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### Managing Adaptive Development of the Russian Food Industry

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#### ABSTRACT

According to the authors, for the survival and sustainable development of the food industry must continuously interact with a dynamic external environment and to use methods of adaptive management that can improve the efficiency and effectiveness of managerial decisions. In market conditions, management of enterprises of food industry are usually based on strategies that take into account the influence of external and internal environment. Adaptive strategy the food industry needs to combine development options, to consider the peculiarities of the domestic macroeconomic situation, the state of the industry, the regional surroundings of the enterprise and internal capacity. Overall, choosing the right strategy in itself represents a form of adaptation of the enterprise to possible negative factors in the external environment. The thus generated strategy is not a function of time, and primarily, a function of the direction, that is, should focus not on a specific time period, and include a combination of the fundamental for enterprise development ideas. In General, the essence of the adaptation strategy usually consists in carrying out partial, minor changes in the enterprise that allows to improve the previously utilized products and processes and markets.

*JEL Classification:* L20, L23, L26.

*Keywords:* Management, adaptive management, strategy, food industry.

#### 1. INTRODUCTION

The implementation of adaptive strategies as a complex of technical, organizational, informational, legal and governance structural measures governance allows to hold the organization to sustainable development adequately and quickly respond to state and changes in the external environment, providing operational restructuring activities of all structural units.

It is also worth noting that the basic fundamental difference between the adaptive strategy from others is its willingness to change the internal and external environment in the form of a set of possible behaviors.

The task of structural modernization of the Russian economy require businesses in the food industry, functioning under conditions of market relations, globalization, competition and information society, formation of a rational development strategy and develop effective approaches to its implementation based on the use of positive international experience. Identified problems are amplified specifically industry characteristics, due to the state of the industry and the functioning of its individual business units, and the specifics of the competitive environment and the market conditions.

The Russian food industry is currently experiencing significant changes: the consolidation of the industry, actively promoting the domestic market to Western corporations. In a situation of fierce competition to the fore the problem of optimization of business processes of enterprises, inventory control of raw materials, optimal production cycle in conditions of uncertainty of external environment.

The timeliness and relevance of the study associated with the search for effective methods and tools contributing to the formation of sustainable development of enterprises in the food industry is determined by the necessity of practical application of instrumentation, control theory and process-oriented approach that will allow to realize the mechanism of management of development of adaptive production and business processes of the enterprise.

## **2. THEORETICAL ANALYSIS**

In methods were used: systemic, comparative and structural modeling. Information and the empirical base of the research were the official data of Federal state statistics service, Federal service for statistics of the Voronezh region, relevant legislative and regulatory documents, national and foreign reference and scientific publications, case studies and expert interviews.

Different areas of knowledge, investigating the adaptation, made it possible to study many of its properties, and formulate them to organize and reflect on the relevant concepts. As a result, we have a variety of concepts, revealing facets of adaptation discussed by researchers under different angle of view.

Let us consider the most important of them and try to generalize the study of this category from the point of view of management. The analysis provided in the literature of concepts shows that often under the adaptation refers to the ability of the system to obtain new information for the approximation of their behavior and structure to the optimal one: “System adaptive, if the change in their environment or internal state that reduce their effectiveness in performing their functions, they react or respond by changing its own state or the state of the environment so that their efficiency has increased” (Smirnov, 2006).

Further research showed that the term “adaptation” in the General case can be considered in three aspects. Adaptation as:

- the property of a system to adapt to possible changes in functioning (Bykov, 2013);
- the process of adaptation of an adaptive system (Gonov, 2010);
- method based on the processing of incoming information to achieve a certain optimization criterion (Zhdanova, 2008).

In the first case we are talking about the property, the adaptability of economic systems. Second, the word “adaptation” characterizes the process of adaptation. In the third case one should speak of adaptation techniques, adaptive algorithms that use the method of adaptation, and thus constructed models should be called adapted. If the adapted model is supplemented by the ability to adapt further when new observations, such models should be called adaptive.

