

THEORETICAL ASPECTS OF INNOVATIVE MARKETS ORGANIZATION IN THE FOOD INDUSTRY

ТЕОРЕТИЧНІ АСПЕКТИ ОРГАНІЗАЦІЇ ІННОВАЦІЙНИХ РИНКІВ У ХАРЧОВІЙ ПРОМИСЛОВОСТІ

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Abstract. The local organizational factors which act on the background of the general trends of the industrial markets of the food industry and influence the choice of the certain organizational relations by the business entities and the formation of innovative niches have been studied. It is proved that a market niche is a set of factors localized in space and time which determines the preference of a particular form of production organization in competition with the leading forms. This innovative niche is the combination of quite urgent and perceived needs with not quite deliberate, non-traditional forms, methods and techniques to meet them. It is found that the development of innovative niches is performed due to the effect of many factors including: general economic situation in the country, full resourcing production; market conditions; qualified marketing, management and professionalism etc. At the same time, in modern conditions, innovative niche is formed at the intersection of two or more segments of the different markets. It is justified by the characteristics of innovative niche in today's market. Innovative niches are based on the new knowledge of several sciences and therefore require a strong scientific support. The development of a globally competitive niche of the innovation production can not be improved without a developed scientific infrastructure.

Keywords: innovative niche, market organizations, food industry, branch markets.

Анотація. Вивчено локальні організаційні чинники, що діють на фоні загальних тенденцій галузевих ринків харчової індустрії й впливають на вибір певних організаційних відносин суб'єктами господарювання та формування інноваційних ніш. Обґрунтовано, що ринкова ніша – це локалізований у просторі та часі комплекс чинників, який визначає перевагу тієї чи іншої форми організації виробництва в конкуренції щодо провідних форм. Розглянуто характерні ознаки організації сучасних інноваційних ринків.

Ключові слова: інноваційна ніша, ринкові організації, харчова індустрія, галузеві ринки.

Аннотация. Изучены локальные организационные факторы, действующие на фоне общих тенденций отраслевых рынков пищевой индустрии и влияющие на выбор определенных организационных отношений субъектами хозяйствования и формирования инновационных ниш. Обосновано, что рыночная ниша – это локализованный в пространстве и времени комплекс факторов, определяющих предпочтение той или иной формы организации производства в конкуренции с ведущими формами. Рассмотрены характерные признаки организации современных инновационных рынков.

Ключевые слова: инновационная ниша, рыночные организации, пищевая индустрия, отраслевые рынки.

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PROBLEM STATEMENT

The theoretical heritage for the mechanisms of branch markets functioning testifies that the classical theoretical and methodological principles can not always be definitely applied to the current market surroundings, since the various external challenges which disturb the equilibrium in separate economic segments contribute to the transformation of the entire economy in general, and the food industry, as its component, in particular.

LATEST RESEARCH AND PUBLICATIONS ANALYSIS

The various aspects of innovative activities have been studied by the economists of the different research schools and directions of the economic theory including W. Adams [13], M. Belousenko [1], S. Volodin [4], P. Dasgupta [14], S. Glazyev [5], A. Ignatyuk [7], W. Rossokha [9], A. Smith [10], L. Fedulova [11], F. Scherer [19] etc.

It is considered that the nonlinearity of the organizational evolution proves to be a prerequisite and a formation for the organizational niches development. The modernization of the organizational formations stipulates the choice among their most efficient elements. Also, there is quite a big number of factors which influence the process of the above formations evolution and their forms. Hence, there is no unified universal conception which would cover all factors which determine the choice from among this or that niche. There is no denying that one cannot predict what organizational formation is likely to appear at a given time and in a given place.

THE ARTICLE AIM

The research is aimed at studying the local organizational factors which act on the background of the general tendencies of the food industry branch markets and affect the choice of the certain organizational relations by the economic entities and the formation of the innovation niches. Due to this, we

can differentiate between leading and niche market organizations.

BASIC MATERIAL

In modern economy success in business activities is associated with the ability to find yourself and develop your own market niche. A market niche (from lat. «niches» is a nest) is a limited type of business or sphere of economy in its scale with a distinctly determined circle of consumers which guarantees the financial success to the firm [16]. «Nishing» (market niches search process) has become a separate direction in the innovation activities which implements a number of innovations in the market research and the goods promotion [8].

