



**Formation mechanisms  
for sustainable economic  
development industrial  
sector, complexes, enterprises**

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# **Формирование механизмов устойчивого развития экономики промышленных отраслей, комплексов, предприятий**

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# TABLE OF CONTENTS

Akhmetova L.A. Methods credit assessment of borrowers .....	8
Balabin A.A. Comparison of the development of banking systems in the USA and Russia in crises.....	14
Begbergeneva D., Frolov A., Pryadkina N., Ishakova A. Management of Territory' Socio-Economic Development.....	18
Boiko E.A. Neosourcing as a new means of effectiveness increase of management system .....	24
Boris O.A. Motivational structure improvement of modern organizations as a factor of its sustainable development .....	30
Bugrova I.A. Management instruments as an increasing factor of enterprises' competitiveness of chemical industries.....	35
Buzyrev V.V., Nuzhina I.P. Social and environmental factors for the development of construction business in modernizing Russian economy ...	43
Buresh O., Gerbeeva L., Frolov D. Foreign experience of territory management.....	51
Gerbeeva L. Region as Object of Management and Control .....	54
Gusev S.A. Estimated probability of the industrial enterprise sustainable development.....	60
Evnevich M.A., Yaburova D.V. Mechanisms for the formation and control of holdings in Russia .....	64
Ivanov S., Belyakova G. Engineering process by construction of high-technology mining and smelting enterprises.....	68

Klueva I.V., Evseeva L.P., Tikhonova O.V., Bekk M.V. The quality control of sports shoes intended for volleyball players in the hierarchy of current instruments of functioning of light industry economy.....	76
Kuznetsov N. Innovative companies as a basis for the modern economy's growth.....	83
Minakova I.V., Bukreeva T.N. Determination of the optimal investing variant in innovative project.....	91
Trotsky A.Y., Mishchenko I.V. Spatial aspects of agricultural production economic development in Altai territory.....	96
Parakhina V.N. The role of the holdings in the sustainable development of the economy based on innovation .....	104
Poretskova K.V., Pchelintseva I.N. Formulating innovation strategies for industrial companies .....	110
Propp O.V. Current trends of development of the market of educational services.....	116
Pungina V.S., Sedusova N.M. Indicators of competitiveness of industrial complexes as a regional sustainable development criterion.....	119
Ukibayeva G. K., Karibzhanova S. A., Kambarova Sh. A., Esengabulova I.B. Recommendations in development of agriculture of the Central Kazakhstan on the basis of creation of clusters .....	124
Halikova E.A., Giniyatullina D.R. Formation of tax culture in Russia.....	128
Chachonowa N.N. Entwicklung des verwaltungssystems vom bauunternehmen aufgrund des controllingskonzepts .....	134
Chabanyuk O.V. Problems of marketing approach to attraction of investments.....	138
Shamkeev S.A. Eurasian Economic Community and perspectives of Kyrgyz Republic membership in Custom Union.....	144
Shilenko S.M. Verhovenko T.V. Analysis of the competitiveness of the pig-farming industry upon Russia's entrance to the WTO.....	148

Shogentsukova Z.Kh., Kazieva B.V., Gedgafova I.U. The objects and subjects  
of the standardization of accounting and reporting ..... 155

Yakupov Z.S. Features of functioning of the tax systems in the context of  
globalization..... 159

# METHODS CREDIT ASSESSMENT OF BORROWERS

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Now the problem of assessing the creditworthiness of the borrower becomes more urgent. A high percentage of the risk of loan default in Russian banks leads to an increase in interest rates on loans. It is important to find ways out of the situation.

In a modern market economy in order to improve the functioning of credit facility to apply the methods of assessing the creditworthiness of the borrower, ie, the lending process should be built on the basis of a comprehensive analysis of its creditworthiness. This type of analysis is a key element in the management of credit resources of credit institutions to minimize credit risk and increase the efficiency of credit operations.

To date, foreign commercial banks have been tried different credit evaluation system. Systems differ both in the number of indicators used in the analysis and structure characteristics investigated.

According to specialists of credit institutions, the system of credit ratings should include not only quantitative financial performance, but also non-financial indicators, including the attributive nature, such as the goodwill of the borrower, the level of management, quality of products, services, etc . [3]. And only then will the borrower's creditworthiness assessment methodology using both quantitative financial and qualitative indicators will be integrated and can meet the immediate needs of many practices.

In practice, U.S. banks tend to use the classic version of the credit assessment, based on the "rule of five si". Criteria for the selection of borrowers, marked words beginning with the letter "B":

- character (the character, the reputation of the borrower);

- capacity (the ability to repay the loan);
- capital (capital, asset ownership);
- collatéral (presence of collateral);
- conditions (economic situation and its prospects).

In England, the key word that focuses on the requirements for granting loans to borrowers is the term «PARTS»:

- purpose (purpose, target);
- amount (amount, size);
- repayment (payment, repayment and interest);
- term (term);
- security (collateral security). [4]

It should be noted that these methods of qualitative credit assessment can not be used as the sole mechanism for assessing the creditworthiness of businesses, because some of the designated indicators can not be quantified. Therefore, at the initial stage of loan application is used qualitative methods of credit ratings to pre-empt the validity of further quantitative analysis.

Most foreign banks use in their practice two methods of credit ratings:

- Assess the creditworthiness of customers, based on expert estimates and projections of economic performance using the provided credit.

With expert assessments customer credit banks rely on the general economic approach, ie Banks analyze information from the point of view of banking requirements. This analysis assumes a balanced assessment of the personal qualities and financial condition.

- Credit score card customers.

Score card created by banks on the basis of factor analysis. This system uses the stored database of "good", "reliable" and "disadvantaged" customers that allows you to set the level criterial evaluation of the borrower.

Using a scoring system creditworthiness of customers - a more objective and economically sound method of making decisions than expert opinions.

In recent decades in Western banks to develop methods for assessing the quality of potential borrowers through various statistical models. Experts credit institutions seek to develop a standard approach to the objective characteristics of the borrowers to find the numerical criteria for separating future clients according to their degree of reliability.

One of these methods is to assess the creditworthiness of credit scoring. Scoring model can be used to evaluate the already granted credit, ie, the probability of violation by the credit agreement, and for the selection of potential borrowers. Scoring model developed by the banks themselves on the basis of principles and business practices, as well as the banking laws in the country. Scoring is an integral component consisting of weighted sums of certain characteristics. The higher it is, the greater the reliability of the analyzed borrower. Depending on the points the company falls into one of the risk groups established by the lending institution. In the analysis of loans subject to different credit scoring techniques - from simple formulas to complex mathematical models. The advantages are speed and scoring impartiality in the decision on the loan loan officer, the downside - the need for extensive sampling by companies with well-known results of the performance of the borrower loan commitments over several years.

Scoring lending in Russia has been used for several years, but talk about the formation of high-grade techniques prematurely because of an acute shortage of raw data: the vast majority of individuals do not have a credit history.

The underlying idea of the use of credit scoring is that the bank is able to isolate the financial, economic and motivational factors causing difference between "good" loans from the "bad" by analyzing the relationships with larger groups of clients who were in the past borrowers.

Credit scoring is usually based on data from the application for consumer credit and provides for assignment of the relevant paragraphs of a score (from 1 to 10). For example, the figure - qualification. If the borrower has no qualifications - 0 points if it is the support staff - 1 Expert - 2 serving - 3 business executive - 4, etc. The major input to the computer the necessary information, the loan officer on the sum of points is the conclusion of whether to issue a loan.

Russian banks in their practice use similar methods of assessment, such as the borrower's ability to pay the Savings Bank of the Russian Federation is defined as follows:  $P = Q_h * K * T$  (1)

Where  $Q_h$  - the average monthly income (net) for the 6 months after deducting all compulsory payments (income tax, contributions, alimony, compensation for damages, repayment of debt and interest payments on other loans).

$K$  - coefficient depending on the value of  $Q_h$ , namely  $K = 0.3$  for  $Q_h$  to the equivalent of U.S. \$ 500,  $K = 0.4$ ,  $Q_h$  the equivalent of 501 to 1,000 U.S. dollars,  $K = 0.5$  at  $Q_h$  the equivalent of more than U.S. \$ 2,000;

$T$  - term loan (in months).

