

ANALYSE AND EVALUATION OF MARKETING SYSTEM MANAGEMENT IN AGRARIAN SECTOR

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Abstract

Efficient management of marketing system in agrarian sector in the condition of new economic relations assumes great importance. Real base has already been formed for purposely and widely application of its forms and methods in the agriculture. This process is observed with various principal changes in that sector. The issues stated in the article were investigated widely, existing state of agro-marketing activity was analysed and evaluated and its future development directions were stated.

Keywords: Agrarian sector, Marketing system, Control mechanism, Entrepreneurial activity

1. Introduction

Economic reforms implemented in the Republic of Azerbaijan, structural changes arisen in the agrarian sector caused the formation of a new management system including agro-marketing. The experience of developed countries stated visually that an agro-marketing system caused the operative solution of problems arisen in the market condition and prevention of imbalance and so proved its efficiency. The interest in marketing became strong in the entrepreneurial activity in agriculture and the scale of its use began to expand in the practice.

Generally, stimulation of entrepreneurial activity is the main feature of economic reforms. World practice states that agriculture can not operate satisfactorily with the principle of self-financing principle. Stimulation of entrepreneurial activity in an agrarian sector is considered the most important means of protection policy in the regulation of economy. In this connection the following opinions of Isa Aliyev (2003), Doctor of Economics arises interest that “rendering assistance for entrepreneurship and new economical activity results from the following necessity in real. These are, firstly, the stimulation of the competition in that sector, secondly, protection of an agrarian sector of economy from the unsuitable effects of foreign competition, thirdly, protection of economic interests of commodity producers of agriculture and at last neutralization of dumping policy directed to internal food market reliably”.

However, purposely directions of entrepreneurial activity differ from each other: on the one hand this direction is the increasing of income in maximum level and on the other hand the satisfying of needs and particularly buyer’s demand. Difficulties and defects in an economic management system appear from time to time. Such situation increases the importance of wide spreading of agro-marketing, because marketing is one of the most perspective ways of the managing of a market, demand and supply by a purposely program.

2. Role of marketing in agrarian sector and its evaluation

Principles of marketing were described in the books written by Phillip (1993), Eriashvili (Ed.) (2000) and others. The questions connected with the marketing of agricultural products, raw materials and foodstuffs were discussed by Klyukach (1998) and other authors. A lot of work is devoted to the investigation of the questions connected with the management in agrarian sector (eg., Montegut, Cristóbal, & Marimon, 2011). It is known that marketing is market activity in literal (economic) sense of the word. However, there are many definitions of this term and its content deviates from the scope of this meaning. Characterizing of marketing as purposely activity on sale or advertising in the narrow meaning of the word is wide.

Then it has been approached as market conception, business philosophy and economic activity covering all process of products and services action from producer to consumer. It is known that “marketing” and “agro-marketing” terms began to be used for expressing economic activity type directed to the implementation of value not only by product exchange, but also appropriate activity of producer and consumer. The specification of this type activity was determined in the applied science, its content was included not only commerce as well as advertising business, finance, credit, technical provision level of agricultural organizations, as well as social-psychological factors and others.

The orders of commodity (product) action from the financial standpoint were worked out by different economic organizations. But these conceptions did not include into the agrarian entrepreneurial activity practice for competing in the market successfully. A bit later marketing has been approached as totality of activity providing the action of product and service flow from producer to consumer, social-economic appearance at the same time as practical means. Processing of productive conception of marketing was advanced as necessary need of intraeconomic management. Agro-marketing is developing as a system being based on the principle of “maximum production and then sale”. Marketing is characterized with the application of its methods to economic practice and increasing interests of agrarian entrepreneurs. It is explained with some reasons: struggle for sale markets, speeding of renewal processes of issued product type, aggravation of competition for consumer etc. In such condition, it has become necessary to provide agro-marketing with the complexity of management factors and advantage of mutual relations principle.

Marketing structure of agrarian market covers the methodology of changing commodity and service external view being necessary for needs and consumption according to the needs in the market. Marketing research is used to establish practical relations and form structural base of perspective structural changes. Marketing planning become possible by taking into account the force of factors affecting the demand and offer of agrarian market, resources, commercial effort and infrastructure and applying mechanisms on macrolevel consumption values and resource programs. Teymur Abbasov (2006), economist scientist considers that “marketing structure of agrarian market is measured with main form of products and market infrastructure being necessary for producing the same products or organizing their sale, and its economic and social benefit. If storing of manufactured product, its assorting and keeping quality of seasonal food products is not suitable to normative and competitive environment, then the productiveness reduces in the sphere of realization of the same products.

In the agrarian sector marketing research is used for providing space and production potential, evaluation of role of people recourses in demand and offer prism of population recourses and their mutual relation. It is clear that marketing is a type of human activity directed to covering needs and requirements by means of exchange as it was indicated by Phillip (1993). Marketing service become the type of functional type of needs, its covering level and organizational management structure with program character for choosing recourses as a sphere. Marketing regulation intends market dynamics, demand structure as well as ability of giving social offers of each entrepreneur and state. Agro-marketing activity reflects complex system requiring self management and self regulation. As most of agricultural organizations do not provide itself satisfactorily, resource and information exchange happens between marketing environment covering them.

