

Increase of Competitive Capacity of Regional Agricultural Food Supplying Systems

Marina Yegorovna Anokhina¹ & Nika Sergeyevna Seredina²

¹ Plekhanov Russian University of Economics, 36, Stremyanny lane, Moscow, Russian Federation

² Bryansk State Academy of Engineering and Technology, 3a, Stanke Dimitrov Avenue, Bryansk, Russian Federation

Correspondence: Marina Yegorovna Anokhina, Plekhanov Russian University of Economics, 36, Stremyanny lane, Moscow, 117997, Russian Federation. Tel: 89-05-589-5388. E-mail: marina_anokhina@mail.ru

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Abstract

Effective functioning of the enterprise of agricultural complex in now day conditions needs adequate mechanism of conducting business which will be based on the market principles of managing and which will provide competitive advantages. Because of this today more and more attention is paid to the questions of providing competitiveness of separate subjects of managing and of agricultural-productive field on the regional and national levels. At this very work the bases of agricultural-productive complex is represented as many factor and complex phenomenon and on this very base the method of estimation of the level of competitiveness of agricultural-productive complex of the region is offered. From the position of systematic aspect the authored concept of competitiveness of agricultural-productive complex is opened with the help of using of the theory of strategic alliance. The mechanism of making of agricultural-productive strategic alliance is made and on the bases of methodology of conducting of the competitiveness of the regional agricultural-productive complex model of potatoes making strategic alliance is represented with the important role in the competitiveness of the region.

Keywords: competitive ability of agricultural regional sector, factors and conditions of competitive ability of agricultural manufacture, an estimation of competitive ability of agricultural regional sector, an agricultural strategical alliance

1. Introduction

Competitive Capacity of the country is determined by competitive capacity of its branch complexes. The necessity to ensure food supply security of the country, to satisfy people's need in foodstuffs and growth of social-economic efficiency of agriculture put up the task of increasing competitive capacity of national agro-industrial complex (AIC). It is impossible to solve many urgent and strategic tasks on development socially oriented economy of the country and formation of civilized agricultural food market without highly efficient and competitive industrial production.

The theory of competitiveness was generalized by Adam Smith (2007), who formulated the concept of competitiveness as a rivalry raising prices (at reduced supply) and cutting down prices (at surplus of demand).

Behavioral interpretation of competitiveness was also typical for neoclassical political economy. The representative of this school connected competitiveness with the struggle for scarce economic benefits as well as for consumers' money which could be spent for that. Beginning from the end of the XIX century along with the behavioral interpretation another structural conception, which later became the leading one, started to penetrate into the economic theory J. Keynes (2012), A. Marshall (1993), A. Cournot (1970), G. Robinson (2010), E. Chamberlain (1996), M. Porter (2005) were among its authors. Development of a structured approach to the analysis of competition in the works presented C. R. McConnell and S. L. Brue (1998), R. Dornbusch and S. Fischer (1990).

Besides behavioral and structural interpretation of competitiveness there is another functional approach to the definition of competitiveness in the economic theory. From its position the competitiveness is considered in the light of the main functions, which it fulfills at the market (Schumpeter, 2008). Another Austrian economist and political philosopher F. Hayek (2009) considered competitiveness even wider understanding it as "a procedure of

discovery”.

Later G. Hamel and C. K. Prahalad (1996) uncovered the theoretical and practical aspects of the competitive behavior of companies focused on the future.

Modern research in the development of competitive strategies of companies represented by C. Christensen (2011), W. Chan Kim and Renée Mauborgne (2005), D. J. Teece (2009).

The basis for appearing competitiveness is competitive capacity, which is defined as ability to compete (to apply their competitive advantages, to rival) with similar objects at a given market at a given time.

Development of competitiveness in agro-industrial production is greatly influenced by specific peculiarities of agriculture as its main branch. Stability of agricultural production is much lower than in other branches because of changing meteorological conditions which determines considerable fluctuations of overall production supply and prices. A long productive cycle determines the lag of agricultural products supply at price change. The seasonality of production results in irregular realization of products during a year. Considerable part of perishable products (vegetables, milk) demands the quickest realization which intensifies the competitiveness in the period of their mass delivery to the market. Immobility of resources in agriculture excludes it from inter-branch competitiveness for more profitable investments.

Many scientists and experts suppose that agricultural branch cannot be competitive because of high risk of investment at little profitability. So nowadays there are no grounded approaches and recommendations on raising competitive capacity of AIC. The problem of providing competitive capacity AIC are especially urgent at regional level. A region takes a middle position in hierarchy of economic system. On the one hand it allows, while solving the problem of raising competitive capacity of a regional AIC, to create conditions for forming competitive advantages of managing units at its territory and on the other hand to give an opportunity for development not only regional but also international competitiveness. There appears necessity in well-grounded estimation of competitive capacity of agro-industrial complex of the region.

2. The Essence of Competitive Capacity of Regional AIC

Competitive capacity of agro-industrial production as a notion and phenomenon has a complicated structure of multi-level character (Figure 1). It is necessary to take it into account while developing methodical approaches to its evaluation.