An in-depth analysis of the category of “adaptation” (adaptation) suggests that it was originally used in biological science to denote the process of adaptation of the structure (similar to the organizational structure of a business entity) and functions of organisms, populations, species, their bodies (similar functions of management) to constant environmental conditions.

Currently, the concept of adaptation has gone beyond biology and began to be used in a variety of disciplines - Economics, engineering, natural Sciences, Humanities Sciences, and in management, where it is widespread in connection with the orientation of the economic system to market relations, development of private ownership and competition. It is now virtually impossible to find such areas, where there would be a need for adaptation of the objects and subjects of management. This is largely due to the nature of this phenomenon, which is gradually recognized by the man and leads him to the understanding of the nature of adaptation, its universal property to be always and in everything.

So, in medicine it is used to characterize the optimal functioning and normal sociobiological development. In the technical Sciences, Informatics and Cybernetics developed the concept of “adaptive systems” that are indicated by various technical plug and play device with feedback. The above considerations necessitate the development of a General scientific definition of the concept in a wider sense, and invariant to specific disciplines, particularly management.

Our analysis provides a basis for defining adaptation as a specific form of reflection systems impacts of internal and external environments, establish trends in dynamic equilibrium with them. Such a balance provides as a harmonious relationship of the system with its internal and external environment and the development of the system itself functioning in a particular space.

The organization is part of the “whole” (society, space), where these processes ensure the viability of the population. It makes use of in the management of organization function of management, which is called “adaptation”. She is having a transformative impact on society, the organization itself and surrounding space.

Porter, M. E. notes that adaptation converts the entity generates a corresponding immunity to internal and external environmental influences. At the same time adaptation as a principle of conduct provides protection from the space of possible deformations of the configuration, integrity, internal and external communications associated with exposure to entities that do not comply with the laws, rules, regulations, and cultural and spiritual traditions (Magomedov, 2005).

As for Russia, the regional aspect of the problem is becoming a priority, and adaptation acquires a pronounced regional character. It should be borne in mind that the main function of adaptation supports the focus of the regional economic system on the provision of reproductive processes.

When you select the adaptive structure of the organization is necessary, according to Korshunova G.

- to define the tasks of the organization (in accordance with the mission and goals);
- to link these tasks with system functions, powers, and responsibilities.

- to institutionalize communication, horizontal management, which will ensure the coordination of activities of units that solve common tasks;
- to adapt the content of information flows and channels their movements to models of information support of the relevant departments of the organization and requirements associated with management decisions (Ilyenkova & Kuznetsov, 2008).

It should be remembered that adaptive organizational structures are diverse, but have common characteristics. In addition, these structures tend to be key properties, such as the ability to relatively easily change its shape, adapting to changing conditions (create a temporary government, etc.).

In adaptive governance structures, should be formed the model of organizational behavior of staff based on an informal structure of the organization, which is inherent in modern adaptive corporate culture, high ethical values, partnership and mutual trust.

In the organizational structures of control occurs and the resistance adaptation and related changes. Resist change due to a number of different reasons. The main ones should include social, political and technical reasons.

Social causes resistance adaptation is associated with changes in value orientations and social norms in the organization. Such reasons include the following, which can be described as

- the influence of the previous values. As each member focuses on their own personal matrix of values, any outside interference could lead to explicit or implicit rejection of new values, and the force of inertia is very large;
- return to tradition. In all social communities, you can hear that in the old days, life was much better. This is a common phenomenon, based on habits and stereotypes that facilitate people's orientation in their social environment. However, it is very useful to people habits and practices may be unnecessary and harmful in the development of new situations;
- the effect of regulatory control. As you know, the rules of life are taken by employees and implemented so that they become the most comfortable, familiar. Compliance is ensured through informal control, and members of the organization psychologically, it's hard not to respect them. In accordance with the rules of informal control any new standards in this field activity are considered disabilities and which is directed against the sanctions of social control. At this point, and there is a resistance to change (Mintzberg, 2011).

