic entities in the field of agrarian production.

Keywords: competitiveness; logistics; marketing; efficiency; agribusiness.
Introduction

Nowadays, the question of determining the existing level of competitiveness in the agrarian business of Ukraine is gaining importance. This is due to the fact that the functioning of subjects in the agrarian sector in recent years goes beyond the outdated forms of management to new, modern, in some cases, even innovative development models that are more in line with the conditions and capabilities of functioning in international markets.

It should be noted also that in the economic literature a lot of attention is paid to various types of development, in particular, economic development, technological, innovation, investment and others, but almost attention isn’t paid to the competitiveness development of agrarian enterprises. Most researchers determine only the directions and strategies for ensuring the competitiveness of agrarian enterprises, calculate the existing level of competitiveness with the help of certain aggregates of indicators, but do not emphasize the need to introduce the concept of "competitive development" in the first priority use by the subjects of agribusiness to form and understand their activities in the long run. Therefore, the relevance of the chosen research direction, as well as the need to formalize the main elements of the organizational and economic mechanism for the formation of a competitive development of agribusiness subjects, is beyond doubt.

Goals of article

The purpose of the paper is to determine the theoretical essence of the competitive development of the agrarian enterprises, as well as the possibilities of using the main elements of the organizational and economic mechanism of forming the competitive of subjects of the Ukrainian agribusiness and modeling the individual strategies.

Methods and procedures of the research

The theoretical basis of this study was the modern concepts of competition formation, the theory of strategic management, as well as scientific achievements of scientists regarding the formation of theoretical and practical forms of modeling of business development strategies. The basis of the research methodology were dialectical methods of cognition, comprehensive and systematic approaches that allow us to thoroughly investigate this problem. The substantiation of theoretical and practical results was carried out with the help of the following methods: abstract-logical (theoretical synthesis of conclusions, the formation of appropriate recommendations), monographic (generalization of existing experience in strategic management of enterprises and formation of enterprises competitiveness), graphical (interpretation of research results), empirical (description of the trends development of subjects of the agribusiness) and others.

Results

Competition is the primary link that is inherent in the economic system in a market economy. First, the existence of competition leads to the creation of opportunities and incentives for improving the competitiveness of the subjects of the different sectors, in particular, agribusiness. Secondly, due to the existence of competition, the dynamics of market concentration is determined and the economic inequalities between economic entities in a competitive environment are intensified. At the same time, the latter will determine the competitive structure of the target segments of the selected markets. With regard to such competitive structures of agribusiness, it should be noted that they are close to the oligopoly now.

Theoretical studies prove that the effectiveness of the development of competition between small and medium-sized commodity producers and huge commodity agrarian holdings will depend on dynamism in the development of a competitive environment of the agribusiness sector. Therefore, achieving optimality in the distribution of market shares between these entities will contribute to achieving a balanced distribution of goods and resources in the field of agrarian production, as well as the most complete satisfaction of the needs of different groups of consumers. In such conditions, one of the options of obtaining more favorable results of agribusiness in the competitive environment of the domestic market is the possibility of increasing its market share, which can currently be considered the main indicator of the level of competitiveness of products and enterprises in the selected segment of the target market.

Increasing the number of commodity producers, improving cooperation with processing enterprises, reducing the number of intermediary structures are the main factors of the improvement of the existing market environment for the sphere of agrarian production. Therefore, promoting the emergence of new business entities in the market and the corresponding changes in the competitive environment from the existing oligopoly to the conditions of perfect and even monopolistic competition are some of the methods of reconciling the economic interests of the main participants in agribusiness - the direct producers and consumers of the products of agro-rural materials.

