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**TOOLS AND METHODS OF MANAGEMENT OF RUSSIAN
ENTERPRISES**

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Abstract

This paper discusses the formation and use of management tools and methods, provides general scientific principles for their use in industrial enterprises, industries and complexes. The main condition for development of the national economy is the innovation-oriented activity of enterprises, their ability and readiness to apply scientific and technological achievements. The transition of Russia to innovative development obliges state leaders and enterprises to conduct the activities, which would contribute to the development of industries that show the potential to ensure the competitiveness of their products and to create new technologies. The result of business activities of any enterprise largely depends on its corporate management and dispatch policies. Failure in the production system, failure in the operation of a separate element of the economic system of the same level inevitably cause lagging behind the schedule and causes a chain reaction of failures in the economic mechanism, which results in significant economic losses. Today, only introduction of innovative products in industrial enterprises can enhance further development of the economy. The main constraints of the innovation development are unwillingness of the enterprises to introduce innovative products (technologies), a poorly formulated model for managing the financing of this innovation activity and unwillingness to reform this system. We must understand that the events of recent years show the need to change models for Russian economic development. In order to balance the economic growth and sustainable improvement of the common welfare, it is necessary to reduce the vulnerability of the economy to changing external conditions.

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1. Introduction

The problems of transition of the Russian economy to innovative development model are of current relevance. These problems impose difficulties for any country, but they are of particular significance for Russia. Russia is forced to fulfill a number of tasks aimed at economic catch-up and anticipating development. However, this process is complicated by Western sanctions and low prices for "black gold", on which, unfortunately, the Russian economy directly depends. Sanctions and the need for import substitution raise urgent problems concerning large-scale and long-term investments in the Russian economy. Where can they come from if investments are limited? The restriction comes from the sanctions themselves, since the West is blocking access to most of the main Russian commercial banks to sources of financing in global capital markets (Glukhov, 2009). The inflow of investments is also limited by the monetary policy of the Bank of Russia, which maintains low monetization of the economy. This also cuts down opportunities to finance business processes in the country. In addition, the implementation of this goal complicates global competition and the growth of openness in the global economy. In these conditions, the level of developed advanced countries cannot be reached in terms of efficiency and welfare without priority development of key sectors of the economy, which determine its specialization in the global market.

2. Problem Statement

The transition from raw-materials export model to the innovative model of Russian sustainable growth implies structural diversification of the economy based on innovative technological development, and above all, processing industries. The scientific and technological progress in the processing sectors of the economy greatly increased the technological complexity and productivity of business entities, as well as the amount of resources consumed by them. Increased complexity of innovative technologies at processing enterprises increased the risks in the use and processing of resources. A favorable moral and psychological climate created in the team and trusting relationships between the manager and subordinates, as well as opportunities provided for realization of individual abilities, will increase employee satisfaction, which affects the efficiency of the enterprise as a whole. None of the above management methods should be considered separately since only their integrated effect can help the enterprise achieve the greatest result (Vikhansky & Naumov, 2005; Goncharov, 2010). One of the most important factors affecting scientific and technological progress, and, in particular, innovations, is the financing of innovative projects. Research funding plays an important role in the development of any country. In 2018, the HSE Institute for Statistical Studies and Economics of Knowledge conducted a statistical analysis to show the R&D expenditure of Russia and other countries (Musostova & Basnukaev, 2018). The Russian Federation joined the TOP-10 countries in terms of domestic R&D expenditure – 39.9 billion dollars. Table 1 shows the countries with the highest share of R&D expenditure. The top three countries included the giants of the world economy – the USA (\$ 511.1 billion), China (\$ 451.2 billion) and Japan (\$ 168.6 billion).