Revenue in dollar terms is defined as follows:

$D_q = \text{Revenue in RUR} / \text{U.S. dollar set by the Central Bank of the Russian Federation at the time of treatment of the applicant in the bank}$  (2)

The maximum size of credit available ( $S$ ) is calculated in two steps.

1). Determine the maximum amount of the loan based on the client's solvency

$S = P / 1 + * \text{Annual Interest Rate loan term (in months)} (12 * 100)$  (3)

2). The resulting value is adjusted for: to ensure repayment of the loan granted, the information provided in the conclusions of other departments, the outstanding balance on the earlier credits.

The scoring system is based on a two-tier system of evaluation.

At the first stage, an employee of the bank to the borrower offers a complete test profile. The test profile is used for the preliminary assessment of the possibility of the loan. When completing the test profiles from the client is not required passport details are required only general information about the borrower, employment, assets, income and expenses.

According to the results of a test required by the borrower profiles are calculated number of points scored by the borrower and signed protocol for evaluating the possibility of obtaining them credit.

The next step is to assess the quality of loans granted to individuals. Loans to individuals are evaluated on the following criteria: the nature of the client, the client financial capacity, the adequacy of unencumbered property of the client, collateral, credit conditions.

Each criterion includes indicators that form the assessment by. Each indicator is scored, by score is the sum of estimates of rates contained in it. Assessment of the quality of credit ratings is equal to the sum of all the criteria.

It should be noted that the existence of a set of methodologies for assessing the creditworthiness of potential borrowers, most of them are formalized. Therefore, in assessing the creditworthiness of an enormous role played by intuition and professionalism of employees of the bank.

So lending - one of the key areas of the bank. Consumer credit - lending to individuals to purchase durable goods.

In Russia niche consumer credit remains partially empty, and therefore promising for many commercial banks.

In order to promote consumer credit banks need to work to reduce the risk of lending and differentiation of credit conditions.

Many of the banks as the main tool for assessing the creditworthiness of use rating system. The problem of credit risk in this case is reduced to a single parameter - the definition of rating of the borrower. Rating is determined in points. To assess the credit rating of the borrower uses indicators such as projected cash flow forecast rate of bankruptcies, the coverage ratio of total debt, liquidation value, and others [2]. After assigning a credit rating examiner takes a preliminary decision on granting a loan. Depending on the risk level set according to the rating, the interest on the loan can vary up or down. Thus, a high credit rating makes it possible to obtain a loan on favorable terms at lower rates. The advantage of rating systems is the ability to take into account the type of formalized performance questionnaire. This property allows you to build a comprehensive ratings.

It should be noted that in recent years has been widely discussed issue of the use of foreign experience in assessing credit worthiness. However, foreign techniques are still not reflected in the practice of Russian loan officers, but these methods, according to experts, are quite relevant in today's Russia, taking into account the orientation of the international standards of accounting and reporting. [1]

Various techniques for assessing the creditworthiness differ from each other in the number of indicators used as part of the overall rating of the borrower, as well as different approaches to the very characteristics and priority of each.

Different ways of assessing credit worthiness is not exclusive but complementary to each other, therefore, they should be used in combination.

In conclusion, it should be noted that at present the main problem in practice, the introduction of foreign valuation techniques creditworthiness of the borrower - that is their adaptation to the Russian reality in our opinion, the study of foreign experience in lending and its use in modern domestic banking practice can help relieve many of the problems of Russian banks.

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# COMPARISON OF THE DEVELOPMENT OF BANKING SYSTEMS IN THE USA AND RUSSIA IN CRISES

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This article discusses how to change the number of banks in Russia and in the United States during the last financial crisis 2008-2009. Certainly, the number of banks in one country cannot and should not be a reference point for other countries. But at the same time this number shows how free banking market. Big number of banks defines the level of the “perfection” of the competition in which there are many market agents who search customers, make their own important decisions and are responsible for the consequences of this decisions.

The evolution of active banks total in the Russia is shown in the Tables 1. In this period there were two acute banking crises in Russia. One of them (so called “interbank credit crisis”) started in the summer of 2004, another one – “global financial crisis” – began in the summer of 2008. But there is no certain link between the evolution of the active banks total and the economic cycle both in those years and in the subsequent period. For instance, in the year 2004, which was obviously not prosperous, the number of active credit associations decreased by 30 units, while in the year 2006, which was much more prosperous, this number decreased by 64 units. Another example: in 2007, which was a prosperous year, the quantity of the active credit associations decreased by 53 units, whereas during the crisis of 2009 the number dropped by 50 units. Thus, the decrease of the number of the active credit associations cannot be explained only by stochastic market forces. Moreover, it seems that the changes even do not contradict market processes.

Tab. 1. The indices of Russian banking system development (on January, 1 of the year)

Index	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Number of active banks, units.	1329	1299	1253	1189	1136	1108	1058	1012	978	956
Absolute change of the active banks number within the corresponding year, units.	-30	-46	-64	-53	-28	-50	-46	-34	-22	-
Number of new banks opened within a year, units	3	9	7	12	13	7	2	3	3	-
Banks assets, billion rubles	5600	7137	9750	14046	20125	28022	29430	33805	41628	49510
Ratio of banks assets and the nominal GDP in the previous year, %	42,3	41,9	45,1	49,3	61,0	67,3	75,4	75,2	76,6	79,4

Source:[1]

Tab. 2. The indices of the USA banking system development (on January, 1 of the year)

Index	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Number of banks, units	7770	7631	7526	7401	7284	7087	6840	6530	6278	6096
Absolute change of the banks number within the corresponding year, units.	-139	-105	-125	-117	-197	-247	-310	-252	-182	-
Number of new banks opened within a year, units	120	167	178	175	90	24	5	0	0	-
Banks assets, billion US dollars	7602	8416	9041	10092	11176	12309	11823	12068	12649	13391
Ratio of banks assets and the nominal GDP in the previous year, %	68,5	71,2	71,8	75,7	79,5	85,7	83,7	82,0	84,4	85,4

Source: [2], [3]

Let us compare the statistics in Russia and the USA. As follows from the Table 2, the rate of the banks number decrease in the USA corresponds to the stages of economic cycle. In the period of 2004-2007 (prosperous for the USA) the number of banks decreased by 122 units per year on the average and within the years 2008-2011 – by 252 units on the average. The influence of economic conditions is especially brightly demonstrated by the change of the number of new banks: from 178 banks in 2006 to 0 banks in 2011-2012. It should be noted that the “entry” to the banking market, as well as the “exit” from it, remains relatively free in the USA – in the buoyancy of the economic cycle the attractiveness of this business sphere grows dramatically and the number of the attempts to open new banks grows too. The percentage of “new” banks in certain years accounts for over 2% of their total. Though, lately the number of unsuccessful attempts has surpassed the number of successful ones, which displays itself in the decrease of American banks total.

On the whole the decrease of the banks number in the USA within 2004-2013 accounts for 22%, while in Russia it accounts for 28% of the banks.

One can observe the increase of the absolute magnitude of the banks assets both in the USA and in Russia. As for the latter, the greatest surge (about 40%) was at the end of 2008 when there was a onetime increase of several big Russian banks liabilities at the expense of the government institutions. In the USA the situation was not so definite; in 2008 crisis management measures led to the increase of the liabilities by over 10%, but then the correlation with the GDP in this country became stable.

In order to properly provide services for the biggest Russian companies, Russian banks need to reach the magnitude of the real sector in Russia. Further concentration of banking capital can lead to the situation when there will be only 14-15 banks remaining in Russia. Bank merger enables to concentrate the capital very fast, but at the same time it limits the competition among the banks in Russia.

The evolution of the process shows that in Russia the number of the participants of the banking market, which is small as it is, is decreasing much faster than in the USA, in spite of the fact that Russian competition “field” itself

has been formed not long ago from the historical point of view – only two decades ago.

