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AGROTRANSILVANIA CLUSTER. AN INNOVATIVE DEVELOPMENT STRATEGY

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AGROTRANSILVANIA CLUSTER. O STRATEGIE INOVAȚIVĂ DE DEZVOLTARE

AgroTransilvania Cluster aims to become an integrative pole of the harmonious development in the region; a referential professional and institutional strategical entity on the field, recognized by business and institutional frameworks as being the most appreciated Cluster Association, both for the quality of its work and the results obtained. The main activity of the association represents the integration of all its members into a sustainable and competitive value chain that could bring notoriety and visibility to Transylvanian's local products. One of the main objectives is to assure the entire facilities required for being a certified organism able to certified European geographical indication products (PDO, PGI).

Keywords: cluster, bio economy, smart specialization, value chain
Cuvinte cheie: cluster, bioeconomie, specializare inteligentă, lanț de
valoare

1. Introducing AgroTransilvania Cluster

AgroTransilvania Cluster is a professional association of more than 60 members in the field of agro-food (including input suppliers, farmer associations, processors, 2 universities, 4 research institutes, 1 commercial bank, 2 consulting companies, 2 local/regional authorities, distributors, catalysing institutions).

AgroTransilvania Cluster is created to support the development of agri-industrial sector, by increasing the competitiveness of the association itself and its members individually, both on national and international market, based on a common development strategy.

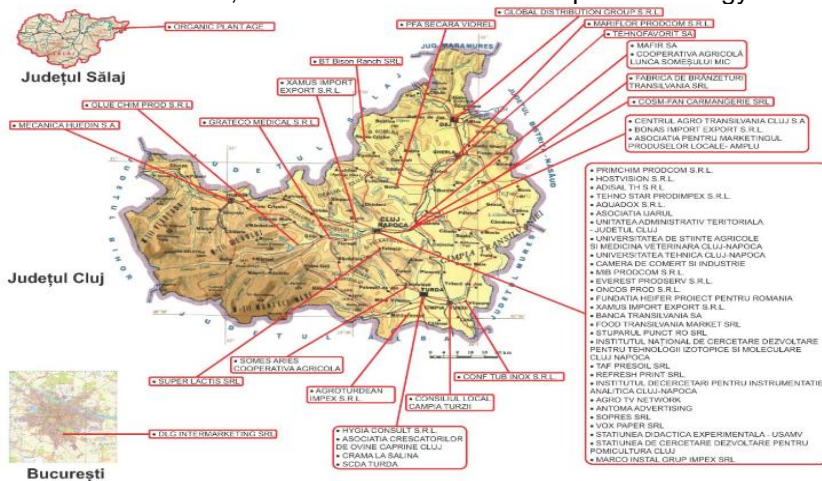


Fig. 1 Space distribution of AgroTransilvania Cluster

The main activity of the association represents the integration of all these entities into a sustainable and competitive value chain, which could bring notoriety and visibility to Transylvanian's local products. The mission of the cluster is to become an integrative pole of sustainable development of agroindustry sector in and to support the sustainable competitiveness of the agro-industrial sector.

2. Methodology. Porter's Five Forces

The methodology used is the one firstly discovered in 1979 by Michael E. Porter from Harvard Business School [1], on the idea of creating a model based on five identified influencing factors which can affect the profitability (or lack of profitability) of a specific business in the industry. The level of attractiveness of a business depends both on the overall industry profitability and on the profitability of the specific analyzed company, the lower is the effect of the five combined factors on profitability, the higher is the level of "unattractively" [2].

The five forces to be analysed in Porter's model are [3]:

1. Competitive rivalry (intensity of actual competition – the number and the percentage of market share of existing competitors).

The smaller the number of competitors, the higher is rivalry. Expressed in numbers, rivalry is measured by Concentration Ratio (CR), an indicator that sums (in percentage) the market share owned by the main four companies from the industry.

2. Bargaining power of suppliers (the importance of a supplier in an industry and its control on the input price, and, also, the prices of substitutes). The more numerous the suppliers are, the less power they have on the relation with businesses.

3. Bargaining power of customers (the importance of consumers in an industry and their control on the products price and quality). This force looks at the power of the consumer to affect pricing and quality. The fewer the consumers are, the powerful they are on the relation with businesses.

4. Threat of new entrants (the level of difficulty for competitors to enter and penetrate de market). The easier it is for a competitor to enter and penetrate de market, the higher the risk of a business of losing the market share.

5. Threat of substitute products or services (the possibility for consumers to change the products of a company with ones from other competitors). The most numerous the competitors they are (and the most competitive they are in terms of quality and price), the higher the risk for a business to lose the fidelity of consumers.

3. Mission and Objectives of Cluster

In its way to become competitive in a more and more competitive economy, AgroTransilvania Cluster adapted its mission in a more innovative one, intending to become the integrative pole of research, innovation, technologic transfer and of sustainable development of agro-industrial sector in Transylvania, to keep up the actual trends in European policy of clusters.

For achieving the above-mentioned mission, AgroTransilvania Cluster is assuming to fulfil 6 strategic objectives, each of them divided in few operational objectives:

1. The Increase of Sustainable Competitiveness of the Agri-Industrial Sector in the Romanian region of Transylvania based on its value chain (Fig. 2): increase of agricultural production at the average level of the EU; improvement of technology in agriculture; increase the animal husbandry, processing and manufacturing share in agriculture.

