



➔ **Regular Research Paper – SS**

## **Importance of Basic Strategies in Business Management: Case of the Agricultural and Rural Development Support Institution (ARDSI)**

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### **Abstract**

Planning and implementation of key strategies in an enterprise is an important necessity of survival, success, and competitiveness of the enterprise. Sometimes it is possible for each enterprise to apply basic strategies for necessity even it does not plan it directly. Strategic management is indispensable in terms of enterprises. Because strategic management directly concerns the future of the enterprise. Objective of this study is to understand and exemplify the application of basic strategies of the Agricultural and Rural Development Support Institution, which a public enterprise, and also emphasize the importance of basic strategies. It is also aimed to give idea about the growth and downsizing in the theory and how combined strategies are realized in practice. In the study, methods such as interviewing, observing and collecting resources were used and qualitative analysis was conducted in order to obtain the results. The scope of the study is limited to the manner in which the core strategies of the ARDSI are implemented. It is expected that this study will help those who will work in the field of business strategies.

**Keywords:** *basic strategies, management, strategic management, agricultural and rural development support institution*

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### **1. INTRODUCTION**

Businesses have to implement some strategies in order to survive, achieve their goals and compete. Growth strategies, downsizing strategies, static strategies and mixed strategies constitute the basic strategies (Kose, 2008). Basic strategies relate to businesses and activities that the business or various business units must or should not do in the future to enable their survival and competitive advantage. In this study, it is mentioned how the Agricultural and Rural Development Support Institution, which is a public enterprise, applies the basic strategies and the information obtained in this subject.





In the first part, general information about the Agricultural and Rural Development Support Institution, which is a public enterprise, was given after the information provided by using the related resources on basic strategies and importance.

Information and findings obtained from the senior officials of the company, basic documents, observations and sources on how the basic strategies are implemented in the main topic of the study, the Agriculture and Rural Development Support Institution, are presented. In the conclusion and evaluation part, the information obtained without working is handled in a comprehensive manner and a general evaluation is made.

The purpose of this study is to examine how basic strategies are implemented in a public enterprise in terms of businesses. In the study, sources of scientific research, data review, interview, observation and interview methods were used.

The structure, activities, strengths and weaknesses of the Agricultural and Rural Development Support Institution, which is a public enterprise in the study, are examined. Institution establishment law, organization map, printed and visual documents, related news at the beginning are examined in detail. After emphasizing the importance of basic strategies, the way in which basic strategies are implemented in the institution has been investigated. Agricultural and Rural Development Support Center and Uşak Provincial Coordination Office were visited, interviews were conducted, previous interviews of the head of the institution were compiled and face-to-face interviews were held with the provincial coordinator. The information gathered from these interviews and studies is systematically compiled and presented as the basic strategies that the institution implements and implements.

## **2. STRATEGY AND STRATEGIC MANAGEMENT**

Strategy is the meaning of "referring, directing, sending, taking and gaining" in Turkish (Eren, 1997). This Word is supposed to be used in the knowledge and art of Strategos, one of the ancient Greek generals. In some sources, it is stated that the strategy came from the "stratum", which means a Latin road, a line or a river bed (Tosun, 1974). Despite the fact that there is a dispute about the root of the word, it can be said that both definitions have a similar meaning with a general approach. This is related to specifying the direction (Dincer, 1998).

At the beginning of the 20th century, the strategy word entering into Turkish as a military concept means determining what the enemy can and cannot do, and accordingly making a general plan accordingly means putting his forces into action when necessary. (Eren, 1996). Strategic management, on the other hand, is science and art that aims to examine, prepare and implement multilateral decisions that will help the organization achieve its goals. Strategic management aims to achieve success of the enterprise by operating in harmony with management, promotion, finance, accounting, production control, research and development and information processing systems. The strategy is to plan the future in the direction of healthy forecasts rather than making predictions for the future. The strategy is to achieve change, not to improve the skill that change can be easily adaptable (Strategic Management in Businesses, 2012).

Strategic management, on the other hand, integrates all management processes to provide a systematic, appropriate and effective approach to establishing, exploring, monitoring and updating an organization's strategic objectives (Durna and Eren, 2002).

