FORMATION OF ORGANIZATIONAL ECONOMIC MECHANISM OF MARKETING BASED PARTNERSHIP BETWEEN ENTERPRISES

This paper aims at suggesting organizational economic mechanism of partnership between enterprises on marketing basis and reveals the purpose of its realization. It defines the essence of this mechanism, principles of development, as well as the main purposes of formation. The main arguments are proposed for benefits of formation of the mechanism on meat processing enterprises in the cooperation process with other market participants. The analysis of the reasons of low level of partnership between meat processing enterprises was conducted and ways to eliminate the defects are proposed. The model of organizational economic mechanism of marketing based partnership between enterprises was formed in a six-dimensional chart, which characterizes the difficulty and versatility of relations as well as the necessity of the system approach. It is determined that the significance of organizational economic marketing mechanism of partnership implementation is a requirement for the success of each economic participant’s strategic efforts.

Keywords: organizational economic mechanism, marketing, partnership, enterprise.

Statement of the problem and it’s connection with significant scientific and practical tasks. In these market terms, the success of enterprises increasingly depends on the nature of the relationships between business partners and coordination of their motives and interests. The concept of partnership marketing is aimed at creating an individual type of interaction with the consumer which is based on the development of a long-term cooperation of partners and strengthening of their relationships. However, at different stages of market relations evolution, marketing took a different position in the harmonization of distribution relations, in balancing supply and demand, as its conceptual features also differed [7]. With imperfect marketing activities, there are problems with the rational formation of the organizational economic mechanism of partnership relations. One of the key problems of creating an organizational economic mechanism of partnership between enterprises on marketing basis is the development of methodical foundations for the formation of such a mechanism, implementation of which enables the introduction of a substantiated set of recommendations, regulations, methodological materials, plans forms, principles and methods at each interested enterprise.

The most effective process of interaction of market participants is achieved by using the system approach, which provides a solution to the problems of orderliness and justness. Implementation of the organizational and economic mechanism of partnership relations of enterprises on the basis of marketing is an important and timely condition for the success of strategic efforts at the level of each economic participant. The launch of this mechanism would prevent mistakes in interaction that arise in the process of cooperation with business partners through the organization of purposeful and phased planning activities, which includes
the definition and accounting of the impact of various factors on the effectiveness of partnerships.

**Analysis of the latest research and publications, which initiated the solution of this problem and on which the author relies.** A large number of scientific works are devoted to this issue. The problems of the organizational and economic mechanism studied such scientists as Т. Полозова, А. Малыtskyi, Г. Козachenко, М. Пархометс, А. Кутсенко, В. Федорович, Й. Лысенко, Й. Гумениук and others. Such important contributions to the study of the concept of marketing partnerships were made by leading scientists such as F. Webster, P. Gamble, J. Gordon, S. Gronroos and others.

**Highlighting the previously unresolved parts of the general problem to which the article is devoted.** The economic and organizational aspects of marketing management of partnership relations of enterprises remain insufficiently studied. Therefore, there is a need for further study of the formation of the organizational and economic mechanism taking into account the features of the current market conditions for the interaction of enterprises.

**Formulation of the purpose of the article (statement of the problem).** The aim of the article is to substantiate the approaches to the formation of the organizational economic mechanism of partnership between enterprises on marketing basis of meat processing enterprises and its implementation. The goal set determines the necessity of solving such tasks that have a theoretical and methodological character and serve to reveal trends in the formation of organizational and economic mechanism of partnership relations of enterprises, namely: to define the essence of the organizational economic mechanism of marketing in partnership relations, a list of principles of its development, a set of goals and tasks for creation, use and maintenance of the mechanism, stages of creation; the organizational foundations of the proposed innovations from the point of view of the mechanism’s influence on the economic activity of the enterprise.

