

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

Article info

Received 16.05.2018

Accepted 31.08.2018

Kharkiv Petro Vasilenko
National Technical University of
Agriculture
Kharkiv, Ukraine

ol.mandych@gmail.com
kalinichenko.sergiy@gmail.com
duyunova@ukr.net
sekovoy.lawyer@gmail.com
Arkadiimykytas@ukr.net

Mandych, O., Kalinichenko, S., Duyunova, T., Sekovoy, O. & Mykytas, A. (2018). Competitive development of subjects of the agri-business: theory and practice. Fundamental and applied researches in practice of leading scientific schools, 28 (4), 86-91.

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 oligopsony 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 oligopsony 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-raw 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.

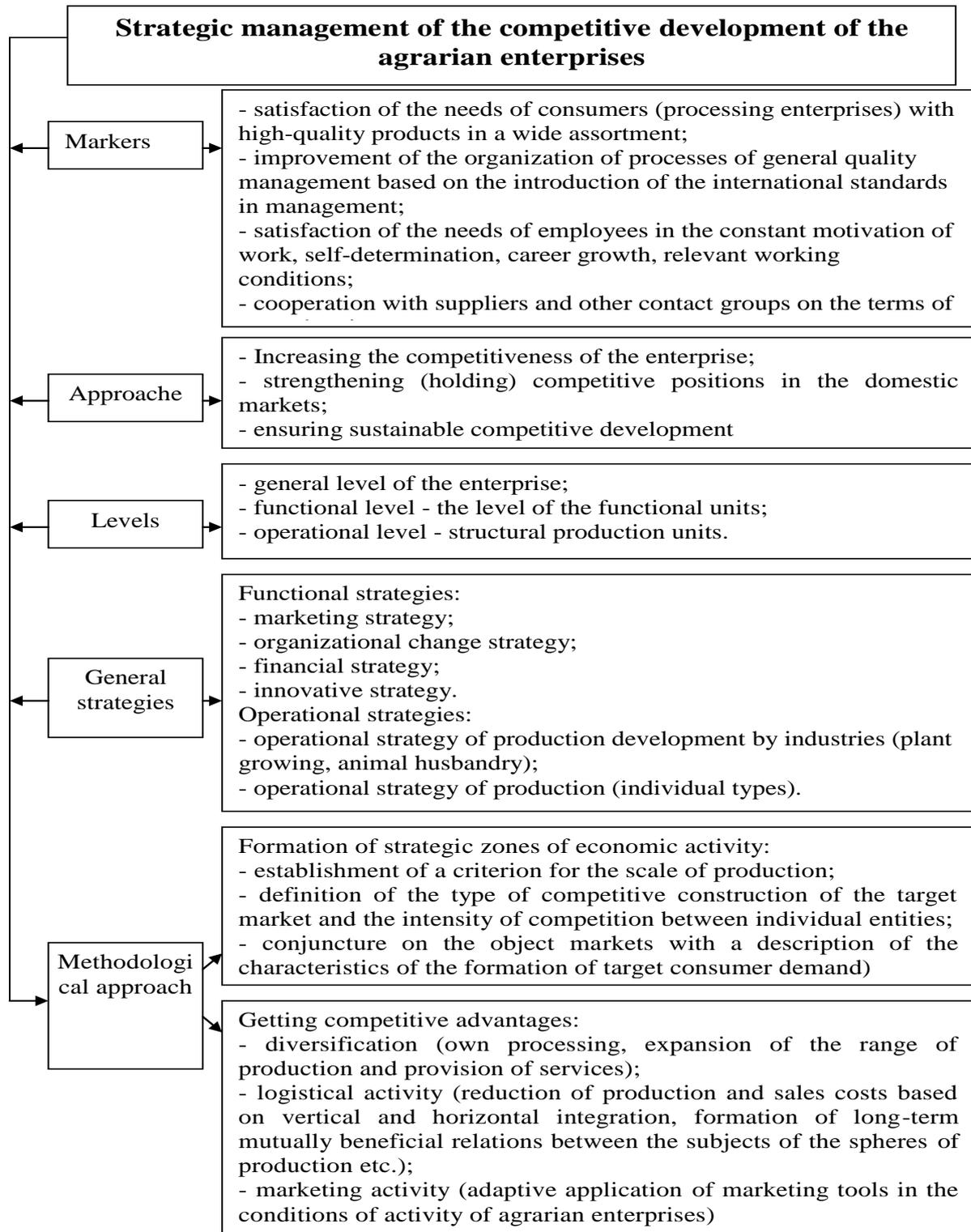


Fig. 1. Integrated methodological approach to the theory of competitive development of the agribusiness subjects

