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Theoretical Issues of the Formation of the Industrial Policy of Enterprises

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ABSTRACT

The present article specifies the basic principles and components of the social and economic policy of enterprises. Structuring of components enabled the authors to formulate the main directions according to their activity profile and to provide a more detailed definition of the industrial policy of enterprises. The authors showed the nature of the impact of the industrial policy on the industrial complex of enterprises, its importance and relevance; the main problems are also outlined. The specific ways and opportunities for the solution of these problems, formulated by the authors, made it possible to offer the scheme of the main components of the concept of the formation of the industrial policy at enterprises and to define the key purpose, which in turn made it possible to specify tasks, requirements and restrictions when forming the industrial policy of enterprises at the present stage. The research conducted in the present article and the concept of industrial policy offered by the authors are regarded as the instrument of strategic management, the corrective model of the management system of enterprises taking into account the opportunities for strategic development and the influence of sectoral and regional policy, as well as science, which confirms the relevance of this subject.

Keywords: Social Economic Policy, External and Internal Components, Infrastructure, Industrial Complex, Concept of Formation

JEL Classifications: L52, L53, M14

1. INTRODUCTION

Globalization and high dynamism of social and economic processes dictate the need for the development of the systems of the management of the sustainable development of regions (Wilson, 2012). The transition of Russia to the market relations of economic management resulted in the need for deep structural transformations of various spheres of regional economy with regard to the interests of business structures, needs of society and the resources of the state (Malle, 2013). New economic conditions compel the local authorities to look for and use adequate forms, methods and instruments of the management of economy for the purpose of providing conditions for sustained economic growth and investment appeal

of the region (Cowell, 2013). Structural transformations and the transition to the innovative model of regional development assume not only the organization and streamlining of the work of various elements of regional economic system, but also the reconsideration of the theoretical bases of the formation of industrial policy. The achievement of the goals and tasks, set in this field, almost completely depends on the introduction of modern administrative technologies and tools for their implementation, the development of the programs of restructuring individual enterprises, industries of the region, and regional executive authorities (Viciu et al., 2013).

The main principles of the social and economic policy of enterprises are the following (Malyshev, 2013):

- The principles of current and perspective activity providing the interaction with the environment
- The system of purposes which define necessary economic and social achievements of enterprises, their orientation in the environment
- The mechanisms of the interaction of enterprises with various economic agents of the external and internal business environment.

The specified main principles of the social and economic policy of enterprises should be characterized as some set of elements, as well as the system of interrelations between these elements built on the basis of the criterion of ensuring the growth of production capacity of the studied enterprises.

The social and economic policy of enterprises is a system, which unites elements, types and individual components influencing the dynamics of economic growth of the studied enterprise. When studying this system, of main interest is the question on what components the studied policy realizes in the process of the implementation of specific types of administrative decisions.

2. MATERIALS AND METHODS OF RESEARCH

Taking into account the orientation of influence, the social and economic policy of enterprises has external and internal components. External components are responsible for the interaction with various economic entities of the environment, partners and contractors.

External components of the social and economic policy of enterprises can be structured as follows:

1. The policy of interactions with various social groups, including also public organizations (social component).
2. The policy of interactions with public authorities, which control and regulate the activity of enterprises (economic component).
3. The policy of forming the relationships with different types of competitors and the choice of the strategy of competitive behavior of enterprises (commercial and marketing component).
4. The policy of forming the rational relationships with various partners, suppliers and buyers (so-called foreign trade component of the policy).
5. The policy of ensuring effective interactions with the objects of infrastructure (information component).

In the modern economic conditions the most important external component of the policy is the interaction with the objects of infrastructure. This component includes the priorities, the principles, the set of strategies, the mechanism of the interaction with various economic agents, which are related to the studied economic entity (namely, to the infrastructure).