**Statement of the main material of the research with full justification of the scientific results obtained.** The earlier estimates of the marketing of partnership relations of the meat processing enterprises of Zhytomyr region, conducted by us during 2015-2017 years, convincingly testify to the imperfection of the system of partnership relations on enterprises. With imperfect mechanism of forming this system at the enterprise level one can see one of the reasons for the low level of partnership relations (fig.1). In the interests of appropriateness of forming an organizational and economic mechanism of partnership relations of meat processing enterprises on the basis of marketing, the following arguments are indicated:

– meat processing enterprises of Zhytomyr region are created in the pre-reform period, therefore, need to update the material and technical base, improve information technology and use of CRM-systems;

– staff of an inadequate level of qualification must undergo vocational training in order to increase their competence, sociability, loyalty and ensure a high level of efficiency in working with partners;

– there is no motivation for employees to achieve Key Performance Indicators (KPIs) that allow them to monitor the business activity of employees, divisions and the company as a whole and bring the company to a new level;

– the employees of the enterprise will be able to communicate more effectively with the business partners in reaching their goals, adjusting the relations and defending the interests of the enterprise;

– the correspondence of planning and economic services of enterprises to modern economic requirements does not look properly, therefore the launch of the organizational and economic mechanism of partnership relations of meat processing enterprises on the basis of
marketing can act as a factor in the transformation of the entire management structure of enterprises;
– the concentration of efforts to plan and control the marketing of partnership relations directly at the enterprise within the framework of the structural unit's activity allows achieving the unity of the strategy and tactics of cooperation.

Most domestic enterprises have an imperfect system of partnerships, taking false management decisions. We believe that the causes of these failures, in addition to the impact of macroeconomic factors, in most cases are organizational and behavioral. In order to more effectively implement the organizational economic mechanism of partnership between enterprises on marketing basis. Table 1 provides a brief analysis of the main reasons for the low level of partnership relations and measures for their elimination at meat processing enterprises of Zhytomyr region.

Table 1 – The main reasons for the low level of partnership relations and measures for defect elimination at meat processing enterprises of Zhytomyr region

<table>
<thead>
<tr>
<th>Reasons for imperfection of partnership relations</th>
<th>External manifestations</th>
<th>Ways to solve a problem</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absence of a system approach</td>
<td>Interaction is accidental</td>
<td>Clear observance of methodological recommendations, strengthening control, staff incentives</td>
</tr>
<tr>
<td>Conflict of priorities between operational needs of management and strategic goals of partnership relations</td>
<td>Distraction of the attracted personnel and resources for current activity, disruption of deadlines</td>
<td>Distribution of operational and planning functions between divisions (and management)</td>
</tr>
<tr>
<td>Lack of experience and skills in communication with business partners</td>
<td>Rough mistakes and miscalculations in work, incorrect assessment of the situation</td>
<td>Improvement of personnel qualification, attraction of professionals</td>
</tr>
<tr>
<td>Resistance to changes, ignoring the leading role of partnership in management</td>
<td>Sabotage of changes, innovations</td>
<td>Change in the structure of management, the image of thinking</td>
</tr>
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</table>

Note. Developed by authors

Considering the possibility for building the organizational economic mechanism of partnership between enterprises on marketing basis, first, it is necessary to determine the content of the concept of organizational and economic mechanism of marketing of partnership relations.
Y. Larina, K. Lutsii. Formation of Organizational Economic Mechanism of Marketing Based Partnership Between Enterprises
In scientific literature and modern economic theory, the term ‘mechanism’ is defined as a set of processes, techniques, methods, approaches through which the entire system works and achieves a certain goal [2]. In other words, the mechanism is characterized by a finite set of elements and interconnections between them, which occurs with the help of the corresponding levers of the system-forming regulators.

From the scientific standpoint, organizational economic mechanism can be defined as a complex of organizational, financial and economic methods, means, forms, tools and levers (each of them is characterized by its own forms of managerial impact), which influence economic and organizational parameters of enterprise management system and organizational technical, production-technological and financial-economic processes are regulated. The aim of the mechanism is to efficiently influence the end results of activity, formation and encouragement of organizational economic potential, developing a competitive edge [5].

According to N.V. Butenko, organizational economic mechanism is a complex system that consists of provision system, function system and target system, which contain a number of organizational end economic levers influencing economic and organization parameters of the corporate structures management in order to ensure management efficiency and competitive advantage [3].

Organizational economic mechanism is interpreted by H. Kozachenko as «a management tool representing a number of managerial elements and ways of their organizational, informational, motivational and legal support, which, along with taking into account the particulars of a company’s activity, ensure reaching a certain objective» [6].

Differences in views on interpreting the term organizational-economic mechanism enable us to establish two main scientific approaches to its definition, namely, as a complex of managerial methods and tools and as a management system.

