



Ensuring an Agricultural Holding's Economic Security by Means of Sustainable Development Strategies in Terms of Global Crisis Management

Garantizar la seguridad económica de una explotación agrícola mediante estrategias de desarrollo sostenible en términos de gestión global de crisis

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ABSTRACT:

As a result of analyzing the integrated agricultural formations' work, the article suggests the modern agricultural holdings development and functioning tendencies in terms of the global financial crisis. The following peculiarities of ensuring a holding's sustainable development in terms of the global crisis management are revealed: edaphic-climatic, biological, ecological, technological and organizing the farmland. The model of ensuring an agricultural holding's economic security is elaborated and is proven by the sustainable development strategy that includes the following elements: a mission, a goal and a system of balanced indicators. The integrated agricultural formations' work is distributed into the groups of balanced indicators: finance, clients, internal business processes, education and development, competitors and an internal decomposition system. The internal and external economic security threats serve as the grounds of the system of balanced indicators for the integrated agricultural formations. Finally, the article covers an agricultural formation's economic security fields (critical, low, normal, and high) and the sustainable development strategies for each of these fields, which allow the whole transit from a critical economic security field to the high.

Keywords: economic security, sustainable development, integrated agricultural formations,

RESUMEN:

Como resultado del análisis del trabajo de las formaciones agrícolas integradas, el artículo sugiere el desarrollo moderno de las explotaciones agrícolas y las tendencias de funcionamiento en términos de la crisis financiera mundial. Se revelan las siguientes peculiaridades de asegurar el desarrollo sostenible de una explotación en términos de gestión de crisis global: edáfico-climático, biológico, ecológico, tecnológico y organizando la tierra de cultivo. El modelo para garantizar la seguridad económica de una explotación agrícola se elabora y se prueba mediante la estrategia de desarrollo sostenible que incluye los siguientes elementos: una misión, un objetivo y un sistema de indicadores equilibrados. El trabajo de las formaciones agrícolas integradas se distribuye en los grupos de indicadores equilibrados: finanzas, clientes, procesos internos de negocios, educación y desarrollo, competidores y un sistema interno de descomposición. Las amenazas de seguridad económica interna y externa sirven de base al sistema de indicadores equilibrados para las formaciones agrícolas integradas. Finalmente, el artículo cubre los campos de seguridad económica de una formación agrícola (crítica, baja, normal y alta) y las estrategias de desarrollo sostenible para cada uno de estos campos, que permiten el tránsito completo desde un campo de seguridad económica crítica hasta lo más alto.

The modern global economic system is forming and developing actively. Its borders and existence conditions are constantly changing, what is followed by the crises, from which all world economies suffer. The contemporary global and system economic crisis has revealed that there is a lack of effective theoretical approaches to elaborating the crises recovery practical methods, used in integrated agricultural formations' management. This determines the necessity to improve the global crisis management system, which would base on the innovative approaches and sustainable development implementation of modern conceptions in order to ensure the economic security.

"Global crisis management implies coordinated actions, aimed at preventing crisis development, decreasing its tension and eradicating its negative consequences" (Nato Logistics Handbook. Definitions. <http://www.nato.int/docu/logi-en/1997/defini.htm>).

On the one hand, the financial and food markets' globalization gives an opportunity to the integrated agricultural formations to compare and evaluate the investments' efficiency simultaneously in the framework of the international economy, extend and consolidate the financing potential of diverse economic projects. On the other hand, the world economy's qualitative changes are of a deep and risky character, what is caused by the rapid finance innovations development, what in turn leads to the rapid growth of the system risk and the economies' international activity financial risks.

Several Russian scholars are nowadays investigating the economic security issues. Particularly, this issue is studied by a group of scholars headed by Professor V. Senchagov, Russian Academy of Natural Sciences. A significant scientific contribution to investigating the economic security issues was made by I. Bogdanov, M. Blaug, M. Bukhvald, G. Vechkanov, S. Glazev, S. Gubanov, G. Dimitriadi, M. Dzliyev, L. Ishhenko, L. Klimenko, M. Kornilov, S. Iekarev, N. Makogonova, S. Menshikov, E. Oleinikov, M. Sorokin, A. Sudoplatov, A. Ursul, E. Fedorova, K. Yurchenko and others.