Its present as well as future existence depends on the environment. Agricultural organization is obliged to continue its activity for conforming to changes in foreign market-marketing environment on the one hand and take effect within its opportunities on the other hand. In agricultural organization, the elements that it encounters every day in its activity are included into microenvironment of agro-marketing. We may hold up consignors, competitors, marketing agents (commercial mediators, organizations implemented transferring and keeping of products, financial-credit institutions, advertising agency, etc.), partners and purposely customer markets. Also totality of factors taking wide and global effect to the activity of agrarian economy and also other elements of microenvironment is called macroenvironment of marketing (2005).

3. Management of marketing in agrarian sector

Main purpose of managing agro-marketing is keeping of balance between situation of marketing environment and marketing activity system of agricultural organization being adequate to it. The most important role of managing agro-marketing is taking effect to the market and character and level of demand for achieving market purposes before the enterprise.

The management of agricultural enterprise and its marketing service act as a control system in these processes. In our opinion, the following may be included to the authority of administration:

- determination of activity areas, territorial borders of activity, property types and other in an agrarian sector;
- advancing common purpose of economy (production volume, occupation of some part of market sale etc.);
- formation of unions with general property (it is included unique system of values, norms and activity orders and all employees should know and observe it).

The management makes decision on role of agro-marketing in management system of economy. If agro-marketing process is accepted as a quality conception of management, one part of important management function is charged to marketing. Specialists choose and separate eight main situation characterized state of demand. Each of them conforms to the collection of proper roles on marketing and management of marketing types. These are as follow:

- negative demand is characterized as a situation where the commodity entering the market is rejected not being depend on its quality and consumption property. Role of agro-marketing is detailed analysing causes of bias to commodity and changing of negative relation of market to it;
- If there is no need for commodity (in indifferent relation of consumers) role of marketing is conforming its price to the needs of buyers. The application of stimulating marketing is necessary for achieving the stated purposes;
- A potential demand can be observed when the customers who require their demands to be met have already been available. However, on the contrary, there is no merchandise that can cover their requirements. And to convert the potential demand into the actual offered one is an object of the developing marketing;
- A falling demand is typical for the most commodities reached their declining stage during their life. Such a demand requires measures to be taken for its liveliness and in case of necessity the enterprises apply re-marketing or marketing.
- A falling and increasing demand is characterized by ups and downs of the volume and structure of demand that are not concurrent with that of offer of goods. If these ups and downs is stable enough, then the enterprise can take measures of synchro-marketing, i.e. marketing with the variable cycle.
- If the demand is considerably higher than the offer and the manufacturer cannot increase the latter, as well as does not consider it advisable to increase them, then it is necessary to apply de-marketing.
- Finally, there are such agricultural products available whose demand is unreasonable (undesirable) in terms of the benefit for the manufacturer and the society in whole. They include drugs, sometimes tobacco goods and spirits. It is necessary to apply the counter-marketing to eliminate or decrease such a demand.

As was known as a result of the observations and analyses carried out in the agricultural enterprises, there are four control systems in the agro-marketing system:

- planning of agro-marketing;
- organization of agro-marketing;
- agro-marketing control;
- agro-marketing information.

Being a complex of wide strategic and tactical measures, agro-marketing management was aimed at the rational implementation of market activity of an economic subject and the achievement of its principal goal, i.e. the fulfillment of the customers' orders for the goods and services and on this basis the achievement of the normal profitability. In this view one must govern the market by means of researches, a product-line policy, introduction of new goods, sale, advertising and service so that today and tomorrow the goods and services of the enterprise could be readily purchased not only at a price providing the reimbursement of all costs, but at a price covering the normal development (2007).

Thus, the rational agro-marketing management requires the following measures to be taken. The goals of marketing are to be set properly, the market conditions the scientific and production, sale and service potentialities optimally coordinated. This issue includes a right assessment of the market conditions, the state of the enterprise itself, the proper methodical estimations, the tendencies and forecasts of the marketing environment.

4. Conclusion and recommendations

The formation and development of a new economic management system creates an objective base for the organizations of various form of ownership to implement their activities. It is possible to spring into action the effective competitive mechanism among the various agrarian subjects by improving the flexible economic management system. In this view we consider that:

- the system of normative legal base of the agricultural market, methodological provision and education must be regularly improved;
- the development of new economic structures servicing the agricultural market and carrying out the activity on the basis of the marker principles must be rendered a thorough support;

- the cooperation among small, medium and major enterprising economical organizations of the agrarian sector, as well as 1) industrial and cooperative communications must be expanded;
- the structures of the agricultural market must be optimized in divisional, regional and technological terms;
- the mechanism of transferring agricultural products from the manufacturer to customers must be modernized and improved;
- the scientific and technological advance in the agrarian sector must be developed and its achievements be widely used in the industrial-engineering processes.

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