

THEORETICAL ASPECTS OF STRATEGIC MANAGEMENT ON ENTERPRISE OF THE AGRARIAN SECTOR OF THE ECONOMY

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Abstract

The Management of agrarian enterprises in the conditions of market economy is impossible without a business planning at all of the levels: strategic, tactical and operational. In the authors' opinion, the strategic level is, which defines the main directions of development of enterprises, is the most important. The formation of market relations creates for enterprises the need of strategic management, a concept which is based on the development of strategies for the effective development of enterprises on long terms, provided stiff competition among manufacturers.

Keywords: strategic management, management process.

INTRODUCTION

One of the basic problems of the development of the agrarian sector of the Republic of Moldova economy is the absence of clear, evidence-based strategic directions of development of the branches of the agro industrial complex. As practice shows, not always the regulation of the development of agricultural production by the state gives the desired socio-economic results. Public governments are often unable to fully ensure the proper control and adjustment of the strategic development of the agro industrial complex. [2]

The expansion of negative tendencies in agriculture, the intensified competition, the deterioration of the social position of commodity producers, the inefficiency of existing methods of management of economic processes require new approaches to improve the effectiveness of the management of agricultural enterprises, the formation of a new type of thinking among the managers. [1]

MATERIAL AND METHOD

The main purpose of the article is a scientific justification for the foundations of strategic management of agrarian enterprises in the contemporary economy and the development

of promising areas of the formation of an effective strategic management of agrarian formations of the state.

For the study of economic events, such methods as economic research: historical, graphic, economic and statistical have been used.

RESULTS AND DISCUSSIONS

Agriculture is the basis of agricultural production. Agriculture is of great importance to the economy of the Republic of Moldova, because: (1) at present and in the near future, the manufacturing sector of the national economy will have a predominantly agro-industrial character, and for much of the country's population, agricultural activity is the main source of livelihood, since most of the population live in rural areas, (2) the share of agriculture with industry, processing of agricultural raw materials is approximately 33% of GDP and 65% of total exports; (3) in rural areas natural and cultural-historical landscapes conducive to modern agro-tourism, which could develop into an important branch of the volume economy are attractive. [1]

The term "strategic management" was introduced into the lexicon of scientists and businessmen in the late 60-s and 70-s of the

XX century in order to distinguish the current management at the level of production and management, which was carried out at the highest level.

The first step towards deeper understanding of the need for strategic management has been the extended conference in Pittsburgh (USA, May 1971), where the results, such as the development of a strategic approach in the management of the western and eastern companies were summarised, and also the main directions of further development of strategic management were outlined.

Beginning with 1973, the principles of strategic management are gradually gaining acceptance in developed countries with a market economy type, and beginning with the late 80-s- early 90-s are dominating in the majority of corporations around the world. [5] Strategic management is quite often referred to as a strategic market management. This emphasizes the market orientation of enterprises.

Strategic management can be viewed as a dynamic set of five inter-related management processes (Fig. 1). These processes logically form a single integral mechanism in the middle of which there is a feedback-resistant and, accordingly, reverse the effect of each process on the other, and their whole totality. This is precisely the feature of the structure of strategic management.

Analysis of the environment is the first process of strategic management as it provides a basis for defining the objectives of the enterprise and for developing a strategy. The analysis includes the study of the macro-environment and directly the environment of the enterprise. The analysis of the macro-environment – is the study of the influence of the economy, regulation and governance, political processes, the environment natural and resources, social and cultural component of social, scientific, technical and technological development, and infrastructure. Macro-environment analyzes components such as customers, suppliers, competitors, job market. From the study of the external environment it is necessary to move to the analysis of the internal environment of the enterprise

(personnel, organization management, manufacturing, finance, marketing, corporate culture). For the enterprise it is important to maintain not only the balance between input and output in the manufacturing process, but also the balance of the interests of different social groups of people who are interested in the functioning of the enterprise and have an influence on it. The balance of interests determines the direction of the vector enterprise which is formally represented as a mission and strategic objectives.

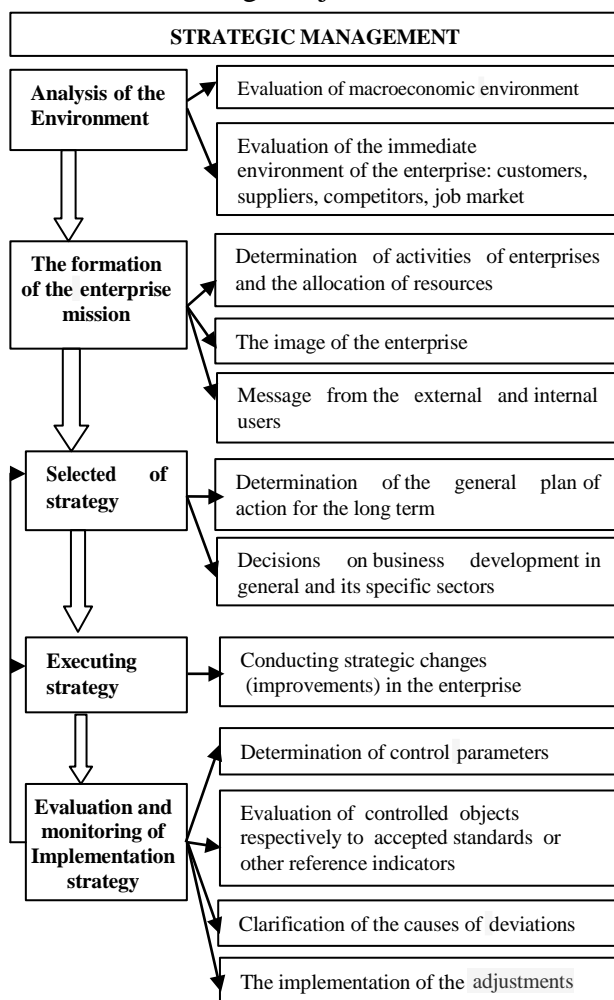


Fig. 1. The basic scheme of the strategic management of agrarian enterprises
Notice. Own research, based on [3].