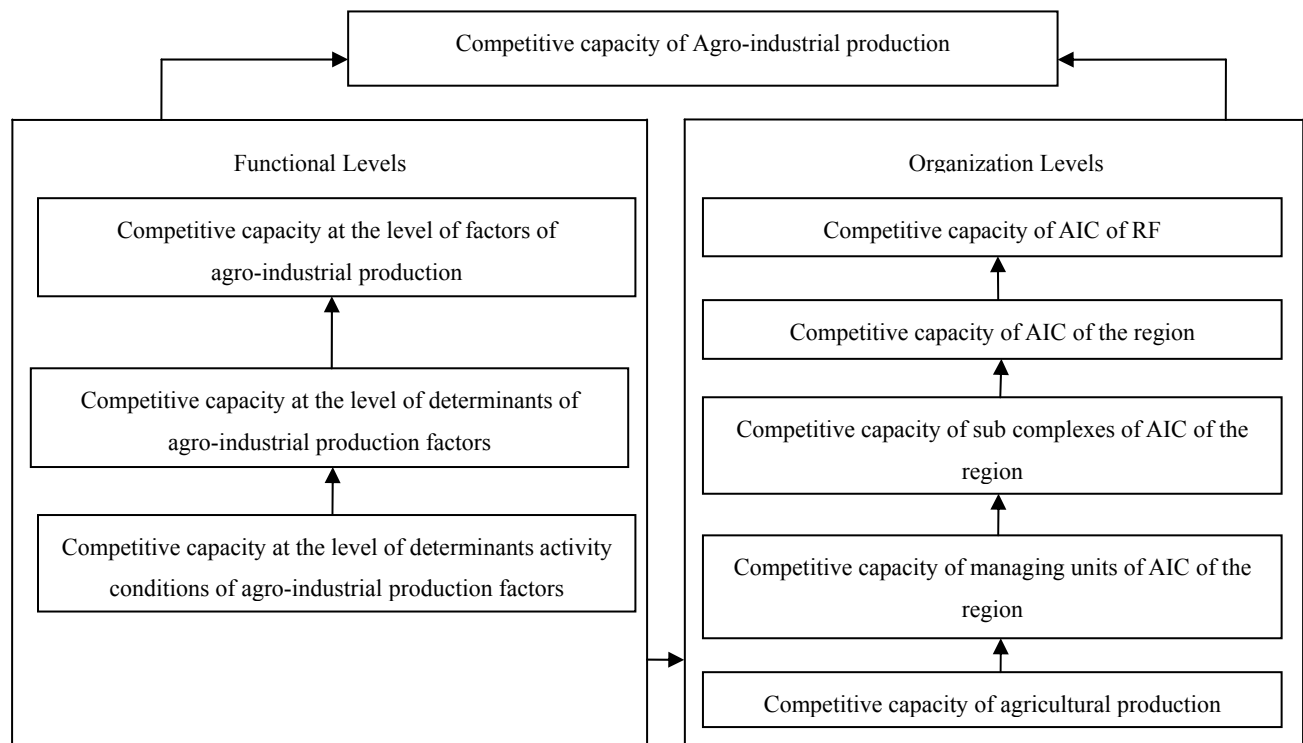


Figure 1. Levels of competitive capacity of agro-industrial production

Competitive capacity of regional AIC with due regard for peculiarity and social importance of agrarian sector should be determined as its competitive ability to function and develop in market environment efficiently providing the processes of agrarian potential reproduction, which level results in the amount of main types of agricultural product per capita, their positive dynamics and creation of conditions for sustainable development of the region in a long-term prospect (Anokhina & Seredina, 2011).

Such definition of competitive capacity essence of a regional AIC specifies the complicated structure of this phenomenon substance (Figure 2).

Competitive capacity of the regional AIC first of all is determined by volumes, condition and specificity of utilization of natural and human resources, capital and infrastructure. But providing competitive capacity barely at the expense of production factors is limited which supposes creation of additional sources for their efficient and rational utilization. Such sources act as determinants of production factors. With reference to a regional level of AIC, taking into account modern economic situation, the following determinants of production factors providing competitive capacity of agro-industrial production should be noted: investments, innovations, and development of connected and supporting branches, adequate agrarian policy. Determinants by themselves can ensure various levels of regional AIC competitive capacity depending on conditions set up in the region, which content allows defining them as economic, organization, political, law, social and cultural ones.

Competitive capacity of regional AIC should be considered at three major levels respectively:

- a) competitive capacity at the basis of agro-industrial production factors;
- b) competitive capacity at the basis of determinants of agro-industrial production factors;
- c) competitive capacity at the basis of conditions ensuring determinants operation.
- d) Practical aspect of applying the developed model of competitive capacity of regional AIC lie in providing balanced actions on establishing competitive advantages of the region at the level of volumes and qualities of production factors, opportunities of using determinants of production factors and ability to form conditions for determinants operation.