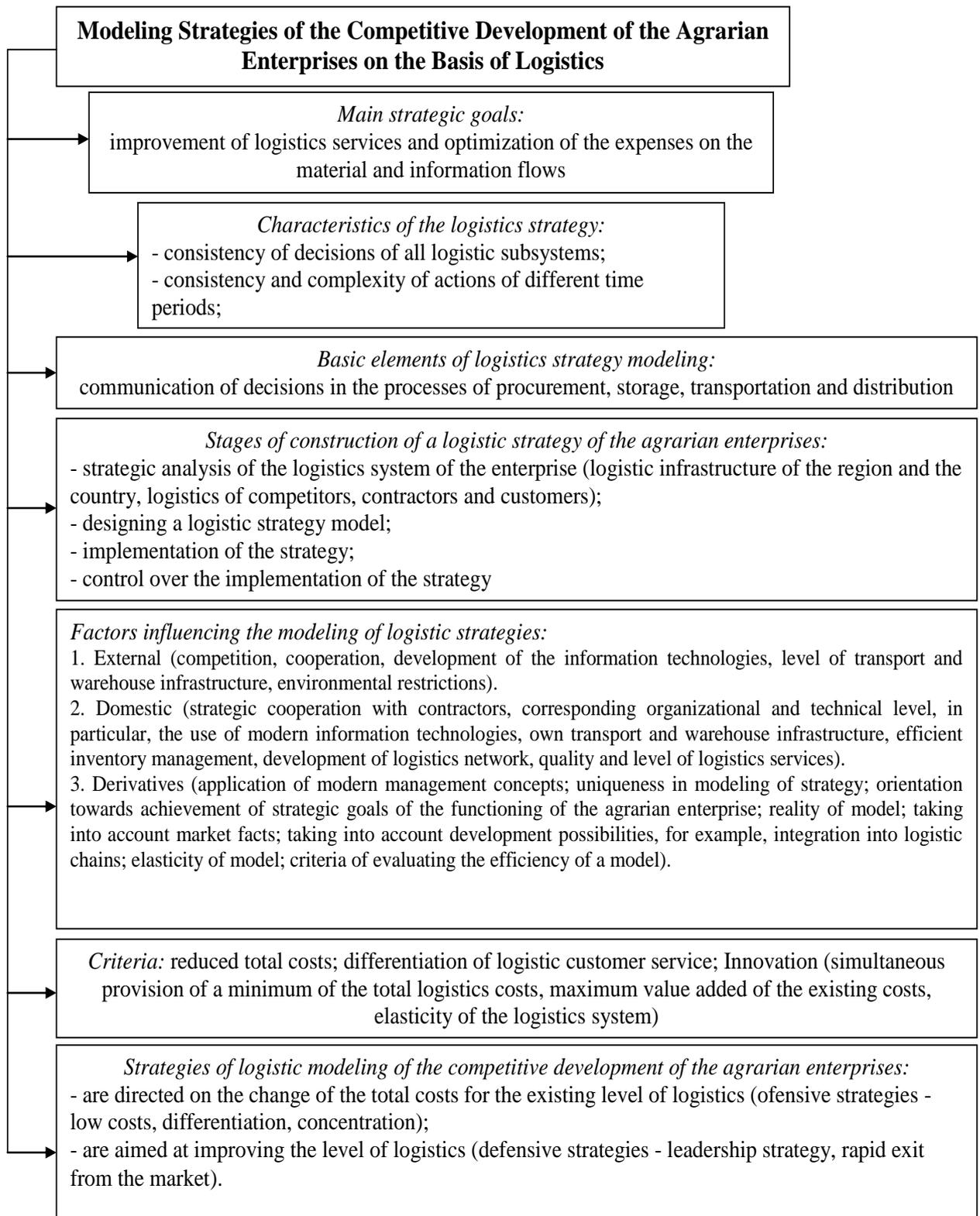


Fig. 2. Possibilities of the logistic strategies in the formation of the competitive development of the agribusiness subjects