Considering that the efficiency of production and commercial activity of agribusiness subjects should be considered in the prism of their competitiveness, which is caused by the existing realities of the current stage of functioning of market relations, one propose the following definition, which most fully corresponds to this study. The competitiveness of an agrarian enterprise is the ability to fully mobilize the subject’s potential (economic, industrial, innovative, investment, etc.), while creating competitive advantages in the area of marketing (commodity, price, communication and marketing) and logistics, which will allow to obtain more stable positions on market, to increase its market share, to better satisfy consumers' needs in comparison with competitors, and thus to increase their profits from the main production business activity.
Strategic management of the competitive development of the agrarian enterprises

Markers
- satisfaction of the needs of consumers (processing enterprises) with high-quality products in a wide assortment;
- improvement of the organization of processes of general quality management based on the introduction of the international standards in management;
- satisfaction of the needs of employees in the constant motivation of work, self-determination, career growth, relevant working conditions;
- cooperation with suppliers and other contact groups on the terms of

Approach
- Increasing the competitiveness of the enterprise;
- strengthening (holding) competitive positions in the domestic markets;
- ensuring sustainable competitive development

Levels
- general level of the enterprise;
- functional level - the level of the functional units;
- operational level - structural production units.

General strategies
Functional strategies:
- marketing strategy;
- organizational change strategy;
- financial strategy;
- innovative strategy.
Operational strategies:
- operational strategy of production development by industries (plant growing, animal husbandry);
- operational strategy of production (individual types).

Methodological approach
Formation of strategic zones of economic activity:
- establishment of a criterion for the scale of production;
- definition of the type of competitive construction of the target market and the intensity of competition between individual entities;
- conjuncture on the object markets with a description of the characteristics of the formation of target consumer demand.

Getting competitive advantages:
- diversification (own processing, expansion of the range of production and provision of services);
- logistical activity (reduction of production and sales costs based on vertical and horizontal integration, formation of long-term mutually beneficial relations between the subjects of the spheres of production etc.);
- marketing activity (adaptive application of marketing tools in the conditions of activity of agrarian enterprises).

Fig. 1. Integrated methodological approach to the theory of competitive development of the agribusiness subjects
Modeling Strategies of the Competitive Development of the Agrarian Enterprises on the Basis of Logistics

Main strategic goals:
improvement of logistics services and optimization of the expenses on the material and information flows

Characteristics of the logistics strategy:
- consistency of decisions of all logistic subsystems;
- consistency and complexity of actions of different time periods;

Basic elements of logistics strategy modeling:
communication of decisions in the processes of procurement, storage, transportation and distribution

Stages of construction of a logistic strategy of the agrarian enterprises:
- strategic analysis of the logistics system of the enterprise (logistic infrastructure of the region and the country, logistics of competitors, contractors and customers);
- designing a logistic strategy model;
- implementation of the strategy;
- control over the implementation of the strategy

Factors influencing the modeling of logistic strategies:
1. External (competition, cooperation, development of the information technologies, level of transport and warehouse infrastructure, environmental restrictions).
2. Domestic (strategic cooperation with contractors, corresponding organizational and technical level, in particular, the use of modern information technologies, own transport and warehouse infrastructure, efficient inventory management, development of logistics network, quality and level of logistics services).
3. Derivatives (application of modern management concepts; uniqueness in modeling of strategy; orientation towards achievement of strategic goals of the functioning of the agrarian enterprise; reality of model; taking into account market facts; taking into account development possibilities, for example, integration into logistic chains; elasticity of model; criteria of evaluating the efficiency of a model).

Criteria: reduced total costs; differentiation of logistic customer service; Innovation (simultaneous provision of a minimum of the total logistics costs, maximum value added of the existing costs, elasticity of the logistics system)

Strategies of logistic modeling of the competitive development of the agrarian enterprises:
- are directed on the change of the total costs for the existing level of logistics (offensive strategies - low costs, differentiation, concentration);
- are aimed at improving the level of logistics (defensive strategies - leadership strategy, rapid exit from the market).

Fig. 2. Possibilities of the logistic strategies in the formation of the competitive development of the agribusiness subjects
Marketing components of the strategies for the competitive development of the agrarian enterprises

### Commodity policy
- System of the formation of competitive advantages:
  1. Study of the existing and perspective needs of consumers, analysis of the ways of using products and features of the consumer demand in the object markets.
  2. Estimation of the similar products of competitors.
  3. Critical assessment of the quality of products produced by the enterprise, but from the standpoint of consumers.
  4. Solving issues related to products to be added to the range, but which can be removed due to changes in the level of competitiveness.

