

LEASECON 2021  
Conference on Land Economy and Rural Studies Essentials**JUSTIFICATION OF THE DIRECTIONS OF COMPETITIVE  
DEVELOPMENT STRATEGY FOR THE AGRICULTURAL  
ENTERPRISE**

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[rudneva6363@mail.ru](mailto:rudneva6363@mail.ru)**Abstract**

Competitiveness issues occupy an important place in business economics. The competitiveness of agricultural products is one of the most important issues for Russia, primarily because the country is objectively the largest power that can produce agricultural products and provide food not only for its own population, but also for the population of industrialized countries. The competitiveness of an agricultural enterprise depends on the following factors: the quality of agricultural products, the existence of an effective marketing and sales strategy, the level of personnel and management skills, the use of technology, the availability and accessibility of sources of finance. The competitiveness of a business or product is the property that ensures the stability and success of a business in market conditions, its ability to outperform competitors and retain loyal customers. Competition is a subtle mechanism for managing production, manifested in its immediate response to any changes in the market environment. Russian agro-industrial complex is one of the largest sectors of the national economy and plays a special role in economic, social and political life. Management requires not only defining goals and objectives, but also finding the most active forms of involving rural workers and entire farming communities in achieving these goals and objectives. The development of the management structure at the regional level must consider the importance of the AIC and its share in the gross product and income of the region, the natural and climatic conditions, the structure of the AIC branches and the need to optimize it.

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## 1. Introduction

Competitiveness is an indicator of the enterprise performance showing the level of opposition in the market to manufacturers of similar products both in terms of satisfaction of a certain consumer segment with their goods or services and the efficiency of the enterprise itself in production, marketing and financial spheres of activity (Nikitin et al., 2019). The analysis of competitiveness, the justification of directions, and the formulation of a competitive development strategy for an enterprise in the current environment are prerequisites for effective operation. For the analysis and justification of the directions, we chose a typical agricultural enterprise, the medium-sized AO Podyem of Michurinsky district in the Tambov region.

## 2. Problem Statement

Competitiveness is the concentrated expression of the total capacity of a country and any producer to create, produce and market goods and services.

The factor of competition is coercive, forcing producers to deal incessantly with the quality system and the overall competitiveness of their goods under the threat of exclusion from the market, while the market objectively and strictly evaluates the results of their activities (Ivanova et al., 2018).

**Table 1.** Efficiency of competitiveness management in AO Podyem of Michurinsky District in 2017-2019

Indicators	2017	2018	2019	The Ratio of 2019 To 2017, %
Economic efficiency of management activities (gross output/number of managers and specialists), RUB thousand	14159.9	18497.2	20012.4	141.3
Product sales management efficiency, RUB thousand (revenue/number of managers and specialists)	13020.8	16087.3	16644.5	127.8
Share of management costs in the structure of production costs, %	13.4	12.7	12.4	92.5

The results of the analysis of competitiveness management efficiency in AO Podyem of Michurinsky District showed that the economic efficiency of management activities for the period increased by 5,852.5 thousand roubles (Table 1).

Product sales management efficiency also increased by 3,623.7 thousand roubles. The quality of management indicates the efficiency of product sales management. At the same time, the share of management costs in the structure of production costs fell by 1%.

Table 02 presents a more detailed analysis of the calculation of the effective business activity coefficient at AO Podyem in Michurinsky District.

The data in Table 02 show that the increase in turnover over the examined period changed downwards by 0.116 of share.

Profitability of sales showed the profit margin earned by the company from each ruble of product sold. At AO Podyem, the increase in profitability over the last 3 years has changed and amounted to 0.071 of share in 2019.

The cost of circulation is the monetary cost of labour associated with the process of moving goods to the consumer. In this enterprise, the level of circulation costs decreased to 0.60 of share in 2019.

