

**GCPMED 2020**  
**Global Challenges and Prospects of the Modern Economic  
Development**

**DEVELOPMENT OF RUSSIAN INDUSTRIAL ENTERPRISES IN  
THE CONDITIONS OF A GLOBALIZED ECONOMY**

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**Abstract**

This article reveals the actual problem of the formation of the main directions and principles of the development of the activities of large Russian business in the context of globalization. The idea is substantiated that the modern stage of globalization, characterized by the intensified internationalization of the world economy, entails a profound transformation of the entire system of functioning of industrial corporations, which is focused primarily on forced economic integration on a global scale with the maximum use of scientific and technological achievements and free market mechanisms and ignoring the existing national imperatives. The author examines in detail the definition of globalization and gives a generalized description of the modern manifestations of this process. Much attention is paid to identifying trends and features of the expansion of industrial enterprises in the creation of new mechanisms of global governance. The author demonstrates examples of the development of large Russian companies under the influence of globalization expansion by the largest international organizations in the most important segments of the domestic market. He also notes that only large structures have sufficient technical and financial resources required for mergers and acquisitions related to the development of transnational businesses. In the conclusion, the results of the study are summed up, and it is stated that globalization is a process that is fraught with not only unique opportunities but can also create new threats.

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*Keywords:* Enterprise competitiveness, globalization, globalized economy, integration, innovativeness



## 1. Introduction

The continuous process of globalization in the modern world is increasing its speed of spread every day. The same type of mechanisms for performing certain operations in different social spheres has become familiar to mankind. Western business trends and other socio-cultural and economic processes are increasingly considered by Russian business leaders to be the most progressive and successful in implementation than traditional ones. Such a trusting attitude towards Western experience is due to the high efficiency of the use of various technologies in American and European enterprises.

However, it is impossible with confidence to immediately introduce these technologies and methods in Russian industrial companies. It is necessary to take into account the characteristics of the goods produced, as well as the work collective, which may not be able to adapt to the new rules of production or corporate culture. This scenario is caused by significant differences in mentality, the internal economic system and a low level of adoption of new technologies. But examples of introducing Western traditions into organizational and production structures do not always have negative consequences or difficulties in the process of adaptation of employees. Globalization affects the humanitarian thought of people, therefore in certain companies, for example, with the majority of young employees, the principles and technologies of Western firms are overwhelmingly successful. Thus, the relevance of our study is dictated by the accelerating process of economic globalization and methods of production at Russian industrial enterprises, which have different consequences depending on a large number of factors.

## 2. Problem Statement

Over the past thirty years, the concept of globalization as one of the most active drivers of the development of the world economy has been refined and even fundamentally changed. The initial "mythology" of globalization gradually began to receive a more realistic assessment of this trend. The acceleration of the pace of digitalization of the global economy and other spheres of society's life has become a catalyst for the development of globalization not only in production, but also in other spheres of society. The global crisis of 2020 has become the most serious test for the globalized economy, leading to the slipping of many of its mechanisms, including transnational corporations. However, these drivers continue to affect global processes. Most likely, in the next few years, the level of connectedness of the world society will decline. However, it is premature to declare with certainty the end of the era of globalization or even a long-term trend towards de-globalization. The fact remains that this phenomenon, which has been dynamically developing in recent decades and aimed at creating a qualitatively new world economic system, has affected all aspects of social life in the regions involved in it, individual countries and poses a number of debatable problems to the scientific community. The range of these problems is quite wide, but the most urgent is the question of the possibility of an individual country to move along its own path, chosen by this country (Canto & Wiese, 2018).

The question of the possibility of Russia moving along its path within the economic globalization, with all its breadth and relevance, is the question of freedom of economic choice at the macro level in the modern world. Of course, any socio-economic system has a certain set of problems that require the adoption of one or another managerial decision at the macro level, while it is assumed that there is a clear definition

of macro tasks, subjects called upon to participate in their solution, and implementation mechanisms. The mechanism for including our country in the globalization framework was initially inherently associated with a radical structural restructuring of the economy, which implies securing its role in the long term as a supplier of the most important raw materials, the participation of institutional investors in Russian financial flows, as well as regulation of the reproduction of national capital through the mechanisms of global macro regulation. Therefore, in order to implement a long-term strategy to improve the efficiency of the Russian economy, as real protective measures to reduce resilience at the stages of globalization, a qualitative change in the sectoral and technological structures and corresponding changes in the investment potential of all sectors, primarily corporate, designed to generate a large share of additional product and profit, are required. Movement in this direction should be combined with the development of the domestic Russian market, small and medium-sized businesses (Gromova et al., 2020).

