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## Strategic Alliance As A Modern Format For The Future Development Of Food Subcomplexes.

Viktoriya Vital'evna Kurennaya\*, Yulia Viktorovna Rybasova, Svetlana Vasiljevna Alivanova, Evgeny Aleksandrovich Shevchenko, and Sergey Ivanovich Lugovskoy.

Stavropol State Agrarian University, Zootekhnicheskiy lane 12, Stavropol 355017, Russia.

### ABSTRACT

In this article, from a systemic point of view, a model-theoretic presentation of the processes of forming alliances as an organizational-economic form of the strategic development of product sub-complexes is given. The role of agro-industrial alliances in the functioning and increase of competitiveness of the regional agro-industrial complex is revealed. The characteristic features of alliances, similar to other formats of integration formations at the present stage, are highlighted. The economic feasibility of forming an alliance in the agro-industrial complex, which is due to the relative technical backwardness of agricultural production, uneven production and financial capabilities of agricultural enterprises, the objective need for systemic changes in the agricultural sector, increased competitiveness of products, social importance and other factors. In the context of the current market situation, agro-industrial alliances are one of the most promising and effective forms of development of the agro-industrial sector. The result of the formation of a strategic alliance should be qualitative changes in the functioning of the food subcomplexes, as well as the creation of a number of conditions for the sustainable development of the agro-industrial complex as a whole.

**Keywords:** agro-industrial complex, food subcomplexes, agro-industrial alliances, strategic development.

*\*Corresponding author*

## INTRODUCTION

In food complexes of industrialized countries, the basis for the inter-sectoral coordination mechanism is the organizational forms of inter-economic integration. When creating any organizational form of integration in the AIC system, it is necessary to take into account many different parameters and the factor of their influence on the results of production and sales activities [2].

A significant layer of economic research space is devoted to the study and evaluation of the effectiveness of the functioning of agro-industrial formations in various formats of organizational forms of inter-economic integration. A large share of attention is paid to clusters and evaluation of the effectiveness of their functioning. Other organizational forms of agro-industrial integration, such as cooperatives, agro-industrial holdings and others, are also considered. In our opinion, insufficient attention in the domestic literature and science is given to this form of integration in the food subcomplex as a strategic alliance.

The main advantage of this type of integration formation in the agro-industrial complex of the Stavropol Territory is the possibility of combining partnerships in the area of the markets currently operating and increasing competitiveness and promoting their products in the markets identified as promising [4].

This format of operation is not new for the Russian AIC. Describing this category, B. Garrett considers it a system of contractual relations between companies on the conduct of a common financial policy. The Alliance is a free form of association, which allows for the mutual use of important resources, at the same time providing savings on investment and leaving room for a relatively painless break of the uniting parties [3].

Being relatively long-term inter-organizational cooperation agreements, strategic alliances are a business format that provides for the possibility of sharing resources, as well as management structures by organizations that operate independently, which should ensure the joint achievement of targets and targets defined by the corporate missions of each of organizations included in this alliance. Thus, the synergy effect provided by the functioning of strategic alliances in the economy becomes obvious. This is fundamentally different from the situation, for example, in cluster formations, where the territorial principle of organization and ensuring the optimization of production and economic relations at the expense of this principle are put at the forefront.

In addition to synergy in the results of the formation of a strategic alliance, it is possible to ensure the achievement of individual goals related to the strategic mission of each of the partner enterprises.

## RESULTS AND DISCUSSION

**The role of strategic alliances.** With regard to economic relations within individual regions, strategic alliances are of great importance within the framework of regional development due to the specialization of regional economies, albeit in varying degrees. Acting as the growth points of the region's domestic market, formed and successfully functioning strategic alliances provide opportunities for the formation of new alliances, which ultimately increases the region's competitiveness [7]. Thus, the functioning of strategic alliances generates advantages for the subjects of economic relations in the following areas of activity:

1. Information, consisting in the free exchange of information and the rapid spread of innovative approaches and techniques through the channels of suppliers or consumers.
2. Innovative, providing innovative development of various forms of entrepreneurship: small, medium, large through the rapid spread of innovations in all enterprises of the alliance.
3. Investment - improving the investment climate and the attractiveness of the region, the ability to regulate investment flows and assess the effectiveness of their investments based on the priority development of regional alliances.
4. Financial - the functioning of alliances contributes to the growth of the taxable base, the interaction of different business areas between themselves and the state, the emergence of a real mechanism for diversifying the economic development of the region.
5. Resource - improving human infrastructure, reducing costs, the potential for successful access to new markets.