**Table 2.** Calculation of the effective business activity coefficient in AO Podyem of Michurinsky District in 2017-2019

Indicators	2017	2018	2019	The Ratio of 2019 To 2017, %
Increase in turnover, share	1.151	1.236	1.035	89.9
Increase in profitability of sales, share	-0.044	0.187	-0.071	162.9
Reduction of the level of circulation costs, share	0.020	0.010	0.060	300.0
Increase in capital productivity, %	0.949	1.202	0.945	99.6
Business efficiency ratio	0.366	0.476	0.343	93.8

Over the period, the increase in capital productivity decreased to 0.945%, i.e. by 0.4%. Overall, the efficiency ratio of business decreased by 6.2%.

Table 3 shows the results of the analysis of the calculation of the market position coefficient in AO Podyem in Michurinsky District.

**Table 3.** Calculation of the market position coefficient of AO Podyem in Michurinsky district in 2017-2019

Indicators	2017	2018	2019	The Ratio of 2019 to 2017, %
Acceleration of 1 working capital turnover (compared to previous period)	1.034	1.217	0	0.0
Increase in management efficiency	1.061	1.306	1.082	102.0
Increase in sales profit, %	0.9	2.5	0.9	94.3
Market share growth, share	0.01	0	0.015	150.0
Coefficient of market position efficiency	0.6541	1.0762	0.4430	67.7

Assessing the market position of an enterprise requires an analysis of the products produced, an analysis of the market, consumers, sales channels, marketing pricing, the external and internal environment of enterprises (Shalyapina et al., 2004).

The table shows that the increase in profit on sales fell by 5.7%. Overall, the market position efficiency coefficient decreased by 32.3%.

Table 04 shows the results of the analysis of calculating the coefficient of trade quality in AO Podyem in Michurinsky District.

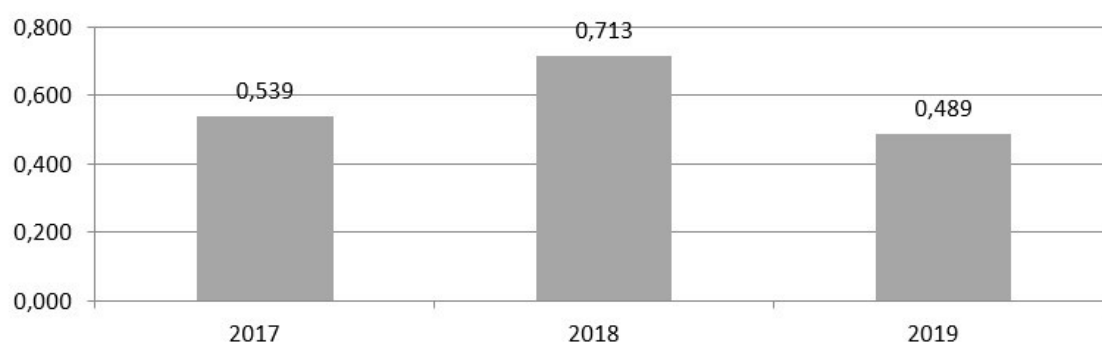
The main and significant form of economic relations on the agricultural products market is the wholesale of food, processed products and agricultural produce (Ananskikh, 2009; Zakharin et al., 2021).

**Table 4.** Calculation of the trade quality coefficient in AO Podyem of Michurinsky District in 2017-2019

Indicators	2017	2018	2019	The Ratio of 2019 to 2017, %
Stability of specialization level	0.788	1.255	0.664	84.3
% of gross grain yield in storage	0.48	0.52	0.56	116.6
% of food grain in the wheat gross harvest	1	1	1	100
Coefficient of trade quality efficiency	0.7284	0.8846	0.7234	99.3

AO Podyem over the study period shows a 15.7% decrease in the stability of the specialization level, with 0.664% of the total in 2019 that indicates in-depth specialization. The gross harvest of grain in storage increased to 0.56%, i.e. by 16.6%. The coefficient of trade quality efficiency decreased by 0.7%.

Financial sustainability is at the core of an enterprise's overall sustainability. It depends on the efficiency of production and sales, expressed as a stable profit.



**Figure 1.** The competitiveness coefficient in AO Podyem of Michurinsky District in 2017-2019

Figure 1 shows the changes in the dynamics of competitiveness in the organization. The competitiveness coefficient is a composite indicator calculated according to the theory of effective competition, as a weighted arithmetic average of the above coefficients and indicators (assessment of the effective business activity of the business entity, assessment of the market position of the enterprise, overall trade quality indicator, financial stability of the enterprise). The data allows us to conclude that in 2019 the competitiveness of the enterprise decreased by 0.05% in ratio to 2017 and by 0.224% in ratio to 2018.

