Organizational-economic mechanism of management of food industry enterprises competitiveness

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A B S T R A C T

The article is devoted to the discussion of the peculiarities of the formation of organizational-economic mechanism of food industry enterprise management. Brief characteristics of social-economic environment of functioning the enterprises of the industry have been given for determining its desirable parameters. The characteristics of challenges to the competitive positions of Ukrainian enterprises in the connection with the country's entry to the "free trade" zone with the European Union have also been given. The authors consider the solving of the touched upon problem in the combination of competitiveness management functions and preventive anti-crisis management in the single mechanism. The structure of such mechanism has been suggested, and the characteristics of its components have been given.

Introduction

Rapid events of the recent years have exceptionally great impact on the formation of business environment and social-economic situation in Ukraine. On the one hand, repeated devaluation of the national currency has taken place, which has lead to the impoverishment of the population (according to Doing Business rating, Ukraine is regarded as a country with the income lower than the average one [1]. Import dependence, the growth of tariffs on power sources have caused the sharp increase of the price general level, which could not be covered by the insignificant raising of social standards during the previous year [2].

These factors explain a considerable deformation of consumer spending within the groups of goods, in the first place, in favor of essential commodities. The results of the statistical data comparison characterize the situation in money expression. According to the State Statistical Service of Ukraine, the inflation index during 2014 rose by 24.8% on food products and beverages, while the volume of food products sold in retail trade rose only by 1.8% from 177.83 billion hryvnias (UAH) to 181.06 billion UAH. For all that, the consumption of meat and dairy products decreased by 2–5%, canned and ready meat products by 24%. In 2014, the index of food products’ physical volume in the retail trade turnover of enterprises decreased by 4% in comparison to the previous
year. The general losses of food products, beverages, and tobacco producers constituted 14.7 billion UAH [3].

It should also be mentioned, that the development of Ukrainian economy, on the whole, is restrained by the consequences of the military-political conflict in the East of the country, in particular, by: the reducing of investments, the necessity of looking for new foreign markets of selling, strengthening of fiscal load, and others. All these circumstances stipulate the deterioration of the market position of Ukrainian food industry enterprises during the recent years and in the near future.

On the other hand, strengthening of the influence on the state of food products’ market as a result of Ukraine’s entering the EU on the rights of the associative membership, and participating in the “free trade” zone should be expected in the middle- and long-term perspective. This influence can be accompanied by the processes, which characterize the potential challenges for the competitiveness of home food enterprises:

- the emergence of new players in all price segments of food products;
- the emergence of new (or the growth of the presence of functioning) corporations, into which agricultural enterprises and enterprises-food producers will be incorporated;
- the raising of consumers’ demands to the quality of products;
- the raising of investors’ demands to the quality of enterprise’s management;
- the recognition of correspondence certificate to the ISO 9001 requirements which is the necessary term for the enterprises of the industry.

Taking into the account the complexity and many aspect character of the problem touched upon, we consider it necessary to structuralize scientifically the components of organizational-economic mechanism of competitiveness management, which would represent the steps of minimizing the negative influence of the above mentioned factors. We see the possibility of solving the problem of the enumerated threats in the integration of the separate functions of preventive anti-crisis management into the system of competitiveness management of food enterprises. Discussing the structure of such a model would assist in concentrating the efforts of management personnel on the determinants of competitive potential under the specific conditions of the concrete enterprise.

The general problems of the management of food enterprises’ competitiveness have been described in the works by many scientists [4–7]. The problems of providing enterprise’s competitiveness in the system of anti-crisis management have been also touched upon by many scientists. Doing justice to the predecessors’ contribution, we would like to mention that in the majority of the existing scientific works the stress is made on the specific methods of anti-crisis management [8–15], which creates definite obstacles for their using by the developing enterprises.

That is why there is the necessity of discussing the ways of adapting the methodology of competitiveness management in modern conditions on the basis of distinguishing the methodological basis of preventive anti-crisis management. The theoretical basis of the functions’ integration is the marketing conditions and consulting management in anti-crisis management.

Objectives and methods

Theoretical and methodological foundations of forming organizational-economic mechanism of competitiveness management are the object of the research. During the research the following scientific methods have been used: analysis and synthesis (for revealing the problems of forming the mechanism of providing competitiveness), theoretical search and abstract-logical (for the characteristics of the essence of competitiveness components), modeling (for constructing the model of organizational-economic mechanism of competitiveness management).

Results and analysis

Competitiveness management consists in using the methods of receiving and storing competitive advantages, providing the effective functioning and developing of the enterprise [16]. These activities concern practically all everyday business processes of the enterprise. In its turn, preventive anti-crisis management is a system of preventing enterprise’s insolvency, the essence of which consists in the management of risks and crisis phenomena [17].

Unlike competitiveness management, anti-crisis management is held without detailed elaboration of separate measures of management strategy; its main attention is paid at planning of financial-economic activities for a long-term period. Their common ground is the focus of attention on the prevention of conditions (or adaptation to them), under which the enterprise would incur losses without definite measures. Besides, both management methodologies use the means of influence concerning both production and non-production spheres.

In view of the above stated, it is possible to single out the following directions of the applied usage of extended functions of organizational-economic mechanism management in financial-economic activities of the enterprise:

- providing the competitiveness of production, which presupposes quality management, the control over rational use of resources, strengthening of market positions, investigating promising markets;
- providing the influence of competitiveness management policy on enterprise management, in particular, in implementation of such functions as planning, motivation, control, accounting;
- submission to the aims of competitiveness management on all the stages of the projects, implemented at the enterprise.