Considering the fact that as of now there is no straightforward understanding of the term «organizational economic mechanism of marketing-based partnership», it should be defined as a complex of processes, methods and levers, aimed at enhancing effective partnership within the enterprise, based on the rational employment of marketing elements, with the objective to obtain a positive market outcome of economic activity. Also, partnership within the enterprise in the framework of the suggested mechanism is regarded as, firstly, a type of activity in strategic management, in the process of identifying prospective objectives and interaction methods and justifying the efficiency of their achievement, secondly, a process which aids in identifying routine procedures and, thirdly, a sphere of theoretical and practical expertise that employs specific interaction methods, means and tools.

When characterizing the nature organizational economic mechanism of marketing based partnership, it is important to highlight the following distinguishing parts of mechanism as a phenomenon:

– functional – mechanism as a complex of activities aimed at obtaining certain results in the sphere of marketing partnership;
– procedural – mechanism from the standpoint of taking actions to identify and solve problems, preparation of decision-making process;
– elemental – mechanism as connecting activity for structural elements interaction organization.

First, such distribution condition enables to identify mechanism of objectives and ensuring achieving partnership objectives and marketing activity management after reviewing types and contents of managerial activity. In the second case, after analysis of stages and steps of marketing activity management process, it enables developing of principles of establishing and employment of technology of organizational economic mechanism of partnership within enterprises. In the third case, emphasis is on informational support, staff composition,
management style, technical equipment of management with the aim of identifying the role and significance of every element of the system and its internal structure.

From strategic management standpoint, that partnership is a part of, it should be considered possible and necessary to change compositions of directions and kinds of management activities of a company, as well as their internal content to achieve the planned economic outcomes, in our case — effective system of partnership in order to promote development of marketing activity of enterprise. In this respect one can claim that to ensure successful functioning of organizational economic mechanism of marketing-based enterprise partnership, an enterprise should possess management tools in accordance with changes taking place in the surrounding environment. The flawed system of enterprise partnership calls for changes in management organizational structure in order to ensure the appropriate level of forecasting, planning, organization, motivation, coordination and interaction control within the enterprise.

We consider it worthwhile to offer a six-dimensional logical model of organizational economic mechanism of marketing-based enterprise partnership (Fig. 2).

Certainly, this list is a notional and not an exhaustive one; for instance, «Financial planning» can be further categorized into planning of expenses, money flows, planning-balance statement, plan of income and expenses, financial valuation indicators etc. It is also comprehensive, as “Marketing audit” can be divided into external environment audit, objectives and strategies audit, marketing means audit and marketing organizational structure audit. However, the listed characteristics can be considered basic for creation of organizational economic mechanism of marketing-based enterprise partnership model.

The presented six-dimensional model here demonstrates mutual connection of partnership elements with the principle functions of marketing at the enterprise. Which, in its turn, characterizes complexity and multidimensional nature of interrelations, necessity to use the systemic approach, importance to calculate the input of multiple factors influencing enterprise marketing activity management and enterprise development overall.

For instance, element 1.4-2.2-3.1 is a graphic representation of IT support of developing a plan of interaction with business partners to achieve the set objectives and identifying prospects of enterprise development. The said process is interconnected with element 4.3-5.2-6.4, which characterizes use of information to study the needs of consumers and their behaviour to create new products, necessary range of products to enter the market and identifying distribution chains. This procedure entails processing and understanding of data from marketing research and their use when developing new products by the producer.

Element 1.3-2.4-3.6, in its turn, enables search for the new information technologies in order to automate and optimize the process of interaction with market relations participants based on financial planning. The highlighted element can be connected to an element, for instance, 4.1-5.4-6.6, which is directly based on market research, namely environment factors and audit of marketing events to promote products. The interconnected elements promote obtaining the information necessary for making decisions on information technologies improvement and CRM-systems with partners for selling the product to the final consumers.
1. **Types of activity within the partnership**
   1.1. Establishment of organizational economic mechanism
   1.2. Innovative activities
   1.3. Search and evaluation of new informational technologies
   1.4. Development of interaction plan
   1.5. Search of reliable partner and discussion of the cooperation terms
   1.6. Control over partnership implementation and interaction correction

2. **Stages of the process of building partnership**
   2.1. Situation analysis and identification of issues
   2.2. Determination of aims and ways of reaching them
   2.3. Planning the production programme
   2.4. Financial planning
   2.5. Risk evaluation
   2.6. Interaction efficiency evaluation