As a result of the ongoing changes, we observe the adaptation of various market institutions and business entities to the new conditions of their functioning, which is the main factor in increasing the competitiveness and global efficiency of domestic industrial corporations both on national and international commodity and financial markets. The most important problems hindering the attraction of foreign investments into the national economy are caused by the following factors: insufficient development of the institutional mechanisms of a civilized market; the lack of an effective legal framework for regulating the division of labor and, in particular, the location of foreign production; difficulties in logistics and customs regulation of imports; high taxes that reduce the profitability of production within the country; unclear legislation in the field of land turnover. Ensuring their elimination is becoming the main task of the government: the economic security of Russian business, the integrity and efficiency of large integrated structures and natural monopolies, the main donors of the budget, directly depend on the quality of their solution.

### **3. Research Questions**

One of the most active historical trends in recent years is the trend towards globalization in any modern spheres of public life. This term can be defined as "a series of processes that make up a single world."

The phenomenon of globalization has certain characteristic features, which are:

1. Increasing the role of transnational corporations.
2. The spread of the Internet.
3. Increase in the level of distribution of cities-megalopolises.
4. The process of industrial product standardization.
5. The prevalence of one foreign language anywhere in the world. Today this language is English.

All countries of the world are beginning to adhere to similar methodologies for the implementation of life in the vast majority of aspects, such as: political, cultural and economic. Due to the identity of the processes, all states have a certain dependence on each other, since the tendencies for development directly must come from some of them, and this dependence expands, becoming global. At the moment, we can confidently talk about the existence of a global system of political, cultural and economic interaction, which connects the most diverse communities with each other (Klenk et al., 2020).

Of course, ideas about globalization have changed along with the development of this process, its geographical expansion and deepening. The systemic world crisis of 2020 had a huge impact on the ideas of globalization, which called into question the future of globalization as such, subjected to a merciless revision those fundamental paradigms of globalization that seemed unshakable thirty years ago. However, the current crisis has essentially only articulated those changes in discourse that have been ripening for a long time. Thus, the concept of "globalization" is still interpreted differently both at the expert and political levels; its interpretation can be related to the processes of international integration in its various dimensions. At present, in the political sphere, the formation and development of supranational units of different scale is a common situation: the presence of military and political blocs, imperial spheres of influence, elite coalitions, continental and regional associations and alliances of international organizations. The transfer of functions to supranational organizations is noticeable, as well as the spread of signs of political homogeneity (Denić et al., 2020).

In the global economic arena, economic agreements of supranational organizations such as the EU, OPEC, EFTA, etc. have a strong influence and significance. The number of transnational corporations is increasing, the role of which is significantly important given the fact that the level of income of such a corporation may exceed the budget of a country of average economic development. Some of these corporations still retain their national identity and locate their headquarters on the territory of their state, for example, such corporations as: Nissan, Toyota and others. However, the vast majority abandoned their roots and began to operate independently of the territory, all over the world, using the modern business direction - franchising. Examples of such corporations are on everyone's lips: McDonald's, Pepsi-Cola, etc.

The above companies have become major players in the global economic arena in a few years. After the period of the planned economy, the universality of the market has increased and is still growing, becoming a single structure that affects all subjects of the world economy. However, today it is becoming obvious that the next stage of globalization will differ significantly from the globalization model at the beginning of the century. Along with the continuing financial and trade and economic aspects, social, information and communication and humanitarian processes, as well as the growing pressure of global problems on all participants in international relations, will play an increasing role in Globalization 2.0; overcoming global inequality and the need to redistribute resources on a planetary scale will be the main challenges of "Globalization 2.0".

#### **4. Purpose of the Study**

The general purpose of this study is to describe the features of the transformation of the Russian industrial market in the context of globalization and to identify the economic consequences of this process for its development.

In accordance with the set goal, the following tasks are required:

- to study and analyze scientific literature on the research topic;
- to process the collected data and systematize them according to the criterion of economic phenomena amenable to globalization, observed at Russian industrial enterprises;
- to identify the main directions and development trends of the positive aspect of the consequences of the spread of the globalized economy on the example of Russian industrial enterprises.

