DESIGNING STRATEGIES FOR AGRIBUSINESS COMPLEXES IN ROMANIA

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Abstract: This work paper is presenting a strategic projection approach for agribusiness complexes and also a few strategic options, adapted to the present situation in Romania. Developing information systems, offers the possibility of stakeholders to refine increasingly strategic options, being able to implement more sophisticated systems that lead them to reduce costs. Financial difficulties faced by agro-industrial structures and the reluctant for risk requires simple methodological procedures , managers being able to finance the implementation of strategies in order to enable the achievement of significant cost reductions.
Key words: agribusiness, agriculture, strategy, strategic options, strategic management

1. INTRODUCTION

Agribusiness complex in Romania should become a corporate structure formed on food pathways but also with strategic partnerships based on agreements with suppliers of agricultural inputs and processing equipment, orientated to diversified requirements of food products internationalized markets.

Based on the *integrated strategic model links food production Farms – Processors* (Pana, 2000) is important the establishment of structures for cooperation between farmers associates in order to meet size and production profile and cost effective for companies that process agricultural raw materials, able to achieve traceability foodstuffs to suit the requirements of European standards.

Of renowned authors we have noted the view of Peter Drucker, who emphasizes in his works the diversification dilemma (Drucker, 2001), ,,which is the smallest diversification that firm needs to remain a viable entity and able to fight successfully with competitors" and ,,which is the largest diversity the firm can bear, given the increasing complexity of activities".

Experts also claim that diversification is desirable to minimize the risk in emerging markets, providing additional financial resources with favorable economic effects (Porter, 1998).

2. THE METHODOLOGY OF THE RESEARCH

The essential aim of the integrated strategy is oriented to revive agricultural production by association of land owners with agricultural service providers and finalize partnerships with food processing companies of food pathways, thus ensuring sufficient quantities of quality products and with traceability to meet the requirements required by European standards.

Our research concluded that the major strategic objective relates to ensuring the necessary financial resources for farmers by specialty credit loan mutually to promote efficient and modern facilities with the equipment necessary to achieve
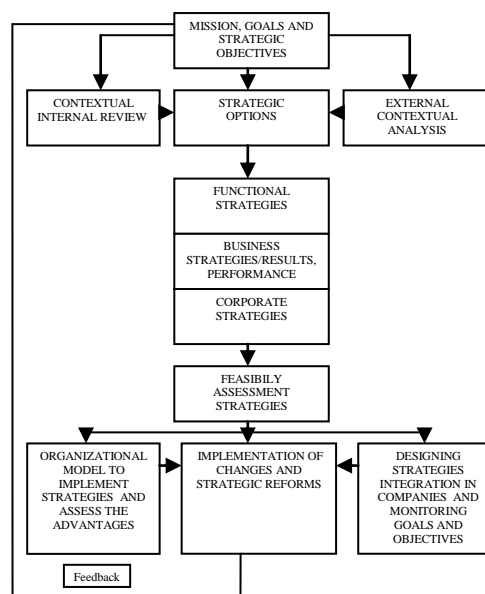

Fig.1. Designing strategies for agribusiness complexes in Romania

competitive productivity and reduce unit costs of materials agricultural raw.

Thus, the approach of our strategic objective is to develop the rural economy and use the total available labor in rural areas. The analyzed options targets are the recommendations and the methods recommended by the literature in this field internationally by:

1. Diversification strategy that is focused on identifying opportunities for creation or acquisition of new activities that have partial links or no such links, but required by market and bring additional revenue, especially under crisis conditions. Using such strategies, however, requires a possibility to get an attractive added value in new areas of activity, but also companies' ability, to provide technological and managerial capabilities to capitalize on these opportunities.

2. Strategy of vertical integration can be achieved in the whole agro-food pathways, or to overcome the critical stage or key control points in that pathway. The channels which use these strategies aim usually to integrate all links contained in that pathway, from obtaining raw materials needed and processing and ending with distribution to consumers of those products.

3. Expansion strategy into new markets. In a later phase, generated by identifying opportunities for extending the scope of consumers in new markets, whose needs can be met by current products of agribusiness complex, it is recommended to adopt appropriate strategies and marketing policies for entering new markets, such as:
- identify new categories of potential customers and stimulate their interest in offered products;

- use of new distribution pathways;
- expanding sales in other geographic areas.