3. **Elements of organizational economic mechanism**
   3.1. Informational support
   3.2. Staff
   3.3. Organizational structure
   3.4. Financial environment
   3.5. Technology of managing partnership
   3.6. Interaction process automation

4. **Marketing research**
   4.1. Market survey, analysis and forecast
   4.2. Study of firm and product structure of the market
   4.3. Determination of customers’ needs, their behaviour
   4.4. Study of the product, distribution channels
   4.5. Analysis of efficiency and expenses optimization
   4.6. Study of the competitive environment

5. **Management functions**
   5.1. Organization, strategic and operative planning
   5.2. Market management: distribution and sales channels
   5.3. Communicative support of marketing management
   5.4. Marketing audit
   5.5. Result control: market shares, profitability
   5.6. Analysis and evaluation of the product sales

6. **Product and pricing policy**
   6.1. Organization of logistical support
   6.2. Study of pricing information
   6.3. Development of pricing strategy
   6.4. Development of product, product range
   6.5. Product quality and competitiveness management
   6.6. Making decisions about the necessary alterations

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**Figure 2** – Model of organizational economic mechanism of companies partnership based on the marketing

**Note.** Developed by authors
When beginning work on organization of effective interaction between partners, it is crucial to consider the main principles of establishing the organizational economic mechanism of marketing-based enterprise partnership, such as determination, systemic approach application, efficiency of application, best value, complex of means, multiple variants, reliability, theoretical relevance, automation of the enterprise interaction process. It is quite hard to imagine establishing the organizational economic mechanism of marketing-based enterprise partnership as a list of obligatory steps or a normative set of rules. Partnership is, to a greater extent, a concept of employment scientifically proved methods within the framework of strategic management.

In practice, objectives of establishing the organizational economic mechanism of marketing-based enterprise partnership are identified based on multiple factors, which may include marketing advantages, dictate of a partner, limited resources, lack of information on market opportunities etc. the scientifically based objectives should simultaneously be a starting point of changes and basis for establishing criteria for results evaluation, to meet the requirements of specificity, measurability, achievability, coordination, acceptability and flexibility. Objectives of organizational economic mechanism of marketing-based enterprise partnership functioning are offered to identify based on the hierarchical principle, categorizing them into higher and lower level objectives, using the latter as means for achieving objectives of a higher level. We suggest to regard the hierarchy of objectives of the analysed organizational economic mechanism of marketing-based enterprise partnership as an «objective tree», constructing which one is guided by the principle from more complex phenomena to the simpler ones. The example of similar identification of objectives can be seen at Fig. 3.

Unfortunately, not all objectives of establishing the organizational economic mechanism of marketing-based enterprise partnership lend themselves to be represented in quantitative terms. For instance, the method for evaluation of achievement of activity objectives of organizational economic mechanism of marketing-based enterprise partnership via measuring the trust of partners or duration and stability of commercial agreements on cooperation with the interested organization is quite dubious. Whereas, achieving one of the main objectives of establishing the organizational economic mechanism of marketing-based enterprise partnership is development of an effective system of mutual relations, which is indirectly measured through rather concrete variables, such as sales increase, profits, market share, increased competitiveness of a product.

Moreover, it is crucial to reach compromise between objectives of strategic, tactical and operative management. The typical contradiction in the process of interaction between partners is the conflict between wanting to get quick results and necessity of strategic actions concerning expanding share of the market, sales stimulation, strengthening the sales network, that is, measures which don’t bring the result immediately.

Research, aimed at identifying partners’ capabilities, enable us, within the offered organizational economic mechanism, to obtain the basic information on the long-term change trends on time, which, in its turn, enables the managers to make strategic decisions on partnership realization. It is suggested to conduct analysis of partnership to follow the dynamic of development of a company’s economic activity in the following directions:

– observation of changes at the enterprise based on a certain number of indicators, including development of the branch market. For the enterprises analysed in this study, these are as follows: change in meat products consumption structure, ration norm of consumption achievement level, household incomes, product import quantity etc.;
– diagnostics of the company state, identification of threats and opportunities from the standpoint of partnership for change of situation;
– forecasting of situation development;
– development of recommendations to solve the problems revealed.