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# MANAGEMENT OF TERRITORY' SOCIO- ECONOMIC DEVELOPMENT

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In the current context the socio-economic status of Russian Federation' regions come under influence of some negative factors. Historically formed variety of socio-economic areas of the country have significant impact on the state functioning as a whole, structure and efficiency of economic development, strategy and tactics of various institutional reforms and the socio-economic policy in general. The interregional differentiation was increased by crisis phenomena in the country economy shifting to market-oriented reforms. First, it's connected to market competition' mechanism divided regions by its competitive advantages and disadvantages; revealed itself regions' adaptation with different structure of economy, population mentality and authorities' relation to the market. Second, the managing role of government revised down and expressed in reduction of public investment in regional development and abolition of regional compensators' majority. Third, centralized inequality of different Russian Federation regions in economic relations existed. As a result federal states have diverged more than 20 times in terms of production per capita and real income per capita.

At the present moment regions take more active positions in carrying out of socio-economic transformations. However regions are not able to make decisions independently in the field of systemic economic problems at national level. The positive experience available in number of areas: Moscow, Saint - Petersburg, Nizhny Novgorod, Novosibirsk, Orel and Tatarstan Republic tenuously apply within the country. The strategic interests and Russian development aims could be fully considered upon condition that interests of Russian Federation subjects, major economic areas and inter-branch complexes

are interrelated. The main object of socio-economic development management of territory is the increase of satisfaction' degree for socio - economic needs of federal subjects' population. In this regard the regional management often identifies with management within the territories of Russian Federation subjects; furthermore the local government includes in the concept of regional management as its component part. The state management of social and economic development of territories carries out by formation of efficient regional policy. The shaping of mentioned policy in whatever form is one of the most important and actual problem of economy and its development in the future. Currently the processes of regional development in Russian Federation are determined in many ways directly or indirectly by federal authorities through the redistribution of budgetary funds to federal states. However the present effect scarcely ever becomes effective and leads to positive results. It could be explained by the fact that regional factors and development specificity of each region should be taken into account through the regional policy realization.

Management of socio-economic development of territories – is a complex of legislative, executive and controlling functions of government aimed at evolvement of socio-economic basis of community and adaptation to changing conditions; as well as organization process of social reproduction, aimed at effective implementation of limited productive resources to satisfy needs of society for a certain territory. The process has the following directions: gradual transition from direct to indirect methods of economy regulation; significant strengthening of state social functions; definition of subsistence rate, work and rest hours, guaranteed vacation; solution of advanced social problems, such as relationship of unjustified differentiation in population's incomes, provision of stability in society. None of the functions could be transferred from the state government to self-regulation due to invaluable role. The changes concern only mechanisms and methods of functions' implementation by the state.

The public administration of social and economic development of territory directly connects with the economic policy and aimed at its implementation. All developed countries practice the methods of direct and indirect effects, administrative and economic means for strategic objectives implementation;

different tools are used, divided into main groups: state business, financial and credit control and direct administrative regulation. Based on our analysis it can be stated that a number of regions of Volga Federal District in Russian Federation have own specificities, the core of which lies in the fact that state power and property are located in the same hands what can't lead to creation of market economy functioning according to market laws. In these conditions the role and importance of the state government increases many times. The optimal degree of state intervention to the market economy in Russian conditions should not be defined approximately, but only through experiment. The state government should actively influence the institutional environment in the economy so far as the spontaneous selection of institutions not always selects the best options. Particularly it is necessary to reconstruct the high-tech competitive, socially-oriented industrial complex in Orenburg region; the protection and patronage of enterprises, supplying products and services for the region and increasing its capitalization should become the priorities for regional authorities; it is sufficient to have a flexible support system, including economic mechanisms: state order, leasing, state export assistance and its certification. The agro-industrial complex forms the most important part of Orenburg region economy, concentrating real economic potential. Number of objectively necessary organizational and economic reforms: transition to mixed economy, market principles of products distribution, realization of material and technical resources have carried in agrarian sector over the period of market reforms. However the means, forms and methods of mentioned activities combined with the negative impact at the agro-industrial complex became the reason of destructive processes, difficult financial situation in agriculture affecting the regional systemic crisis. Under the current macroeconomic conditions in agrarian sphere the task of agricultural production restoration and creation of necessary organizational and economic conditions for profitable operation of rural producers and improvement of social conditions in rural area can not be solved. Based on this information, it is important to develop and adopt a comprehensive program for the agriculture restoration; state regulation of agro-industrial development should play the main role. The need for state intervention in the agriculture functioning is determined by deficiency of perfect market competition. At the same time the national

government should facilitate formation of equivalent economic relations in agriculture with other economy sectors, improvement of sectoral economic relations within the agro-industrial complex on the principles of income distribution according to actual partners' contribution through the system of shopping, wholesale and retail prices. According to our reckoning the program of state regulation in agro-industrial complex should be formed considering the expediency of land ownership question provides the most important institutional factor for agro-industrial region capable to improve the economic climate. The stable economic growth is actually impossible without a clear definition of land ownership rights and this determining process should start from infrastructure support.

Thus the state administration in production sector and agro-industrial complex of region should be implemented through: development of legislative and normative acts; establishment of state guarantee prices; preferential taxation; implementation of public procurement; guarantees for loans; share investment subsidy; full state financing of projects; insurance and provision of insurance guarantees; accelerated depreciation and target use of depreciation deduction; stimulation of products export and attraction of foreign investments.

These trends caused the objective necessity for measures development of Orenburg region's socio-economic development. The complex of unsolved problems facing the regional economy provides the development of long-term, responsible, conceptual target program of state regulation, state policy designed for recovery and future economic growth.

The management of regional socio-economic development in the framework of state regional policy should be carried out with assistance of various strategies, programs, specific actions and disposable acts implemented by the government tries to stimulate the economic development of territories.

The analysis of existing organizational structures of region's management presented that it predetermined by both objective factors (regional specificity, state of economy and social sphere, institutional environment and historical traditions), and subjective factors (motivation, personal interests, professional level of regional senior management, influence of elite, imitation to

neighboring regions and etc.). The prevailing sector approach to formation and functioning of regional management bodies does not meet modern requirements of market economy, determining the necessity of organizational transformation of regional management.

One of key factors of regions' socio-economic development is balance of formal and informal institutional environment which acts as corporate culture in the region. The result of analysis outlines the main characters of its effective functioning in successful development of region:

- a) a) development and implementation of economic-social development strategy in accordance with long-term forecast based on consolidated active participation of various categories of regional community;
- b) national recognition of support policy, stimulating and encouraging creative activity, constructive proposals and initiatives of various layers of regional community, creation of effective feedback management with population, business and public organizations by effective information system;
- c) growth of joint institutional efforts and scientific, educational, informational, financial and material resources for development of intellectual capacity of regional community;
- d) democracy development, accessibility and accountability of different levels authorities, transparency of organizational, personnel, financial and budgetary allocations, changes and results;
- e) orientation and purposeful activities of regional elite in the multi-faceted improvement of living standards.

Thus on the basis of developed scientific-methodical proposals and recommendations for realization it is possible to form a new quality of regional management from government side providing reasonable development and improvement of institutions, forms and mechanisms of regional economic development, increase of competitiveness. The necessity of state management of territorial social - economic development becomes the most important element in the further society update and it based on developed countries' experience where state government plays a significant role in economy.

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# **NEOSOURCING AS A NEW MEANS OF EFFECTIVENESS INCREASE OF MANAGEMENT SYSTEM**

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Latest achievements of information technology, global information networks have changed the idea of company boundaries and of production technologies, of management and business. Saturation of traditional markets of goods required a search for new approaches to a consumer, new decisions in the sphere of company management, information technologies and staff development.

Depending on the involvement of human resources the following forms of management system are defined: selfsourcing, insourcing, outsourcing, crowdsourcing and neosourcing. These forms appear in different periods of economic development. The Crafts Age meant that all the production is concentrated in the hands of one – selfsourcing. Insourcing has become a symbol of the industrialization of the world economy as it involves profound specialization within the enterprise. Insourcing as a management tool forms the basis of all modern architectures of enterprise information systems (MRP, ERP, CRM etc.)