To achieve the above goals and objectives, it is planned to study the process of adaptation and transition of domestic manufacturing companies to the global level. Here it is required to consider in detail the resource and scientific and technical potentials of enterprises, taking into account the integration of globalized components into their activities. This work also attempts to relate the current stage of globalization (1990–2020) with the systemic crisis of the world order that began this year, which acts as a kind of indicator demonstrating the limitations and reversibility of many dimensions of globalized processes. There is a need to assess the complex balance of positive and negative aspects of globalization, its main achievements and inevitable side effects, to make some assumptions about the potential changes of globalization in the future. In this case, “future” is understood as the nearest time horizon (2020–2022), which allows us to assess the direct consequences of the current crisis on the processes of globalization, to assess the direct consequences of the current crisis on the processes of globalization.

## 5. Research Methods

The theoretical foundation for the study of the specifics of globalization and their manifestation and impact on the expansion strategy of Russian enterprises were the papers by Russian scientists (Belyaev & Nadjafova, 2017; Dovbiy et al., 2019; Gromova et al., 2020; Savinov et al., 2019; Vardomsky, 2019). Among foreign authors, the main attention was paid to many works (Canto & Wiese, 2018; Landesmann & Stöllinger, 2019; Denić et al., 2020; Klenk et al., 2020). The study of Hossain is devoted to the analysis of the prospects of modern globalization (Hossain, 2020).

We also used the official websites of the companies and business groups discussed in the study. The work uses traditional methodological techniques of economics: empirical generalization (observation, comparison, correlation) in relation to a wide range of specific facts and data and methods of theoretical study (abstraction, analysis and synthesis, etc.). The substantiation of the provisions and conclusions in the article is based on a critical understanding of the scientific provisions on the theory of globalization, methods of comparative analysis of the dynamic impact of international economic trends on the conjuncture of Russian industrial organizations. The research also used the methods of scientific abstraction, induction and deduction. The combination of methods of analysis and synthesis of economic and statistical data, i.e. the actual collection and theoretical interpretation of information, provides a systemic (integrated) approach to the problem under study.

## 6. Findings

Numerous studies of the processes that took place at large Russian enterprises reflect the results characterizing the situation of the pre-crisis period with the tendency of active integration of Russian firms into the global economy, expansion of exports, import purchases and other materials for production. Several years ago, expansion of interaction with foreign investors by Russian companies was very popular. Thus, production technologies, employee motivation methodology and other innovations in the field of business and management were borrowed. Large firms have attracted and are still attracting managers from other countries, with the aim of introducing new technologies into the firm. The globalization process has increased the widespread use of Western innovations in various fields. Today, another option for integrating transnational practices into a company can be the continuous professional development of the firm's

employees through frequent training events, as well as education in foreign institutions. In Russia, there are high performance indicators from such training of company personnel (Vardomsky, 2019).

Globalization contributes to the development of national economies, leading to changes in the essence of such concepts as: competition and competitiveness. Under the influence of factors, the content of competitiveness management changes. These factors are:

- changes in the nature of value;
- changes in the pricing structure;
- an increase in the level of the virtual part in pricing;
- increase in the rate of rapid training of employees.

The globalized economy is changing the nature of competition processes. Today, the state of competition in a wide variety of markets is referred to as hypercompetition. This process implies that the market conditions undergo numerous changes in short periods of time. There is an extremely stable reduction in the number of traditional production facilities, the main characteristic of successful work for which is the balance of the company's income and actual costs. The methods of price competition have faded into the background, while the methods of obtaining temporary monopoly advantages through the introduction and use of new technologies have advanced and are still increasing their level of influence. Because of these circumstances, industrial enterprises were forced to change the process of developing their strategies in various forms. The main competitive advantages are:

- the growth in the level of the firm's assets;
- the availability of advanced equipment;
- the trademarks of a particular company;
- the presence of property rights to material resources;
- use of innovative logistics technologies.

However, the formation of signs of competitiveness has a different way of implementation: a Russian industrial enterprise is able to form certain market zones that will be free from the influence of competition, and thus ensure itself a dominant position in these zones. The main difference between the two methods is the traditionality of the first and the innovativeness of the second. The innovation strategy aims to reconstruct the market space with the help of innovative technologies and value changes, thereby creating new industrial sectors. The basis is the positioning of an innovative and progressive approach, since their combination provides simultaneous differentiation and cost reduction. An important aspect of the unique position of the market is the reconstruction of the market space through the introduction of the cultural technology of value proposition (Dovbiy et al., 2019).

