

The features of the competitive advantages formation in the agricultural enterprises

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Abstract

In the paper we investigate the integrated approach, which allows to identify the key external factors and internal symptoms affecting for assessing and reviewing agricultural enterprises competitiveness. To assess the competitive advantages of agricultural enterprises, it is proposed a methodical approach, which is based on the evaluation of the enterprise's strategy, measuring the effectiveness of its activity in the conditions of changing the innovation and investment potential.

Keywords: new conditions, innovation, policy, planning system, efficiency

1 Introduction

At the beginning of the 21st century both developed and developing countries faced new global challenges related to increased global competition. In the context of the strengthening of global climate, political and technological challenges, the issues of strengthening the competitive position of food producers have remained extremely critical.

This is primarily due to the exponential increase of the population. The world's population, which numbered 7.7 billion in 2019, continues to grow to 9.7 by 2050, and will increase to about 11 billion by the end of the century. Population growth will lead to increased food demand and a huge increase in food production, which could have devastating environmental consequences.

At the same time, the strengthening of integration processes in global trade and the emergence of new technologies for the manufacturing greatly complicates the competitive conditions for the business activity of all legal and institutional forms and types of economic activity. Together all this has led to strong competition amongst food producers, both nationally and globally.

Against such a background, one of the primary focuses agribusiness development is a number of issues, which include the improving the competitiveness of agrobusinesses as a key driver food security, social stability and poverty reduction in the country.

2 Mainpart

Considering the fact that there is no unambiguous position had been expressed by the economists and specialists in the determination of the combination of factors and conditions that identify the competitiveness of the enterprise in a market environment, there is no unambiguous definition of the concept of competitive advantages. This has been clearly illustrated in a huge literature over many years, such as M. Porter, B. Karlof, A. G. Shpikulyak, Yu. P. Voskoboinik, A. V. Ovsyannikova [1, 2].

According to A. G. Shpikulyak, Yu. P. Voskoboinik and A. V. Ovsyannikov, agriculture is characterized by institutional competitiveness features associated with the "institution of ownership", which leads to the development

of various organizational and legal forms. This explains the disparate approaches to the process of competitive advantage creation [3, p. 5].

Competitiveness is achieved by combining the advantages of some economic agents with the advantages of others in the national and global market conditions. There is a need for creating the set of elements and parameters that are strategically important for economic performance and competitive advantage to become competitive on the international market. We have a number of proved competitive advantages that should be used in the in any activity or product output compared to competing enterprises.

A host of factors, in addition to technology, affect the competitive advantage of enterprises, to identify the key external factors and internal symptoms affecting for assessing and reviewing agricultural enterprises competitiveness by analyzing the basic approaches of leading scientists, such as:

- agri-enterprise strategy (a system of techniques and tools in management, which allows to achieve the mission of the enterprise, a system for controlling the formation and distribution of resources, a way to introduce innovations, compete, conquer new markets, a systematic methodology for researching the future);
- the effectiveness of the system and methods of enterprise management (high-quality strategic and operational management, the professional level of managers and specialists);
- innovation and investment potential (development and introduction of a new product, a new production method, the creation of a new market for goods or services, the development of a new source of supply of raw materials, the reorganization of the management structure, the implementation of measures to improve the life of the population and environmental protection, the availability of financial, property and intellectual values, their structure and sources of income)
- the level of organization of production (provision of the enterprise with fixed assets and working capital, compliance with the main principles of organization of production, level of maintenance of production, etc.);
- planning system (planning the main activities of the

enterprise, resource support, expenses and finances at the enterprise, enterprise development planning, operational calendar planning, determining the best methods and ways to achieve the goals of the enterprise with the efficient use of all types of resources);

- a system of economic, socio-psychological incentives (forms and systems of remuneration, bonuses, participation in profits, tuition, preferential nutrition, additional pay for seniority, content of work, the opportunity for taking initiatives, moral encouragement, social recognition, etc.);
- intellectual and labor potential (organization of personnel policy, provision of high-quality labor resources in the quantity necessary for the enterprise, carrying out measures for planning and forming the personnel of the enterprise, staff stability, personal ambitions, the possibility of professional development);
- the corporate culture (enterprise orientation on people, cultural structure, common values and beliefs).

It is necessary to take into account the peculiarities of the industry to which the enterprise belongs when developing management decisions to achieve competitive advantages.

The agro-food complex is almost the most competitive industry, where agricultural producers (small and medium-sized enterprises) are not able to influence market prices (unlike agro-holdings). The main threats to the enterprise's activities in this area are: increasingly ineffectual State regulation of the economy in the absence of developed market regulatory mechanisms; and the consolidation of monopolistic power on the part of the developed processing and manufacturing holdings, the constraints and challenges posed by the deteriorating macro-environment, problems

securing the requisite equipment and vehicles, land abandonment, undergrazing and lack of capital to maintain or improve farm structures, fragmentary land reform, farm restructuring, input supply, improvement of production and productivity, and pricing.

3 Conclusions

Thus, competitive advantages for agricultural businesses should be formed by increasing the efficiency of the use of available limited resources, finding a way to diversify products with effective State regulation. The main pillars of the improving competitiveness in agri-food complex are: pursuing a fair and effective agricultural policy as a partnership between agriculture and society, and between state and its farmers, which include the supporting farmers and improving agricultural productivity, ensuring a stable supply of affordable food; horizontal integration with enterprises and individual peasant subsidiary farms to establish processing and marketing cooperatives, to deal with difficult market situations such as a sudden drop in demand due to a health scare, or a fall in prices as a result of a temporary oversupply on the market, promoting sustainable and organic farming and innovation, to support jobs and growth in rural areas and to move financial assistance towards the productive use of land. It entails a major technical overhaul and the addition of cutting-edge technologies to enhance effectiveness in the use of existing funds.

The feasibility of some possible forms of special competitive advantage in various service sectors of agribusiness could be further explored.

References

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