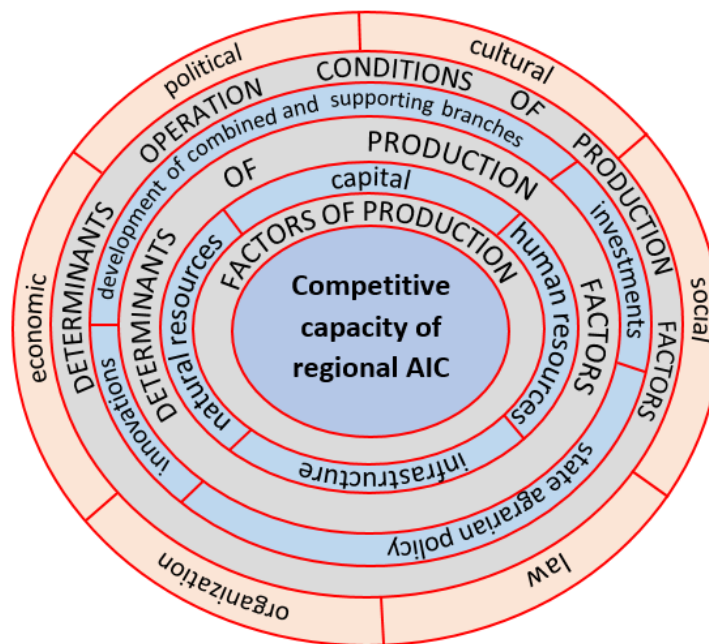


Figure 2. Structural model of competitive capacity of regional AIC

According to the developed model of regional AIC competitive capacity, formation of agro-industrial production competitive advantages due to its specificity must be put into practice by balanced actions at three major levels: production factors, determinants of production factors and conditions for determinants operation. But scantiness of resources, objective necessity of innovation development of branches for ensuring provision safety at the basis of maximum usage of regional potential stipulate dominating significance of conditions for determinants operation of agro-industrial production factors in raising AIC competitive capacity in the region. With reference

to modern AIC problems, conditions being established must ensure not only the growth of investments into agrarian sphere but also their innovation “fullness” taking into account the development of the entire network for creating value at a proper system of state regulation of economic processes.

3. The Estimation Methods of Competitive Capacity of Regional AIC

With the regard for dynamics processes of AIC functioning, uncertainty of interrelations structure of its internal elements, which at present is not reflected in statistic data, it appears to be prospective to apply a complex analytic and expert approach to estimation of AIC competitive capacity. Realization of such approach includes analysis of statistic data in order to take account of all the aspects connected with operation of agrarian sector. Information base of analysis includes 14 indices of ranking, describing the major factors of AIC operation and combined into three indicative blocks in accordance with the developed model of regional AIC competitive capacity (Figure 3). From our point of view such set of indices is sufficient in order to form a reliable estimation of development and competitive capacity of regional AIC. A group of regions in Central federal district were analyzed in order to estimate AIC competitive capacity of Bryanskaya oblast.

Calculation of integral index of competitive capacity of regional AIC was made due to formula of geometric middling:

$$I_K = \sqrt[3]{I_{DF} * I_{DPF} * I_C} \quad (1)$$

where I_{PF} : index of production factors is calculated due to the formula:

$$I_{PF} = I_{FP} * I_S * I_{GP} * I_Q * I_{RF} * I_F \quad (2)$$

I_{FP} : index of foodstuffs production is calculated as a ratio of foodstuffs production in the region to a volume of foodstuffs production on average according in the group of regions;

I_S : index of specialization of the region at the foodstuffs production is calculated as a ratio of a region share in the total volume of foodstuffs production in the regions being compared to the share of the same region in the total volume of gross agricultural products production in the group of regions;

I_{GP} : index of growth of agrarian sector is determined as weighted average value of growth rate of agricultural products production in the given region;

I_Q : index of agricultural products quality is calculated as a ratio of a quality index of agricultural products of the region to an average quality index of agricultural products in the group of the region;

I_{RF} : index of basic funds renewal is calculated as a ratio of basic funds put into operation in agriculture to availability of basic funds;

I_F : index of financial condition of agricultural undertakings in the region is defined as a ratio of a number of profitable agricultural organizations to a total number of agricultural undertakings of the given region;

According to Figure 3:

I_{DPF} : index of determinants of production sector is calculated due to formula:

$$I_{DPF} = I_{PI} * I_{IA} * I_{ID} \quad (3)$$

where I_{PI} : index of processing industry development allows to judge about the share of processing enterprises which fall to 10 thousand people of the regional population.