AO Podyem of Michurinsky district has a favourable economic and geographical location. Its agroclimatic resources are favourable for the cultivation of major crops. There is an increase in production in recent years. There is also a constant, stable demand for the products produced by the company. The enterprise uses state support in the form of subsidies. It has the possibility of expanding the range of products. The enterprise has an optimum price/quality ratio for its products.

AO Podyem has a number of opportunities, including:

- 1) Finding new channels to sell products, both in their area and to neighbouring regions;
- 2) Introducing resource-saving technologies to reduce production costs, upgrade the resource base and find new suppliers;

- 3) Participating in many state and regional programmes to support agricultural producers
- 4) Reducing the interest rate on loans;
- 5) Recruiting new employees, providing them with social guarantees;
- 6) Increasing the attractiveness of the industry, its growth and demand

In addition to opportunities, there are a number of disadvantages in the enterprise studied, including:

- 1) Reducing the number of employees;
- 2) A high degree of depreciation of capital assets;
- 3) Seasonality, defined by an uneven cash flow;
- 4) Lack of a marketing position in the enterprise;
- 5) Reduced profitability of producing certain products

Such factors can lead to certain problems in the enterprise, for example: many competitors; bad weather conditions (frost, rain, hail) which reduce yields and product quality; overproduction, primarily of grain; difficulty in attracting investment; inflation; ageing staff, lack of young professionals (Ananskikh & Teplovodskaya, 2016).

### **3. Research Questions**

Aspects covered in this paper reflect the expediency of intensifying research into the formation of a sustainable process mechanism for enhancing the competitiveness of products, a thorough theoretical and methodological analysis of the essence for the economic category of "product competitiveness", its main factors and methods of evaluation.

The consequence is an acute need to justify effective tools and methods of product competitiveness management, capable of ensuring the development of optimal management decisions, which necessitates in-depth research into both the economic category of product competitiveness and evaluation mechanisms in a real time and space dimension.

Accordingly, the paper addresses the following questions:

- to study the scientific-theoretical basis of competitive strategy management in agricultural organizations; to analyse the organizational and economic state of AO Podyem of Michurinsky district and to assess the effectiveness of strategic management of the business's competitiveness;
- to justify the main directions for improving the competitive development strategy

### **4. Purpose of the Study**

The purpose of the paper is to develop a programme for managing the competitiveness of an organization's products

### **5. Research Methods**

The research employed the methods of logical and comparative analysis, using information review

and statistical data as general scientific methods. To justify the direction of the company's competitive strategy, we applied the calculation of the competitiveness coefficient, based on which we formulated the directions of the strategy.

## 6. Findings

The main directions for improving the competitiveness of the business. The main directions of increasing the efficiency of crop production can include the search for untapped potential opportunities to improve the quality and quantity of the results of production, to increase the volume of agricultural products (Nikitin et al., 2020; Popova & Fetskovich, 2015).

Measures to improve the efficiency of livestock production include increasing the productivity of livestock, improving the quality of products, improving their breed composition, reducing the cost of products produced and sold.

A detailed analysis of the reserve for increasing the efficiency of agricultural production in AO Podyem of Michurinsky district for the perspective of 2021-2023 showed that the increase in crop production in AO Podyem is a sort of renewal. While cereals and grain legumes are usually renewed every 3-4 years, sunflowers are renewed annually.

The analysis of AO Podyem revealed other sources of yield growth reserves, such as fertilizer application, harvesting in better agrotechnical terms and reducing harvesting losses.

In 2021-2023, it is expected to increase the marketability of winter wheat by 4.7%, spring wheat by 9.5%, barley by 1%, maize by 1.65%, sunflower by 7.65%, and milk marketability by 0.21%.

The planned profit will increase due to sales of winter wheat by 18.8 rub/c, spring wheat by 20.2 rub/c, corn by 3.4 rub/c, sunflower by 38.6 rub/c, milk by 182 rub/c in terms of profit from soybean sales by 779.1 rub/c.