Various financial institutions (credit organizations, banks, investment funds), commodity and stock exchanges, insurance

companies, industrial and commercial structures, and mass media, which competently cover the issues and problems related to the implementation of effective production activity, deal with the objects of modern business infrastructure and purposefully influence the relation of the society and public organizations to enterprises, their reputation, and also the image of the manufactured goods. In relation to the considered industrial policy this is the most important external component of social and economic policy.

Internal components of social and economic policy affect the processes which take place in the enterprises, influencing the activity of the divisions of the enterprises, wherein the above-mentioned influences are planned and yield results having a quantitative assessment from the point of view of the definition of the prospects of the increase of production potential and the growth of competitiveness of the manufactured products (Shopenko et al., 2012).

Internal components include: Marketing; investments; personnel; innovations, ecology, production. Thus, it is expedient to divide the internal components of the social and economic policy of enterprises into various subspecies with regard to their content.

The marketing component includes the actions for the research of the target markets, price strategy, marketing strategy, commodity strategy.

The investment component represents a set of accounting actions, the strategy of the formation of tax payments, investment strategy, actions in the field of the distribution of the received profit (the entrepreneurial income).

The personnel component is also divided into a complex of actions in the field of personnel selection, building of the employees' motivation, the organization of the relationships of a company's management with the groups of employees, including also labor unions.

The innovative component is subdivided into a complex of actions for development and deployment of innovations at the enterprise.

The ecological component is defined by the ecological safety of the products manufactured by the enterprise.

The production component is related to the technical preparation and production technologies. This is the basis of the industrial policy of enterprises.

Effective implementation of social and economic policy requires the coordination of the aims of the formation and implementation of both external and internal components. The assessment of this coordination is carried out on the basis of the calculation of the corresponding coefficients by the method of expert evaluations. To each expert, competent in the area of the formation of a specific component or two components, the questionnaire of a "matrix" type is given. The expert has to determine the degree of the coherence of the

3. RESULTS

aims of the components - for every component and between all components - using the method of pair comparisons, and enter it into the boxes of the questionnaire (matrix). The local coefficient of coherence accepts values with the acceptable coherence of the purposes within the range of (0.8; 1.0). Then the experts' estimates are coordinated and generalized as the arithmetical average. For the preservation of the objectivity of calculations it is desirable that every component should have the identical number of purposes. As a result, the generalized expert estimates of the coefficients of coherence are presented in the form of a resultant square symmetric matrix, in which the boxes above the main diagonal aren't significant. The coefficients of the coherence of a specific component are placed on the main diagonal. Let us denote an element of the matrix by G_{ij} - the coefficient of coherence of the i^{th} purpose with the j^{th} purpose. The calculation of the coefficients of coherence of the purposes of the external and internal components of social and economic policy is carried out on the basis of the matrix.

- Within one component, between two components
- Group coefficients are calculated separately for the internal and external component in general, and also between internal and external components in general
- Integral coefficient is calculated for the internal and external components in general.

The general formula of the calculation of the specified coefficients is the following:

$$G = (\sum_{ij} G_{ij}): N$$

Where i and j - Sets of values of the indexes of the purposes used in the calculation

N - The number of local coefficients of G_{ij} used in the calculation.

The mechanism of the coordination of components is necessary for the achievement of the specified coefficients. This mechanism provides the reduction of values of the corresponding coefficients to the interval of allowed values.

The industrial policy is characterized by the main profile of activity of the enterprise, and other components (policies) are included into it as components. The industrial policy is the instrument of the implementation of the strategy of enterprises defining the targets and the expected results of the strategic development of appropriate kinds of activity. The basis of different types of activity performed by enterprises is the implementation of a certain function determining the specifics of a certain type of perspective activity. Therefore, the volume of the functions which are carried out by enterprises determines the number of policies, the implementation of which realization is possible at these enterprises. The need for the implementation of a certain policy is determined by the management of enterprises. All functions implemented by enterprises are interconnected with each other and possess properties of each other. Therefore for each policy it is possible to mark out the properties inherent only in this type of policy, and the properties inherent in other types of policies implemented by enterprises.