When the services started to be taken out beyond only one enterprise, post-industrial society proposed outsourcing, thus forming the service economy. On the basis of new professions, emerged in the previous epoch, numerous high-tech companies, which provide monofunctional services to manufacturing companies, began to appear. The production of goods was divided into plenty of intermediate services, having formed a new global service economy and a system of interconnected companies.

The beginning of a new information age produced crowdsourcing that permits attracting global communities of people (crowd) as resources. Crowdsourcing became widely practised thanks to global network technologies. They made general information resources and the opportunity to participate in mass collective activity without restricting with only one territory, often coordinating this activity with the help of information technologies, accessible to an uncertain group of people [1].

For the first time the term 'crowdsourcing' was coined by the editor and journalist Jeff Howe in his article in 2006 and then the advantages of a new technology were thoroughly revealed in his book 'Crowdsourcing: Why the Power of the Crowd is Driving the Future of Business'. The term itself was derived from the English words 'crowd' and 'outsourcing', the term which means transferring a part of business processes to professionals for a substantial reward.

The free encyclopedia Wikipedia has such a definition: Crowdsourcing is the transferring of certain production functions to an uncertain group of people on the basis of public offer, which doesn't imply any employment agreement [2].

Crowdsourcing, according to the Merriam-Webster Dictionary, is the practice of obtaining needed services, ideas, or content by soliciting contributions from a large group of people, and especially from an online community, rather than from traditional employees or suppliers [3].

Crowdsourcing is based on the supposition that there are always talented people in the society, who are ready to generate ideas, solve problems and even do researches in corporate or public aims for free or for a small consideration. The main stimulus for them is an opportunity to turn their ideas into reality, but not a reward.

Nowadays dozens of sites, software packages, mechanisms providing the possibility of crowdsourcing to perform certain tasks are created. Some of the crowdsourcing platforms are independent, while the others are sponsored or created by brands.

With the development of the Internet crowdsourcing mechanisms became popular world over. A lot of famous companies and institutes (NASA, DuPont, Procter & Gamble, Linux) actively use a new technology of interaction with customers and users. Special crowdsourcing projects such as Wikipedia (the free encyclopedia, which proposes all users to write and edit articles), OpenStreetMap (the free map of the world, which proposes users to make detailed maps of cities), E-bird (the free data-base, which proposes amateur ornithologists to perform routine monitoring procedures) became widely known. A good example is the American company Threadless producing T-shirts. Weekly it gathers hundreds of design ideas from amateurs, who expect not only a reward of 2 thousand dollars, but also realization of their ideas.

Nowadays crowdsourcing mechanisms are used almost in all spheres of practical activity, with the exception of some that require special knowledge and particular professional skills. A new tool can be used not only in business, but also in public sector for effective interaction of authorities and civil society.

Having studied crowdsourcing mechanisms, the main advantages and disadvantages were identified. The advantages of crowdsourcing are:

- Access to talented people worldwide.
- Meritocracy: only specific product matters. Nationality and professional qualification is not important.
- Crowdsourcing gives an opportunity to look at the existing problems from different sides through the participation of general public with a variety of personal and professional knowledge.
- The cost of solving the problem with the help of crowdsourcing is low.
- Simplicity of crowdsourcing introduction (with the help of a site or social network).
- Obtaining of the necessary materials, ideas and other information as a result of work of attracted audience.
- To charge a large group of people with the work of one employee.
- Opportunity to increase recognition of a company, service, brand, product.

The following disadvantages of this technology can be distinguished:

- Crowdsourcing means attraction of people from outside and their participation in a joint creative process on the principles of open call that generates activity of non-professionals, discouraging real specialists.
- Because of voluntary participation crowdsourcing can be used only for solution of simple and interesting tasks. Necessary but unnoticeable or complex tasks do not attract crowd's attention.
- Crowdsourcing is effective, for example, as an instrument of control over primitive state purchases, but it can't be used as a public examination of complex and high-tech projects.
- Crowdsourcing can be useful for one-time events. To use it on a permanent basis is difficult: sooner or later the audience interest will fade.
- Timing budget: it isn't known how much time will be spent on project realization with the help of crowdsourcing.
- Ideas and decisions of the company become public and can be used by competitors.
- Quality of proposed decisions directly depends on volunteers' interest and competence.

Postcrowdsourcing technologies must overcome above mentioned restrictions, to expand range of information technologies usage in human activity.

Information society provides the basis of knowledge society and new communication capabilities allow people to organize unified network expert communities in different directions. And then companies and states will be able to use not just crowd's potential, but the potential of the organized expert community. This model is called neosourcing or sourcing of knowledge [4].

The main difference of neosourcing from crowdsourcing is that it supposes performance of expert examination on the part of community for compensation – a member of the expert network defines the size of desirable compensation for his work himself and announces the time he is ready to spend on this work. Estimated job and time value can be different depending on the type of activity and specific line. The support system of expert

community activity must allow automatic choice of experts depending on the cost of expert examination and necessary level of professionalism [4].

Social networking technology is one of the main starting points of neosourcing development. Some of social networks provide services to professional communities: ted.com, linkedin.com, biznik.com, ecademy.com, e-xecutive.ru, gosbook.ru, 4cs.ru [1].

Unlike social networks, professional community resources are trusted more by specialists and if functionality is well developed, they can be a convenient tool of expert network. This way also has good prospects because professional communities often have already rendered expert services to business and a state, and sometimes have their own rating-centers and information publications.

Expert network is an instrument that organizes work of many individual experts on the principle of collective mind. This network is designed to perform tasks whose solution in the traditional way (with the help of formal project groups in companies or within crowdsourcing) is impossible or ineffective.

Expert network is appealed to help use scientific and creative potential of expert community more effectively.

The tasks of expert network are the union of the most active and professionally trained specialists in various spheres of socio-economic life within the network; their participation in creative project development in strategic areas of the company, the state; providing conditions for professional communication, and also for scientific and creative self-realization of experts.

Thus, depending on the degree of human resources involvement, the following forms of management systems are defined: selfsourcing, insourcing, outsourcing, crowdsourcing and neosourcing.

Crowdsourcing is an innovative way to use a huge human potential in the development of new products and services, the formation of loyalty, problem-solving, realization of innovations and business ideas. This way has its advantages and disadvantages.

The technology of expert networks is designed to overcome crowdsourcing's disadvantages without a loss of possibilities of modern technologies of mass communications.

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# **MOTIVATIONAL STRUCTURE IMPROVEMENT OF MODERN ORGANIZATIONS AS A FACTOR OF ITS SUSTAINABLE DEVELOPMENT**

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Today, Russian enterprises consider customer satisfaction as a priority objective of their activity. It is a barometer of financial success. Only afterwards is attention paid to the employees of the organization, because they are considered the most costly factor of production. However, the contemporary global business community values "improving working conditions" as an organisational goal, and so, our enterprises need to rethink their own organisational priorities in order to be sufficiently competitive in future.

Competitive modern organisations are characterised by regular, permanent changes that have long-term strategic consequences. The effective support of the work force and their motivation to participate in ongoing changes are necessary in order to realise these alterations, because resistance on their part can turn the most successful planned undertaking into a series of misfires and disasters [1].

In our opinion, the formation of a motivational system in the organization would facilitate overcoming staff resistance to planned strategic changes. Commitment to the job, workplace and organization (as a factor in achieving social objectives) is related to the degree of staff satisfaction with their work. The study of satisfaction is possible using the following methods (Fig. 1).

The study results should direct the changes in the organisation's motivational system. To that end, this article proposes the creation of a matrix of "employee morale" in order to evaluate the effectiveness of the current model and govern

changes to it. This matrix is expressed by the ratio of the rate of worker return to ( $Q_{wr}$ ) and their motivation factor ( $Q_m$ ), (Fig. 2) [2].