For the current situation in Romania, promoting intensive development strategies is not an important limitation in terms of skills and technological capabilities, but should focus efforts to develop managerial capabilities, still relatively low.

3. THE RESULTS OF THE RESEARCH

Based on an information product there is possibility to simulate three types of strategies with the main objective of minimizing weighted average cost of funding sources. The application involves attending the following activities: establishing the conditions and cost of access to funding sources, calculate the cost of financing sources, choosing minimum cost strategy, calculation of indicators of feasibility, feasibility and interpretation of indicators adopted strategy.

We believe that type of strategy should be pursued that ensure an optimal ratio between return and risk adjusted ratio of expectations, possibilities and not least the risk aversion of each stakeholder. To establish metrics and indicators for measurement/monitoring of performance the marketing strategies must be formulated.

The degree of connection between strategy k and metric l (the condition is that the amount equal to one) $g_{kl} \in [0,1]$ where $k = \overline{1,n}$ number of targets and $l = \overline{1,nm}$ number of metrics are normalized grades, expressing them possibly by using fuzzy sets (Andreica, 2009). Strategic impact metric k on it is determined by the relationship:

$$IS_l = \sum_{k=1}^{n} \omega_k g_{kl} \text{ , for } l = \overline{1,nm} \text{ so } \sum_{k=1}^{n} g_{kl} = 1 \text{ and}$$

$$\sum_{k=1}^{n} \omega_k = 1 \qquad (1)$$

Different possible actions solutions have as result different sets of strategic implications (numeric values). It is possible that these numerical expressions to be derived from the application of techniques for quantification and normalization, the nature and diversity of the original data.

Alternatives assessment is made using a method on the matrix multiattribute strategic consequences.

The determination of weights strategic objectives will be made using the method of analysis and ranking of weights (AHP). It is based on a comparison between pairs of decision alternatives in each criterion considered. A similar set of comparisons is performed to determine the relative importance of each criterion and thus to obtain the weights. For each set of criteria is assessed by interview with stakeholders criterion for assessing the significance level of criterion Ci but in relation to criterion Cj. It is obtained a matrix of comparisons between pairs of strategic alternatives for each criterion. Comparisons are made in pairs by their subjective evaluation by stakeholders.

4. CONCLUSION

Agribusiness strategy offers a number of methods developed in line with those of the EU and based on recommended methods of literature developed on the basis of feasibility studies, developed as pilot projects by specialists with experience.

Strategic options is the result of study based on interviews with managers and their analysis requires the development of realistic choice of options, in line with those of the EU and based on methods recommended by the literature. The use of computer can determine that strategy which ensures an optimal ratio between return and risk. Thus, based on assessment results in a matrix of stakeholders such as:

Aij type elements	C1	C2	...Cj...	...
C1	a11=1	a12	...a1j...	...
C2	a21=1/a12	a22=1	…a2j…	...
...				
Ci	ai1=1/a1i	ai2=1/a2i		...
…	…	…		
Column sum	$S_1 = \sum_i a_{i1}$	$S_2 = \sum_i a_{i2}$	$S_j = \sum_i a_{ij}$	...

Tab. 1. Comparison matrix

Normalized elements n_{ij} type	C_1	C_2	...Cj...	Weights
C_1	$n_{11}=a_{11}/S_1$	$n_{12}=a_{12}/S_2$	$n_{1j}=a_{1j}/S_j$	$P_1= \frac{1}{n} \cdot \sum_j n_{1j}$
C_2	$n_{21}=a_{21}/S_1$	$n_{22}=a_{22}/S_2$	$n_{2j}=a_{2j}/S_j$	$P_2= \frac{1}{n} \cdot \sum_j n_{2j}$
...	…	…	…	…
C_i	$n_{i1}=a_{i1}/S_1$	$n_{i2}=a_{i2}/S_2$	$n_{2j}=a_{ij}/S_j$	$P_2= \frac{1}{n} \cdot \sum_j n_{ij}$

Tab. 2. Calculating weights

Making comparisons between attribute weights is one new calculating matrix N obtained by normalizing amounts compared with sums S_1, S_2 ... S_j ... elements of comparison matrix A, as given in table 2.

Final strategy development and achievement of the sensitivity analysis of the solution obtained to be performed by stakeholders to enable to consider how "resilient" is provisional decision to change the importance given attribute evaluations and changing preferences for the alternative chosen (Prelipcean, 2010).

5. REFERENCES

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