The works of the following scholars, specializing in the ecological economics are devoted to studying the sustainable development methodology formation: J. Bartholomew, L. Brown, H. Daly, P. Davis, R. Constanza and others. Additionally, it is worth mentioning the research on the nature management carried out by the Russian scholars, such as T. Akimova, S. Bobylev, A. Golub, N. Pakhomova, I. Potravnoi, E. Ryumina and O. Shimova.

G. Afanasiyev, A. Barinov, A. Gradov, V. Davydov, M. Yefimova, I. Larionov, Ye. Novoselov, V. Potemkin, V. Romanichev have investigated theoretical and practical issues of crisis management. N. Tom and J. Ruegg-Schurm have paid special attention to managing the changes, which are provoked by the crisis development.

However, the contemporary crisis management studies do not take into account the sectoral peculiarities of the agricultural sphere and specific risks, characteristic of the integrated agricultural formations. In addition to it, there aren't many studies, devoted to the methods of lowering the integrated agricultural formations credit risk in terms of the global crisis management. In this regard, it is considered that it is essential to elaborate a complex of methodic recommendations on lowering the credit risk for the integrated agricultural formations.

The economic security of an integrated agricultural formation if a financial- economic state, which provides the liabilities' repayment, fulfilling social functions, sufficient economic potential that ensures the functioning even despite the unfavourable market conditions. At the same time, when an agricultural formation functions in terms of the exceeding indicators, it will be assumed crisis and it will be logical to use the sustainable development strategy and special anti-crisis management methods to recover from the current recession.

In terms of the global crisis management it is necessary to elaborate the sustainable development strategy that will provide an agricultural formation's economic security in order to reduce the crisis factors. The "economic security" term is interconnected with "development" and "sustainability". Development is one of the economic security's components, while sustainability characterizes its durability and safety as well as the ability to withstand internal and external threats. Thus, sustainability and development are the essential characteristics of an integrated agricultural formation's work, as a united system. Both sustainability and development determines the economic security level of an integrated agricultural formation in their own way.

"Sustainable development" is based on a whole system of target indicators or targets, that allow characterizing the geographical territory's formation degree, making a reasoned prediction of its future state (financial, ecological, public, political, etc.) and, using all this data, making a conclusion on whether this territory is sustainable in terms of the global crisis management. The sustainable development indicators are at the basis of an agricultural holding's economic security. One of the sustainable development complex characteristics, implemented by the UN, is the so-called "human potential development index", which reflects the GDP per capita, life expectancy, as well as various ecological indicators. The list of certain sustainable development indicators, elaborated by a group of international experts and recommended by the UN Commission on Sustainable Development, contains 50 main ecological, financial and demographic indicators, that evaluate the conformity of production and consumption levels, the level of financial welfare and economic development, state of the atmosphere, health and socio-demographic characteristics.

Speaking about the integrated agricultural formations, the term "sustainable development" is of significant importance. It is determined not only by the fact that agricultural production plays an important role for the whole state, but by the society's striving at sustainable development in the agricultural sector particularly.

The term "sustainable development", connected with the agricultural sector, was made up in Rome during one of the UN food and agriculture organization's sessions in 1996. Back then it said the following: "the main goal of the Agriculture's Sustainable Development Programme is increasing the level of the food produced and ensuring food security". Russian regulatory legal act "On the Agricultural development" and "Russian Agricultural Territories' Sustainable Development until 2020" say that the agriculture's sustainable development is connected with the dynamic development of the agrifood market only.

Summing up the existing development theories and various points of view on the economic sustainability, it is worth noting that an agricultural holding's economic sustainability in terms of the global crisis management is the holding's ability to withstand internal and external factors and adapt to the changing production conditions preserving the initial balance. At the same time, the factors, which function in the agriculture, differ from the factors in other economic sectors in the content, level and influence. As a result of analyzing the agricultural holdings' economic, production and technological features, we have defined the peculiarities of ensuring an agricultural formation's sustainable development in terms of the global crisis management: edaphic-climatic, biological, ecological, technological and organizing the farmland.

