IMPROVEMENT OF BUSINESS PROCESSES AS A FACTOR FOR SUSTAINABLE DEVELOPMENT OF RURAL AREAS

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Abstract

National economy development, its homeland security, population standard of living in many respects depends on a condition of agro-industrial complex. The existing level of development of the agrarian sphere, low investment appeal of industry, risk nature of conducting business activity objectively cause need of more weighed and systematic approach from the federal and regional authorities to carrying out the agrarian policy.

In order to ensure effective management of the agricultural sector, regional authorities needed tools to not only identify issues that require urgent action, but also to find "points of growth", to diagnose the state of the industry, identify prospects, and possible options for its development.

The implementation of the state agrarian policy and food security of Russia dictate the need to create and implement programs for sustainable development of agricultural sectors at the regional level and their individual municipal areas.

Key words: *food security, innovation, agribusiness, investment, business processes*

INTRODUCTION

Agribusiness - one of the largest cross-industry complexes. Its members include diverse fields of economy, including agriculture and some industries associated with agricultural production.

Traditionally, the agricultural sector occupies a special position in the Russian economy. Problems of its functioning affect the interests of the entire state. And they appear quite often, which is associated with the static agricultural sector, which is difficult to adapt to changing market conditions.

The structure of the agro-industrial complex - a moot point. Scientists formed dissimilar opinions on this issue, which is related to the complexity of the functioning of the agricultural sector as a whole. Nevertheless, the general provisions have been formulated, which are shared by most researchers. Structure of agriculture of Russia is presented as a model consisting of three spheres.

The first of them - a set of industries, specializing in the means of production for agriculture. It also includes the construction of the agricultural sector and its logistics. The second area - it concerns agricultural production, and the third - all industries associated with the storage of the product, its marketing and processing. This structure is quite conventional.

The structure of agriculture in Russia, as well as other industries, that are not included in any of the spheres are also included. These are for example special science, management, training of personnel. Thus, we can distinguish the fourth sphere, which brings together the industries, does not create products itself, but is necessary for the proper operation of agriculture.

It is now possible to note some positive trends in the development of agriculture: improving the investment attractiveness, profitability increase, introduction of new management systems and so on. Meanwhile, there are still some problems that require prompt decisions. Without them agricultural sector can not continue to develop normally.

First of all, we are talking about the need to provide assistance to agricultural producers. This is very risky activity, which depends on the climatic characteristics of the region. Drought or frost can destroy the fruits of their work. Of course, they need help from the state: preferential loans, subsidies and other material preferences.

Plus, you need to solve the problem with the legislation governing agriculture. Currently operating in this area regulations differ unsystematically, duplicate set of standards and blanks. Adequate legislative regulation would solve many of the problems in the agricultural sector.

Agribusiness – is socially significant sector of the Russian economy and an important structural element of the national economy. According to statistics, the share of agriculture and processing industry is one sixth of GDP. Furthermore, it is stable and orderly development activities Agribusiness provides a solution to the problem of agricultural products and raw materials for industry.

The problem of food security in Russia, as well as the use of innovative mechanisms and investment in agriculture is at the moment quite acute problem. Open borders and free trade make it possible to import in our country agricultural products from abroad and the conditions for agricultural production are not the best, which entails a fairly high level of production costs compared with other countries. Ill-conceived reform of the agricultural sector led to a lack of competitiveness of our products and do not appeal the agricultural sector in terms of investment and innovation. Innovative development of Agricultural sector is strategically important for Russia. Innovations in agriculture are particularly relevant in order to ensure food security of the country as a whole and at the level of a particular region; attracting capital into the industry and improve the investment climate, improving the competitiveness of the industry as a whole at the federal and international level.

1. ANALYSIS OF THE SITUATION IN THE RUSSIAN AGRICULTURAL SECTOR

At the end of 2014 the index of agricultural production in the comparable prices in all categories of farms amounted to 103.7% compared to 2013 (the plan - 102.5%), in crop production - 105% (plan - 102.9%), in animal breeding - 102.1% (plan - 102%). The index of food products and beverages (at constant prices) amounted to 103.3% (plan – 103,1 %).

And as a record over the past six years, grain yield - 105.3 million. This is the second result in the history of modern agriculture of Russia (in 2008 - 108.2 million tons).