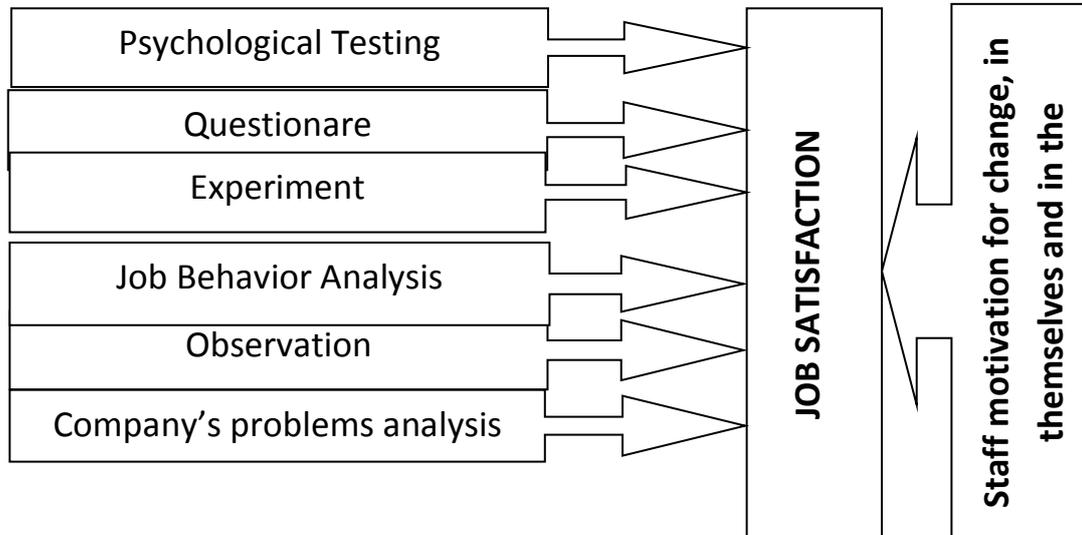


Figure 1 - Methods of assessing the level of staff satisfaction with its job

In this case,  $Q_{wr}$  can be determined by indicators of the productivity level in relation to job satisfaction (through questionnaires, interviews, and etc.), and  $Q_m$  determined by the proportion of employees who are satisfied with the motivational system of organization (through questionnaires, etc.).

The AILR point in Figure 2 is an abbreviation for the "average industry level of return" of workers. It is located at the intersection of  $Q_{wr}$  and  $Q_m$ , and in contrast to the coefficient of worker motivation ( $Q_m$ ),  $Q_{wr}$  does not have a zero value in this analysis.

At the point of intersection of the X and Y axes, AILR / 0 a situation obtains in which members of the organization are not interested ( $Q_m = 0$ ) but are forced to work. This functions as the industry average rate of return; that is, AILR is a product of the absence of staff motivation. Examples of such situations may be workers carrying out job within the framework of modern high-efficiency assembly line.

It should be noted that both coefficients – the rate of return,  $Q_{wr}$ , and the coefficient of employees' motivation,  $Q_m$  – are relative.

Figure 2 graphically depicts variations of situations developing at different rates of return for workers  $Q_{wr}$ , (Y axis) and the motivation factor,  $Q_m$ , (X axis). The axes divide the field of the matrix into four parts, each of which shows where the company can make improvement in motivation and/or job satisfaction. A more detailed analysis of each quadrant can further help management pinpoint problem areas.

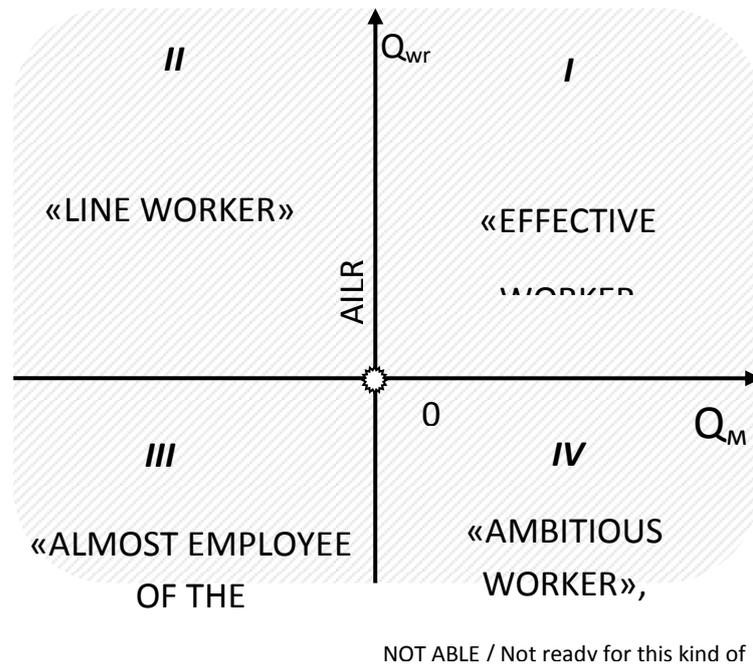


Figure 2 - The matrix of employee morale

The characteristics of each quadrant of the matrix of the working attitude of the employee define the direction of motivation (see Fig. 2) and are presented below [2].

Quadrant I. Under these conditions ( $Q_{wr}$  yielding above-average returns, and a positive  $Q_m$ ) further research in the field of motivation is not necessary, and the management should focus on maintaining the existing system to avoid the "transfer" of the organization to one of the other quadrants of the matrix. The goal of "improving working conditions" is achieved, employees are satisfied with their job, their working attitude is positive, productivity is high, which is why this quadrant of the matrix is called the "effective worker." It is worth noting that among all of the quadrants of the matrix of the working attitude of

employees, only the first is adequate for achieving the social goals of the organization and for its sustainable development.

Quadrant II is called "Line Worker". If after analysis the company's employees appeared in this quadrant ( $Q_m$  below 0 and  $Q_{wr}$  above the AILR), it means that the current motivation system is not comfortable for the employees; they feel that they are not appreciated, but for some reason continue to effectively perform their duties. This situation occurs when the majority of employees are engaged with a clearly defined time and method of performing the work. Office workers are rarely appear in the second quadrant; they are more likely to move to another job unless there are compelling personal reasons for them to stay.

Thus, if a company finds its employees fall into the second quadrant, the organization needs urgently to implement policy changes in the field of motivation and organizational culture, otherwise it is likely to move to the bordering third quadrant and lose key employees [2].

Quadrant III called us "Almost An Employee Of A Rival Company". The situation in this quadrant is characterised by a general and motivational crisis in the enterprise ( $Q_{wr}$  below AILR and  $Q_m$  below 0). Little motivation is fostered and level of return is very low, so the probability of staff turnover is high. This has a particularly negative impact on the organization's work via loss of key personnel and their transition to competing firms. Radical policy changes in all areas of operation of the organization are needed, starting with the company's management, organization and motivation of their work.

Quadrant IV. The situation developing in this quadrant, metaphorically labelled "ambitious worker", is of an employee not able (or not willing) to perform the duties entrusted to him. In this case, the company's management uses efficient and effective tools for motivating employees, but for some reason they are not suitable for the chosen field of activity. In such a situation an ineffective system of recruitment and selection of employees can be identified in the company. Consequently, strategic changes are required to improve the system of selection and recruitment in the organization, or a transition into the third quadrant, borderline-failed business, is likely.

The employees of an organization can be placed in all four areas of the matrix (thus creating a motivational structure of the staff) and move from one quadrant to another. As a result, the motivational structure changes depending on the situation and the measures taken. So, if after analysis an enterprise finds the bulk of its work force falling into the second, third, or fourth quadrant of the matrix of the working attitude serious study is required to enact motivational and strategic changes, either in the field of employee motivation, or in the planning and the organization of personnel. Otherwise, the organisation's social and economic goals will not be achieved and its efficiency will continue to decrease.

It should be noted that the working atmosphere often, but not always, has an effect on all employees of the organization. Therefore, the most effective course is to evaluate the morale of a entire department of the enterprise (workshop, branch, etc.) as a whole, and then pay attention to every employee. Then the employee's subgroup must be determined, its leader identified, and direct action taken. This will accelerate up the improvement of the working atmosphere in the team, and therefore, the achievement of internal social and economic objectives, chief of which is to improve the working conditions of the organisation's employees [2].

Thus, the main method of diagnostic for achieving the basic social and economic objectives for the sustainable development of an organization is to study the matrix of the working attitude of its employees.