Table 01. Countries with the highest share of R&D expenditure

No	Country	Billion dollars	% of GDP
1	USA	511.1	2.74
2	China	451.2	2.12
3	Japan	168.6	3.14
4	Germany	118.5	2.94
5	Korea	79.4	4.24
6	France	62.2	2.25
7	India	50.1	0.62
8	Great Britain	47.2	1.69
9	Brazil	41.1	1.28
10	Russia	39.9	1.10

Source: compiled by the author

Nevertheless, the research expenses of Russia in recent years have not changed significantly. The expenditure rate relative to GDP was 1.1%. In Russia, about 3.5 thousand organizations are engaged in R&D. About 70% of these enterprises are state-owned. International practice in developed countries shows that if you add private sector funds, the pace of the scientific progress becomes more rapid. For example, SpaceX, the American private company founded by Elon Musk, achieved such success that the state agency NASA was forced to cooperate with it. According to VCIOM as of January 2018, 57% of Russians believe that science in the Russian Federation lags behind the world. The population also supports the opinion that Russian science lags behind the global science. Thus, according to opinion polls, innovation activity is the most important component of the scientific progress, and it, in turn, directly affects the quality of living standards. Any socially oriented country should keep this in mind and pursue an appropriate policy.

3. Research Questions

Methods and tools for managing production and economic activities of the enterprise, as well as ways to improve management in modern conditions are considered. 2. Possible trends, ways to improve the efficiency of management of enterprises and companies in innovation at different of management levels are explored.

4. Purpose of the Study

The paper aims to explore modern methods and tools of enterprise management in current conditions, which is caused by complexity of financing innovations of enterprises and companies at various economic management levels.

5. Research Methods

The provisions of dialectical logic, systemic and integrated approaches are the methodological basis of this study. The study employs scientific abstraction, analysis and synthesis, methods of grouping and comparing, functional approach, and modern analytical methods and technologies.

6. Findings

Innovation and investment are becoming the most important components of the strategy for development of a modern enterprise under the pressure of growing internal and external competition. Close interrelation of innovation and investment causes certain difficulties when analyzing these components separately (Ansoff, 1999). Due to this, each component requires a unique, independent sphere of economic activity, which would be responsible for financing and managing the processes of modernization of all components of economic entities in the market economy. The implementation of tools and methods for management of industrial enterprises and sectors confirms the ability to actively use the production factors, to efficiently manage risks, and to manage technological development of the enterprise. The risk management must be considered in terms of minimizing the total expenditure of direct costs and losses from lost profits while employing the tools and methods for industry management. Analysis of the literature allows clarification of the concept and the essence of management tools and methods. These concepts are thought of as a complex of universal and special methods and techniques for management implementation in the production systems of different scales, forms and trends.

The following classification is used to clarify the essence of management tools and methods:

- management stage, starting from the problem statement to the realization of management decisions;
- scale of the management object; ways of making management decisions;
- period of the economic system development.

In our case, management methods are divided into: 1) administrative, 2) organizational and legal, 3) economic, and 4) socio-psychological (Svistukhina, 2013). The first method implies a strict hierarchy of employees and their unconditional fulfillment of tasks when performing the activities. This method is conservative, and it is used when traditions and customs prevail at the enterprise. In this case, one of the main distinguishing features is the promotion of employees' performance but not their initiative. The method ensures achievement of the enterprise's goals; however, further development does not take place. Consequently, the effectiveness of this method is limited since it does not employ full potential of employees – the major component of any enterprise. The organizational and legal method determines the organizational and legal structure of the enterprise, and the conditions of its operation. It also regulates the rights and obligations of employees, their responsibilities, etc. This method can be compared with a framework, which is fundamental for the "growth" of all other components. The economic method is based on the material component. The manager stimulates and controls the work of employees through the material component, which allows an increase in the enterprise efficiency. Employees are stimulated through bonuses and additional charges, and they are controlled through sanctions (deprivation of bonuses, reprimand, etc.). Socio-psychological method is based on the peculiarities of the psyche and personal characteristics of employees. Each group of methods plays its role in the management system and has its own advantages and disadvantages. For example, the advantage of administrative methods is due to their direct effect on personnel and strict discipline in the team, and as a result, the achievement of the enterprise's goals within a certain period. The disadvantages of these methods include the lack of the motivational component and a negative atmosphere in the team. The advantages of economic methods are the interest of employees in the achievement of the enterprise's goals and in increased productivity through more rational