In the production of livestock and poultry for slaughter in live weight increase was 4.1% (to 12.9 million tons) - mainly due to poultry (up 6.7%) and pork (up 4.7%). Production of sheep and goats increased by 4%. We expect in 2016 a substantial increase in the production of cattle meat specialty breeds and their hybrids to 150 thousand tons, or 50% compared to 2014. In connection with the measures that we had to take last year in response to the sanctions, the potential volume of beef fell year from year – to 59 thousand tons. But Russian manufacturers compensate it, what demonstrates the effectiveness of a special sub-program for the development of beef cattle in the Russian Federation.

We managed to break the negative trend which almost has become traditional in the production of milk: the results of its volume in 2014 amounted to 30.8 million tons (including 291.6 tons in Krymsk District), for the first time in the modern history of Russia more than in the previous year (by 24.2 thousand. t, or 0.1% - excluding the Crimean DOF). The increase in production has been provided by agricultural enterprises (by 2.2% or 312 thousand tons) and farms (6.1% or 109 thousand tons). This should be considered a natural (due to economic and demographic factors) reduction of milk production in smallholdings (a decrease of 2.7%, or 397 thousand tons).

Growth in agricultural production in 2014 will significantly reduce imports and increase exports of food products. The role played by Russia and the introduction of protective measures with regard to products from the United States, European Union, Canada, Australia and Norway, has worked for the expansion of niches for domestic producers in the domestic market.

In 2014, the volume of imports of foodstuffs and agricultural raw materials fell by 4 billion. 100 million. USD and totaled 40.9 billion USD, and export hit a record, reaching 19 mlrd.136 million. USD, exceeding the level 2013, 14.5% (or 2,4 billion USD).

As a result, the profitability of agricultural enterprises exceeded the level of last year and amounted to (including subsidies) 16,2% (in 2013 - 7.3%) and excluding subsidies - 6.4% (in 2013 – 5, 2%).

Balakhtinsky District is among the top ten regions in terms of agricultural production of the Krasnoyarsk Territory. In the region as of 01.01.2014, the agricultural production involved 29 companies, of which according to the regional Ministry of Agriculture 26 enterprises are profitable and only 3 - unprofitable. In the crop sector in 2013 the district made profit of $ 55,349 thousand Russian Rubles, which is 30% less than in 2012, in the livestock income in 2013 amounted to 4060 thousand. Rubles, which is associated with a loss of production in beef cattle.

The area of land owned by agricultural organizations in Balakhta area compared with 2011 increased by 4.3 times and makes up about 10% of the total land fund of the district, but at the end of 2013 90% of the total land fund Balakhta area is leased under condition of further buy out, which is clearly shown in Figure 1.

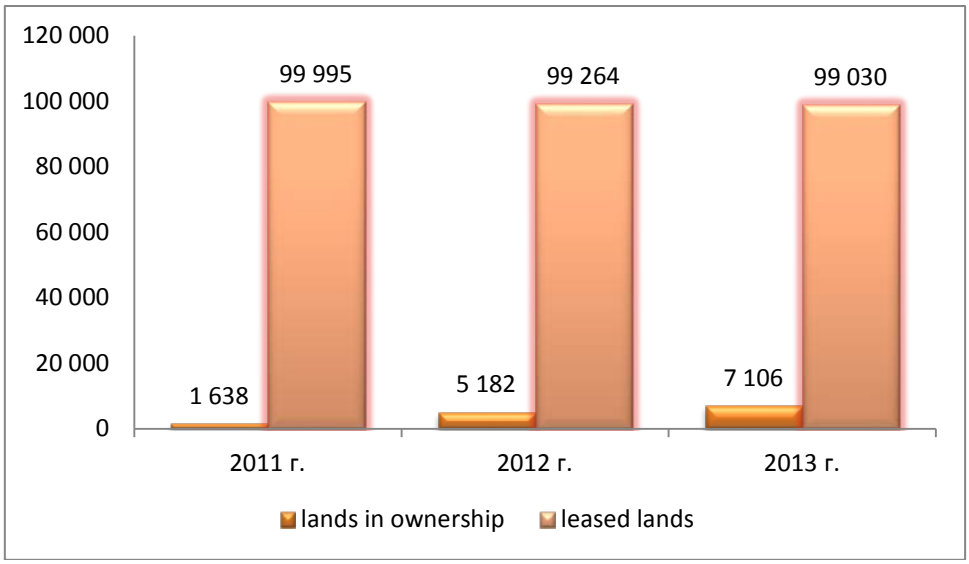


Fig. 1. The dynamics of land area Balakhta

Evaluation of management systems of agricultural enterprises in Balakhtinsky District of the Krasnoyarsk Territory has allowed to identify the main problems in the management of business processes in agricultural production: the weak implementation of innovative technologies in management; low qualification of staff; ineffective system of communications, low automation of administrative work and others.