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# **MANAGEMENT INSTRUMENTS AS AN INCREASING FACTOR OF ENTERPRISES' COMPETITIVENESS OF CHEMICAL INDUSTRIES**

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The chemical sector is one of the most important and fundamental segments of Russian industry. Its development level defines not only competitiveness of such branches as mechanical engineering, agriculture, aircraft industry, energetics and others, but also it influences country's defense capacity, an environment state, and more than that, it solves such global problems as shortage of food and energy.

Countries' chemical and petrochemical industries suffered from crises and shifts in the economy more than other branches. So, the technological chains destruction which occurred after disappearance of the USSR in the 90th years, caused failures with raw materials providing, a lack of funds for the equipment modernization and decrease of product competitiveness. There was a quantity decrease in researchers and in industry's innovative component, caused by price liberalization of energy and raw materials and reductions of financing scientific organizations. In time of the economic crisis the chemicals domestic market was sharply reduced and remaining organizations were able to survive only through exports. The devaluation of national currency which increased a domestic production competitiveness and started a process of business entities association into vertically integrated holdings in 1999-2001, also pushed all chemical companies to an exit from crisis in 1998.

Sudden world prices growth for hydrocarbons in 2003-2004 became the second push and caused increase in production of chemistry and had led to the industry revival up to 2008, when crisis slowed down industries development

of the whole world, not only of Russia. Due to exports' increase of fertilizers and products of oil and gas industries the restoration became possible, nevertheless the chemical complexes' structure is still far from modern industries' structure of the developed countries.

Owing to a considerable integration of the domestic chemical complex into the world economy, the world tendencies make a considerable impact on the development prospects of the Russian industry. In recent years in the chemical and petrochemical productions' market there have been significant structural changes, which complicated the already difficult situation in the sector.

In author's opinion, the main problem of the country industry is in a gap between a market condition and Russian manufactures' development. We can include the following main reasons of the disproportion emergence:

1. Due to competitive advantages in raw material and energy, there appeared powerful transnational organizations (For example, Shell, British Petroleum, Total) which occupied strong leading role in some products. Moreover there appeared developing countries' enterprises (Saudi Arabia, Mexico, etc.) which have not only a significant support from the state, but also a strong raw materials source and accurate innovative strategy of development. China became a leader because of growth rates and the output volumes, the countries of the Middle East increase the competitive advantage at the expense of a cheap base of hydrocarbonic raw materials, which together forms a new production and trade center in the Asian region and simulates the position weakening of the USA and Europe. Moreover, China intensively develops a release of chemical products which were earlier imported from Russia.

2. Protectionist and anti-dumping measures of some countries (EU, the USA, China, India and other countries) have essential influence on export, and the restrictions' list of goods constantly extends. In order to maintain export and chemical products' competitiveness the export duties on some goods have been cancelled. Moreover, the situation in the Russian markets is aggravated by the accession into the World Trade Organization which has removed some barriers for foreign producers and has lowered the protection extent of

domestic producers from import consequences. More than that, a decrease in price level competitiveness of the Russian chemical goods is expected, because of gradual increase and alignment of tariffs on energy resources up to the world prices that levels the existing price advantage. The production cost on some goods depends on the electric power (70%) which is today already 5% above the level in France and 20% above the level in China, thus the rising forecast on 26,5 % will lead to a Russian production noncompetitiveness already in 2014.

3. Today in Russia the share of the innovative and active enterprises is less than 20 %, for comparison in Japan - 33 %, in Germany - 65 %. The material destruction of research organizations and scientific personnel's leakage are the consequences of the current state. To accelerate the production modernization modern Russian enterprises prefer to buy import technologies, instead of developing their own. As a result the Russian scientific and engineering potential doesn't influence on the state of chemical industry and the existing gap between the research development and productions' requirements is still increasing. The situation is aggravated by the unresolved issues such as protection of intellectual property rights, backwardness of intermediary, legal, bank and information services of the technology market.

4. Due to the growth of consumers' pay ability there is an increasing trend of dropping off the price attractiveness compared to the production quality. Remained assortment structure and a technological backwardness of chemical equipment no longer meet the modern demands of both internal and foreign markets at the proper level. Quite often there is a situation when the goods of raw appointment are exported from Russia, then they are processed abroad and imported back in the form of the goods with the high added cost. The tendency is caused by long-term organizations manufacturing restructuring in developed countries towards the use of advanced processing technologies and the creation of the knowledge-intensive product of high final cost and safety for people and environment. Due to the technical and technological condition of a chemical complex, namely the utilization of the capacities of the enterprises more than 80-90 % it compels to produce more profitable semi-finished products, than final products. This situation develops negatively for the

Russian chemical complex which has not managed to be reconstructed in time for the market requirements; therefore our country is not capable yet to compete with hi-tech enterprises because of a prevalence of low and average technological conversion's extent products. The cost chain comparative analysis shows a chemical industry distortion in the direction of producing low added value.

Even those domestic enterprises which are occupied with production of high-tech chemical production, have been extremely vulnerable in a competitive fight against foreign manufacturers, and in condition of accession to WTO without state intervention this situation will only get worse. Within the last 10-15 years the defense industry did not provide the demand for chemical products, therefore now in Russia the production of some types of strategically important materials that are needed for a space-rocket equipment development, aviation and nuclear industry is absent, stopped, or in a critical condition. Without the modern materials that are made by domestic chemical branch it is impossible to produce medicines, perfume, cosmetics, chemical products and household products, but most important thing is that there is no possibility to ensure the defense, safety and economic independence of the country since there are no alternatives of replacement the materials for military products.

5. Another issue, that will shortly influence competitiveness of the domestic organizations, is the requirements toughening for environmental technologies of chemical production. This situation is negative for the enterprises from two sides. First, the developed countries have already have technologies, an equipment and a developed infrastructures providing emissions minimization and a recycling maximum, and on the other hand, developing countries don't have any ecological requirements to production and respectively there are no payment tariffs that are one of the factors of product cost decrease and their competitiveness improvement. For large foreign organizations it is cheaper to relocate production in regions with cheap labor, rich with raw materials and has a developed transport logistics and the minimum environmental requirements (China, Venezuela). Domestic chemical industry uses technologies that are characterized by high resource consumption and less

than 20% of enterprises use environmentally oriented innovation, and it can be only one of the stages in a technological chain of production.

The chemical industry in Russia is only on the 20th place in the world and produces about 1,1 % of world chemical production volume; to find a way out of the current crisis situation and to become the world leader it is necessary to solve the listed problems or to minimize their influence. A productions' technological level's modernization is necessary for an advanced innovative development of industrial enterprises. Only due to productions' structure transformation and changes in enterprises' internal processes, the satisfaction of market requirements and hi-tech products' creation is possible.

To solve this problems cooperation from both the state and the enterprises of the industry is required. It should be seen in a dialogue between authorities and industry, which provides an identification and timely response to external challenges.

The heads of organizations have to accurately realize the fact that efforts of the government cannot rescue the industry and all allocated money for development will not achieve any progress without target and effective use of the dedicated resources.

To begin with, it is necessary to decide which way to go and what to pay attention first of all, so if management decided to begin an innovative way of development, then an identification, analysis, a comprehensive assessment of enterprise potential, and also a condition research of industry and an external situation altogether is needed as the first step. Further it is necessary to determine what internal reserves, resources and capabilities the organization has, what stage of life cycle there is at the enterprise and then on the received data's' basis you can create and implement a strategy and a development plan.

Based on the current situation's analysis of the market, businesses today needs new technologies that are appropriate for a quality product's market with minimal cost and maximum ecological compatibility. There are two options of their receiving - development of own technologies or purchasing ready-made products. The first way demands a large time investment, scientific and

technical potential and material resources for development; it is suitable for enterprises with large investment base at all directions. The second option - a technologies' purchase and productions' creation of new goods which are also associated with some difficulties, based on a big material investments. Often it is impossible without financial support from the state, such as granting privileges and subsidies. In both cases there is a problem of qualified personnel's availability, that are to create technologies and to work with the new equipment, but also they have to provide the production with raw materials of an appropriate quality.