I_{IA} : index of investment activity is defined as a ratio of investments volume into a basic capital of agricultural undertakings to the volume of investments into a basic capital of all branches of the region;

I_{SS} : index of state support is defined as a specific proportion of regional budgetary means allocated for the purposes of agriculture development in total volume of expendable part of the regional budget;

I_{ID} : index of innovation development is defined as a ratio of the share of innovatory-active enterprises of AIC to the share of innovatory-active enterprises on average in the group of regions;

I_C : index of conditions ensuring operation of determinants of production factors is calculated due to the formula:

$$I_C = I_{EF} * I_{RA} * I_{SR} * I_{AS} \quad (4)$$

where I_{EF} : index of foodstuffs export shows the share of the volume of foodstuffs export in total volume

produced in the region;

I_{RA} : index of a branch relative attractiveness is calculated as a difference between coefficient of recoupment of expenses on average due to economic branches and recoupment of expenses in agriculture enlarged by a unit.

$$I_{RA} = 1 + (K_e - K_a) \quad (5)$$

where K_e : coefficient of expenses recoupment on average due to economics branches;

K_a : coefficient of expenses recoupment in agriculture.

I_{SR} -of social responsibility is calculated due to the following formula:

$$I_{SR} = 1 - K_{GRP} * K_{EM} \quad (6)$$

where K_{GRP} : coefficient of gross regional product;

K_{EM} : coefficient of those employed in agriculture;

I_{AS} : index of availability of chiefs and specialists at agricultural undertakings is calculated as the ratio of real availability of chiefs and specialists at agricultural undertakings and required one.

Comparative estimation of competitive capacity of regional AIC must be conducted not only due to the level I_{CC} reflecting a general condition of competitive capacity but also to every indicative block in order to choose a course of actions to create competitive advantages according to regional conditions.

According to performed calculations due to given index Bryanskaya oblast holds the fourth place among the group of regions of Central Federal District (Table 1).

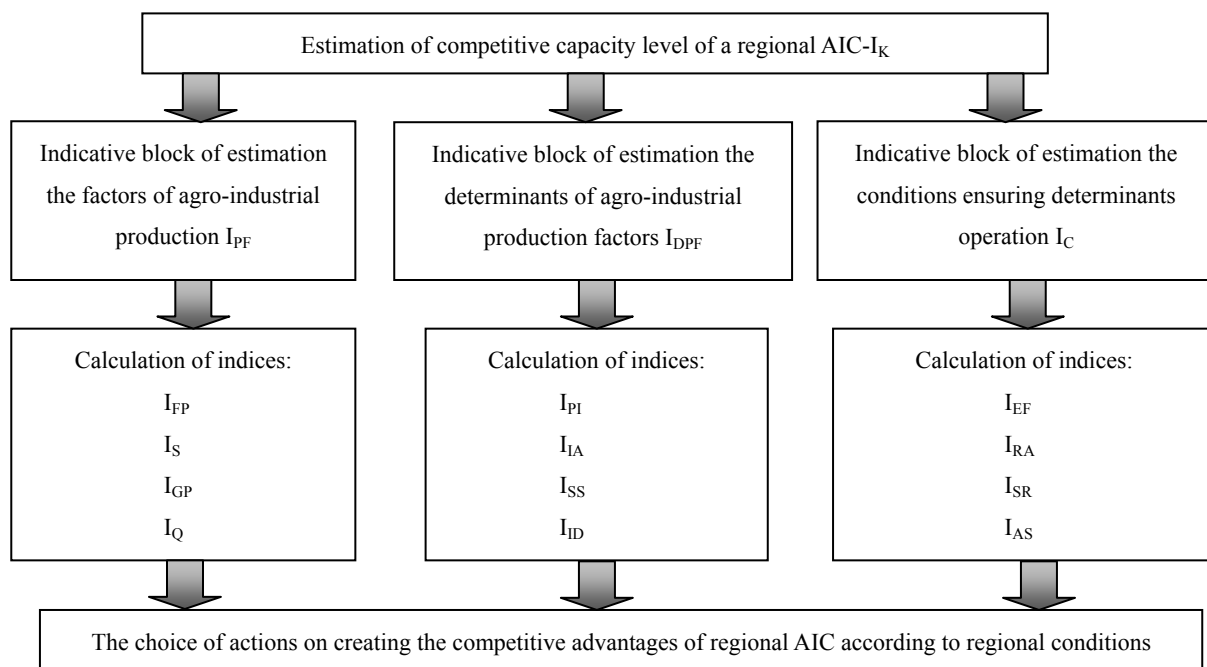


Figure 3. Methods of approaches to estimation the competitive capacity of regional AIC

4. Strategic Alliance in Increasing the Competitive Capacity of Regional Agro-producing System

Formation of mechanism of AIC competitive capacity increase meets with new kinds of severe competition when many enterprises including immediate competitors combine their resources in order to make new products, achieve greater economic efficiency and get access to new markets. Nowadays alliance is one of the most prospective and efficient forms of development of agro-industrial sector.