2. MECHANISMS OPTIMIZATION OF BUSINESS PROCESSES

The transition to market forms of management involves serious qualitative changes in all spheres of the economy. It becomes particularly important task of creating normal conditions for the maintenance of sustainable extended reproduction in agriculture as the foundation of food security.

The basis of economic reforms in the Russian market are the methods of management, and their goals and objectives - the formation of institutions that ensure stable and efficient functioning of the economy, the creation of an adequate market management system that ensures stable operation, dynamism and adaptability of production to market a variety of features.

In the agricultural sector of the economy as a whole and in its regions there have been significant changes in the organizational structure and management systems related to the new relations of production, due to the formation of farms of various ownership forms. In reforming AIC there were disrupted production links between farmers and processing enterprises, which among other things led

to the disparity of prices of products of agriculture and industry, which greatly undermined the already weak economic base of agriculture.

One of the causes of the crisis in the agricultural sector was the decline in the state's role in the operation of the agro-industrial complex, the termination of directive-planned economy as the guaranteed procurement monopoly processor and others. They have not been replaced by market institutions, the most important of which is the business environment in the all levels of the production and processing of agricultural products, infrastructure, agriculture.

The attempts of some regional and local authorities to stimulate agricultural production and entrepreneurship in the agricultural sector proved to be ineffective because of the lack of an integrated approach to the management of agricultural production and processing enterprises, the lack of a link between the interests of individual businesses and the region as a whole. In addition, many of the activities of agricultural development that are held by regional and local authorities have relied on the methodology, not taking into account recent advances in the management of production systems.

An important reason that explains many of the negative processes in the development of Russian agriculture business is the lack of quality business organizational and management tools of economic activity and development that would ensure their competitiveness, would be consistent with current economic trends that would allow entrepreneurs after overcoming administrative barriers to dramatically improve the efficiency of its functioning and, accordingly - APC in general. Common Problems of the Russian business aggravated in the specific conditions of agribusiness.

The main reasons hindering the development of entrepreneurship in the Russian Federation as a whole, are the administrative barriers and criminalization of the total bureaucratization of the economy and society, the lack of clear guidelines from the state in the policy of entrepreneurship support. All this fully applies to entrepreneurship in agriculture.

In recent years, developed economies have undergone significant changes in the methods of integration of agricultural enterprises and involvement of agricultural enterprises in the implementation of joint projects related to the introduction of new technologies in order to improve business processes. In Russia these processes, although more active in recent years, but still remain ineffective.

In today's Russia there are quite substantial reserves of economic development that enhance the capacity of agro-industrial complex, which can be realized through increased business activity, increase of its efficiency and competitiveness.

To build an effective system for managing business processes agricultural enterprises must consider above all: industry characteristics, the size of the organization, the impact of macroeconomic factors as well as the presence of formal and long-term strategy planning.

Business process management of agricultural enterprises.

It has its own specifics, which derives from the characteristics of the industry. Dependence on natural factors: soil and climatic conditions, bioclimatic potential zone management determines specialization of production and, accordingly, is the most important criterion in the allocation of key business processes. More time should be given to operational management, due to the presence of increased risk.

Research has shown that at present there are several innovative approaches to business process management: the implementation of quality management systems, benchmarking of business processes, methodology of continuous improvement of business processes BPI (Business Processes Improvement), business process reengineering, Greenfield, a combination of functional and process approaches. In the agricultural enterprises there should be used as the technology of continuous improvement of business processes BPI, which aims to optimize the organization of production and quality control through continuous improvement of business processes by providing complete and accurate implementation and automation of management functions.

The evaluation of management systems of agricultural enterprises in Balakhtinsky District of Krasnoyarsk Territory made it possible to determine the main problems in the management of business processes of agricultural Production: weak implementation of innovative technologies in management; low qualification of staff; inefficient system communications; low automation of administrative work and others.