In addition to these advantages, the formation and operation of alliances provides the opportunity for a focused reorientation of unprofitable enterprises in the region.

**Signs of an alliance.** Strategic alliances have their own characteristics, similar to other formats of integration formations or different from those. Denote the key features of a strategic alliance:

- first of all, a strategic alliance does not mean merging two or several subjects into one company;
- each of the companies in the strategic alliance maintains its own strategic goals, benchmarks and objectives;
  - One of the basic characteristics of strategic alliances is the implementation of cooperation on key projects that are priorities for each of the participants of the alliance;
- formation of a strategic alliance is advisable for the implementation of joint strategic initiatives requiring the consolidation of resources available only to all members of the alliance;
- risk management and minimization due to the distribution among all members of the alliance;
- due to the need to achieve common goals facing the alliance, it is necessary to bring the corporate culture of each of the participants of the alliance to a specific standard developed by all participants;
- structure of a strategic alliance may include organizations that are completely different in terms of sectoral nature and nature of activity, which allows uniting manufacturers of such products, processing enterprises, research institutions, trading networks, consulting organizations, and structures with state participation;
- format of the strategic alliance provides both the integration of already existing competences and the advantages of each of the participants, on the basis of which new competencies and advantages are generated;

One of the key advantages of the format of a strategic alliance is the possibility of a qualitative change in the parameters of the activities of enterprises and organizations included in it, due to access to international product markets. This is explained by the absence of territorial restrictions for this type of integration formations.

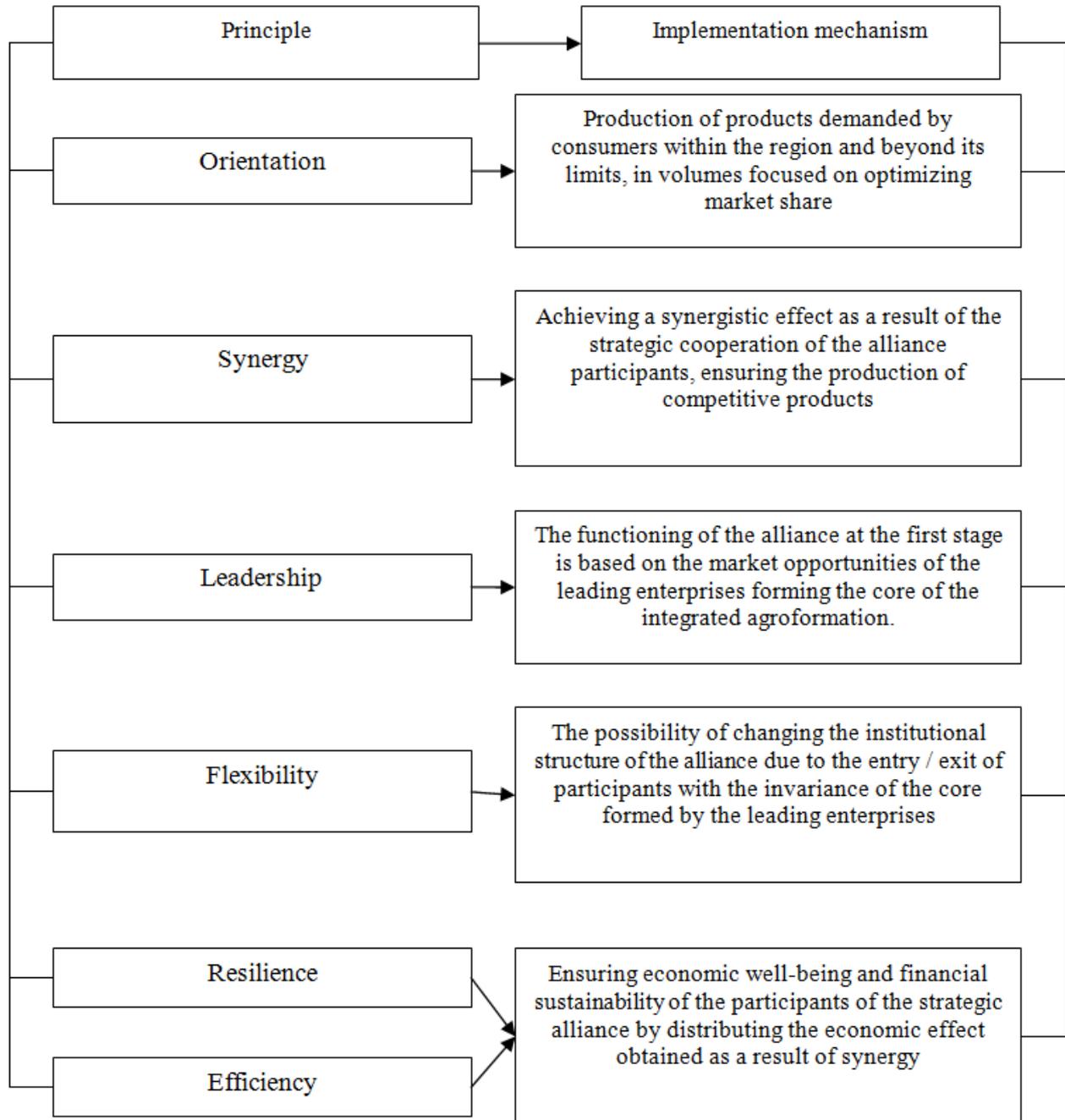
**Alliance as a promising form of development of the agro-industrial complex.** The economic feasibility of forming alliances in the agro-industrial complex is due to the relative technical backwardness of agricultural production compared with industry, the uneven production and financial capabilities of agricultural enterprises, the objective need for qualitative transformations in the agricultural sector, increasing product competitiveness, social importance and other factors [1, 8].