The mission of the enterprise - this is a message addressed to both external and internal users, which sets out the reason for the existence of the enterprise and the characteristics that distinguish it from other companies, and this mode of perception, the image of the enterprise, the definition of areas

of activity and resource allocation. The mission serves as a motivator for employees and generates interest in it from the environment.

The mission must be formulated in a way, on the one hand, to clearly indicate the reason for the existence of enterprise and on the other - the mission to be general enough so that there would be no need to often change it.

After that, it's time to *select a strategy*. This process is central to the strategic management and consists not only in determining the general plan of action for the long term. Defining strategy as a process – a decision to develop the business as a whole and its separate sectors, how to deal with competitors, the place of the competitors, etc.

The process of implementation strategies is the next in the sequence of the objectives of strategic management. Implementation of the strategy - it is of strategic changes (improvements) in the enterprise, which leads him into a state of readiness to turn strategy into reality.

Consequently, the process management strategy requires exceptional attention and control. This function is addresses a *process such as evaluation and monitoring strategy implementation*, which provides: a definition of what and what parameters should be monitored, controlled assessment of the objects accordingly to accepted standards or other benchmark indices, to determine the causes of deviations, if any are found, the implementation of adjustment.

When monitoring the implementation of strategies, these tasks get some specifics as strategic control is directed at clarifying the extent to which the strategic objectives of the enterprise with the help of the chosen strategy. Adjustment of the consequences of strategic control may relate to both the strategy and strategic objectives of the enterprise. Therefore, the process is a closed-loop management.

Thus, the strategy of the enterprise in a competitive environment provides knowledge of the nature of strategic analysis, the ability to define the mission of the enterprise, assess and monitoring the implementation of the

strategy as a basis for developing and implementing effective policies in the market conditions.

In the current economic conditions, strategic management and planning of agricultural enterprises, in practice, have found little application. The leaders of agro formations show a formal interest in strategic management and in most of the cases do not apply the modern technologies of strategic management. As practice shows, the agro formations reduced function of control and information security of the strategic management process.

In most cases, management decisions are made intuitively, without a detailed analysis of the factors of external and internal environment, economic justification of the effectiveness of strategic alternatives and consideration of financial risks. Also there is no relationship and consistency in the implementation of activities that does not give the possibility of a synergistic effect.

Features of the current state of public administration development of agro-industrial complex of the country, characterized by the absence of a regional approach in the preparation of the development strategy of agricultural enterprises. Reduced defining, regulating, controlling and stimulating the function of the state as principal organ, which forms the general direction of development agro-industrial complex at the national level.[5]

In our opinion in such a complex situation, agricultural enterprises of the Republic of Moldova to look for internal reserves of the organizational improving the efficiency of its activities, which are not related to the financial costs.

The lack of financial resources is one of the main obstacles to development of the majority of agricultural enterprises. The program of financial assistance to agriculture in Moldova compared to other countries is very modest, budget subsidies for agriculture does not exceed the level of 3% of all state budget expenditures.[1]

In our opinion, the existing organization of the management of enterprises in the country,

changes in the strategic management should be holistic, multi-level, long-term, and last but not least is consistent with other measures of reforming character. We believe that the main directions of improving the effectiveness of the strategic management of agrarian enterprises are:

1.The formation of an effective mechanism for implementing the strategic management of the development of strategic management at every enterprise. This mechanism should take into account the most effective and balanced ratio of all the components that would allow the maximum effect and is implemented on time management decisions.

2.The development of the enterprises strategic planning system, which would be based on the principles of indicative planning, strict control and the timely adjustment of enterprises in accordance with a system of economic indicators.

3.Establishing a clear management information systems, which should be fixed in an internal document management with a clear order of filing timely in the required amount of reliable information.

4.Providing highly qualified personnel by stimulating the manager of the desire to improve professional skills. Collaboration with the State Agrarian University of Moldova in terms of attracting capable and qualified advanced students for further work on the agrarian enterprises.

The plight of the rural sector requires a focus on the use of new forms and methods of strategic planning, management, monitoring and evaluation of the National program «Satul Moldovenesc» and regional programs in the field of agriculture and villages, a significant change in public policy in the countryside, the profound changes of legislative and institutional framework in this area.

CONCLUSIONS

Strategic management is an important part of enterprise management system. The main advantage of the strategic management of the agrarian enterprises is the use of internal

managerial resources of enterprises that do not require significant capital investment.

Based on the objectives, the system of strategic management of agricultural enterprise, in our opinion, must include:

1.The formation of an effective mechanism for implementing the strategic management of the development of strategic management at every enterprise;

2.The development of the strategic planning system, based on the principles of indicative planning;

3.Establishing a clear management information systems;

4.Providing enterprise with highly qualified personnel by stimulating the manager of the desire to improve skills.

Achieving these goals is possible only if the implementation and operation of well-regulated process of strategic planning, which, in our opinion make the country's agricultural enterprises to concentrate their efforts on the solution of actual problems and increase efficiency. [6]

Strategic planning provides an opportunity to study further the medium of their activities, their own capabilities and limitations. And of course it has a positive effect on increasing the profitability of enterprises and provides the basis for effective strategic management of enterprise.

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