Taking into account the agricultural formations' modern functioning conditions, where the external and internal environment factors are quote flexible, the agricultural holding should choose the strategies, oriented at development. The modern literature on economics suggests several strategies on developing an agricultural formation which are interconnected with its life cycle stage:

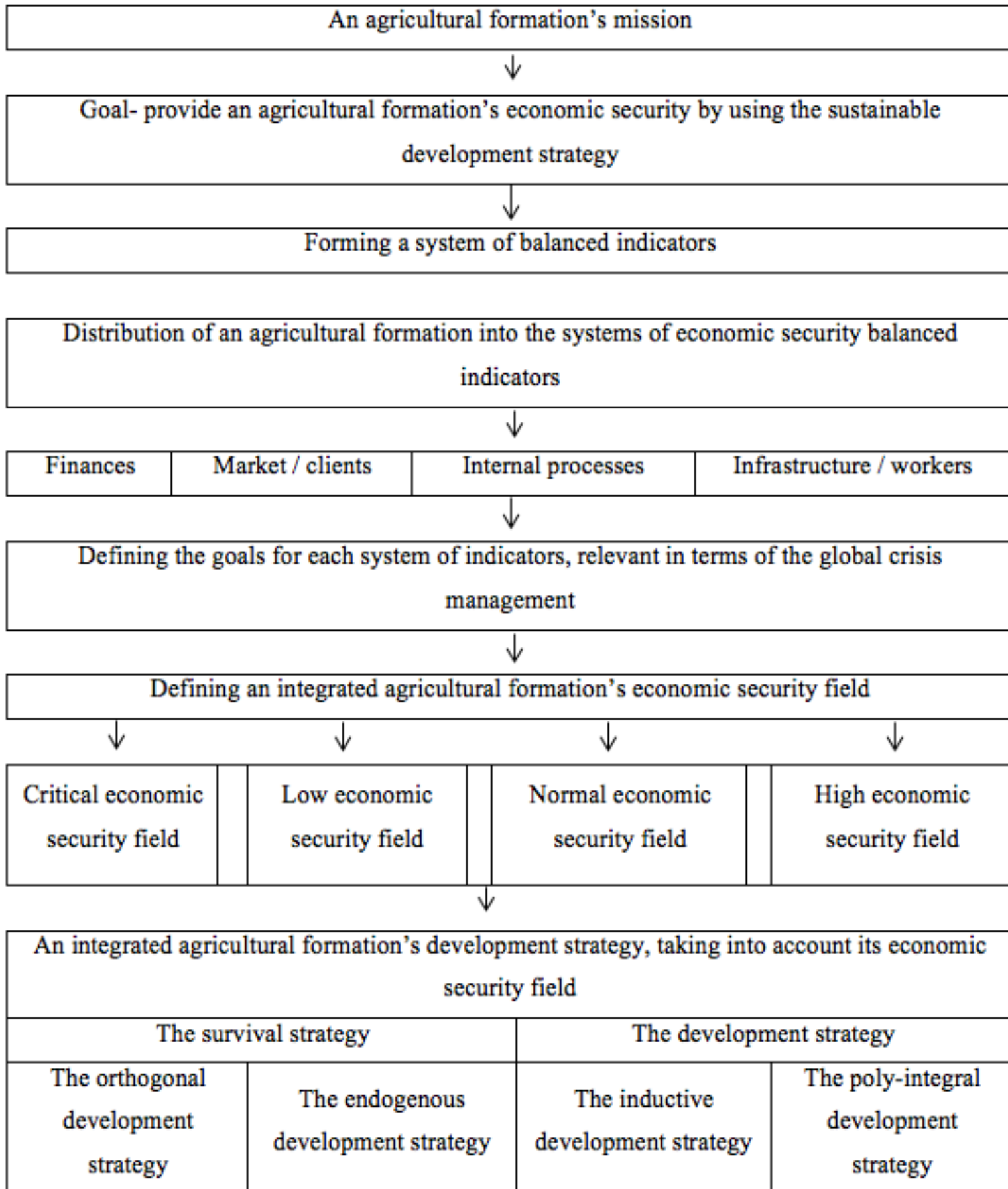
1. **The Growth Strategy.** It is the main strategy, illustrating the striving for a rapid profit and product volume increase.
2. **The Stabilization Strategy.** It is the strategy of an agricultural formation's behavior in terms of the profit and sales volume inconstancy as a reaction to the external environment's

pressure.