Strategic planning is a process in which an operator recognizes itself and identifies its weaknesses and strengths, the opportunities and threats it may encounter, the current situation, the mission and basic principles; To set a vision for the future, to determine goals that are





appropriate for this vision and the targets and strategies that will be able to reach them, and to check whether the plans planned in the audit process are progressing by developing measurable criteria. Strategic planning is also a participatory, governance-based and flexible planning approach. Basic elements of strategic management; top managers, mission and goals of the organization, external environmental factors and resources (Uzun, 2000).

### 3. BASIC STRATEGIES

The main objective of public organizations in today's world is to develop strategies and methods that will provide the most effective and efficient service for collecting and thus reaching the goals and objectives. This is only possible by having a long-term vision for the public organizations to keep up with these changes in a very fast-changing world, and by determining and implementing the strategies with this long-term perspective. It is a non-strategic organization, an invisible and non-directional organization. (Guclu, 2003)

Strategies applied at every level of management are called basic strategies so that businesses can survive or gain competitive advantage. Basic strategies relate to businesses and activities that the business or various business units must or should not do in the future to enable their survival and competitive advantage.

Strategic management is a systematic approach to strategic thinking. This approach is a process involving certain stages. Strategy production, Strategy implementation and Strategic learning. The stage of producing a strategy is a "strategic thinking" process. Strategies are created as a result of this process. The strategy implementation phase is the step in which the generated strategies and strategic information are put into practice. We can consider strategic learning as the step in which knowledge and experience gained during implementation help to create new strategies (Pamuk *et al.*, 1997).

The basic strategies are differently classified by different authors.

**Table 1.** Classification of basic strategies and strategic classifications of enterprises.

Business basic strategy classifications		Strategic behavior classifications of enterprises	
<i>Glueck(1980)</i>	<i>Stable strategy</i> <i>Internal growth strategies</i> <i>External growth strategies</i> <i>Revision Strategies</i>	<i>Ansoff(1972)</i>	<i>Ruler</i> <i>Empiricist</i> <i>Extension</i> <i>Estimator</i> <i>Creative</i>
<i>Robbins and Coulter(2012)</i>	<i>* Growth strategies</i> <i>-Heat integration</i> <i>-Disk integration</i> <i>*Specialization</i> <i>*Diversification</i> <i>-Stable strategies</i> <i>-Revision strategies</i> <i>Regeneration strategies</i> <i>-Saving strategies</i>	<i>Ansoff(1987)</i>	<i>Organic model</i> <i>Reactive model</i> <i>Ad-hoc model</i> <i>Systematic model</i>



<i>Hayri Ulgen(2007)</i>	<i>Growth strategies Downsizing strategies Stable strategies Mixed strategies Subgroups Associated / unrelated Active passive Dependent / Independent Horizontal / Vertical</i>	<i>Miles and Snow(1978)</i>	<i>Opportunist Analyzer Protector Reagent</i>
<i>Erol Eren(2010)</i>	<i>Growth strategies -International growth -Industry growth Stagnant growth strategies Saving strategies</i>	<i>Rowe ve diğerleri (1987)</i>	<i>Aggressive Competitive Stable Protective</i>

Ref: Alparslan, Murat Ilker, Carıkcı, Huseyin (2014) A Case Study on Evaluation of Strategy Formation Approach to Management, Management: Istanbul University Journal of Institute of Business Economics, Issue 76.

#### 4. EXAMPLES OF AGRICULTURE AND RURAL DEVELOPMENT SUPPORT INSTITUTION (ARDSI) AND BASIC STRATEGIES IMPLEMENTATION

##### 4.1. Agriculture and Rural Development Support Institution

Agriculture and Rural Development Support Institution, short name ARDSI, is a related organization of Ministry of Food, Agriculture and Livestock, established with Law No. 5648, having public legal personality, administrative and financial autonomy, special budget.

The European Union has created Instrument for Pre-Accession Assistance (IPA) to support candidate and potential candidate countries. IPA support consists of five components and all components can benefit from the status of the candidate country in Annex I of the IPA Regulation of Turkey. The fifth component of the IPA is the Rural Development. IPA Rural Development (IPARD) supports the EU's Common Agricultural Policy, Rural Development Policy and the preparation and implementation of adaptation policies for the implementation and management of related policies.

The Rural Development component IPAD, the fifth component of IPA, is implemented through the IPARD program. The Agriculture and Rural Development Support Institution was established in Turkey to support the rural development investments by implementing the IPARD program.

