Features of the development of an international competitive agrarian enterprise complex

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Abstract. The article presents the features of the development of an international competitive agrarian enterprise complex. The concept of competition is revealed, the main role of which is the spontaneous regulator of social production. The importance of competition in the international market is revealed. Agrarian enterprises, developing a competitive strategy, strive to compete profitably and for a long time in their industry. The article considers the main competitiveness ratings and defines the place of Russia in them. The moments of a competitive strategy are defined: firstly, it is the structure of the industry in which the firm operates, and secondly, it is the position that the firm occupies within the industry. Additionally, the competitive advantages of enterprises are identified that are directly related to the formation of national income. At the same time, with competition in any industry, competition occurs by a type of activity, which is divided into categories. The article also reveals the reasons for obtaining a competitive advantage over other manufacturers due to innovations and factors that determine the duration of retention of this advantage. The article considers various international strategies that are used to form competitive advantages in international markets.

1. Introduction Currently, more and more countries are trying to enter the world market with their own national products and are trying to compete successfully in it. The problem of international competition has become very relevant today. The development of international economic relations at the present stage is characterized by the intensification of the process of globalization. Its most important manifestations are the transnationalization of entrepreneurial activities of firms and the rapid development of information technologies, which largely determine the competitiveness of world economic entities. Every year the number of countries trading on the world market increases, and consequently international competition grows. The problems of ensuring and improving the competitiveness of firms are particularly important. Today, governments and industry of any country are concerned with the issue of competitiveness. Presently, it is necessary to objectively examine the competitiveness of international companies in terms of the impact of information technologies and the Internet on the nature of its activities.

2. Concept of competition A necessary and essential element of the market mechanism is competition. Competition is an economic process of interaction, interconnection and struggle between enterprises on the market in order to provide better sales opportunities for their products, meet the diverse needs of customers and generate small profits. Its nature and forms vary in different markets and market situations. Competition forms a dialectical unity with a monopoly; they constantly confront each other in the market. The concept of competition is characterized by ambiguity. Competition is both a way of management and a way of existence of capital, when one capital competes with another. Acting as the main essence, trait, the property of commodity production, the way of its development, competition plays the role of a spontaneous regulator of social production. Aggravation of production and market relations is a consequence of competition. In addition, improving business efficiency, accelerating scientific and technological progress also depends on competition.

3. International competition International competition is a competition between resident companies of different countries in national and world markets. Successful business conduct by a company in an international (global) competitive environment implies, first of all, its ability to adapt to the requirements of the specified environment and benefit from it in accordance with its goals and objectives [1]. Firms compete in the international market, not countries. On the basis of the activities of these firms, a foreign economic strategy is initially formed for the industry, and then for the country as a whole. At the present stage, the competitive capabilities of the company are not limited to the borders of the home country. The main unit of competition is the industry (e.g processing or service sector), that is, a group of competitors producing goods or services and directly competing with each other. The strategically important industry includes products with similar sources of competitive advantage. Besides there may be related industries, which products have the same buyers, production technology and distribution channels, but they impose their own requirements for competitive advantage. Developing a competitive strategy, firms seek to find and implement a way to compete profitably and for a long time in their industry. There is no universal competitive strategy; only a strategy that is consistent with the conditions of a particular industry, with the skills and capital that a particular firm possesses, can bring success.

4. Russia's competitiveness in the global market National competitiveness cannot be explored in isolation from the nature and trends of the global economy and international markets. The Russian Federation is on the 37th place in the list of the most competitive countries. WEF experts explain the improvement in Russia by stabilizing the conditions of macroeconomic development, by favorable conditions for innovative development and by the introduction of new information technologies in the daily life of citizens. In the ranking of global competitiveness Russia loses not only to Switzerland (1st place), but also to China (27th), Estonia (29th), even Malta (37th) [2]. As we see, in the context of the global financial and economic crisis, Russia's position improved significantly (38th place - 2018), while other countries of the BRIC group deteriorated their positions. According to WEF experts, Russia has a fairly high level of macroeconomic stability, health care and primary education, as well as a significant market volume. The biggest problems in the Russian economy, according to WEF experts, are caused by corruption, by difficult access of enterprises to financing, by low guarantees for the protection of property rights and by tax regulation. At the same time, it should be noted that these assessments are quite subjective in nature and are caused by the tough position of the Russian state in upholding national economic interests, especially in matters of energy supply, and its active policy on international markets.