With regard to the agricultural sector as a whole and product subcomplexes in particular, the conceptual plan of forming a strategic alliance is to create a long-term agreement on cooperation in the production, processing and promotion in the market, ending with retail consumption by independent business entities. Thus, the format of the strategic alliance allows you to save the entire value chain and further distribute it among the participants in accordance with the rules defined in the process of forming the alliance.

The task of forming strategic alliances in the AIC is to form and provide a mechanism for managing business processes during the formation of a value chain for the consumer of agricultural products, taking into account the maximum use of the regional potential of the agro-industrial production [5]. The conceptual provisions for the use of strategic alliances in order to increase the competitiveness of the regional AIC in general and of the food subcomplexes in particular include the following aspects (Figure 1).

The result of the formation of a strategic agro-industrial alliance should be a qualitative change in the competitiveness of any product subcomplex, as well as the formation of a set of conditions for the implementation of the sustainable development of the agro-industrial complex and the industry as a whole.

Ensuring sustainable development by increasing the competitiveness of the regional agro-industrial complex inevitably generates the formation of a qualitatively new format of competitive struggle, as enterprises of the alliance pool their resources, thereby providing access to new markets, and ultimately increasing the efficiency of the entire system. For this reason, the alliance is one of the most promising and effective forms of development of the agro-industrial sector [1, 6].