The task of the Agriculture and Rural Development Support Institution is to provide grant support to investments in agriculture and rural development areas by implementing the IPARD program. The grant provided is non-refundable and 75% of the support is provided in the form of co-financing from the European Union, with a contribution of 25% to the Idea of the Republic of Turkey.

ARDSI supports this grant support process as follows: A project acceptance period called "call period" is held several times a year. Those who want to invest in areas related to agriculture and rural development, supported by the ARDSI, turn this into a project and present it to the institution during the project acceptance period. The ARDSI contracts with the beneficiaries of the grant schemes by examining the submitted projects according to certain criteria. After that,





the project realizes the ownership investment and the grant is supported after giving the related documents to the institution. Corporate Vision; To be a decisive, guiding and reliable institution for the implementation of rural development programs with respectable and strong institutional capacity in the national and international arena and the Institutional Mission to ensure that the resources provided by the EU and international institutions are used for the implementation of activities for the implementation of rural development programs in our country.

#### 4.2. ARDSI SWOT Analysis

**Strengths of the ARDSI:** Approximately 2000 people have undergraduate and post-graduate training, who speak a foreign language and have expert staff in the field. -They have reached a serious organization in Turkey. It is currently in operation at 42 days. When the planned growth strategy is realized, it will be organized all over Turkey. - The ability to use both the EU and national funds ensures that it is a leading institution in its field.

**Weaknesses:** Institutionalization is not yet complete. Organizational culture is in the development stage because it is a newly established organization.

**Opportunities:** It operates in Turkey, the agricultural country. In this sense, the field of activity is broad. Agriculture is a high potential field. As it operates with the European Union programs, it is open to developments and has a wide vision.

**Threats:** Blocking or cutting down the negotiation process with the EU is the biggest threat to the institution, as it is set up to implement the EU rural development program. The growing burden of staffing and the institutional capacity that can overcome this burden have not improved. The possibility of reaching the saturation point in the coming years as some agricultural fields have been qualified.

#### 4.3. Organization Structure

The Agricultural and Rural Development Support Institution, headquartered in Ankara, is currently organized in 42 provinces as "Provincial Coordinators". In the center; Head of Institution, General Coordinators and Coordinators of technical units. There is "Provincial Coordinator" as the leader of Provincial Coordinatorships. There are staff in two different titles, Expert and Support Officer.

### 5. EXAMPLES OF IMPLEMENTING BASIC STRATEGIES IN AGRICULTURE AND RURAL DEVELOPMENT SUPPORT INSTITUTION

#### 5.1. Growth Strategy

The Agriculture and Rural Development Support Institution was established in Ankara on 18 May 2007 as the "Center". On August 29, 2011, it was organized as "ARDSI Provincial Coordinatorships" on 20th anniversary of the transfer of authority from European Union. Since this date, it has started to operate with the current job description. These Provinces: Afyon, Amasya, Balıkesir, Çorum, Diyarbakır, Erzurum, Hatay, Isparta, Kahramanmaraş, Kars, Konya, Malatya, Ordu, Samsun, Sivas, Sanliurfa, Tokat, Trabzon, Van, Yozgat.

**ARDSI Job Description:** To provide grant support to applicants who want to invest in measures in the IPARD program in the field of agriculture and rural development.

ARDSI has been operating in 20 countries since 2011 with the current job description. Over time, the company has gained experience and gained experience and has become a leader in its





field. In the target mass of the institution, there is an expectation that the institution will grow in other ills as well. Institution managers also want to grow, but every growth is painful and not easy. Strategies for growth are developed.

In an interview with a senior manager of the institution in the past, he said: "The institution will grow in the near future. Within this growth strategy, we will be operating in 22 more provinces and total 42 inland. We are in talks with the EU to take over the authority on this."

## **5.2. Implementation of the First Growth Strategy in ARDSI**

Finally, in early 2012, the ARDSI was organized in 22 provinces, showing a 100% surplus growth. With this growth, it has become an institution operating on 42 provinces.

22 provinces which are the new activity areas: Agri, Aksaray, Ankara, Ardahan, Aydin, Burdur, Bursa, Canakkale, Cankiri, Denizli, Elazığ, Erzincan, Giresun, Mersin, Karaman, Kastamonu, Kutahya, Manisa, Mardin, Mus, Nevsehir, Usak has been.