Currently in the region there are 22 Balakhta agricultural organizations, only one of them can be regarded as a large organization with number of employees - 253,4 as medium-sized enterprises and the remaining 17 enterprises are small enterprises, according to the number of employees.

During the study we found that in many agricultural enterprises management methods and organization have received little innovation.

In particular, more than 80% of the agricultural enterprises of the Krasnoyarsk Territory are not engaged in forecasting the volume of production and sales, more than 50% of the agricultural organizations are involved in short- and medium-term planning of production and financial activities and only 20% (mostly large agricultural businesses, corporate structure) have strategic planning not only in production and financial performance, but also carry out marketing research.

To identify the main problems in the management of business processes we conducted a questionnaire survey of managers of different levels of agricultural governmental enterprises in Balakhtinsky District (Table. 1).

There were interviewed 40 people, including 12 people –senior managers of agricultural enterprises. The survey showed that the issues of good administration are largely dependent on the development of automation and information management software in business processes.

To the question: "What prevents the transition to process management?" 40% of respondents indicated low staff qualification. The demand for technological innovation in the field of management by the agricultural organizations is low.

Table 1. Results of a questionnaire survey of managers of agricultural enterprises in Balahinsky district (fragment) (as% of respondents)

Questions	Leaders middle managers (main specialists sheets),%		Leaders senior managers %	
	Yes	No	Yes	No
Do you get timely information on changes taking place:				
- In the enterprise;	100	-	100	100
- In the micro environment	19.4	80.6	33.3	66.7
What providing business processes are automated:				
- Marketing;	35.7	64.3	500	50
- Sales	82.1	17.9	100	-
- Procurement;	53.6	46.4	100	-
- Storage;	42.9	57.1	50	50
- Staff;	17.9	82.1	41.7	58.3
- Finance	-	100	16.7	83.3

What are the technical controls used in your company:	100	-	100	-
- Computers;	58.3	41.7	100	-
- Dispatch communication;	85.7	14.3	100	-
- Mobile connection;	21.4	78.6	25	75
- Navigation and tracking;	17.9	82.1	41.7	58.3
- LAN				
Used the services of consulting agency:				
- Legal;	75	25	50	50
- Accounting;	28.6	71.4	41.7	58.3
- Taxation;	75	25	66.7	33.3
- Innovation	-	100	-	100

At most companies they apply simple technologies, in particular organized almost everywhere there have been organized dispatching service for operations management. With regard to the automation of management processes, they mainly use simple software for accounting and controlling workflow.

Currently, there are several innovative approaches to business process management: the introduction of quality management systems, benchmarking of business processes, methodology of continuous improvement of business processes BPI (Business Process Improvement), business process reengineering, Greenfield, a combination of functional and process approaches. In the agricultural enterprises there should be used as the technology of continuous improvement of business processes BPI, which aims to optimize the organization of production and quality control through continuous improvement of business processes by providing complete and accurate implementation and automation of management functions.

It is necessary to improve the management of business processes due to rapidly changing environmental conditions, so it is advisable to take timely corrective and preventive actions to eliminate or reduce the negative factors, as well as smoothing and damping cyclical fluctuations of the external environment. Thus, business leaders, units, services must, first and foremost, take into account changes in the market environment, regularly compare the quality of their products with competitors' products, actively introduce scientific and technological progress, not only in production but also management activities.

Business process management in the changing market environment.

It requires managers to identify problem processes in a timely manner, unprofitable processes and implement qualitative transformation by splitting large and complex processes into smaller, or vice versa, bringing together several small processes into one large.

The head of the process has to have the ability to respond flexibly to the challenges of time and to be able to develop new processes, replacing if necessary, the old ones, to meet the needs of the final consumer and to ensure the achievement of performance.

CONCLUSION

Currently, the improvement of business processes is one of the main tools to increase business efficiency. This is primarily due to increased competition from foreign producers, as well as the highly dynamic development of the business environment. Therefore, the managers of agricultural enterprises have an important task - formation of a mechanism for improving business processes, allowing to

develop management system adapted to changes in an environment that ensures their high efficiency and competitiveness.

In this regard, issues of improving the business process management of agricultural enterprises and enhance the impact of their activities on the basis of effective process management are essential.

Most businesses operate with high lost ratio. It is related primarily to low sales prices and high production cost.

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