3. **The Survival Strategy.** It is the defensive strategy (used in case of an agricultural formation's complete financial distress).

Thus, our research suggests a model, elaborated in order to ensure an agricultural formation's economic security (Fig. 1). This model is represented in a form of a mission, goal, system of balanced indicators and the survival and development strategies of ensuring the economic security.

Fig. 1
Ensuring the Economic Security by Means of an Agricultural Formation's Sustainable Development Strategy



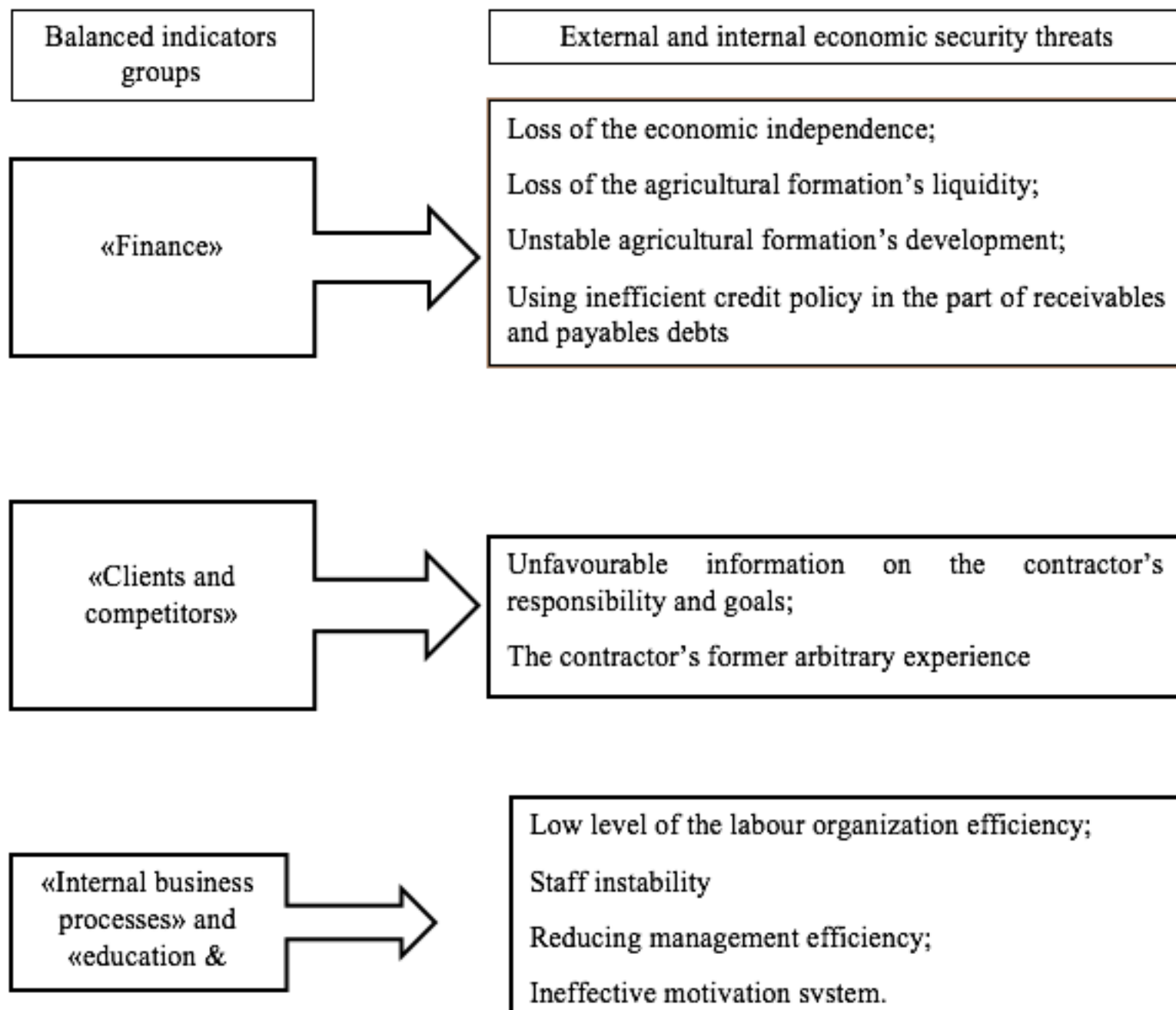
The main agricultural formation's goal of introducing a system of balanced indicators is creating a special management system, which would allow to implement the sustainable development