The niche, in our understanding, is a complex of factors localized in space and time which determines the preference of some form of production organization in the competition concerning the top forms.

Nowadays, when specialization and competence in any branch of economy have increased, to become successful in business one should not only make correct estimations of the market but also find one, often a very narrow, branch, sphere or place there which are not yet occupied or not fully operated by competitors. When a «market niche» is found, an enterprise, a new production line or a type of business activity may become a profitable and a stable business. The market niche as well as any niche in general, as the definition suggests, is something small, at least inconspicuous at first sight. The American interpretative dictionary gives the following definition of the «niche»: «situation or activity, specially designed for someone's individual abilities or traits of character». Interestingly, the latter definition describes the essence of the search and embedding into a certain market niche the best of all.

All over the industrial economy development period its general global tendency was hierarchy structure and the centralization of the production process in particular. Simultaneously, during the whole period of industrialization the decentralized organizational structures such as small types of business, various types of cooperatives, industrial districts etc. were widely spread and worked actively. They dominated in certain niches, local sectors of the industrial economy. M. Belousenko gives examples of such niches in the countries of the world: the Spanish «Mondragona» cooperative, the Italian knitted goods industry, the «Marks & Spencer» trading network [1, p. 328].

Eventually, with expansion of such niches their intrinsic organizational structures may become dominating on the market and throughout the economy in general, while the formerly dominating ones may be ousted to the periphery of the markets, occupying a niche position in

their turn. The factors which determine the organizational form in this case help to create such organizational resources which will allow a group of economic formations which are in the focus of the localized factors influence ensuring the restructuring of the expenses structure. From this point of view, in practice, the potential of ensuring the increased productivity of the modernized organizational structures (innovative niches) will be the greatest of those, which accumulated the necessary quantity of special knowledge and provided the intensive access to the intensive use of the natural factors of production.

In economics an idea prevails that a hierarchy is a universal mechanism of administration and it will always dominate, at least while current technical system is in use. However, under the certain institutional, technological and other conditions (including localized ones such as a niche), little- or none-hierarchical forms will have the most important role in the GNP production. Thus, for the formation of «industrial districts» in Italy the following preconditions and factors played a crucial role [8, 15]:

- professional skills, knowledge and experience at work in the large textile factories accumulated by workers which helped to maintain production even after the Second World War;
- certain traditions and norms of the cooperative relationships of the residents of several regions in Italy;
- availability of the technologies which can be exploited by the smallest groups of the market operators, including a private family;
- compactness of accommodation which reduces the travel expenses and relations of the market agents with one another.

These conditions allowed shifting the vector of organizational evolution towards the effective functioning of the decentralized forms of the modern system which provided the high efficiency, primarily, by means of knowledge and experience as well as support of the atmosphere of trust and cooperation which have also become highly productive resources of this form of organization. Thus, people in these regions have learnt to develop the production without the increase of hierarchy relationships.

At the same time it also concerns the entire evolution of the organizational forms of industrial economy. I. Vladimirova, D. Mokyur, R. Lenhloys discuss the sensible decrease of the hierarchy structure of modern organizations, formation of the outsourcing on the basis of information technologies, increase of the long-term cooperation incidences without mergers and verticalization (strategic alliances, networks) etc. [3, 17, 18]. It is predetermined by the following changes: technological situation by means of creation of the available information technologies, consumer tastes and habits of the population which have formed throughout the period of the development of the industrial society, the presence of the considerable number of various qualities of goods; the dynamic innovation processes which can provide

only little-hierarchical and more flexible forms of the organization. Thus, the economic entities have gradually learnt to organize some branches of industries with a lower hierarchy level and rather high efficiency. The institutional system which consolidated the values of the long-term cooperation and collaboration contrary to the class struggle has also been changed. The process of hierarchy «flattening» has started. However this process will not completely avoid the hierarchy.