## **5.3. Growth Strategy**

Since the ARDSI has increased the number of markets it operates, it has applied the growth strategy "Changing the Job Description". ARDSI's growth strategy is Independent, Related and Horizontal growth strategy. It is a related Growth Strategy that grows with its own resources, independent of which grows in the area where they operate. It is a horizontal growth strategy because there are 22 branches in addition to 20 branches that apply the same job definition. As they expanded their markets, that is to say, they were organizing themselves in separate entities and growing their branches by increasing their horizon, a horizontal growth strategy was followed. An active growth strategy has been implemented. Strategies that are applied with an attack and proactive attitudes and behaviors to influence the external environment are called Active Strategies. The growth strategy is an active strategy, not because of the pressure from the outside, but because of the vision of ARDSI managers, too.

## **5.4. The Effects of the Growth Strategy on Business**

This was a serious growth strategy for ARDSI. The number of staff, which is about 900, has reached around 2000 with purchases made of newly opened items. With only 20-day activity, with the growth of 2012, it has become active in half of Turkey. ARDSI has a certain budget every year. There is an amount of funding that must be distributed as a grant. It cannot spend the full amount of the fund that it had before 2012 and it is going back to the European Union because a certain part of this fund is idle. However, with the growth strategy in 2012, it has become a "fund-raising institution" that is no longer a "fund-wasted institution" in its own words. The number of projects he has received has increased and he has been able to use his entire budget.

The ARDSI is issued several times a year for "Announcement for Call". The call announcement indicates that acceptance of the project will begin. After this stage, those who will apply for grant support will present their projects related to the investments they plan to the institution. ARDSI, after 20 years of activity in 2011, goes to the 1st call announcement and starts accepting the projects of those who want to invest. While the number of projects offered to the institution at the first call was not enough to be tried, it reached to the number of projects expressed by thousands over time. This is shown below:

The number of projects that are submitted to the institution in each call announcement and the contract is signed are as follows:





In the 1st Crisis Period, which started in 2011: a contract was signed with 4 projects. During the 2nd Call Period: 58 projects, in the 3rd Call Period: 91 projects, in the 4th Call Period: 52 projects, during the 5th Call Period: 46 projects, during the 6th Call Period: 44 projects, during the 7th Call Period: 43 projects, During the Call Period: 111 projects.

The growth strategy was implemented in 2012. The number of provinces in operation has increased from 20 to 42 da. 981 projects were taken in the 9th Call, the first call period after the growth. During the 9th Call Period: 981 projects, 10th Call Period: 417 projects, 11th Call Period: 4,530 projects, 12th Call Period: 1679 projects, 13th Call Period: 2318 projects, ARDSI Has been a leading, well-respected and exemplary public enterprise in the field, expressed in thousands of projects.

"We did not even have an established corporate culture that did not imagine a growth strategy of this size when the institution was first opened," says the Uşak Provincial Coordinator who is one of the most experienced personnel and managers of this Institution. We had very little recognition. As a matter of fact, we had 4 projects in the project acceptance. But institutional managers wanted to grow and aim to grow. Growth strategies were identified and a strategic plan was made. Our target was caught faster than we thought, and the growth strategy that was dreamed of in 2012 was realized: growth at 22 days. "

### **5.5. Second Growth Strategy of ARDSI**

With 42 organizations in 2012, ARDSI has now become an institution recognized by all. However, there are not still 39 organizations in the country. These 39 provinces were not able to benefit from the existing supports. Many times and many people came to pressure and demand at the point of creating a second growth strategy. This situation was a serious shortcoming, and the institution managers were aware of it. Finally, decisions were made, strategies were established and related plans were made.

After 2016, ARDSI is expected to organize its second growth strategy by organizing more than 39 provinces and to become an institution which is now operating in Turkey with this growth push. The second growth strategy of the ARDSI is an independent and related growth strategy that is made by changing the definition of the current business as new markets are added.

### **5.6. Downsizing Strategy and Implementation**

It has been reported that they are opposed to downsizing in principle in consultation with the managers of the institution and that they have not taken such a strategy at all. Because they think that the downsizing is a negative image to consumers, stakeholders and public opinion. It is also believed that even a successful public administration, such as the ARDSI, which has successfully implemented huge growth strategies, will tend to shrink or even consume it. But seldom and necessarily reduced strategies have also been implemented. The most important example of this is the removal of tractor supports.