Introducing the policy of competitiveness management on these directions is to provide uniting the efforts of all subdivisions and officials, raise the degree of manageability of
enterprise’s social-economic system, raise the quality of managerial decisions, on the whole.

The structure of organizational-economic mechanism (Fig. 1) is suggested for solving the problems of effective competitiveness management of food enterprise.

Organizational-economic mechanism as a whole system of influence is formed on the basis of methodological components, which create its “target” component. We consider such components as: aims and tasks; principles, methods; forms and instruments of management. We are going to give brief characteristics of these components.

The aim of competitiveness management consists in increasing the enterprise’s profit owing to the use of specific marketing instruments; providing optimal qualitative characteristics of products and prices from the point of view of target consumers, by using the complex of production, economic, and technological measures; implementing the enterprise’s social mission and social communications.

The tasks of management consist in: a) increasing the volumes and profits received from selling products; b) raising the market share; c) improving reputation; d) supplying new goods and services to the market.

The principles of forming organizational-economic mechanism are:

- the complexity of organizing competitiveness management, which must include all the processes of the enterprise;
- the consistency of planning, which must be based on the information reflecting the current state of the object,
adaptation measures to the state of the market, the degree of potential realization, the place of the enterprise in the external environment;
- the consistency of the analysis, the object of which must be the analysis of internal and external factors, and also inter-factor interaction;
- the continuity of monitoring;
- the rationality, economic substantiation of competitiveness management measures;
- the diversification of management strategies, the content of which is formed in accordance with the dynamics of the development of competitive position and market changeability;
- providing feedback, which allows to raise the manage-ability of the system, its sensitivity to internal and external changes;
- the constructively, which is revealed in making only scientifically substantiated decisions concerning the strategy and tactics of competitiveness management;
- functional adaptability, which allows to concentrate resources and attention on the most important elements at the given moment;
- performing outstripping management, which consists in providing of recognizing crisis phenomena ahead of time;
- providing quick responding, which presupposes the ceasing of crisis phenomena, endangering the competitive position of the enterprise;
- synergy, which consists in accumulating the potential of effective activities of functional subdivisions or separate workers as a result of coordinating and uniting their activities.

The methods of organizational-economic mechanism of competitiveness management are the following:
- the coordination of tasks and the sequence of their performing by subdivisions and officials;
- the developed informational system, in which financial-economic activities and the state of internal and external environment are reflected;
- improving the policy of labor resources' management, in particular, labor motivation as a means of providing the unity of the aims of the enterprise and its workers;
- introducing quality management, certification of operational activities in accordance with ISO 9001 standards;
- the diversification of the assortment of goods, which are produced in accordance with market demands, the aims of positioning comparing to competitors, etc.;
- the activation of investment and innovation activities;
- revealing and analyzing risk factors of internal and external environment, and also their impact on the strengthening of competitive threats;
- the evaluation of the probability of crisis phenomena;
- the evaluation of the reality of management systems and internal control.

We consider the whole complex of the ways of implementing organizational-managerial powers concerning the objects of management, the activities of the subjects of internal and external environment as the forms of management.

We consider the whole complex of evaluation methods, developing, taking and testing managerial decisions as the instruments of management. The flexibility of managerial forms and instruments (coordinated with the priorities of competitiveness policy) provides rapid adaptation to the environmental threats, taking measures of urgent reaction, and also conducting effective control.

The operational component of organizational-economic mechanism of competitiveness management performs the provisional function concerning the strategies, created and supported by the “target” constituent. The main orientation of functioning of the operational constituent is the conformity of attracted resources to the criteria, formulated in competitiveness strategy. In this connection, the interaction with the environment consists in selecting resource sources, the using of which would provide more advantageous competitive position of the enterprise comparing to other participants of the market.

The operational constituent of organizational-economic mechanism performs:
- the informational provision of activities;
- the management of technologies and knowledge;
- the management of research and design activities;
- methodical provision;
- legal provision.

The suggested organizational-economic mechanism of competitiveness management is characterized by the scalability – that is, it can be introduced in different functional forms without losing the general effectiveness, but under the condition of proportionality to the objective demands of the enterprise. We consider the following forms of its implementation:
- delegating of the majority of corresponding functions to a separate subdivision and distributing the rest among the existing subdivisions and officials;
- integrating of all the functions into the existing functional structure by the distribution of duties among officials in the limits of their competence.

The necessary condition of providing the proper level of effectiveness is maintaining a complex approach while assigning the persons who are responsible for business processes; providing the control of effectiveness, which is performed from the standpoint of competitiveness. All the stages of financial, economic, and marketing activities of the enterprise must be controlled.

Conclusion

Thus, the suggested structure of organizational-economic mechanism combines the functions of competitiveness management and preventive anti-crisis management. The peculiarity of this combination is greater accent on the measures of prevention or adaptation of the enterprise to the factors of internal and external environment, threatening its competitive position. The whole spectrum of managerial
impacts in production and non-production spheres can belong to such measures. Ensuring the conformity of quantitative-qualitative indicators of production to the market expectations, and also to the strategic aims of the enterprise, from the viewpoint of preserving its presence on the market, or strengthening competitive positions are the priorities of competitiveness management.

We see the prospects of further research in discussing the methods of evaluating the enterprise’s competitive position in the context of the dynamics of branch development, and the dynamics of forming effective demand.

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