Table 1. Index of AIC competitive capacity of the group of regions of central federal district of Russia

Oblast	Index of competitive capacity of agro-industrial production factors	Index of competitive capacity of determinants of agro-industrial production factors	Index of competitive capacity of determinants of operation conditions of agro-industrial production factors	Index of competitive capacity	Rank
Bryanskaya	0.25	0.66	0.32	0.372	4
Vladimirskaya	0.18	0.40	0.38	0.301	5
Kaluzhskaya	0.15	0.80	0.20	0.288	6
Kurskaya	0.43	1.01	0.37	0.543	1
Lipetskaya	0.17	2.78	0.28	0.509	2
Orlovskaya	0.37	0.98	0.32	0.487	3
Ryazanskaya	0.19	0.37	0.34	0.288	7
Smolenskaya	0.13	0.43	0.31	0.258	7
Tverskaya	0.04	0.21	0.28	0.133	10
Tul'skaya	0.09	0.46	0.27	0.223	9
Yaroslavskaya	0.02	0.33	0.28	0.123	11

To substantiate a key sector of strategic alliance in the sphere of region foodstuffs production it is necessary, taking into account the developed conceptual regulations, to choose a branch of agro-alliance functioning on the basis of combination of two complex factors-attractiveness of business-climate of strategic alliance and strategic potential of counter agents. The first factor determines external regional conditions for creation and development of agro-industrial strategic alliance in the long-run prospect. Internal opportunities of alliance partners, owing to interactions; to create competitive advantages are estimated on the basis of the second factor. The marked out factors are of a complex character and were being determined on the basis of the following indicators (Table 2).

Table 2. Factors of attractiveness of business-climate alliance and strategic potential of counter agents

Attractiveness of business-climate of strategic alliance	Strategic potential of counter agents interaction
Market growth rate	Market share
Technological level of branch development	Profitability level
Branch profitability level	Competitive capacity of counter agents
Geographical advantages	Assortment of products
Dynamics of prices, market sensitivity for prices	Production potential
Level of competition at the market	Availability of distribution channels
Level of utilization of production capacity	Personnel potential

As a result of matrix analysis and estimation of potential of AIC activity sphere (Figure 4) the priorities sub complexes: meat, dairy and potatoes producing were determined. At the same time it should be noted that the position of potatoes producing sub complex is more prospective from the point of view of applying the theory of alliances. Though the size of the circle which corresponds to the volume of potatoes production in the group of the region of Central Federal District gives way to such complexes as dairy and meat but the sector inside the circle says about substantial potential of the given sub complex.

The developed model of potatoes processing strategic alliance is based on the methodology of managing business processes (Figure 5).

The solution of the problem of proportionality and balance of elements of potatoes producing strategic alliance must be based on the system approach aimed at the discovery the alliance integrity as an object, revealing types of different character connections and reuniting them into a unified system. The major procedure of the system approach is to build a model reflecting interrelations of a real system-potatoes processing alliance.

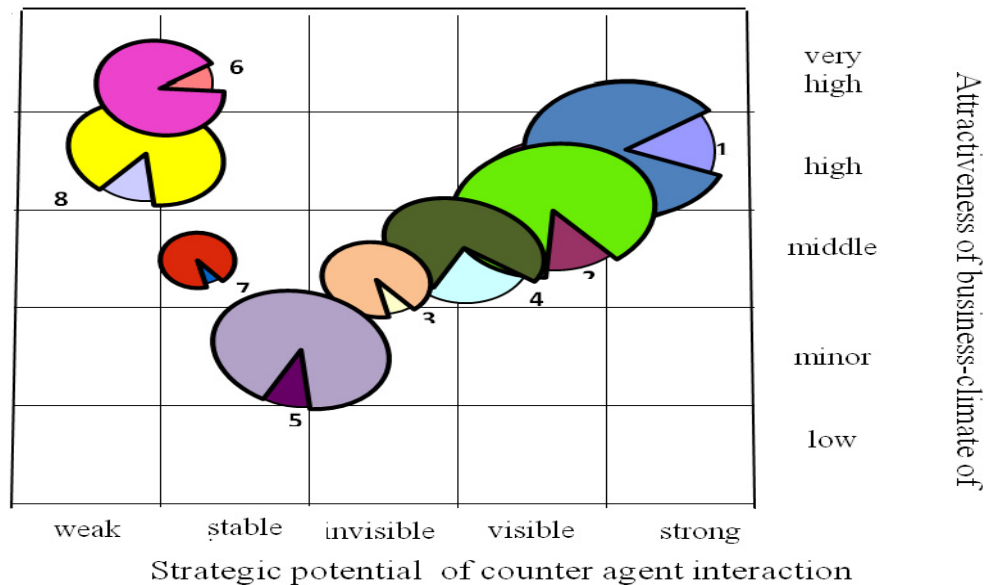


Figure 4. Matrix “business-climate of alliance/potential of counter agents’ interaction” of Bryanskaya oblast by major foodstuffs producing sub complexes (1-dairy, 2-meat, 3-vegetable growing, 4-potatoes producing, 5-poultry, 6-alcoholic drinks, 7-flax growing, and 8-confectionary)

Source: The size of the main body is proportional to a general volume of production in the group of regions, and the sector inside the circle-the share of the volume of products production of the region in general amount of food production.