There are the following main types of adaptation of economic subjects relevant to the current structure of space:

- spiritual (orientation organizational culture business entities to the system of ancestral values of the people);
- natural (changing the way the organization of interaction with nature, oriented towards preservation, reproduction of nature and the harmony of their relationship);
- social (integration of the organization in the public relations surrounding this area);
- economic (integration of the organization in changing the system of productive forces and relations of production market orientation) (Porter, 2006).

At the present stage of development of society to optimize the management of the adaptation processes are reasonable based on the object approach, based on the fact that adapting the object itself determines the set of adaptation mechanisms. While the subject of adaptation sets features choice of adaptation mechanisms. The fundamental is to maintain the level of adaptation, a clear orientation mechanisms for the respective types of adaptation (internal or external spatially, buffer or adaptive - on function).

Using the object approach porter, M. E. identifies the following modern mechanisms of adaptation (Porter, 2006):

- clarification of the mission of the organization;
- forecasting changes in the external environment and the internal planning of change;
- the merger and consolidation of enterprises;
- development of the program of adaptation of the personnel;
- self-organization managers;
- development entrepreneurial style of management;
- the preservation of historical, cultural and spiritual values of the people, not adaptable to European, American and other civilizations.

The stability and integrity of activities, the management of the organization cannot be achieved without adaptation. Adaptive management is one of the fundamental properties of the system, reflecting its ability to react quickly and flexibly to any changes in environment and to develop adequate management teams, allowing to minimize the effect of perturbing the system factors (Porter, 2005).

In the case of the under adaptability refers to its ability to transform their organizational, managerial, intellectual and other components in the process of entering into a new space and mastering it while keeping the base resistance and to obtain their compliance with the changing requirements of competitiveness. The system is adaptive, if the change in their environment or internal state that reduce the effectiveness of discharging their functions, they react or respond by changing its own state or the state of the environment so that their effectiveness increased.

Managing the process of adaptation is an active impact on the determinants of its course, the deadlines, reduction of adverse effects. The need for governance of adaptation is associated with a likelihood of detriment to the organization and the individual. Development of measures with a positive influence on adaptation requires knowledge of how the particular characteristics of business entities and environmental factors and their effect on the performance and results of adaptation. Therefore, when optimizing the adaptation process should be based on the existing capacity of the organization. The adaptation Manager requires special organizational work, which involves the creation of specialized services in the adaptation of frames (depending on the number of personnel of a commercial organization, governance structure, availability and organization of the personnel management system, leader focus on the social issues in management). Service adaptation can be independent structural units, and to be part of other functional units.

As mechanisms of the development strategies of the organization consider the (Ilyenkova & Kuznetsov, 2008):

1. Mechanisms with a passive adaptation to the environment, ensure that the system functions in a stable, uncomplicated and quite a particular environment and to select the most favorable conditions of organization activity of those that already exist in the current “niche” of the environment. In the basis of mechanisms with passive adaptation to the environment is a passive survival strategy of enterprises.
2. Mechanisms of active adaptation to the external environment, which are based on direct adaptation. They are aimed at active use of environmental elements in business activity, in particular, to search for the most favorable conditions of transition to a new “niche”. Adaptive response of organizations to changes in the external environment in the most part manifests itself in a rapid reversible transformation of the structures and to use complex forms of strategic behavior. In the basis of the mechanisms of active adaptation to the external environment is the strategy of active survival of enterprises.
3. Mechanisms for the formation of the external environment, which are used to create the most favorable conditions for the functioning of the organization. At the heart of these mechanisms is a strategy, a strategy of active influence on the environment.