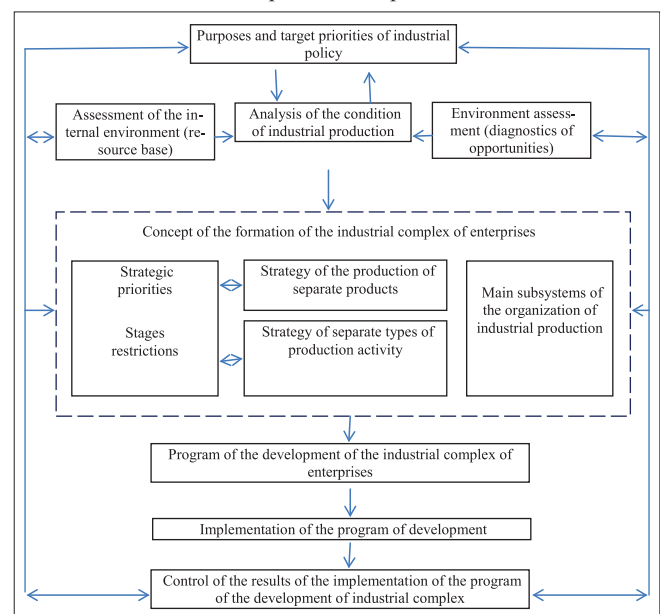
The authors offer to mean by the industrial policy of enterprises the implementation of a set of interconnected measures and impacts on the industrial complex of these enterprises, which are aimed at the creation of economic, organizational and technical, and personnel capacity of enterprises and ensure the increase of the efficiency of the activity of these enterprises and the competitiveness of their product, which generates the required profit margin and makes it possible to occupy the required share in the commodity markets due to the formation of the system of the management of industrial production, contributing to the achievement of these purposes. In consideration of the foregoing, the industrial policy should be focused on the choice of the directions of the sustainable economic growth of the studied enterprises.

The industrial policy of enterprises should ensure manufacturing of products demanded by the market in necessary amount and with a high quality at the minimum costs of production. It should make it possible to quickly readjust industrial production according to the dynamic requirements of the external economic environment to the manufactured products which are delivered to the commodity markets, in other words, to allow the enterprises to adapt for the changing dynamic requirements of the external economic environment (Drugov, 2006).

Industrial policy is based on the set of scientific and technical forecasts, obligatory marketing analysis of the market of production facilities, and the development of the mission of enterprises with regard to these forecasts, which reflects the content of the processes of the impact of industrial policy on the industrial complex of the studied enterprises (Figure 1).

The choice of the purposes and priorities, setting of which is necessary for the development of the industrial complex, is important for the formation of industrial policy. Regulation of the

Figure 1: Nature of the impact of industrial policy on the industrial complex of enterprises



level of the production capacity of enterprises should lead to the optimum end results of the choice of the priorities of industrial policy. It is necessary to concentrate industrial production and all the complex of material resources and reserves in the fields where enterprises have required scientific and technological achievements, as well as advanced competitive positions in the foreign and domestic commodity markets. We will designate the following problems. First, it should be noted that the modern world practice is related to the choice of a wide range of economic tools for the implementation of the measures of industrial policy, on the basis of which it is possible to regulate and coordinate production processes at all the levels of the management of enterprises. However, it should be emphasized, that their rational use in the required volume demands considerable resources and reserves, which is nowadays beyond the power even of the successful enterprises.

There is no need in the specified approach, based on the stereotypic use of the tools of industrial policy, as the tools, used in the process of the formation of the industrial policy of enterprises, work differently in various conditions of economic management. Therefore the following problem of formation of the industrial policy of enterprises is related to the inefficient use of the tools of the management of industrial production under the existing specific conditions of economic management, which results in the inefficient distribution of the available resources for the manufactured products. In other words, levers and means of economic management are determined incorrectly, which doesn't allow entering upon the path of innovative growth (Kiyashko, 2005).

