

ACTUAL TASKS IN THE STRATEGIC MANAGEMENT SYSTEM OF AGRICULTURAL ENTERPRISES FROM THE MILK INDUSTRY OF THE AGROALIMENTARY COMPLEX

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***Abstract:** Nowadays there is much talk about the need to expand the activity of Agricultural Producers' Cooperatives on the opportunity to seek to increase the number of members in each of them through agricultural organizations, citizens, who own a peasant household. Many of them, namely with Cooperatives bind their expectations to solve many urgent problems. Today, cooperatives are the strongest economic, social and political institution without which the rural economy and the agricultural society can not be modernized, and first and foremost, the small and medium-sized businesses that form the basis of the cooperative movement.*

***Key words:** efficiency, production cooperatives, agro-food complex, peasant households.*

***JEL Classification:** M21, P13, Q 12.*

1. General analysis of the links of activity of the milk industry in the Republic of Moldova

In the structure of the milk industry of the Moldovan agri-food complex we can distinguish two essential links:

- Primary milk producers - of which the largest production quota is represented by small farms, households and peasant households (farmer);
- Milk processors - the largest volume of production is provided by large households.

In order to get an effective result these two links in the dairy industry must work interdependently.

The efficiency of processing enterprises depends largely on the continuity of milk supply, on the quality of milk, which in turn depends on the efficiency of primary producers.

The efficiency of primary producers depends to a large extent on the opportunity of delivered goods, timely payment and pricing policy. The intrinsic relationship between the effectiveness of these two basic links in the dairy industry is determined by the need to find ways to achieve the balance of stakeholder interests and to find ways to facilitate the partners in difficulty. Under current conditions, the partners in difficulty are considered to be primary milk producers who are experiencing an acute shortage of own funds, and in this sense they are characterized by low solvency, which does not allow to the extent necessary the use of resources "expensive" credit.

In addition, primary milk producers are primarily exposed to natural, inflationary and foreign exchange risks. It is the fluctuation of feed prices for the sake of reducing yield due to unfavorable climatic conditions, resulting in the need to purchase imported fodder, which, among other factors, depends on the situation on the foreign exchange market. Rising feed prices should entail a rise in raw material prices - milk. However, from primary processors who buy milk, primary producers are under pressure. Primary producers often do not receive adequate compensation for increased costs as their situation continues to worsen.

Today, between the two links of the dairy industry, there is an imbalance in today's relations, which negatively affects the effectiveness of both parties.

These facts become one of the reasons for the insolvency of many and, above all, of small farms that cease to work.

It has long been recognized that cooperation is needed to strengthen the position of small farms. As the researchers see, in the context of World Trade Organization membership, stronger competition in global food markets for maintaining social stability and economic growth, it is important to involve all rural residents, farmers and agricultural organizations in cooperative relations.

2. The Importance of Creation and Activity of Cooperatives of Agricultural Production

Today there is much talk about the need to expand the activity of Cooperatives of Agricultural Production on the opportunity to seek to increase the number of members in each of them through agricultural organizations, citizens who have their own peasant household.

Many of them bind their expectations namely with Cooperatives to solve many urgent problems. Today, Cooperatives are the strongest economic, social and political institution without which the rural economy and the agricultural society can not be modernized, and first and foremost, the small and medium-sized businesses that form the basis of the cooperative movement.

Fiodorov N.F. highlights the following tasks, which are meant to solve the Agricultural Production Cooperatives:

- ✓ *Tasks of production:* processing and production of agricultural products; improving peasants' access to credit markets and technical and material resources; ensuring the rural population with commercial and social services; conservation of local food brands and popular recipes for food preparation;
- ✓ *Social tasks:* ensuring employment and increasing the incomes of the rural population; feeding the revenue side of rural budgets; providing low-income urban food groups with affordable food;
- ✓ *Political and geopolitical tasks:* training in a rural middle class society, especially villages and small villages (Fiodorov, 2013, pp.27-31).