In case of choosing the innovative scenario of development, transformations in all spheres of life of the organization are inevitable and to make them pass with maximum benefit and without serious consequences, an effective administrative tools are necessary.

The analysis should begin with the definition of a branch condition and of a place which the enterprise occupies in the market, and also of all available possibilities and threats. Further, it is necessary to find out the enterprises' current stage of life cycle because without this key information it is impossible to carry out further reforms in any area, as it defines characteristics of each component of system. Moreover, in the current circumstances for each organization it is preferable to recover or continue the phase "growth", that is why it is necessary to look for new directions and development reserves. Having defined an enterprises' place on a curve, it is possible to define the most suitable characteristics for each subsystem, to choose sequence and to place priorities at carrying out reforms.

As the organization represents a set of the interrelated subsystems influencing at each other, changes in one of them will cause changes in others therefore change of a stage of life cycle will lead to reorganization of all organizational components. For example, organizations that are on a "growth" stage and if they wish to continue it, it is necessary to use matrix structure and participative organizational culture. This combination is evident in wide commercial independence of enterprise divisions and less rigid management control. These structures are applied mostly by diversified organizations which include large

scientific, technical and production complexes with various sales markets and production technologies and weak intra-production and technological links that require different marketing strategies for each products group. If the organization stage is "stability", then one of the transformation forms can be the returning of centralization tendency of management, the allocation of the most productive workers and staff retraining, strategy revision and also change of organizational culture in favor of participatory or organic type can be one of the transformation options.

After definition of strategy, organizational structure and enterprise's culture, the changes in personnel system should be held, because the enterprise's current work and the received result depends on it. Before all transformations in the personnel structure it is necessary to carry out high-quality audit and an assessment of employees' potential and diagnostics of existing and possible problems in the future. After that it is possible to make the decision on employees training, rearrangement or dismissal, as well as enlargement or vice versa fragmentation of some subdivisions.

At the expense of transformations in the organization structure it is possible to achieve necessary flexibility and speed of reaction to any challenges, and the changed personnel structure can raise an internal reserve for strategic purposes. Modernization of organizational structure and personnel work involves correction of information streams and a new information systems' creation that satisfy all needs. It is important to carry out transformations so that the new system should not create difficulties in use, but on the contrary should be directed at getting rid of routine operations and at increasing work efficiency. It is helpful for opening employees' analytical skills and their creative potential, and also for lowering expenses and time for purposes achievement and to create conditions for an effective information exchange among workers, that have creative thinking and clearly realizing interests of the organization workers. Prompt introduction of the automated information systems can increase speed of reaction to possible changes, crises and adverse conditions of an external environment.

An effective management tools formation will allow to cope with problems of the chemical enterprises' low innovative activity and to increase their competitiveness.

# **SOCIAL AND ENVIRONMENTAL FACTORS FOR THE DEVELOPMENT OF CONSTRUCTION BUSINESS IN MODERNIZING RUSSIAN ECONOMY**

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The growth of production and consumption in the world in the 21st century, an era of global environmental and economic change, has had a huge impact on the environment. Russia is actively involved in the process of finding solutions to global environmental problems in the transition to sustainable development. Problems of the environmental component of the quality of life are the subject of discussion at international summits, national and regional conferences and meetings of the Government of the Russian Federation. Current issues of environmental protection, environmental safety and the elimination of accumulated environmental damage are often seen at meetings of the State Council of Russia (May 2010, June 2011).

The policy of modernization of the economy pursued in Russia requires a rethinking of the importance of environmental factors for the socio-economic development of society. On 30 April 2012 the president of the Russian Federation signed "The governmental policy in the sphere of environmental development of Russia until 2030". In the same year, the Russian government approved of an action plan for the implementation of public policy and governmental program "Environment" for 2012-2020. It stated that the

strategic goal of the state policy in the field of environmental development is solving social and economic problems, ensuring green growth economy, maintaining a favorable environment.

Directions to ensure reduction of environmental pollution and resource conservation remain an absolute priority in the development of the real economy. Russia is at the forefront of innovative measures that are required to ensure the efficiency of the Russian economy. Targets of modernization, ecologization of production and innovative development are inseparable. However, the importance of environmental factors should not be limited by its impact on the real economy only through energy efficiency and innovation. The modernization of Russia's economy is inseparable from the satisfaction of the environmental needs of society and directly related to the formation and development of a supportive and comfortable environment for human life.

The environment of human life is defined by A.N. Tetior as a dynamic social and ecological system "of natural and man-made objects and phenomena, factors of material and spiritual culture, including natural and technological, social, psychological and socio-economic factors, interacting among themselves and with the internal environment of man"[7]. A favorable environment for the development of human society is impossible without preserving natural resources and environmental quality, natural and historical landscapes, historical and architectural monuments.

Formation and purposeful alteration of a person's living conditions, is performed in the process of town-planning activity. Consequently, the habitat as a space of human life and the result of architectural and town-planning transformations related to the socio-psychological and socio-economic aspects of the development of society can be defined as the architectural and town-planning environment of human life.

Challenges of modernization of the Russian economy lay some claims including the regulation of construction activities. When implementing investment and construction projects to create and transform objects of architecture and town planning environment ensuring reliability and security of buildings and facilities, environmental quality and ecological safety of construction, as well as

the impact of the environment on human health with social and psychological aspects, are equally important. Therefore, the ground principle of strategic development of Russia's investment and construction sector in the 21st century should be a parity of economic and social interests and the environmental needs of society.

Achieving parity is possible through the development of mechanisms and tools that balance environmental and economic interests in investment and construction activities. Thus, the urgency and the need to develop a mechanism of ecological and economic regulation of investment and construction activities are determined by:

- resolving issues of state policy in the sphere of environmental development;
- modernization of the economy based on innovative development, providing technological progress to economic development and improve the human condition, maintaining a favorable ambient;
- priority to solving the problems of human development in a society-oriented economy;
- the environmental situation. According to the state environmental monitoring, 53% of the urban population of Russia (55.1 million people) live in the conditions of high and very high levels of air pollution. This includes 58% of the cities of Russia. The proportion of polluted waste water is 33% [3]. More than 40% of the population faces problems of water quality. On average, the Russians are losing up to one year of life due to air pollution, and in the most polluted cities, this indicator can be up to four years and be responsible for up to 8% of total number of deaths. Experts estimate the amount of economic damage caused by the impact on health in relation to air pollution and water quality at least at 4-6% of GDP [4];
- the need to generate a balanced model of development of the sectors of the national economy and the environmental competitiveness of industries and activities;

- crucial importance of construction activities to solve strategic objectives of socio-economic development of territories, formation of human living conditions and improving the quality of life.

One of the main challenges for achieving the strategic goals of Russian state policy in the field of environmental development is the development of economic regulation and market-based instruments for environmental protection and environmental safety. Ecological and economic regulation of investment and construction activities is considered to be a method of working effects on economic behavior of the subjects of these activities. The purpose of regulation is to ensure the environmentally sound development of the investment and construction sector. The object of regulation is the activity of entities that interact within the framework of regional investment and construction industry when creating construction products. The subjects of regulation are the regional institutional organs, carrying out their duties in cooperation with federal agencies.

As the current practice shows, an important component of regulating investment and construction activity is the development of informal institutions and public participation in the discussion of construction projects and the choice of location. The Foundation of Public Opinion conducted a poll on the problems of the ecological situation in Russia in November 2008. Results have shown the following: 78% of respondents are concerned about the environment, 80% believe that our country takes on insufficient measures to address environmental issues, 84% believe that ordinary people should participate in the solution of ecological problems, 42% have experience of participating in environmental campaigns, 57% are not willing to pay for improving the environmental situation, ready for this are 29% [1]. Public organizations make a significant contribution to the environmentally oriented activities in the regions.

Formal and informal institutions must develop and assess the needs of the developing investment-construction complex. Therefore, the object of regulation is not only the activities of the subjects of investment and construction activities, but also the mechanism by which the regulatory impact

is implemented. In this case we are talking about the formation and development of the mechanism for the public environmental and economic regulation of investment and construction activities.