Figure 3 – Tree of objectives of organizational economic mechanism of companies partnership based on the marketing

Note. Developed by authors

The logical conclusion is that qualitative and quantitative changes of the qualifications characteristics of staff responsible for partnership are crucial in order to raise the level of responsibility and professional growth. It is also necessary to note that employees, who work on and support organizational economic mechanism of marketing-based enterprise partnership, should combine qualities and competences of an analyst, innovator, expert, psychologist and lawyer. The use of these predominantly personal qualities should ensure:
– adequate response of the system to the tasks posed before the company;
– making decisions and choosing interaction directions;
– control and motivation of partnership;
– interaction correction if necessary;
– achievement of the set objectives.
We still consider I. Ansoff’s arguments on decentralized planning concept to be relevant [1]. The idea of the possibility to make individual decisions in the sphere of interaction with the management based on formalized information is not entirely correct. In the framework of the suggested organizational economic mechanism of marketing-based enterprise partnership it is recommended to use the decentralized approach, which implies responsibility of staff participating in partnership for making certain managerial decisions. This would increase effectiveness of managerial decisions and increase the level of control over the set tasks.

Such large-scale changes are bound to elicit some negative reaction from high and middle-ranking staff. It is based on significant discrepancies of social and psychological nature between the customary «post-socialist» management style and modern management methods. Implementations of the organizational economic mechanism of marketing-based enterprise partnership will lead to significant changes in management structure of the enterprise, redistribution of position and functional responsibilities, staff rotation, reinterpretation of staff requirements and qualifications, recruitment of new workers.

The process of forming the organizational economic mechanism of marketing-based enterprise partnership is graphically represented in the Fig. 4 as a complex of tasks done in a certain sequence.

![Diagram of the process of forming the organizational economic mechanism of marketing-based enterprise partnership](image)

**Figure 4** – Process of introduction of organizational economic mechanism of company’s partnership based on the marketing  
(Note. Developed by authors)

Most meat-processing enterprises of Zhytomyr oblast function in conditions which call for certain solutions to change the environment. Therefore, we consider it worthwhile to identify characteristics of the organizational economic mechanism of marketing-based enterprise partnership for the studied companies. In the process of developing and implementing the organizational economic mechanism of marketing-based enterprise partnership into the economic activity of an enterprise it is crucial to consider influence of
production particulars, environment, quality and level of technological and methodical provision, nature of managerial actions of executive staff.

In the beginning, when initiating measures to implement the organizational economic mechanism of marketing-based enterprise partnership, it is necessary to conduct social and psychological training of staff which will take part in its implementation and employment. It is important to inform the staff of the mechanism of partnership and changes planned, as well as to explain the rationale behind using the mechanism, why the decisions are logical, to outline its advantages and to involve the optimal number of executive employees in implementing the innovations.

**Conclusions from this research and prospects for further developments in this area.** Organizational economic mechanism of functional provision of marketing-based enterprise partnership system is presented on the grounds of reflection of interrelation between the problems of functional support of marketing management, reasons for ineffective partnership planning and consequent presentation of partnership marketing mechanism development as a complex of organizational, methodical and informational components for support of its functioning, which enables to make reasonable managerial decisions concerning effective partnership of processing plants, fast correction of production plans and, if needed, making changes to raw produce supply plans and product distribution in the context of strategic targets of a company’s economic activity. Establishing the organizational-economic mechanism of marketing-based enterprise partnership will lead to significant changes in management structure of the enterprise, redistribution of position and functional responsibilities, staff rotation, reinterpretation of staff requirements and qualifications, recruitment of new workers. Thorough evaluation of effective partnership, professional approach towards interaction with business partners will promote development of Ukrainian companies and ensure their competitiveness on the market.

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Формування організаційно-економічного механізму партнерських відносин підприємств на засадах маркетингу

У статті запропоновано організаційно-економічний механізм партнерських відносин на засадах маркетингу та розкрито мету його реалізації. Визначено сутність даного механізму, принципи його реалізації, а також основні етапи його формування. Наведено основні аргументи на користь доцільності формування даного механізму на підприємствах, які виконують функції агрокомплексної співпраці. Проведено аналіз причин низького рівня партнерських відносин між підприємствами, а також їх здатності до єдностороннього завоювання інших учасників ринку.

Ключові слова: організаційно-економічний механізм, маркетинг, партнерські відносини, підприємство.

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