It is expected to increase profitability levels of winter wheat by 3.2%, spring wheat by 4.2%, maize by 4.6% and milk by 8.8%. The planned profitability level for soybeans should be 63.8%.

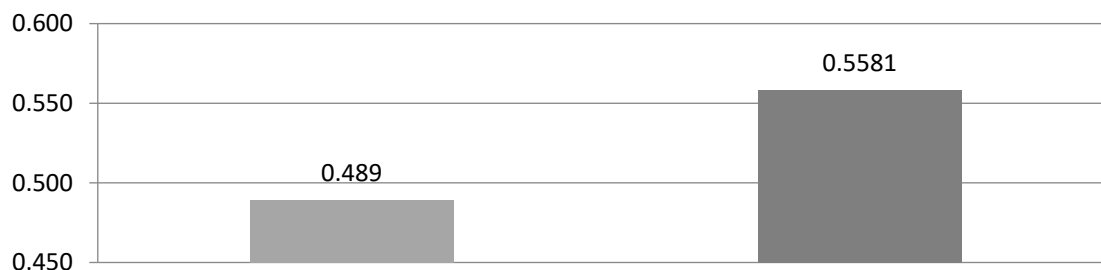
Forecast of the efficiency of managing the agribusiness development of AO Podyem in Michurinsky District for the strategic perspective, considering the made proposals.

The results of analysing the management competitiveness indicator of AO Podyem in Michurinsky District for the perspective of 2021-2023 show that the economic efficiency of management activities is expected to increase by 15.8%, while the share of management costs in the structure of production costs will decrease by 0.7%.

The result of analysing the business activity coefficient for AO Podyem in Michurinsky District for the perspective of 2021-2023 shows that the turnover is expected to increase by 11.5%. It is also expected to reduce the level of circulation costs by 10.37 shares. The business activity ratio will increase by 53.9%.

The results of analysing the market coefficient of AO Podyem in Michurinsky District for the perspective of 2021-2023 show a possible reduction by 8.2% in the increase in management efficiency. However, the increase in profit on sales should increase by 36.8%. Overall, the market position efficiency coefficient should increase by 9.8%.

The results of analysing the calculation of the trade quality coefficient in AO Podyem in Michurinsky District for the perspective years 2021-2023 lead to the conclusion that the trade quality coefficient in AO Podyem will remain unchanged.



**Figure 2.** Competitiveness indicator coefficient in AO Podyem of Michurinsky district for the perspective of 2021-2023

Figure 02 shows the changes in competitiveness dynamics at AO Podyem for the years 2021-2023. The data shows that the competitiveness of the company will increase by 0.0691% between 2021 and 2023, in ratio to 2019.

## 7. Conclusion

The analysis of the competitiveness of AO Podyem in Michurinsky district reveals the following factors: the company has a favourable economic and geographical location, its agroclimatic resources are favourable for the cultivation of major crops, there is an increase in production in recent years, there is also a constant, stable demand for the products produced, the state support in the form of subsidies, there is the possibility of expanding the range of products. The enterprise has an optimum price/quality ratio for its products.

The results of the efficiency of grain production in perspective 2021-2023 showed that the enterprise has an opportunity to increase the level of marketability of winter wheat production by 4.7%, spring wheat by 9.5%, barley by 1%, maize by 1.65%, sunflower by 7.65%, milk by 0.21%.

In general, the results of the calculations showed that, the increase in the level of competitiveness of AO Podyem in Michurinsky district of the Tambov region in the market of agricultural products to 0.5581, which shows its rather high level. This can be achieved by increasing the productivity of winter wheat to 106.6%, spring wheat to 107.1%, barley to 102.5%, maize to 105.98%, sunflower to 108.53% and milk to 1.02%.

To achieve the goal of increasing the competitiveness of an agricultural enterprise, in particular AO Podyem of Michurinsky district, it is necessary to solve a number of problems, primarily of a managerial nature, this also contributes to the retention of market advantages. The enterprise needs to endeavour to upgrade its agricultural machinery.

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