The globalization of the market economy has completely changed the attitude of people to labor processes. For this reason, the effective achievement of the company's goals requires constant motivation and control of employees by management. Provided that the company has opportunities for self-realization of staff and career growth, each employee will bring the highest results, while having effective motives. For this reason, a constant study and analysis of motivation and incentives is present in any Western company and in many Russian ones. These processes are influenced by many factors: the amount of material remuneration, the level of prestige of a given job, production conditions, the availability of convenient and new equipment, the physical condition of the employee, the level of sanitary hygiene at the

enterprise, the implementation of the labor and production process, satisfaction of social needs, etc. (Landesmann & Stöllinger, 2019). These factors can be classified and divided into groups of the following directions: technological, economic, social and psychological. It is not correct to consider material remuneration as a priority for employees as a motivational incentive, since in the difficult modern economic situation, it is very important to consider the increase in the level of qualifications and creative thinking.

The process of economic globalization, forcing all Russian industrial enterprises to switch to the path of innovation, gave impetus to the development of new financial risks that arise due to the lack of proper attention to the company's intangible assets as a reputational risk. This effect is caused by the fact that with the modern transition of business reputation to the group of financial instruments, the total value of the company increases and the captured segment in the industrial market becomes strengthened. Image and reputation have the power of employee retention, staff loyalty, maintaining high margins, expanding strategic opportunities, influencing government and the media, identifying key competitive advantages, and engaging stakeholders such as staff, customers, suppliers and investors. The globalized economy and innovative technologies are increasing the productivity of the workforce while streamlining manufacturing jobs. Russian enterprises have played and still play a crucial role in the process of forming a community of world states. Russia has enormous potential, using which it is possible to provide an active dynamic trend of developing companies in any manufacturing industry.

Today, an enterprise in a globalized economy can be considered a complex ramified organizational structure with increasing importance in three areas: the implementation of the production process, labor and management. The process of privatization in our state was accompanied by the emergence and formation of new large-scale industrial enterprises of a new type, which are capable of functioning both in the domestic market and in the external one. A striking example of such an industrial enterprise will be Gazprom. Gazprom's share in the Yu-Kay-Continent Interconnector project is 10%, in the Wings enterprise, created jointly with the subsidiary Wintershall of the German TNK BASE, is 35%.

The main feature characteristic of Russian manufacturing enterprises is a poorly developed corporate democracy and a high level of dominance by large owners. Large corporations have shown attempts to distribute shares among representatives of various labor collectives. However, the lack of a definite method for taking into account the needs of small shareholders contributed to the dumping of shares by an absolute majority (Belyaev & Nadjafova, 2017). In 2019, among the most profitable Russian manufacturing companies in the context of globalization, there are several major ones: Gazprom, Lukoil, Rosneft, Surgutneftegaz, Rosatom, Transneft and others. These companies provide more than 70% of the sales of all industrial products in Russia every year.

Consequently, it can be noted that the most stable and successful Russian manufacturing enterprises in the field of industry are raw materials companies. This development of events is associated with the huge amount of resources in the country, as well as the economic dependence of other countries on the raw materials produced by these companies. The above-mentioned raw material enterprises can be called with confidence “natural monopolies”, which were formed due to the correct implementation of innovative technologies in all areas of production and personnel. In a globalized economy, Russian natural monopolies are literally on a par with Western transnational companies. An interesting detail of the sale of produced raw materials is that the products are sold within Russia at lower prices than abroad. The most successful

multinational companies, which play the most significant role among the subjects of the Russian economy inside and outside the state, remain under close supervision of the state and its government. Any of their actions are monitored and defended in the arena of the world market through the conclusion of a deal or agreement (Savinov et al., 2019).

Also, in the current crisis situations of the country's economic state, the government, first of all, helps and contributes to the long life span of such industrial Russian companies. This methodology is due to trust and confidence in the stability of these enterprises through their large-scale production, distribution, as well as numerous international economic relations. The belonging of the largest companies to the state contributes to their close interaction and mutual assistance during crisis situations. Leaders among Russian industrial corporations are trying to maintain a balance between their interests and the interests of the state, due to the fact that the company itself is a representative of the state in the world economic arena.