Do not forget that in the domestic market in the context of the global economic crisis in recent years, competition has intensified between Russian firms, as well as between Russian and foreign manufacturers.

5. Determining competitive strategy The choice of competitive strategy is determined by two main points. The first is the structure of the industry in which the firm operates. Since the essence of competition in different industries varies greatly, so does the probability of long-term profit. The second main point is the position that the firm occupies within the industry. Some positions are more profitable than others, regardless of the average profitability of the industry as such. Each of these points is not enough in itself to choose a strategy. The firm itself can influence both the structure of the industry and the position in its "Table of Ranks". Firms whose business is successful don't only react to any changes within the industry, but also try to change it themselves to their advantage. A significant change in the competitive situation entails changes in the structure of the industry or the emergence of new foundations for competitive advantage. Firms in one country take over leadership from firms in another, if they are more able to respond to such changes. Firms must not only respond to changes in the structure of the industry and try to change it in their own favor, but also choose a position within the industry. Position in the industry is also determined by a competitive advantage. Ultimately, firms bypass their rivals if they have a strong competitive advantage. Competitive advantage is divided into two main types: lower costs and product differentiation. Low costs reflect a firm's ability to develop, produce and sell comparable goods at a lower in comparison with its competitors. Selling goods at the same or almost the same price as competitors, the firm in this case receives more profit. Differentiation is the ability to provide the buyer with a unique and greater value in the form of a new product quality, special consumer properties or after-sales service.

6. Competitive advantage of enterprise Competitive advantage of any type gives higher productivity than competitors. A firm with a low production cost produces this value at lower cost than its competitors; a company with differentiated products has a higher profit per unit of production than its competitors. Thus, competitive advantage is directly related to the formation of national income. Competitive advantage is achieved on the basis of how the company organizes and performs certain types of activities. Through this activity, firms create certain values for their clients. The ultimate value created by a firm is determined by how much customers are willing to pay for the goods and services offered by this firm. If this amount exceeds the total cost of all necessary activities, the company is profitable. In order to gain a competitive advantage, a firm must either give buyers about the same value as its competitors, but produce goods at lower costs, or act in such a way as to give customers more goods value for which you can get a great price. Activities in the competition in any industry can be divided into categories, which are combined in the so-called value chain. All activities in the value chain contribute to customer value. They can be divided into two categories: primary activity (continuous production, sales, delivery and service of goods) and secondary (provision of production components), which is supporting activities. The competitive strategy chosen by the firm determines the way the firm performs certain types of activities and the whole value chain. In different industries, specific activities have a different meaning for achieving a competitive advantage [3]. Firms also gain a competitive advantage by developing new ways of doing business, introducing new technologies or input components of production. Such activity can be described as an innovation. Innovation includes improving technology, improving ways and methods of doing business. Specifically, an update may be expressed in changing the product or production process, new approaches to marketing, new ways of distributing the product and new concepts in the sphere of competition. Innovative firms not only grasp the possibility of change, but also make these changes happen faster. Innovation leads to a change in leadership in competition if other competitors have not yet recognized a new way of doing business, or are unable or unwilling to change their approach. The reasons for obtaining a competitive advantage over other manufacturers due to the following innovations:

New technologies. Changing technology creates new opportunities for product development, new ways of marketing, producing or delivering and improving related services. That it often precedes the strategically important innovations.