**Figure 1: Basic principles and mechanisms for their implementation in the system of strategic agroalliance**

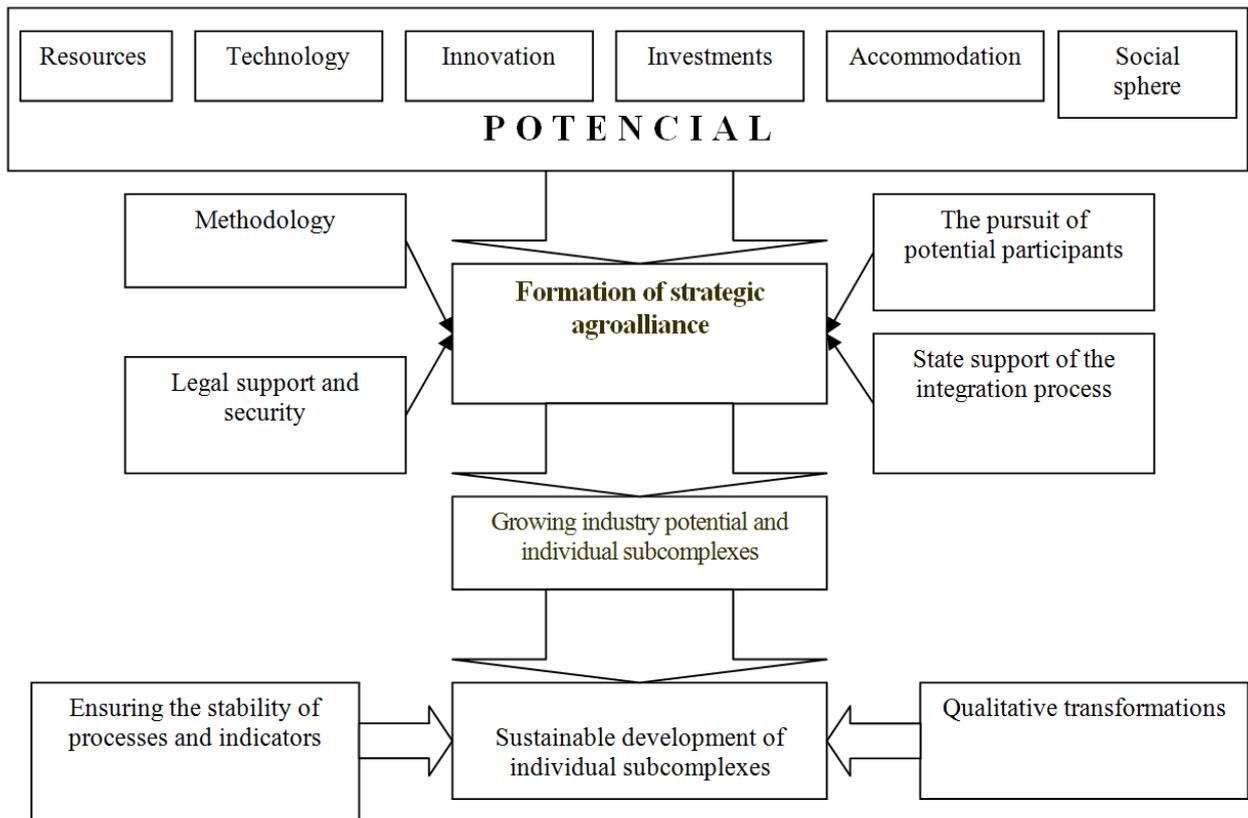
Besides the fact that strategic alliances are associations of an institutional type, they are also a type of relationship that allows partners seeking to expand markets, take into account mutual interests and needs, and also work and share risks to achieve common goals. For the qualitative development of agricultural producers, this integration format is of particular interest and benefit, as it allows us to conclude long-term contracts for the sale of manufactured products.

The functioning of strategic alliances should ensure the sustainable development of food subcomplexes as a result of qualitative changes in the following areas:

- ensuring balanced economic development of the region, taking into account its features;
- increasing the competitive potential of the grocery subcomplex due to increased production,

resource, innovation, investment, social and other characteristics.

The model of ensuring sustainable development using the creation of agro-industrial strategic alliances is as follows (Figure 2).



**Figure 2: Ensuring the sustainable development of food subcomplexes through the formation of a strategic agroalliance**

The following features of the model presented above should be noted: systemic; close relationship and consideration of the characteristics of agricultural production; implementation of a phased multi-level approach to the process of sustainable development of food subcomplexes in a separate region.

The process of ensuring the sustainable development of a specific grocery subcomplex, based on the use of agro-industrial strategic alliances, consists in providing on a comprehensive basis a number of conditions for qualitative transformations in the regional agro-industrial complex [7,8]. As a methodological basis for this process, the theory of business process management should be used to ensure optimal and rational value chain for the consumer of agro-industrial products while reducing dependence on factors leading to the volatility of indicators that are indicators of the sustainable development of the AIC [1].