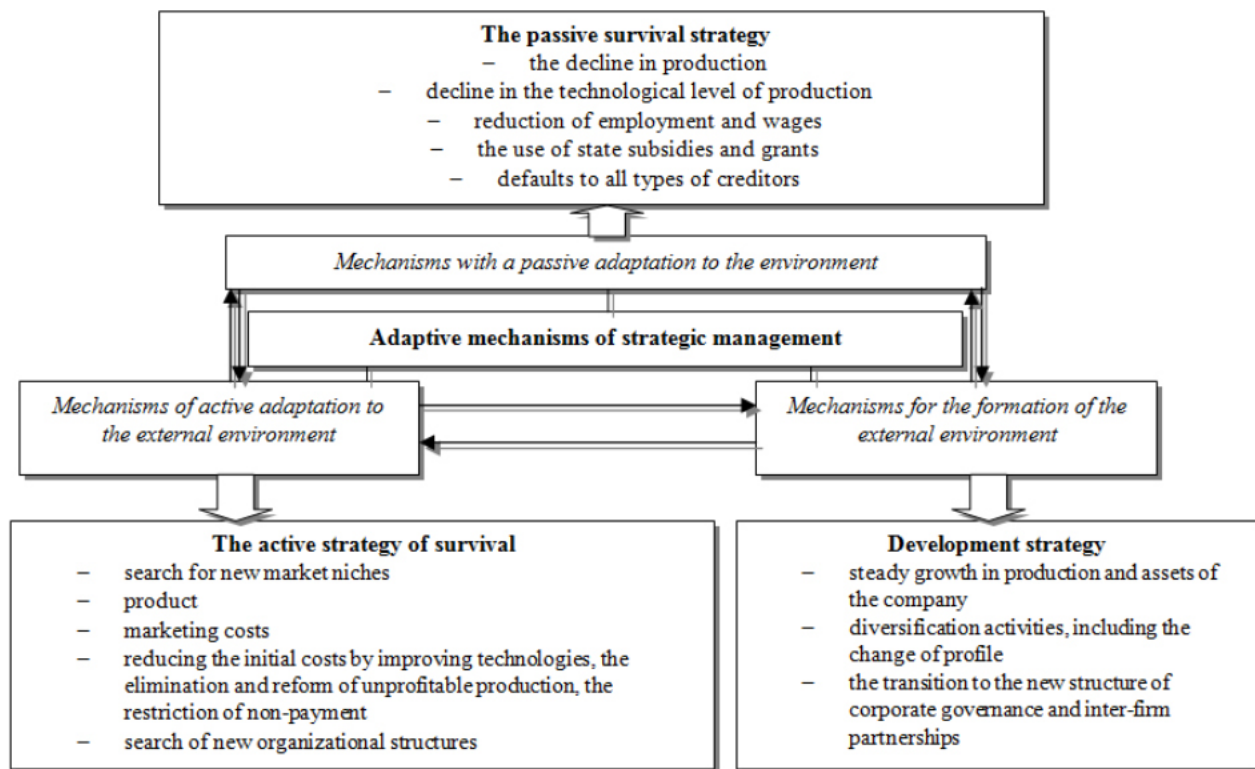


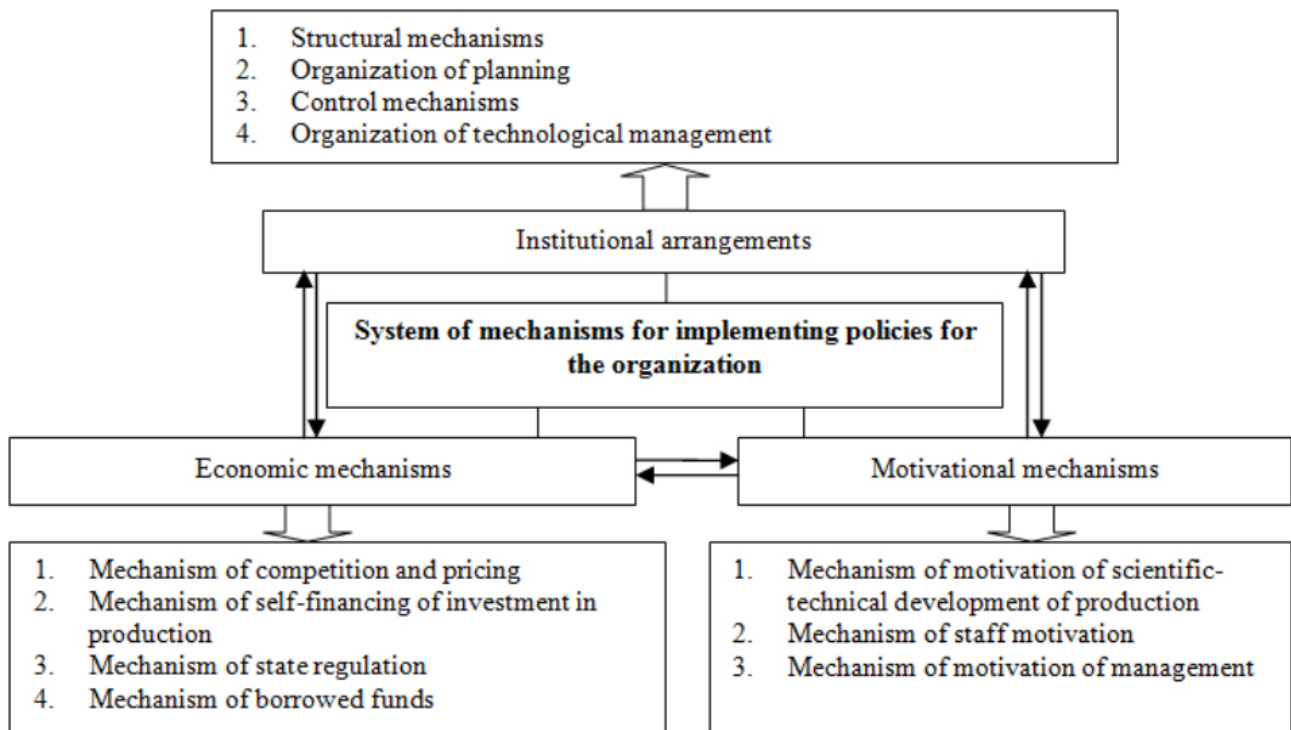
Figure 1: Adaptive mechanisms of strategic management

Based on the foregoing, we propose the following system of adaptive mechanisms of strategic management (Figure 1). The main function of the implementation mechanisms for the strategies the organization is implementing in the application of adaptation strategies. In practice, these mechanisms are so interrelated that it is difficult to single out any one component, the “pure” nature, which would not contain elements of other components.

Therefore, proposed by R. A. Fathutdinova (Sin, 2016) a system of mechanisms based on the principle of uniformity based on the main features, in particular, organizational, economic and motivational (Figure 2).

Each of the mechanisms of implementing strategies of the organization is being implemented with varying degrees of frequency and activity, depending on the strategic goals and objectives, which are solved by a particular enterprise.

Economic mechanisms are used when the company's products are well-known, in demand, and the main task of management is getting increasing market share, reducing costs and improving profitability. Economic mechanisms are implemented through market mechanisms of prices determined by the dynamics of supply and demand, reproduction of fixed assets and accelerated depreciation, wages, the stock market and investment policy, leasing, structure of share ownership, the elements of the state regulation of prices and taxes.



**Figure 2: System of mechanisms for implementing policies for the organization**

Institutional arrangements are often sought after when an organization is in a stage of restructuring when the manufacturing process is on the way of implementation of promising business plans (Skriptunova, 2016), requiring the allocation of different businesses in separate units, when there is a massive marketing intelligence market, and the structure of production adapts to market conditions and the behavior of competitors.

Instruments institutional arrangements are enterprise restructuring and reorganization of organizational structure, positioning of the markets and consumers, market management and business planning, operational control of production activities, certification and licensing, development and implementation of information technology, implementation of the marketing component.

For organizational changes, necessary reserves: the physical presence of production facilities, equipment, qualified personnel, large financial investments. Therefore, often the company cannot hold and becomes bankrupt.

### **3. RESULTS**

The surrounding marketing environment of the food industry is a set of factors, active and influencing the market situation and the efficiency of activity of subjects of marketing. She has pronounced features.

In recent years, there has been an increase in the number of cases of change of providers for enterprises. The reason is that rising prices for raw materials, semi-finished products and the decline in profits forced the company-the buyer to reduce their costs.