Analyzing the above-mentioned tasks, we should draw attention to the first task group, which draws attention to the small producers' participation in the processing of agricultural products, the conservation of local food brands and popular recipes for food preparation.

Botov H.L. who recognizes the different forms of management and the need for their optimal combination, notes that the priority is to develop large-scale commodity production to ensure the efficient functioning of the agro-industrial complex of the region. At the same time, he notes, it is appropriate to create small enterprises for the processing of raw materials directly at the production fields (Savkin, Poluhin and Safronov, 2013, pp.36-43).

It should further be noted that, in order to improve the quality of products, emphasis should be placed on the integration of large and small associations for processing and releasing products under the brand of large processing enterprises. Small-scale households should be transformed into subsidiaries of large households. Such a way of organizing partnership will contribute to investments for the modernization of the technological lines of subsidiaries, intensification of control over the quality of manufactured products and ultimately to increase the competitiveness and economic efficiency of small households.

2.1. Obstacles of creation and development of integration associations in rural areas of Moldova

Analyzing the speciality literature, we can mention the following factors of training and activity constraints of the integration associations in the rural areas of the Republic of Moldova:

a. Absence or insufficiency of economic, ideological, informational and political conditions and support the formation of the agricultural co-operation system. Due to the lack of literacy of owners of small households, the ideology and accompanying methodology should come down from audit organizations or self-regulating organizations;

b. Inappropriate profitability of agricultural production and, in consequence, lack of means for agricultural producers to create and develop a cooperative system; difficulties in obtaining credit, and high interest rates on loans. The exclusion of this factor can be through the detailed integration of agricultural producers and processors, on the basis of which a reasonable and fair distribution of incomes should be made. In order to ensure the availability of credit resources, in practice a trustworthy guarantee of large households should be implemented for the small ones;

c. Fragmentation of existing agricultural producers and agricultural cooperatives, the absence of a single unifying center. So far, there are already a few issues of the cooperative movement, including those for which leadership functions are attributed, the low efficiency of which is due to the lack of clear methodology and working procedures. This issue remains open, which requires the elaboration and consolidation of regulatory results at the level of the normative documents;

d. Increased competition from large companies involved in the transportation, storage, processing and sale of imported agricultural products. Obviously, small households and cooperatives can not survive a competitive battle with big companies. Therefore, it is necessary to try to involve large and small farms in mutually beneficial terms in the integration process and to create motivating conditions for the participation of large enterprises in solving the problems of small owners. World experience shows that the developed countries' economy is based on large integrated cooperative structures, including farms, with which small and medium-sized enterprises interact;

e. The citizens' mentality does not contribute to the development of collective forms of household management. It would be more appropriate not to say mentality, but insufficient education and awareness of rural citizens, which is again linked to the inefficiency of the activities of the co-operative movement subjects entrusted with leadership.

A specific stimulus for the development of rural cooperation has been developed "The Story of Development of Agriculture and Rural Environment of the Republic of Moldova 2014-2020". Also, important for the development of small businesses in rural areas are various international projects such as: "COSME 2014-2020 Program", "RISP II Program", "FERMIER Program at FERMIER", "Food Production Growth Project" etc. All these programs have as main purpose the development of agriculture and food production in the Republic of Moldova and the extension of employment opportunities and the participation of small farmers in competitive agricultural supply chains through increased access to financial services for small owners.

Production cooperatives received access to short-term subsidies and investment loans. However, we must recognize that they are currently not fully committed to the tasks entrusted to them.