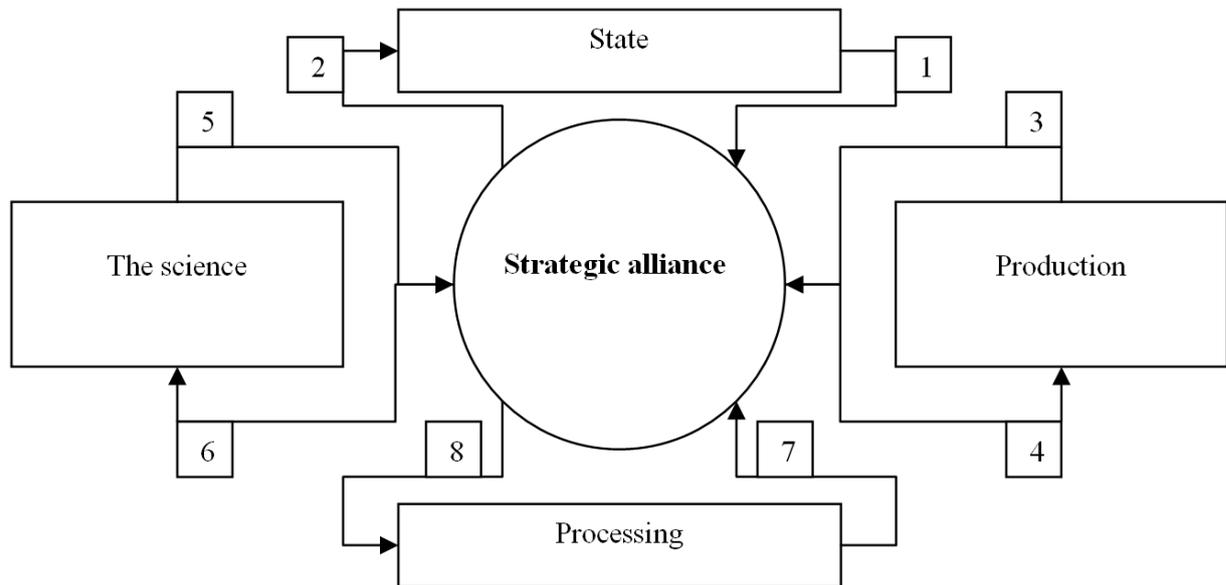
Based on the model presented in Figure 2, it can be seen that the main driving forces supporting the integration process should be the mutual desire of potential members of the alliance itself and the support provided by the state. Based on this assumption, the need to form a complex of motivating conditions for participants in the key sector of the agro-industrial strategic alliance becomes urgent.

With regard to the state, we can consider two options for the participation of state authorities in the implementation of the model for ensuring the sustainable development of food subcomplexes through the creation of agro-industrial strategic alliances.

1. The role of the state is to implement the following actions of regional authorities:
  - Assistance in various formats in the formation of strategic alliances;

- government support and monitoring of the results of alliances using various tools.
- 2. The implementation by the authorities of the format of a public-private partnership, the functionality of which is expressed in joint planning and financing of projects.

In order for strategic alliances in the agro-industrial complex as a whole and in the food subcomplexes in particular to be widely used, the direct participation of agricultural and processing enterprises, as well as state structures, is necessary. The exchange of resources in the strategic agribusiness alliance is shown in Figure 3.



**Figure 3: Channels for sharing resources in the strategic alliance of the regional AIC**

- 1 - Fiscal policy, lobbying interests of the region of functioning of the alliance
- 2 - Social status, tax payments, investment attractiveness of the region
- 3 - Raw materials
- 4 - Economic effect
- 5 - Scientific developments
- 6 - Research funding
- 7 - Finished Products
- 8 - Economic effect

**CONCLUSION**

Thus, the underdevelopment and limitations of the practice of strategic alliances in the agrarian sphere are due to many factors. Modern reality implies the need to form agro-industrial alliances that will provide qualitative changes in the functioning and development of not only food subcomplexes, but also create a number of conditions for more efficient and sustainable development of the domestic agro-industrial complex as a whole. As in the global economy, the Russian agrarian business operates within the framework of objective processes of consolidation of key industries, the growing importance of innovative components in ensuring the competitiveness of enterprises, i.e. objective reasons provoking even competitors to build partnerships, to search for the basis for joint projects.

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