Thus the following findings may be done:

- The task of modeling is formed-achievement of optimal, in the view of expenditures and profitability, production and branch structure of strategic alliance;
 - By the example of participants of potatoes producing strategic alliance (OJSC “Pogarskaya potatoes factory”, LLC “Klimovsky Krakhmal”, agricultural undertakings of Bryansk district, commercial organizations) the structural channels of business-process of potatoes products production were created.
 - Method of multi-parametric optimization with criteria of optimality-maximum profit from realization of products, minimum expenditures for production and realization taking into account territorial principle of strategic alliance formation and generalized purposeful function is based.
- In the course of analysis two criteria of optimality were chosen and for them weight coefficients were established.
- maximum profit-0,75;
 - minimum of expenditures for production and realization of products-0,25

To achieve the set purpose on optimization of production and branch structure of potato producing strategic alliance the economic and mathematical model was developed. This model takes into account the most essential factors and conditions of reproduction process along the whole technological line from production of agricultural raw material to obtaining the final product, i.e. is based on the main positions of methodology of business-processes management.

In such model all technologically interrelated kinds of activity are realized in the form of integrated production and economic system.

Gradual movement of production along technological vertical line as a unified business-process is reflected in corresponding blocks and, consequently, matrix of economic and mathematical model has a block and diagonal structure.

The task is to find an optimal plan of production and realization where the objective function $Z = F(X_0) \rightarrow \max$ and conditions in the main blocks are satisfied.

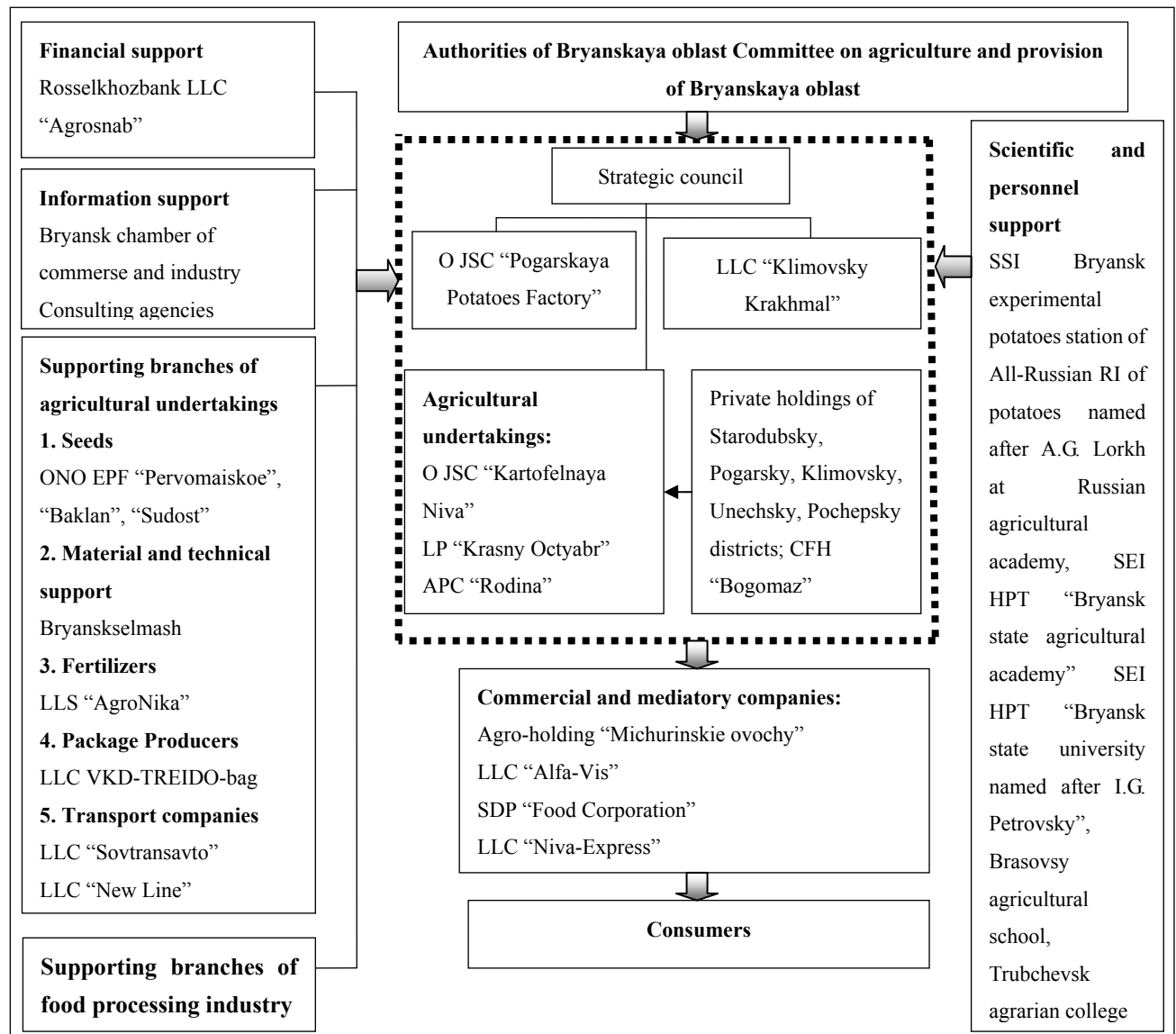


Figure 5. Model of potatoes processing strategic alliance

Multiparametric optimization is ensured on the basis of generalized objective function F which may be represented in the following way:

$$F_{gn} = \sum_{k=1}^S a_k \frac{F_k}{F_k^{norm}} \rightarrow \max \quad (7)$$

where F_k , k : objective function;

F_k^{norm} : normalizing value of k -objective function;

S : number of component functions;

a_k : weight coefficient of k -objective function.