### Pricing policy
- Concentration of attention on the interests of consumers. Forming competitive advantage is the possibility of simultaneous use of price leadership and differentiation.
- Strategies for creating competitive advantages:
  1. Leadership in the price, according to which the center of the attention of the production is the cost. The main sources to create the pricing competitive advantages are the sound management of commercial activity based on the experience gained; saving on scale of production, at the expense of reduction of costs per unit of production with the growth of production volumes; saving due to the synergistic effect arising from the production of various products.
  2. Differentiation, in which the company tries to provide to the products something different from the point of view of marketing. Differentiation can help to expand sales by increasing the number of products or by stabilizing consumption, regardless fluctuations in demand in the market through the establishment of long-term relationships.

### Communications
- Use of PR-marketing tools to stimulate sales of products not only in the form of raw materials, but also in the food products.

### Sales policy
- Formation of the competitive advantages are possible by optimizing the role of wholesale food markets, in particular, in the Internet. The purpose of creating such markets is to stimulate production on the basis of the formation of an effective mechanism of mutual interest of the producer and consumer of agricultural raw materials by establishing direct links between them, regulation of production and marketing of products, taking into account the satisfaction of consumer demand of the population.

Fig. 3. Marketing activities to ensure the competitiveness of the development of agribusiness entities
However, in the context of the implementation of the paradigm of sustainable development of the agribusiness subjects, it is advisable not only to focus on the study of the dynamics of the levels of competitive of economic subjects, but to use the concept of competitive development. Competitive development of agribusiness subjects is a type of development that, while maintaining the necessary level of economic efficiency and improving market positions in a competitive environment, is capable of shaping the potential of increasing competitiveness over the long term through the use of strategies and strategic management instruments geared towards the first turn to the formation of competitive advantages. At the same time, the strategy should be understood not as a plan of a concrete action or a detailed project, but as an integrated model of the specification of the directions of enterprise development, which applies to all major areas of activity of the subject of agribusiness and designed to adapt to the production and commercial activities of all opportunities to strengthen the competitive positions of the subject on selected object markets.

Strategic management of the competitive development of agribusiness subjects should be clearly formed on the basis of an integrated methodological approach. Such an approach should include orientations of activities, both in the internal environment of the enterprise and in the external environment; approaches to managing competitiveness through the formation of certain competitive advantages; levels of adaptation of separate approaches and models, which will differ according to the fields of activity of the subject; general strategies, which are specified for the specifics of individual situational approaches in functional and operational load; a methodological approach based on the formation of strategic zones of the economic activity of the subject of agribusiness, as well as on obtaining competitive advantages through the use of various agribusiness innovative strategies (taking into account the peculiarities of small and medium size enterprises, not including holding companies). Moreover, the latest strategies, which are currently mostly innovative for agribusiness, are defined as a strategy of the diversification, as well as the introduction of marketing and logistics activities.

The study of individual strategies for the competitive development of the agribusiness subjects has revealed the main features that are inherent in agricultural production and were shown in Fig. 3.

The presented organizational and economic mechanism of the strategic management of the competitive development completely reveals the essence of its main elements, components and factors of influence, existing in the theory, as well as complemented by the conducted research on the given problem.

Discussion

The concept of the generation, implementation and realization of strategic management to ensure the competitiveness of the development of agribusiness subjects were substantiated in the research. At the basis of the proposed concept is the formation of competitive advantages for the conditions of constant changes in the competitive environment based on the use of components and tools for logistics and marketing. The main results of understanding the effectiveness of the competitive development of the agribusiness subjects are to improve market positions, increase market share and, consequently, increase the economic efficiency of its production and commercial activity.

Conclusions

It was determined that in today’s conditions, understanding of the theory of competitiveness is important not only in the area of determining its dynamic characteristics, but in its understanding through the introduction of the concept of competitive development in the practice of the agribusiness subjects. Moreover, provision of this type of development should be carried out with the help of tools of the strategic management of enterprises.

Principles of the architecture of the organizational and economic mechanism for the ensuring the competitive development of the agribusiness entities had incorporated into production and commercial activities through the introduction of diversification strategies, as well as the introduction of logistics and marketing activities were substantiated. Such changes are aimed to obtaining competitive advantages both in production and in commercial terms, thus allowing them to provide the necessary level of performance by improving market positions, increasing the market share in selected markets, and raising profitability for both short and long term prospects.

References