It is also necessary to note that according to the world experience, even successful enterprises often need the enhancement of the conditions and opportunities related to the increase of innovative potential, as it provides the best and necessary chances for maintaining competitiveness of the studied enterprises, creation of new workplaces by means of education, expansion of the scales and fields of activity of new divisions of the enterprises, attraction of the branches of world known enterprises as partners. This fact is nowadays of great importance, and it makes it possible to specify the following problem of the formation of the industrial policy of enterprises, related to the insufficient use of the opportunities of globalization in the sphere of searching for of additional resources for the increase of production capacity of the studied enterprises. Closer attention has to be paid to the solution of the innovative problems of the development of industrial production on the basis of the best domestic and foreign practices that will contribute to the diversification of the activity of the enterprises, including footwear manufacturers, having a high level of specialization of industrial production making them subject to a higher risk related to the changes in the commodity markets due to the alternation of fashion trends or the crises of overproduction (Gurkov, 2003).

An important problem of the formation of the industrial policy of enterprises is the lack of correspondence of this policy with other types of policies of the studied enterprises that complicates the process of the determination of strategic priorities during the organization of production activity in terms of the optimization

of the assortment portfolio of enterprises and transformation of the strategy of positioning in target commodity markets. In fact, for each policy it is possible to mark out the properties inherent exclusively in this type of policy, and the properties inherent in other types of policies implemented by enterprises. At the same time the influence of one policy on another one doesn't necessarily have to coincide with the return (mutual) influence in terms of the force and nature of influence. In this regard, the calculation of the coherence of different types of policy of enterprises should be based on certain criteria, establishing the priority of the profile policy, which has the greatest importance according to the approved strategy of development of the studied enterprises (Valiullin, 2004).

Nowadays enterprises have no clearly defined methodical approach to determining the criteria of the priority of the profile policy. Besides, there is a stereotypic division of the functions of enterprises into main (production) and auxiliary (service), which is reflected in the structure of individual components of the industrial policy of the studied enterprises. As a result, the process of the substantiation of the priority of a certain component of industrial policy in the strategy of development of an enterprise (its industrial complex) is debatable and reflects the existing system of interests of business preferences at the enterprises.

The following specific problems of the formation of the industrial policy of enterprises in relation to the modern conditions of economic management can also be identified:

- Lack of coordination of the mechanisms of the reproduction of the resources of industrial production, first of all, scientific and innovative, financial, environmental management and personnel resources of the production activity of the studied enterprises.
- Deficit and incompleteness of the measures of the state and legal regulatory and administrative tools of the management of the production processes of modern enterprises.
- Obvious structural disproportions in the industrial production of the studied enterprises that leads to the wrong delimitation of strategic business units (SBU) and inappropriate setting of the purposes of medium-term and long-term development.

4. SUGGESTIONS

The authors offer the following specific ways and opportunities for the solution of the problems of the formation of the industrial policy:

- Orientation of the measures of industrial policy towards the growth of innovative demand for the developments of enterprises in the consumer market and in the market of industrial products that, respectively, will make it possible to create prerequisites for the increase of level and the number of sources of the formation of innovative offers in the branch.
- Formation of the positive image of high technologies and sciences to enhance the opportunities of the increase of the efficiency of production activity at the enterprises.
- Introduction of a complex of tax preferences and privileges for the enterprises producing innovative technologies and products, which would ensure the increase of labor productivity level and the balanced renewal of fixed production assets.

- Creation of the conditions for the exemption from taxation of the expenses of enterprises associated with carrying out research and development, modernization of processing equipment, introduction of new industrial technologies.
- Stimulation of the development of innovative offers for the partners of industrial enterprises by means of the development and implementation of target programs for the diversification of production activity.
- Creation of a system of legislative conditions ensuring the protection of the results and products of innovative activity, leading to the growth of competitiveness of the manufactured products through the entrenchment of all the rights for the intellectual developments of enterprises, including providing real protection of the interests of the perspective production activity of the studied enterprises.