The ARDSI provides grants for tractor purchases until 2014, from the 1st call period to the 12th call period. Since this support is not known in advance, demand is not high. However, as the reputation of the institution increases, the demand for this support increases and eventually becomes inexcusable.

During the 9th Call Period: 981 projects, 10th Call Period: 417 projects, 11th Call Period: 4,530 projects. After the 11th call period, tractor support was removed, which is clearly visible in the numbers. During the 12th Call Period: 1679 projects, 13th Call Period: 2318 projects.



As you can see, during the 11th period, the tractor projects application peaked and reached the highest number of projects on ARDSI with 4530 projects. 4530 projects presented in this period constitute 70% of tractor projects.

This has adversely affected the work and processes in the ARDSI and the institution has become unable to do its current job. The problem of staff inadequacy has reached the stage. Besides, the excessive economic subsidy of the tractor has been a negative economic reflection of the country. Because the tractor is a fixed investment, and if it is necessary in nature, it is not an efficient and productive investment.

For all these reasons, during the 12th call period, the ARDSI removed the support of the tractor and implemented a mandatory reduction strategy. As you can see from the figures, the number of projects from 4530 in the 11th period to 1679 in the first application period after this support was lifted. This applied downsizing strategy is an independent and associated downsizing strategy.

## 6. BASIC STRATEGIES PLANNED FOR THE FUTURE APPLICATION OF THE ARDSI

The strategies that the company has been following since its foundation are explained in detail. In the interview with the ARDSI managers, the basic strategies planned for the future implementation of the institution were discussed. The executives summarized their views on the key strategies of "Our favorite strategy is growth strategy, we always want to grow".

According to the evaluations, the basic strategies that the ARDSI will follow in the future will be as follows:

**Growth-Oriented Strategies:** After the organization of 81 provinces, the target for growth will be reached. From that point onwards, there is less chance of following a growth strategy by "changing the definition of work". In the coming period, the growth strategy can be followed by increasing the speed and formation of activities and "without changing the definition of work". Strategies for Downsizing; Negotiations with the ARDSI Managers showed that the downsizing strategy was viewed negatively. Especially in the core areas, it is stated that there is certainly no contraction in the services, markets and processes produced. Perhaps it has been stated that, as in compulsory cases, "tractor support" is experienced, a reduction can be imposed without necessarily changing the definition of the job.

**Stable Strategies:** After the completion of the organization of the 81 stadium, a static strategy implementation policy was established for a while. Because after this enormous expansion, the unwilling institution will be forced in material and spiritual way. In addition, a serious effort will be required to ensure that the work structure in the newly opened ones can sit down and pass through work and become a learning organization. Logically, implementing a static strategy in this process will be the most effective way.

**Mixed Strategy:** It is also stated that the hybrid strategy will be determined more frequently in the following period. It has been stated that, in general, while pursuing the static strategy, a mixed strategy group may be formed in some areas, such as monitoring the growth strategy, or monitoring the strategy of necessarily shrinking in very small activities.



## **7. CONCLUSION**

The key strategies are long-term plans that businesses are planning to implement to survive. These strategies can be summarized as growth, downsizing, static and hybrid strategies.

In this study, it was researched how the basic strategies were implemented in the Agriculture and Rural Development Support Institution and tried to put forward with examples. The key strategies are strategies that are vital to every business.

As a public enterprise, the Agriculture and Rural Development Support Institution (ARDSI) is an institution that is aware of basic strategies and carries on by implementing these strategies in its entire organization. As you can see from work, ARDSI has implemented all the basic strategies. But the ARDSI is an institution built on strategic conscious growth. The main strategy for the organization is "Growth Strategy." Since its inception in 2007, its only goal is to grow. This thought has become an organizational culture. They have applied the growth strategy that they have identified as their basic strategy and they have grown in huge scale. While they gave such a great importance to the growth strategy, they have necessarily implemented a downsizing strategy in some periods. But this is a periodical practice and has no place in the strategic consciousness of the institution.

It can be said that the institution's strategic plans have been successfully passed on to life. In the future, it is planned to continue by implementing static and hybrid strategies.

Businesses should first determine the strategies they will take to photograph their situation and realize them fully so that they can reach where they want to be in the future. This planning and strategy setting work and their implementation must be entirely realistic.

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