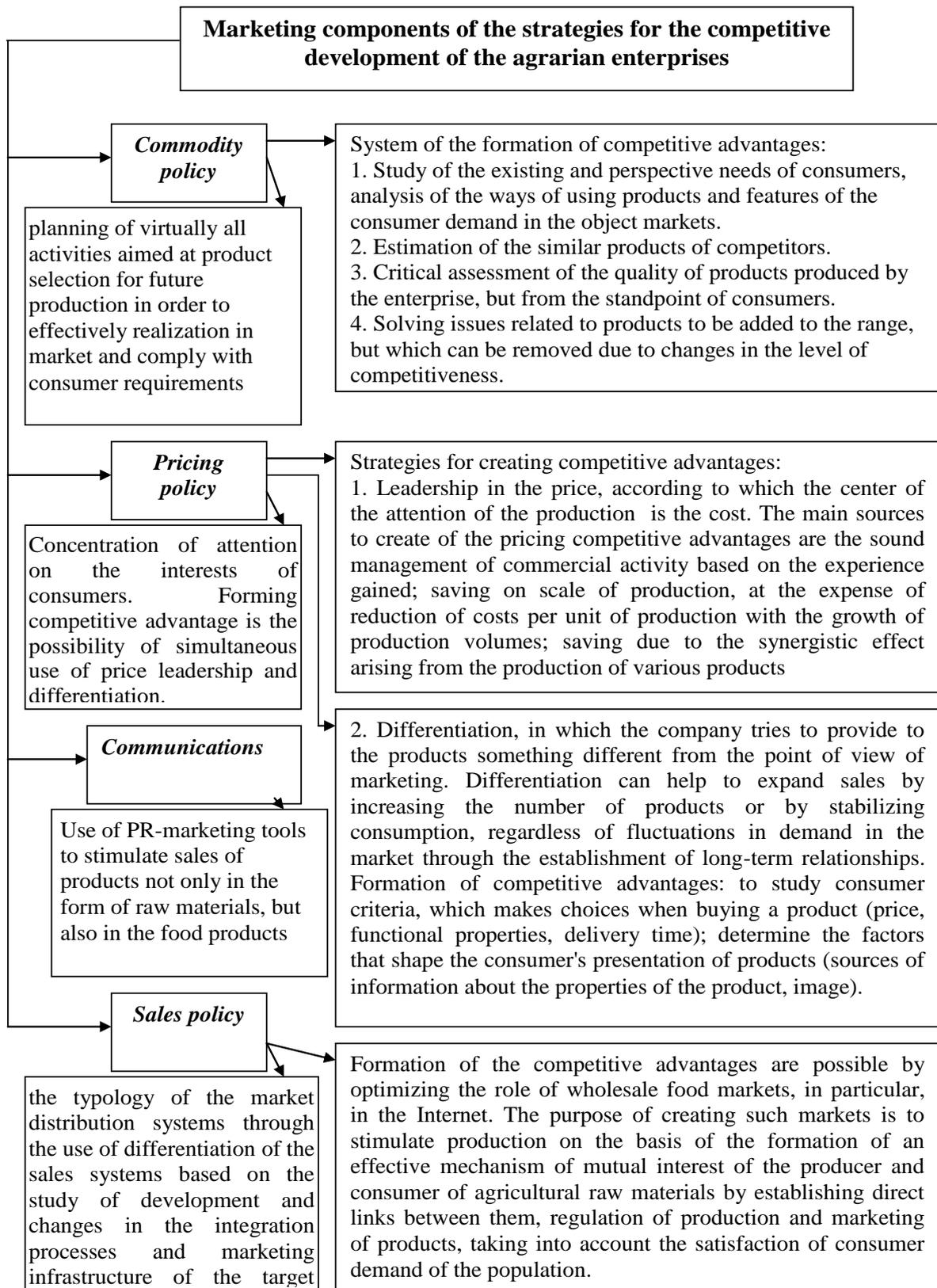


Fig. 3. Marketing activities to ensure the competitiveness of the development of agribusiness entities

However, in the context of the implementation of the paradigms 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.

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 the 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

- Beresin, O.V., & Kvaschuk, O.V. (2010). Effective functioning of high-quality production. *Economism AIC*, 2, 26-30.
- Березін, О.В., & Квашук, О.В. (2010). Ефективне функціонування сільськогосподарського виробництва. *Економіка АПК*, 2, 26-30.
- Boiko, Yu.O. (2015). Competitive structures of sales markets and the state of competition of industrial enterprises. *Theory and practice of the development of agricultural and industrial complexes*, 315-317.
- Бойко, Ю.О. (2015). Конкурентні структури ринків збуту та потенціал конкурентоспроможності аграрних підприємств. *Теорія і практика розвитку агропромислового комплексу та сільських територій*, 315-317.
- Zinchuk, T.O. (2013). Daylight saving time for the european market: trends and opportunities for Ukraine. *The assistant of the Naukoih Pravets of the Tavritsky Institute of Constitutional Affairs*, 2 (14), 96-105.
- Зінчук, Т.О. (2013). Кон'юнктура європейського аграрного ринку: тенденції та перспективи для України. *Збірник наукових праць Таврійського державного агроекологічного університету*, 2 (14), 96-105.
- Iwaschecko, O.V. (2012). Educational trends in the development of domestic language - entrepreneurship - grain harvesters. *The assistant of the naukovih pragis of the Tavritskogo conducting the scientific conference Univ.*, 2 (18), 146-153.
- Іващенко, О.В. (2012). Сучасні тенденції розвитку маркетингу вітчизняних – підприємств – виробників зерна. *Збірник наукових праць Таврійського державного агротехнологічного університету*, 2 (18), 146-153.
- Krancorutsky, O.O. (2015). Databases of the development of the market of market for the production of agricultural enterprises. *The historian of Khakkiv is a national scholar of the uniqueness of the proximity of the people of Peter Waillencke*, 162, 20-31.
- Красноручський, О.О. (2015). Детермінанти розвитку систем ринкового розподілу продукції аграрних підприємств. *Вісник Харківського національного технічного університету сільського господарства імені Петра Василенка*, 162, 20-31.