strategy, controlling integrated agricultural formation's economic security level with the help of key efficiency indicators, which in turn implement the strategy by providing constant functioning of the formation's subdivisions. This functioning is managed by permanent planning, controlling and motivating the personnel.

Applying the universally accepted norms and indicators of an enterprise's functioning is not sufficient for providing an agricultural formation's economic security. In this regard, we have defined the economic security's internal and external threats, which lie at the core of the integrated agricultural formations' 5 balanced indicators defined systems (Fig. 2).

Fig. 2

External and internal economic security threats for each agricultural formation's balanced indicators group perspective



Thus, a system of balanced indicators interconnects the strategic goals, results and the factors of achieving, sets and traces the cause-and-effect relations between them. So, we have defined the goals for the agricultural holding's each group of balanced indicators, taking into account its level of economic security (Fig. 3).

Fig. 3

The classification of an agricultural holding's balanced indicators system

“Finance”	“Education and development”
Increasing the profit	Improving the personnel’s skills
Reducing the production’s cost price	Enhancing the personnel’s interest in planning the agricultural holding’s work
Increasing the sales volume	Reducing the risks and ensuring the formation’s vitality
Increasing the production volume	Enhancing the agricultural holding’s organizational work
“Clients”	“Competitors”
Capturing new clients	Defining the organizational, technical, financial and other ways of providing competitive advantages
Reducing the number of the contractors lost	Evaluating the benefits of collaborating with external and internal contractors
Satisfying the clients’ needs	
“Internal business processes”	“Internal decomposite system”
Timely engagements fulfillment	Creating an efficient organizational and functional structure
Improving the management quality and internal organizational works	Internal differentiation of the agricultural holding’s balanced indicators systems
Managing social processes	Analyzing and choosing the direction of the integrated agricultural formation’s financial growth
Strengthening the control over the production	Predicting the conditions for elaborating the plans system

Consequently, analyzing an agricultural holding’s balanced indicators system is a source of information on the management system’s needs, which allows to get the reliable and discrete information on implementing the sustainable development strategy and defining the economic security field. We have highlighted an agricultural formation’s 4 economic security fields in terms of the global crisis management (critical economic security, low economic security, normal economic security, high economic security).

Moreover, we have elaborated the strategies of developing an integrated agricultural formation, taking into account its field of economic security. These strategies ensure this transit from a critical economic security field to a high more secure field:

1. The orthogonal development strategy is considered appropriate for the critical economic security level. This strategy is oriented at achieving a quick effect. It is worth noting that in such a period an agricultural formation has enough time and it is necessary to act quickly in order to overcome the crisis by leasing out or selling unnecessary realty and concentrating on highly specialized sectors.
2. Endogenous development strategy is appropriate for the low economic security level. It is oriented at making the agricultural formation secure with the help of its internal resources.
3. Introductory or introspective development strategy is appropriate for the normal economic security level. It implies attracting the investors and getting a bigger volume of orders.
4. A poly-integral development strategy is appropriate for the high economic security level. The strategic opportunities characterize further growth and great results achievement by attracting the venture capital.

The implementation of the model, which ensures an agricultural formation's economic security by means of the sustainable development strategy, will allow the integrated agricultural formations to provide such a financial-economic state, that will facilitate a timely engagements and social functions fulfillment and this strategy will stimulate the economic potential that will help the agricultural formation function in terms of the global crisis management.

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