Since the 80's of the XX century the vectors of increasing the efficiency and hierarchy level have started diverging. In contrast to the neoclassical economic theory in which the increase of the production efficiency was conditioned by the growth of the organization-wide, the «scale effect» in a modern post-industrial society is getting more doubtful. It is connected with permanent studies of individuals and flexibility of the economic relations which are developing.

Justifying the development of the innovative structures on the modern market M. Belousenko [2, pp. 331–332] emphasizes on the internal economy (as one of the factor of this process) which appears in the result of the physical change of the used resources (intensity, combination, quality). This economy leads to the changes in the structure of organization expenditures. Only the presence of such economy makes the market entities to introduce some particular mechanisms (including hierarchy ones) of the coordination of their specific activity, and develop the organizational structure. There is also one more type of economy, which can not be directly connected with this or that type of the transformation structure of expenditures. It is more likely connected with it collaterally. The author refers it to economy due to the specialization. The process of a labor division, which increases the productivity, at the same time, produces the strong centrifugal tendencies in any interacted group of agents. The hierarchical organizations retain such tendencies, providing only the distinct boundaries of the mutual activities of the specialized agents. That is why they are able to develop new different groups of subjects which are specializing in the performance of the particular function. At the same time these organizations coordinate and keep such groups until they reach common goal. The specialization allows collecting new, highly productive organizationally-specific resources.

Thus, the presence of the marketing department in particular economic organization leads to the specialization of some subjects at the constant marketing research: receiving of the accurate data as to the changes of consumer preferences and market conjuncture, accumulation of experience in this specific labor function.

This type of labor organization was described by Adam Smith [10, p. 6], he called it the increase of «performance ability» of workers within their labor functions, and in the context of the general theory of organization it means the accumulation of specific organization know-

ledge and experience which are not directly connected with the physical decrease of resource expenditures. Finally they make the optimization of the expenditures and internal organizational economy easier. This economy is closely connected with the large scope of information about surrounding, i.e. inclination of a company to the external restrictions and market influences, the presence of other formations with their peculiar processes of introduction of new technologies, institutional system, etc. into the internal economy.

The new products appear because of human problems. The experience of developed countries demonstrates that any innovation must appear from the understanding of consumer needs, wants and desires. To understand the Customer everyday wants it is necessary to observe the social changes, to communicate with consumers, to monitor the level of the technological development which can help to solve the current problems.

The formation and development of food industries started with the introduction of separate innovations as innovative niches which gradually turned into the organizational system of the modern food industry.

The retrospective experience of the development of food biotechnology testifies that in 1812–1818 Russian academician Konstantin Gottlieb Sigismund Kirchoff whose investigations became the basis of one of the first industrial catalytic processes of obtaining sugar from starch discovered such phenomenon as biocatalysis. These were the first attempts to use certain microorganisms and facilitate the ferments of chemical processes in the industrial production processes. The further development of food biotechnologies as innovative niches in the XIX–XX centuries was connected mostly with the processing of the domestic agricultural raw materials: active development of technologies of fermenting industries, gradual formation of food and other related industries. The rapid industrial development contributed to the construction of the sugar, yeast, wine, oil extraction plants, breweries etc. A protein plant producing the whey albumin was built in 1880-ies in St. Petersburg on the basis of the slaughter shop. Its products were used in the confectionery and textile industry, as well as in drug and joinery production. At the beginning of the XX century the first attempts to produce the food concentrates and fermentation products of vegetable and animal origin were made. The possibilities to create the bioorganic fuel were considered, research of nature and mechanisms of antiseptic and antibiotics was carried out. The events 1914–23 and World War I and II prevented the process of the food biotechnologies development. The industrial development of food industry began only in 1950–60-ies [2].

The term «biotechnology» has been widely used in agriculture and food industry since the mid of XX century. Only since the end of the century the biotechnology has become the leading link in innovation activities, the object of different scientific trends, technology and

engineering. The national technological practice (formed in the middle and at the end of the XX century) which systematically lagged behind in development, resulted in the fact that food biotechnology was not even mentioned as a research direction in the classification branch of production types of the food industry. Nowadays, the food biotechnologies have many independent industries such as: microbiological, enzyme, vitamin, amino acid, the production of aromatizes and coloring agents, antibiotics and bio-additives as well as yeast production, food acids industry, breweries, wine making enterprises etc. [6].