New or changed customer inquiries. Often a competitive advantage arises or passes from hand to hand when buyers have completely new requests or their views change dramatically.

The emergence of a new segment of the industry. Another possibility of obtaining a competitive advantage appears when a completely new segment of the industry is formed or the existing segments are regrouped.

Change in cost or availability of production components. Competitive advantage often passes from hand to hand due to changes in the absolute or relative cost of components such as labor, raw materials, energy, transport, communications, media or equipment. The firm is seeking advantages, adapting to new conditions, while competitors are sticking to the old strategy.

Change of government regulation. Changing policies in areas such as standards, environmental protection, requirements for new industries and trade restrictions are another incentive for innovations that entail a competitive advantage.

Another important point is not the acquisition of competitive advantage, but its stable retention [4].

How long a competitive advantage can be maintained depends on three factors. The first factor is determined by what is the source of advantage, and on what is it based. Benefits based only on the level of costs, as a rule, are not as stable as on the basis of differentiation. One of the reasons for this is that any new source of cost reduction, no matter how simple it may be, can deprive the firm of the cost advantage. While in the case of differentiation, in order to beat the competitors, it is usually necessary to offer the same set of products, if not more.

The second is the number of clear advantages that firms have of sourcing competitive advantage if the firm relies only on any one advantage, competitors will try to deprive it of this advantage or find a way around it. Firms that have held leadership for many years strive to secure as many advantages as possible at all levels of the value chain [5].

The third and most important factor in maintaining competitive advantage is the constant modernization of production and other activities. If a leader, having reached an advantage, then stops, then in due course all his advantages will be copied by competitors. If a company wants to maintain an advantage, then it should not stand still. It should create new advantages, at least as fast as competitors can copy existing ones.

The ability of firms to retain the benefits gained through competitive strategy is often the result of simple luck, namely the fact that there are no major changes in the industry. But still more often it is the result of constant renewal in order to adapt to changing conditions. The forces enabling the country's firms to maintain the competitive advantage once achieved is the main support of the country's prosperity.

Only a few firms manage to operate according to the rules above, but those that succeed in this become the most competitive on the world market for goods and services.

National conditions are the key to success in competition. Highlighting the role of the home country in international competition, it is necessary to take into account many different factors. Different strategies are more suitable for different sectors of the economy, since the structure of industries and the sources of competitive advantage in them are not the same. Even in the same industry, firms can choose different strategies (and successfully apply them) if they seek different types of competitive advantage or target different segments of the industry.

A country achieves success when conditions in a country favor the implementation of the best strategy for an industry or its segment. A strategy that works well in this country should lead to competitive advantage. Many of the features of a country make it easier or, conversely, make it difficult to implement a particular strategy. These characteristics are heterogeneous - from the behavioral norms that determine the methods of managing firms, to the presence or absence in the country of certain types of skilled labor, the nature of demand in the domestic market and the goals that are set are local investors. In order to gain a competitive advantage in complex industries, improvements and innovations are required, that is the search for new, better ways of competition and the application of these methods everywhere, as well as the continuous improvement of products and technologies. A country is successful in these industries if conditions favor it. To gain an advantage, it is necessary to anticipate new ways of competition and willingness to take risks (and invest in risky enterprises). And those countries whose conditions provide firms with unique opportunities to recognize new competitive strategies and incentives to apply these strategies immediately succeed. Those countries whose firms do not respond properly to changes in the situation or do not have the necessary abilities are at a loss. Maintaining a competitive advantage for a long period requires the improvement of its sources. Improving the benefits requires, in turn, more sophisticated technologies, skills and production methods and constant investment. Countries succeed in industries with the skills and resources necessary to change strategies. Firms that rest on their laurels, using outright fixed concept of competitive advantage quickly lose ground, as competitors are copying techniques that once allowed these firms to take the lead.