Successful recovery of enterprises from the current depression and their transition to the path of sustainable economic development are associated with the creation of highly effective technical, organizational and economic capacities of enterprises capable to make competitive production, which is required by the market, in necessary volumes, with required quality, in established periods. The necessary measures also include the settlement of the issues of the attraction of investment resources for enterprises in the volumes necessary for the development of the industrial complex of these enterprises. The specifics of the solution of these tasks are associated with the fact that they have to be implemented in the conditions of the deficiency of investment resources, which leads to the need for the use of an alternative approach to the formation and accumulation of production capacity of the enterprises. Here the deficiency of investment resources acts as an important limiter for the formation of the industrial policy of enterprises. The scheme of the interaction of the components of the concept of the formation of industrial policy is shown in Figure 2.

The key purpose of the formation of the industrial policy of enterprises taking into account the current state of the branch and prospects of the inclusion of enterprises in the global world economy is the purpose of systematic implementation of the

system changes of the production infrastructure of enterprises for the purpose of the optimization of the structure of expenses and rationalization of the cost of production.

In turn, the additional purposes of the formation of the industrial policy of enterprises are the following:

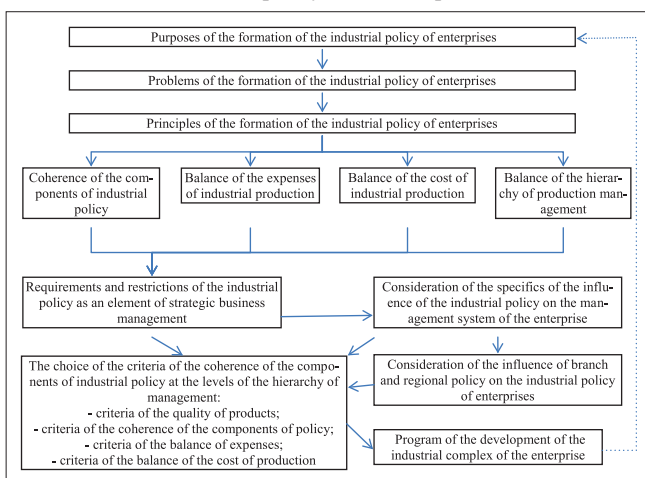
- Intensification of the rates of the innovative development of enterprises for creation of a long-term basis of development and introduction of methods and technologies of industrial production.
- Ensuring necessary and effective compliance between industrial production volumes, quality and range of products, and the cumulative demand of consumers in the foreign and domestic commodity markets.
- Increase of the national and regional importance of enterprises and their image as places of long-term employment.

5. CONCLUSION

Taking into account the specified purposes, it is possible to present the following problems of the formation of industrial policy of the enterprises:

- Adequate satisfaction of the needs of concerned parties, interested in the increase of the efficiency of production activity: Shareholders, employees, buyers, society, employees of government institutions, country.
- Development of technical, organizational, economic, and personnel capacities of enterprises that will make it possible to make products which are in demand in the markets, in the required volume, with the required quality in the aspect of the minimum of attracted resources.
- Effective use of own resources and the investment resources attracted for the development of the industrial complex of enterprises.
- Introduction of breakthrough technologies, and the creation of high-performance production facilities, which would ensure the stimulation of the production activity of enterprises and allow to reduce the technological and commodity dependence on the export.
- Ensuring ecological safety of production and technological processes, including the manufactured products, ensuring resource-saving, orientation of the enterprises towards the improvement of the culture of industrial production.
- Stimulation of innovative activity for the increase of the efficiency of production and technological processes, the increase of the productivity of research and development, creation of the knowledge-intensive production facilities providing the diversification of the assortment of enterprises, implementation of the work on the involvement of innovative funds for the development of the industrial complex of enterprises.
- Ensuring the intensification of the processes of integration and cooperation, development of inter-industry and inter-territorial interaction of enterprises with subjects of science and small business for the increase of the level of production capacity of enterprises.
- Development and realization of effective methods and forms of the management of production activity, development of the

Figure 2: The main components of the concept of the formation of industrial policy at the enterprises



program and plan of perspective measures in the field of the development of the industrial complex of enterprises.