2. Encouraging the Set-up and/or the Development of Associative Forms, in following areas: plant production; animal husbandry; processing and manufacturing; marketing sector.

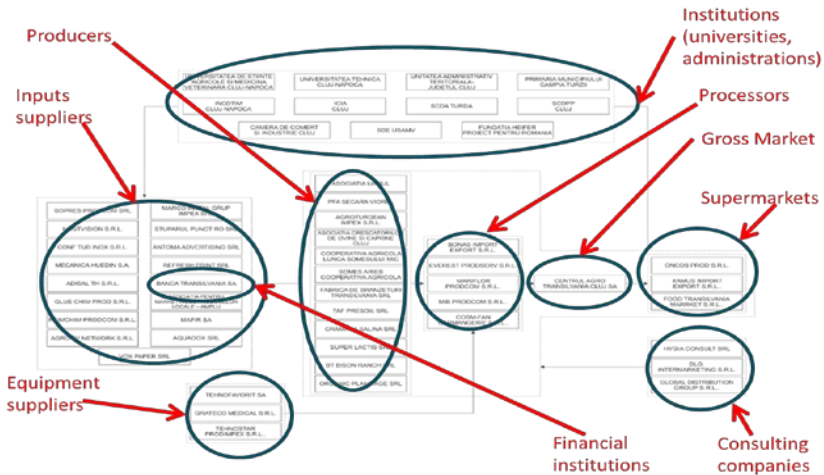


Fig. 2 Value Chain of AgroTransilvania Cluster

3. Integration of Producers and/or Associative Forms into the Value Chain: creation of the AgroTransilvania Cluster Trademark; investments in storage and selling facilities; investment in slaughter houses and irrigation systems.

4. The Increase of Qualitative and Quantitative Representatives of the Cluster: increase of visibility and reputation of the AgroTransilvania Cluster, association encouragement, collaboration with administrative authorities, administrations and international relations.

5. Support the Development of Local and Regional Initiatives: identification and support for local initiatives (logistics, consultancy and financial), running of a Consulting Department.

6. Encouraging the Research, Innovation and Technological Transfer in the Agro-Industrial Sector: research and development projects.

4. Value Chain Analysis

Analysing the value chain of AgroTransilvania Cluster using the Porter's Five Forces Model it can be observed the position of agro-food industry on the region, in general, and of the cluster, in particular as a base for developing the future strategy of the association for increasing its market position.

1. Competitive rivalry. The industry and the market share is displaying a relatively high level of fragmentation (mainly in the agricultural sector, but also on the food sector, because of the large number of imported products existing on domestic market). It can be concluded that the level of rivalry is relatively reduced. The lower is the level of rivalry intensity, the higher is the attractiveness of the agro-food industry, so the cluster is to face a potentially increasing competition.

2. Bargaining power of suppliers. There are a large number of small suppliers from agriculture, but, in the same time a reduced and powerful number of suppliers from the food machineries and specific ingredients and inputs, generally imported. The higher is the bargaining power of the suppliers, the lower is the industry attractiveness and profitability.

3. Bargaining power of customers. Consumers from the region are relatively educated and they have high expectations which are reflected on the requested quality. The higher is the bargaining power of the costumers, the lower is the industry attractiveness and profitability.

4. Threat of new entrants. There are no major difficulties for new competitors to enter and penetrate de market, so the risk of a business of losing the market share is significant. Higher is the threats of entry of new competitors, lower is the industry attractiveness.

5. Threat of substitute products or services. The possibility for consumers to change the products of a company with ones from other competitors is really high, and comers have a reduced level of fidelity for a product and/or a producer.

It can be concluded that the agro-food sector in the region is under a lot of pressure, so the cluster has to find new ways of increasing the market share, mostly by increasing the quality and certifying it for the consumers.

5. Conclusions

One of the directions of development of AgroTransilvania Cluster is to increase its visibility and its level of trust as a valuable partner for business, institutional development, and research and policies and/or strategies makers, so it can play a better role of the in its way to support the development of agro-industrial sector, by increasing the competitiveness of the association itself and its members individually, both on national and international market, based on a common development strategy.

Beside this, on frame of the research activities (creating new products, new technologies etc. and transferring them to economy) the aim of the cluster should be to offer services for members of cluster in terms of quality and safe assurance of the agro-food products, with the final ambition of becoming a certified organism able to certified European geographical indication products.

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AgroTransilvania Cluster își propune să devină un pol de integrare a dezvoltării armonioase în regiune; o entitate referențial profesional și instituțional strategică pe teren, recunoscut de cadre instituționale și afaceri ca fiind Asociația de Cluster cel mai apreciat, atât pentru calitatea muncii sale cât și rezultatele obținute. Activitatea principală a asociației reprezintă integrarea tuturor membrilor săi într-un lanț de valori durabile și competitive, care ar putea aduce notorietate și vizibilitate produselor locale ardelen. Unul dintre obiectivele principale este acela de a asigura toate facilitățile necesare pentru a fi un organism certificat, capabil să certifice produse europene indicate geografic (DOP, IGP).