The constant changes necessary to retain a competitive advantage are inconvenient and organizationally difficult. Countries succeed in industries in which firms are under pressure to help them overcome inertia and engage in continuous improvement and renewal, rather than sit back. And in those industries where firms are no longer improving, the country loses. The country is successful in those sectors where its advantages as a national base have weight in other countries and where improvements and innovations anticipate international needs. In order to achieve international success, firms must transform leadership in the domestic market into leadership in the international. This makes it possible to enhance the benefits obtained "at home" with the help of a global strategy. Countries succeed in industries where domestic firms compete globally, promoted by government or under pressure. In the search for determinants of competitive advantage of countries in different industries, it is necessary to determine the conditions in the country that favor success in competition. One of the important manifestations of the impact of demand on competitive advantage is through the ratio and nature of customer needs. The demand structure determines how firms capture these needs, interpret them and respond to them. Countries seek a competitive advantage in industries or segments where domestic demand gives local firms an idea of the needs of customers earlier and more accurately than foreign competitors. Countries also gain a competitive advantage if local firms, as a result of purchasing pressure, have to introduce innovations more quickly and seek competitive advantages of a higher order than foreign competitors do.

7. Types of business strategy The main types of business strategies are distinguished: the differentiation strategy, general cost leadership strategy, and focus strategy. The differentiation strategy is the most widely used business strategy. This strategy becomes an attractive competitive approach as consumer needs and preferences become diverse and can no longer be satisfied with standard products. In modern conditions, many international companies are trying to use the quality of their products as a factor of differentiation. Having succeeded in creating the reputation of their products as high-quality products, such companies can charge higher prices for their goods or services. Other companies use the value of their products (goods and services) in the perception of consumers as a differentiating factor. They compete with other companies by setting reasonable prices for high-quality goods and services [6]. The cost leadership strategy assumes the achievement of a high level of efficiency of all operational processes occurring in a company, which would allow for a lower level (compared to competing firms) of costs. This allows the company to sell its products or services at lower prices. Unlike the differentiation and cost leadership strategies, the focus strategy is focused on a narrow part of the market. Such a strategy assumes the company's orientation towards the production of a narrow range of products intended for certain groups of consumers or for individual regions. Functional strategies determine how to manage various company functions, such as finance, marketing, manufacturing operations, human resources, research and development (R&D). The international financial strategy covers addressing such issues as target capital structure, investment policy, foreign currency reserves, risk reduction techniques, debt management policies and working capital management. [7] The international marketing strategy is related to the distribution and marketing of goods or services of the company, determines ways to address issues such as product portfolio, advertising, promotion, pricing and distribution. The international production strategy determines the processes of creating goods and services of the company. It creates a basis for making decisions on the supply, location of production or service enterprises, technology, and also the management of material stocks. The object of the international strategy of human resources is the people working in the company. This strategy determines the decision-making process on the following issues: hiring, training and certification of workers and employees, wages, the formation of labor relations between the administration and trade unions. The international scientific and technical strategy (R&D strategy) determines the size and direction of the company's investment in the creation of new products and the development of new technologies. The choice of a competitive strategy for a company is carried out in accordance with its mission and objectives, line of business, size and market share, business geography, etc. [8] The wrong choice of competitive behavior strategy can turn the company's strategic initiatives into a collapse. Therefore, when choosing a competitive strategy, the company’s top management has a very big responsibility, since it must take into account the particularities of choosing one or another competitive strategy in a complex international business environment.

8. Conclusion In modern conditions, competitiveness takes into account not only macroeconomic factors, but also the quality of the workforce, its ability to practically introduce innovations. International expansion and intensification of competition requires the achievement and retention of the world level of competitiveness on a new basis of the maximum accelerated, high-quality, economical creation of consumer values. The acceleration of the achievement of the world level of competitiveness is associated with deep qualitative and structural reorganization of the management organization, innovative and production processes, educational and incentive systems for the development of human resources.

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