Now the history of food industry is chiefly being considered in the context of its gradual formation and the priority development of three basic groups of production: processing of plant raw material, meat and milk complex and food and taste sector. The economic reforms of the XX–XXI centuries did not affect essentially the structure of the industry, but for the last twenty years new enterprises have been developed, new types of production have been appeared, totally new foodstuffs have been produced, and even a new industry – the industry of ingredients – has appeared.

The present day investigations in the innovation niches of the food industry are in the plane of study of new biotechnologies of the food raw material, their functional and technological characteristics, food systems, the complex of ingredients and food additives, processing operations, the development of new research methods, science of commodities, technologies of microbiological synthesis, physical and chemical kinetics, hydrodynamics, mass and heat exchange, mechanical processes of treatment, optimization and scaling of the processes and devices, the development of regulation principles, control and automatic operation principles, including the creation of devices and computerization systems etc. The development and spreading of research achievement in the biotechnology industries which proved to become the priority directions in Ukraine economy are impossible without corresponding development of technologies in related branches of the economy, engineering support and practical application of the knowledge and practical results. Thus, the production of science capacious and innovative products of various destinations requires the systematic approach, the basis of interdisciplinary knowledge and accumulated engineering, economic and administrative experience.

CONCLUSION

The development of innovative niches is determined by the influence of many factors: the general economic situation in the country, valuable resource supply of the productivity; congestive state of the market, professional skill of the marketing, the level of the professional management etc.

The market niche is formed on the joint of two or more segments of various markets. Their supply is very mobile; the changes in needs and demands of the consumers have been changing so fast, that a very high pro-

ductive flexibility is necessary to satisfy them in proper time.

The results of the investigation have shown that the innovative niche is characterized by the following characteristics in the conditions of the current market:

1. The rise of the innovative niche is provided by the specific situation or by the coincidence of the circumstances in the economic management (for example, as the result of the imperfect regulator surrounding), by the urgency and uniqueness of the consumers' needs and wants, for whose satisfaction the set of inter-additional products and implementations is necessary.

2. The economic effect of the niche product implementation is supplied by the performance of several functions at once, for example food and medical ones (the nutritional supplements, ferments, ingredients); food and energy ones (the production of the rare biofuels from the vegetation rests), ecological and energetic ones (the utilization of poultry dung and the production of the biogas), etc.

3. Not large, but stable potential market capacity.

4. The significant weakening of the competence compared to the joining market segments.

5. The speed of the decision-making on the transition from one niche into another.

As a matter of fact, the innovative niches are the combination of escalated and completely deliberate needs with no completely deliberate, non-traditional forms, ways and methods of their satisfaction.

The innovative product of the originated niche has to be competitive not only at the domestic, but at the external markets as well. Often, the complexity does not lie in the necessity of finding a new niche, but in the recouping of a new product. As a rule, the benefit is gained by the business which is able to reformat the traditional groups of consumers at the market and to specify its own group forming a niche with new consumption properties.

The innovative niches based on the new knowledge of several sciences require a powerful scientific support. The development of the competitive niche at the world market of the niche innovative improved production is not possible without a developed scientific infrastructure. To solve this problem the three basic components on which the research infrastructure is based (material, organizational and financial ones) should interact effectively within the state.

Hence, it is important to note that the scales and rates of the industrial development in the world are determined not by the readiness for changes and investments assimilation of the separate economy, but by the changes rate in consumer market and innovations. Nevertheless, it is impossible to achieve a breakthrough only according to the separate priority directions along with the general low level of the education, engineering, technologies and management development. In Ukraine the amount of current problems, including economic ones, prevents the implementation of the necessity of changes

in approaches and actual development of economic branches. As a result, it prevents the investments arrival. Besides, it is impossible to form an efficient economy on a separate territory in the XXI century. It is the process of country's implementation into the world economic space, the economic freedom, the transparent competition, the favorable conditions for running the business and minimum restrictions which are the guarantee of success and prosperity of the country.

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Надійшла до редколегії 20.01.2014

Статтю рекомендує до друку член редколегії ЗНП НУК
д-р екон. наук, проф. В. Н. Парсяк