use of all resources. The disadvantages of these methods are a short-term effect of motivational activity and the cost of its implementation. The advantages of socio-psychological methods include a favorable atmosphere and associated low costs. However, these methods are time consuming and their effectiveness is ambiguous. In addition, the methods cannot be employed in all areas of production or non-production activities.

Consequently, the enterprise management system consists of a number of functional subsystems: strategic and current management; planning; personnel management; production management; marketing management; financial management; investment management.

At present, the development and use of management tools and methods are based on the following principles:

1. The principle of hierarchy of interests, which means that the interests of the enterprise are always more prevailing than the interests of an individual employee.

2. The principle of promotion of employees aimed at stimulating the work of employees, improving productivity and quality of work. This principle will coordinate the work of employees in such a way that it will increase the efficiency of the entire enterprise.

3. The principle of centralization, which implies subordination according to the hierarchical order of management that ensures the highest efficiency of the economic entity.

4. The principle of rational hierarchy, which is associated with the management that provides a hierarchically rational organization of enterprise management.

5. The principle of harmony aimed at creating the management system, in which the organization of work is harmoniously streamlined, and each workplace is self-sufficient.

6. The principle of justice, which implies the organization of work on the basis of mutual respect and fair attitude of managers towards all employees regardless of their position. This organization of work is aimed at a positive response from employees and improvement of the efficiency of the entire enterprise.

7. The principle of initiative aimed at creating conditions, under which each employee can express his viewpoint and put his ideas into practice in order to improve the work of the economic entity.

Other support tools prescribed by law are:

- tax breaks and preferences for new complex projects;
- mechanism for the return financing of long-term loans on competitive terms;
- new principles of R&D financing that involve obligations on the part of the business to produce certain volumes of products using the results of intellectual activity;
- creation of the industry information system to monitor the state of the real sector of economy and to build the system of sectoral balance.

All the principles are essential for successful functioning of the enterprise. Moreover, in modern Russian realities these principles are of vital importance.

7. Conclusion

In Russia, numerous industrial enterprises are currently operating in the conditions of "highly turbulent" economy, and some of them are on the verge of bankruptcy. Naturally, the mechanisms and methods employed in the industry have to comply with the environment and thus to ramp up potential to

increase sustainability and successfully overcome the crisis. In recent years, the analysis of crisis threats has been carried out by financial and credit institutions (when analyzing the creditworthiness of an economic entity as a borrower). However, most enterprises are not able to conduct this analysis. Therefore, the problems of the development of mechanisms and methods to determine the enterprise creditworthiness, risk assessment, and improvement of the management accuracy are of high relevance. The events of recent years show that measures taken to change models for the economic development of Russia have become urgent. In order to ensure a balance between economic growth and a sustainable increase in the welfare of society, it is necessary to reduce vulnerability of the economy to changing external conditions.

In addition to the general regulations that create the basis for the adoption of various measures to support industrial activity, very specific institutions are established. For example, an important innovation of this law is special investment contracts, which will be concluded until 2025 between the federal government, the executive power of the subjects of the Russian Federation and investors. Under the terms of these contracts, the investor assumes social obligations and manufacturing of certain volumes of products, and the state guarantees the invariability of business conditions for the investor, including tax rates, land prices, etc. To conclude, an effectively organized management is crucial for the enterprise. The existence of management is justified only if it ensures the achievement of goals. Even if only the listed management instruments and methods for industrial enterprises, industries and complexes are implemented, this will significantly improve the conditions for functioning of the Russian industry and will contribute to further development of industry-specific legislation aimed to provide comprehensive support to enterprises in the real sector of economy.

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