However, it must be admitted that the current crisis, against the backdrop of the COVID-19 pandemic, has exposed significant imperfections of predominantly Western models of multilateralism. The main problem is that the modern world has chosen to develop the quantitative side of globalization, focusing on consumer unification and social convergence. Thus, he was not ready for large-scale crises that require changes in people's behavior. The globalization model did not initially provide for any qualitative, structural development (Hossain, 2020). And this is probably the main mistake of the global world's theory.

In such conditions, the issue of total disunity of the industrial sector is becoming more and more urgent. Indeed, Russia is the clearest example of "technical confusion". As we have already demonstrated in our study, the current domestic production cannot be imagined without the inclusion of foreign equipment. Therefore, for various highly specialized works, professional subcontractors are involved, who have both expensive equipment for repairs, and trained specialists: the so-called outsourcing of competencies. This business model seems logical and correct in terms of saving money on maintenance and repairs and increasing the reliability of key equipment. So, at least, it seemed before the emergence of a new coronavirus infection.

The pandemic has turned everything upside down: today foreign highly qualified technical specialists practically cannot get to Russia. Under conditions of quarantine, business structures have to pay very large sums of money for the ability to perform the most important repairs, even if this enterprise is strategic and is systemically important either at the state or at the regional level. Such, for example, are large energy facilities. Certain issues are resolved thanks to modern digital technologies and video communication, remote settlement, but certainly not all.

Analyzing the current economic situation, we can conclude that many industrial companies are seriously thinking about the effectiveness of potential savings from outsourcing of various services and are reconsidering some approaches in new circumstances. Due to the impossibility of inviting foreign specialists, local enterprises have to train their own personnel, purchase the necessary specialized equipment for repairs, or coordinate the concentration of attracted services in order to maximize the involvement of the local labor force so as not to stop production.



## 7. Conclusion

On the basis of the conducted research it may be deduced that the process of globalization has a contradictory essence, having both positive and negative aspects of its spread. The positive consequences of a globalized economy are:

1. International division of labor. All states in the process of integration received their own specialized production in the world arena, thus reducing the costs of all production operations, as well as effectively distributing resources, both material and labor.
2. Increase in the volume and variety of goods.
3. The transition of companies to the conduct of deliberate competition. Doing business with active stimulation of the introduction and use of new technologies in production increases the rate of economic growth. Also, it is worth noting the positive effect for consumers, manifested in a large selection and low prices.
4. International mutually beneficial cooperation.
5. Accelerated scientific and technological progress around the world.
6. Joint international struggle against global problems.

However, the presence of such a large number of positive consequences of the spread of globalization does not make it possible for society to get rid of the negative ones, and there are almost no less of them. These include:

1. Ignoring the specifics of the economic development of a particular country, standardization of production and consumption.
2. Destruction of state sovereignty. In this case, we mean the dependence of some states on the activities of transnational corporations.
3. Loss of national characteristics.
4. Difficult implementation of small business in the presence of such transnational giants.
5. Reduction of jobs through the introduction of innovative technologies and machines.
6. Increase in the indicator of environmental pollution due to large-scale industrial production.

From the above consequences, we can conclude that globalization is a large-scale, but not unambiguous process. The condition of the effectiveness of globalization can be caused by observing certain norms in international relations. It requires the manifestation of transparency of information data, as well as their open and constant access to them. We also need to eliminate illegal trade, production and any manifestations of corruption.

The most important sphere of influence of globalization can be confidently called the economy, since in modern society, production and consumption play a crucial role. The globalized economy has left its mark on a huge number of Russian industrial enterprises. The transition from the usual methods of implementation of production, as well as personnel management was given to Russian companies with difficulty. However, today, thanks to the use of various innovative technologies, the introduction of Western traditions of motivation and stimulation of high performance of employees and the adaptation of other positive aspects of globalization, Russian industrial enterprises are becoming more competitive in the world market, in the production of raw materials, in particular.

Thus, despite the two-sided shell of globalization, this process has long been launched and inevitable. Needs are subject to standardization, as is the production that satisfies these needs. Consequently, it remains for Russian industrial enterprises not only to competently introduce these constantly developing technologies, but also to constantly transform under their influence. To sum up, it must be admitted that the main lesson of the last thirty years of globalization processes should be the understanding that market mechanisms themselves cannot be a universal solution to economic and political problems either at the level of individual elements of the global social system (states), or at the level of the system in the whole. Accordingly, globalization will inevitably reproduce crises and regularly generate impulses for de-globalization, if it is not complemented by adequate mechanisms of global governance.

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