Let us consider the requirements to the formation of the industrial policy of enterprises and the corresponding restrictions. It should be noted that within the framework of the discussed concept the industrial policy is studied, first of all, as the tool of strategic management correcting the model of the management system of enterprises taking into account the opportunities for strategic development and the influence of branch, as well as regional policy and science. In particular, the main requirements to the formation of the industrial policy of enterprises in the modern economic conditions are the following:

- The industrial policy shouldn't be formed randomly, as this policy has to reflect the specific aspects of the social and economic relations in the branch and in the region, have an expressed and objective nature, which is clear to all the participants of the programs of the development of the industrial complex of enterprises.
- The industrial policy has to be coordinated with the basic principles of the strategy of the development (survival) of enterprises (in this case the industrial policy should ensure the resources for the implementation of the specified strategy).
- The industrial policy has to be considered as a component (subsystem) of the management system of enterprises, and it should be integrated with other subsystems (innovative, financial, economic, social, ecological and so forth).
- The industrial policy of enterprises has to be rather dynamic and flexible (in other words, to be adjusted taking into account the change of the external economic environment, strategy and tactics of enterprises, the economic and production situation). This industrial policy also should be stable in the medium-term (as the expectations of the participants of the programs of the development of industrial complex are associated with the factor of stability).
- The industrial policy should have both a general, concentrated nature (the issues concerning the industrial complex of enterprises in general), and a selective, specific nature (when all attention is directed to the solution of specific problems of the development of the industrial complex within structural divisions, professional or functional groups of workers, forming the teams of the projects related to the increase of the production capacity of the studied enterprises).
- As the formation of production potential is associated with the expenses for the enterprises, the industrial policy has to be based on the principles of economic feasibility, in other words, to proceed from real resource opportunities of the studied enterprises.
- The industrial policy has to provide and guarantee an individual approach of enterprises to the participants of the programs of the development of industrial complexes.
- The industrial policy in the conditions of the changing market environment should be focused on the fact that the enterprises need to form an adaptive management system, the purpose of which is receiving economic and social effects in the aspect of the compliance with the existing legal acts, regulatory documents and regional decisions on the development of economy. This requirement reflects the specifics of the

influence of industrial policy on the management system of enterprises.

- The industrial policy has to be implemented through effective administrative work; therefore, the choice is also associated with setting the main objectives of the development of industrial complex and with a reasonable choice of methods, means, priorities of the expansion of the capacity of the studied enterprises.
- In the process of the implementation of industrial policy it is necessary to provide the fulfillment of alternative actions associated with scenario planning and modeling of the industrial complex of enterprises.

Now let us specify the main restrictions defining the process of the formation of the industrial policy of the enterprises:

- Regulatory restrictions of investment activity.
- Negative dynamics of the development of the commodity markets.
- Purposes of the production activity of enterprises, their time perspectives, and the degree of the development of the program and target tree of management. In case of the insufficiency of the methodical support of the management of enterprises there can be serious problems with setting of the purposes and the problems of the development of the industrial complex of these enterprises.
- Management style of enterprises which is fixed in the structure of the organization of the economic activity at the enterprises. The factor of insufficiency and non-optimality of organizational structure can also considerably limit the success and efficiency of the measures in the field of the development of the production infrastructure of enterprises.
- The factor of the inadequate quality of production capacities, including the quality of workforce. It is impossible to successfully implement the program of the development of industrial complex in the absence of required technical and technological equipment and insufficient qualification of the personnel.

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