Modeling of potatoes processing alliance activity results in redistribution of potatoes supply by agricultural undertakings of raw material sector of alliance and optimization of alliance participants' interaction. (Table 3).

Table 3. Optimization of production and branch structure of strategic alliance

Indices	Real meaning	Optimal solution		
		F1	F2	F total
Produced potatoes in total	1128340	1623801	1679134	1347754
Level of marketability	25	40	31	38
Total cost of realized production, thous. rubles	129649	873745.596	698480.251	751991.639
Sales proceeds, thous. rubles	139677	958861.1831	773515.6028	833952.763
Sales profitability, thous. rubles	10028	85115.6141	75035.3518	81961.1238
Level of profitability, %	7.7	9.74	10.74	10.9

As a result of suggested measures the sales profitability of potatoes products will make 81961.1238 thousand rubles.

The final stage of the analysis in the forecast of strategic alliance activity is the prospect. System and analytic approach to the of market development diagnostics which provides for the determination of demand in potatoes products in all ways of utilization, possibilities of potatoes production in the districts of alliance raw materials sector and prospects of potatoes processing by OJSC “Pogarskaya Potatoes Factory” and LLC “Klimovsky Krakhmal” was applied in the analysis.

As the main method of forecasting a trend model, which is one of the most important instruments of various processes and phenomena of the analysis in the economy, was chosen. Five hypotheses of indices development of potatoes production in the districts-suppliers were obtained. Their choice was determined by the following reasons. Every hypothetic variant of gross yield in a definite district characterizes one of the possible paths of its development. Their complex represents great number of paths: from pessimistic to optimistic ones.

Pessimistic hypothesis for potatoes gross yield is based on logarithmic and exponent hypothesis of development as it characterizes reduction of gross yield; the average path of development appears on the basis of exponential hypothesis. Optimistic hypothesis of dynamics of volume index of potatoes gross yield appears on the basis of polynomial equation.

Thus according to the optimistic forecasting in 2013 466.2 thousand tons of potatoes will be gathered in the districts, which are for 34.7% more than in 2011. Due to the average forecast potatoes gross yield will be 397.7 thousand tons, which is for 14.9% higher than in 2011. Pessimistic forecast of potatoes gross yield plans its reduction for 8% (Table 4).

Table 4. Forecasting values of potatoes gross yield in raw material sector of strategic alliance, thousand tons

Districts	Pessimistic forecast			Average forecast			Optimistic forecast		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
Starodubsky	99.7	101.9	103.8	116.5	126.4	137	119.8	130.9	142.9
Pogarsky	66.5	67.8	69	76.8	82.5	88.8	75.8	80.8	86
Pochepsky	71.2	71.8	72.4	75.3	77.6	79.9	92.7	104.7	118.5
Unechsky	43	43.9	44.6	49.8	53.7	57.8	57.9	65.9	75
Klimovsky	27.8	28.1	28.4	30.8	32.4	34.2	35.2	39.3	43.8
Total	308.2	313.5	318.2	349.2	372.6	397.7	381.4	421.6	466.2

In the same way, applying various hypotheses, volumes of potatoes processing by major enterprises of strategic alliance were forecasted (Table 5). Pessimistic hypothesis for potatoes processing volume appears on the basis of logarithmic and power hypothesis of development as it characterizes the reduction of processing volume; the average path of development appears on the basis of linear and exponential hypothesis. Optimistic hypothesis of index dynamics of potatoes processing volume appears on the basis of polynomial of the second order.

In 2011 OJSC “Pogarskaya Potatoes Factory” and LLC “Klimovsky Krakhmal” processed 242 tons of raw material bought from agricultural undertakings, farms and private holdings of Starodubsky, Pochepsky, Pogarsky, Klimovsky and Unechsky districts. According to pessimistic and average forecast in 2013 volumes of potatoes processing will make 240.9 tons (99.5%) and 252.9 tons (104.5%) correspondingly. According to optimistic forecast volumes of potatoes processing will grow up to 90 tons (37%).