We can highlight the following reasons that stop the development of integration processes in the Agro-Food Complex:

a. Threat of autonomy loss of potential subjects of integration. Excluding the influence of this factor can only be through the detailed processing of the clauses of the contracts due to the integration base. The contractual clauses must be clear to reflect mutual partnership and the possibility for small households to retain their ownership. Taking into consideration that owners of small households, as a rule, have neither legal nor economic knowledge, it is important that an independent organization be involved in the preparation of these acts;

b. The imperfection of land relations, especially with regard to land shares, which, after the first stage of their distribution, were owned by new owners of the second generation, some of which are not related to agricultural production. The removal of this factor can only be done through the intervention of the state, regional and municipal authorities. The procedure for the use and disposal of agricultural land should be established. It is necessary for the owners of such land to be placed under the conditions in which, in case of non-use of the land mentioned by designation, they are obliged to transfer them to the agricultural producers. If this condition is not met, except for serious reasons, sanctions must be imposed on inefficient landowners;

c. Lack of budget support guaranteed by the state and regional authorities in the event of integration collapse (unification risk). In this issue, it is hard to recommend that we hope for state and regional support. As already mentioned, it is important to develop correctly the contracts that underlie the integration. In addition, it is important to develop an insurance system in the agro-industrial complex, to develop efficient insurance mechanisms involving large processing enterprises

2.2. Problem solving in the creation of integration associations in the rural areas of the Republic of Moldova

Despite the multiple nature of the cooperative system that has been formed in the agro-industrial complex and especially in the dairy industry, which is represented by the numerous varieties of participating actors, the modern cooperative system can not cope with solving the reported problems. It is necessary to reform the existing integration structure, especially in the dairy industry, which should be based on the following tasks:

1. Escalation of integration links between processing enterprises and primary dairy producers;
2. Improving the system of organizing the activity of credit cooperatives;
3. Improvement of the organization of the activity of the insurance cooperatives;
4. Improve the commercial and industrial policy of processing enterprises.

It is desirable to take into consideration the solution of the first task in terms of solving the other three problems, ie the mechanism of involving milk processing enterprises in the credit and insurance system of primary producers of dairy raw materials.

The role of the fourth task in this process is to find ways to harmonize the commercial and industrial policies of processing enterprises and primary producers, aiming at strengthening and increasing the effectiveness of economic links between them, thus improving the reliability of the agro-integration structure - enterprises specializing in dairy products from the agro-industrial complex.

The second task also requires involvement of banks in the integration process, with simultaneous participation of the state and regions. The purpose of creating Level 3 and 4 cooperatives, the associated members of which should become the banks, said scientists Savkin V., Poluhin A. and Safronov I. (2013, p.44). However, the methodology of organizing this process has not yet received sufficient attention from scientists.

The above-mentioned task solution predetermines the need to review the process of distributing financial results among actors involved in the integration of a new form. In

solving the second problem, Hairrulin A. proposes the following concept: the efficient operation of the dairy sub-complex of the Agro-Food Complex on the basis of an improved management based on the integrated development of all the elements of the technological chain of production, processing and bringing products to the consumer, distribution of funds according to the principle of maximum impact on the final result and the investment balance (Hairrulin, p.37).

Baturina I. proposes the mechanism of distribution of financial results between enterprises of integrated training that is proportionate to the production costs (Baturina, 2009, pp.14-16). However, an interesting idea supported by the scientists mentioned above is not supported by a clear scientific methodology and the necessary methods, even in the abstracted form from the features of the integration structures. Therefore, in the course of further research, it is important to pay particular attention to them.

3. Recommendations on the implementation of milk industry links

The key to the efficiency of the projected form of the integration structure in the dairy industry is the observance of a number of principles for building economic relations between the participating actors, among which:

- the corresponding costs of production of products (works, services) and investments with income from common activities;
- independent management by the participating entities of the profits generated by joint activities and proportionate contributions;
- the responsibility of the participating entities that are members of the integration association for the fulfillment of their reciprocal obligations.

With the above-mentioned tasks based on compliance with these principles, an effective mechanism for the integration of milk processing and milk producers with the involvement of credit and insurance cooperatives in this structure, based on the balance to the interests of all the actors involved and will aim at creating favorable conditions for the development of agricultural enterprises specialized in dairy farming of the agro-industrial complex.

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