Among the competitiveness factors underlying the choice of supplier enterprises of food industry are: advanced technologies of production; period of work of the enterprise in the market; universality, standards parts components; the specificity of functioning of the industry; the availability of buyers related to the same technological chain of production by the manufacturer in the region; the location, convenient transport ways; the reputation of the company on the terms and quality of execution of orders.

On the competitiveness of enterprises is influenced by various factors:

#### **1. Region Location**

1. Natural geographic features of the region include: continental, coastal or island location; its size; climatic zones; the landscape and natural-resource potential of the region.
2. Socio-geographical features: population size and population density; level of urbanization; spatial remoteness of the region from the center of the country.
3. Socio-economic features of the region: the leading industry sectors; development of transport and means of communication (the level of development of network communications); economic indicators of the region; the prospects for economic development of the region.
4. Socio-demographic characteristics of the region: the age-sex structure of the population; the degree of stability of population in the region, (migration processes); the ethnic composition of the population.
5. Socio-political characteristics of the region: the state-legal status of the region in the system of the Russian Federation; the political situation in the region; the geopolitical position of the region relative to the state and other subjects of the Russian Federation; cross-border location.
6. Historical-cultural features of the region: formation of region, stages and features of development (regional history); the existence of mono or polyculture; subculture prevailing in the region; the cultural traditions of the region; the history of development and the specificity of the educational environment of the region.

#### **2. Economic Environment**

In developed countries, has not questioned that investments in education are among the most reliable and highly visited (Smirnov, 2006).



From American sources, we know that 1 dollar spent on education will give from 3 to 6 dollars of profit. However, in our country these figures are questionable. The fact that in our country such outputs cannot be, but the fact that education is profitable, does not cause any doubts.

In the context of the global financial crisis of 2008-2009 saw a decline in the purchasing power of households and enterprises. For the industry, this fact is very anxious.

### **3. Demographic Environment**

Although the population of Russia decreases, it is not particularly alarming. Changes in the structure of production requires large investments in retraining or drastic change.

In recent years, in industrialized countries there have been significant socio-demographic changes, which include: declining birth rates, increasing life expectancy, increasing number of working women, later marriages, a rising divorce rate, the increase in single-parent families with one parent. These changes have a direct impact on lifestyle and consumption. They create new market segments and simultaneously determine changes of requirements in existing segments.

### **4. The Law of Competition**

Law, in accordance with which there is an objective process of improving the quality of educational services, reduce their unit prices. Competition is an objective process of “washing out” of the market, poor quality, expensive services. It is proposed that the mechanism of action of the law of competition.

Overall competitive advantages of the enterprise can be divided into four groups:

- advantages in the external environment (political environment, economic environment, etc.);
- advantages of the company in its internal environment (technology, training, equipment, organization of production, resources, etc.);
- advantages in the quality and intensity of production (the quality of the product, its price, the cost of goods for the consumer, quality of service);
- the advantages of markets (by volume, number of competitors, the timeliness and reliability of financial operations, reliability of licensing documents, etc.).

## **4. CONCLUSION**

Thus, we can draw the following conclusions. Adaptation in any sphere of human activity means the ability to respond quickly to changes in the external and internal environment. In today’s financial crisis, competition between enterprises is exacerbated. The struggle is no longer for gaining additional profits, but for survival. Therefore, adaptation to the changing conditions of a competitive environment is of decisive importance for the enterprise.

Adaptive mechanisms affect organizational, economic and motivational aspects. With the help of them, the enterprise transforms its own structure, changes financial flows, prepares staff for innovations. In unstable conditions, the most effective mechanisms are those with active adaptation, which are aimed at a quick and immediate impact on the weaknesses of the enterprise. The competitiveness of modern enterprises

depends on the characteristics of the product: demand, quality, price, brand prestige, manufacturability, unique characteristics. With a decrease in profits, it is necessary to assess the competitiveness of the enterprise and choose the most effective strategy for raising it.

In addition to internal efforts of the enterprise, external factors influence the adaptability: regional position, economic environment, demographic environment. The use of new technologies, the manufacture of products under new consumer demands or for a new segment, regulation of prices through cost, give a competitive advantage to the firm.

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