Table 5. Forecasting values of potatoes processing volumes by major enterprises of strategic alliance, tons

Enterprise	Pessimistic forecast			Average forecast			Optimistic forecast		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
OJSC “Pogarskaya Potatoes Factory”	110	115.5	121	111.7	119.1	127.1	124.5	138.8	154.6
LLS “Klimovsky Krakhmal”	130.9	137.4	143.9	133.4	142.3	151.9	145.7	161.1	178.1
Total	240.9	252.9	264.9	245.1	261.4	279	270.2	299.9	332.7

Applying the same methods, forecasting values of potatoes food products consumption were determined (Table 6). The pessimistic hypothesis for volumes of potatoes food products consumption appears on the basis of logarithmic hypothesis of development as it characterizes the reduction of products consumption volumes, average path of development appears on the basis of polynomial hypothesis. The optimistic hypothesis of volume index dynamics of potatoes products consumption appears on the basis of exponential hypothesis.

In 2011 the population of Bryanskaya oblast used for food 317,8 tons of crisped potatoes, 190,7 tons of crisps, 254,2 of dry potato puree, 444,9 tons of frozen potatoes, 63,5 tons of potato cutlets and round rissoles. According to calculations average and optimistic forecasting values exceed their real level.

Thus according to given calculations gross yield of potatoes in the districts-suppliers of raw materials exceeds productive capacities of processing enterprises which means the possibility of their additional loading. At present enterprises use only 60% of their potential. Launching of new kinds of potato products within the bounds of strategic alliance will allow using available raw materials more efficiently. Besides the dynamics of consumption potato food products in the region says about a rapid growth of this market. The suggested project will allow to satisfy the demand of the population of Bryansk region in frozen potatoes and, having an adequate marketing strategy force out the major competitors from the market. The main competitors among them are producers from Poland. Besides due to the optimistic forecast production volumes of frozen potatoes will exceed the population demand by 23% and thus the opportunity to export this product to other regions of Russia.

Table 6. Forecasting values of potatoes food products consumption by population of Bryanskaya oblast, tons

Types of potatoes products	Pessimistic forecast			Average forecast			Optimistic forecast		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
Crisp potatoes	236.81	247.55	257.36	351.0	413.9	482.4	491.19	677.18	933.59
Crisps	142.09	148.54	154.42	210.6	248.3	289.4	294.72	406.31	560.16
Puree, flakes, granules	189.45	198.05	205.90	280.7	331.1	385.9	392.94	541.73	746.85
Frozen potatoes	331.54	346.58	360.32	491.3	579.5	675.3	687.66	948.04	1307.01
Cutlets, dumplings, round rissoles	47.36	49.51	51.47	70.2	82.7	96.4	98.24	135.44	186.72

The conducted analysis have shown that according to the optimistic forecast the operation of potatoes processing alliance in Bryanskaya oblast must essentially result in raising of internal as well as external level of potatoes products export and its replacement of import, improvement of investment climate and increase of AIC competitive capacity of the region.

5. Conclusion

National agro-industrial complex is characterized by the low level of competitive capacity which does not allow to provide for development of socially-oriented economy and to reduce the food dependence from exported products. Measures on increasing competitive capacity of AIC must be developed at its different organizing levels, to be of a system and successive character. The regional level of this process is a link which competitive advantages will contribute to the development of conditions for efficient operation of managing units, on the one hand and formation of agro-export potential of Russia on the other hand.

The proposed solutions on estimation and increase of AIC competitive capacity with attraction of strategic alliances are in a unified theory and method area, which in our opinion is an important factor for developing well-grounded approaches for increasing efficiency and competitive capacity of agro-industrial production in the region.

6. Findings

a) Increase of competitive capacity of regional AIC owing to the specificity of agrarian production and complexity of the region as an economic system is supported by balanced actions of managing units and state authorities on creating competitive advantages on the basis of volumes and quality of production factors (natural, human potential, capital, and infrastructure), opportunity to use determinants of production factors (investments, innovations, development of connected and supporting branches, adequate agrarian policy) and abilities to form conditions to activate production factors determinants (economic, organization, political, law, social and cultural conditions). Due to this position it is necessary to estimate competitive capacity of regional AIC not only by its general level but also by every indicative block in order to choose actions vectors for creation competitive advantages taking into account regional conditions. The developed complex of indicative indices is based on the criteria of utilization efficiency of agro-industrial potential and its influence on social and economic processes in the region.

b) Model of increasing competitive capacity of regional AIC on the basis of strategic alliance is founded upon the level approach to forming competitive advantages.

c) Mechanism of establishing strategic alliance in regional AIC includes AIC competitive capacity estimation as the base sphere for development of the regional economy at the principles of elaborated methods, substantiation of branch sector applying matrix analysis on the basis of combining two complex factors-character of business-climate and strategic potential of interaction.

d) Variant of establishing agro-industrial alliance in potatoes food product sub-complex is grounded and its production and branch structure, applying multi-parametrical economic and mathematical model, is optimized. The results of forecasting the activity of agro-industrial alliance with the utilization of trend model in three major directions: development of potatoes products market, growing of potatoes in raw material sector and processing of potatoes in the major sector proves the efficiency of the suggested project and advisability of its realization for formation of regional AIC competitive advantages.

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