The mechanism of state-ecological and economic regulation of the investment and construction activities is considered by us as a system of organizing the interaction between the subjects of investment and construction industry, the methods and impact of instruments of regional governance in the activities of the construction sector and their relations with a view to harmonize economic interests with environmental needs of society.

Creating a safe environment and a functioning habitat for civilians is a priority for national security in Russia. At the same time, ensuring the reliability and security of buildings and facilities, the quality and safety of the environment and the impact of the environment on the human psyche and behavior are equally important. Therefore, the ecological imperative in view of interrelated social requirements can be defined as a socio-ecological imperative for the investment and construction sector. The increase of environmental and social responsibility in business should be considered an important mechanism for the development of economic regulation and market-based instruments for environmental protection.

The socio-ecological imperative for the investment and construction sectors causes the increase of social and environmental responsibility of the construction business to the community.

It should be noted that in the face of legislation reforms and the limited scope of environmental expertise, the quality of the initiatives of the subjects of investment and construction activities to apply additional environmental measures increases in Russia. The basis of social and environmental responsibility is an "ecologically and socially responsible business" [5]. With regard to the investment and construction sector, we consider the social and environmental responsibility of the sector for its output as free and initiative activities aimed at achieving the outcomes (the creation of the finished construction products); in this case the binding requirements of ecological safety of construction products and environmental management enshrined in

legal documents, and more recognized as meeting the requirements of society and the creation of an architectural and town-planning setting conducive to human development and society must be observed.

The main mechanisms for the implementation of socio-environmental responsibility of the construction business revealing its contents are: greening of investment and construction activities on the basis of the development and promotion of environmental innovation; transformation of "external" environmental effects into "internal" costs of construction enterprises; formation and development of a culture based on ecology for the construction production; approval of rules and principles of conduct and ethics, appropriate for the objectives of the environmentally friendly investment and development of construction activities, which will complement the formal legal rules enshrined in law, standards, regulations, and strengthen the effect of formal institutions.– initiation and support of significant public social and environmental projects (preservation of monuments of history, culture, architecture, natural landscapes, protected territories and so on); voluntary adoption of international standards for environmental management and audit certification ("Green Standards") by the construction companies; development of the institution of voluntary initiatives and cooperative ecological agreements; organization and transparency of environmental and social reporting of companies; control and responsibility for compliance with social and environmental requirements; availability and reliability of information about social and environmental performance of construction products.

Imperative of social and environmental responsibility should not be equated only with the additional obligations, since following the imperative creates additional benefits and opportunities for the development of the construction business.

Among them are: strengthening of the competitive advantages of construction; improvement of the company's image as a socially and environmentally responsible business, strengthening the reputation of construction firms where it concerns the environmental component; reduction of environmental risks by strengthening environmental monitoring of investment projects; improvement

of the financial and economic results. Awareness of the importance of real opportunities to increase profits by minimizing the negative impact of manufacturing processes on the environment and of projects providing for the creation of a comfortable environment conducive to human development and society is growing; strengthening the positions in the international markets; creating additional opportunities to attract investments, increasing a company's investment rating by implementing socially and environmentally important initiatives; developing and strengthening relationships with territorial authorities, public and public environmental organizations.

The development of social and environmental responsibility of business is also urgent, because, according to the basic forecast indicators of socio-economic development of Russia up to 2020, the share of spending on environmental protection as a percentage of GDP will increase, but the specific weight of these costs will remain low. Current funding of environmental protection in Russia is 0.1% of GDP. According to the concept of long-term socio-economic development of the Russian Federation for the period up to 2020 increased spending on environmental protection is provided up to 1.5% of GDP. Meanwhile, according to expert estimates, the annual economic loss as a result of environmental degradation is 4-6% of GDP [2]. In order to stabilize the quality of the environment at the level of the national economy requires the environmental costs to be to 6% of GDP, while for larger improvement of its condition it must be 8-10% of GDP [6]. Thus, the development of a mechanism of social and environmental responsibility, will, on the one hand, strengthen security and competitiveness of the construction business, and on the other provide a favorable environment for man.

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# FOREIGN EXPERIENCE OF TERRITORY MANAGEMENT

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On the modern stage of economic development the foreign experience of administrative hierarchy and federal central control for regions deserves attention.

France has historically established a rigid top-down operation amongst European powers. The prefects – representatives of central power operates in regions. Exactly they manage all socio-economic processes by means of informing the government about state of affairs on the places. Italy has tested system of interaction between the center and the territories. In this country management of socio - economic processes is carried out through government commissioners in provinces subordinated directly to Chairman of Cabinet Council. Formally the commissioners are appointed by President Decree as advised by Prime Minister. The government commissioner who has residence in the main city of region directs the activities of peripheral organs of central ministries and departments, controls over the regional acts and provides the government with information on the necessity of interference. The territory of Great Britain is historically formed of four parts: England, Wales, Scotland and Northern Ireland. However such territorial unit as counties and districts at the moment play real role where the power is regulated by local governance laws. The local government comparatively independent from the centre in Great Britain is formed in the sphere of socio-economic development of territory. Its characteristic features consist of: presence of the status of legal body (corporation) in local authorities; possession of administrative responsibility; certain financial independence, first of all in establishment of local taxes. At the same time central ministries and agencies implement significant control over

the local bodies. This is mostly obvious in the financial sphere. Local tax collection does not cover the financial costs, and money received from the center absorbs over 40% of local expenditures as a rule. Besides central ministries and agencies produce revaluation of taxable property cost, permit to obtain loans and approve the administrative acts of local authorities.

In United States of America the interactions between the Federal centre and States in the framework of socio - economic processes performs in the absence of formal hierarchy of executive power. The control of Federal government over the situation in the States realizes through the vertical of Federal agencies. The factor of political and legal activity of the population has unique role of United States which representatives take legal actions even for minor violations (or supposed to be violations) of Federal legislation or dissatisfaction with local law system. The mechanism of law-making and law-enforcement control in some States is carried out through judicial examination as well as the mechanism of legal sanctions for elimination and prevention of illegal actions of state or municipal authorities. The fact that the highest number of judges and lawyers located in USA in comparison with other countries shows at least the possibility of quick engagement of the judicial mechanism.

The institution of federal intervention in the states' affairs is covered by the constitutions of Latin American federations - Argentine, Brazil, Mexico, Venezuela and so on. The list of conditions for federal intervention is fully described in the constitutions and has no reason for improvised extension.

Thus the following trends of foreign experience could be implemented for improvement of state regulation mechanism of socio-economic development for Russian Federation subjects: realization of multi-stage practice for tax rates decrease in terms of profit of enterprises and organizations of real and social sector in regions' economy; role improvement of regional budgetary system by means of management functions' redistribution (and therefore financial resources) and responsibility in favor of local authorities, with appropriate changes in the normative-legal base, regulating the budget relations in Russian Federation' states; maximum possible reduction in property tax, that should contribute to activation of small and medium business and increase in amount

of newly created jobs therefore growth of population purchasing capacity and further development of regional production; usage of business cycles in the processes of identification and establishment of tax lists and tax rates; practice of the additional increase in federal and regional taxes rates with the aim to wide the revenue base of local budgets for purely targeted purposes; upgrade in the diversification level of regional tax base particularly through the expansion of local budget revenue base due to development of excise tax system; tax introduction for privileged professions, official power, entrepreneurial and agricultural activities; provision of right to regulate tax rates for regional authorities, including taxes to federal, regional and local levels; introduction of mandatory territorial tax rates for construction of social objects and support infrastructure with the region-wide purpose.

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# REGION AS OBJECT OF MANAGEMENT AND CONTROL

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So far terms “region”, “socio - economic development of region”, “management of regional socio - economic development” are differently interpreted in Russian economic science, but there is no exhaustive definition considering contemporary regional policy of Russian Federation and market structure of economy as well as peculiarities of the transition period. The formation of new economic system in Russia occurred in the context of regional sovereignty stipulating the transfer of important economic functions to the regional level. The following tasks have to be solved at regional level:

- acceleration of production growth;
- solution of investment issues;
- maintenance of innovative activity;
- employment support;
- consolidation of credit and finance sphere;
- improvement of population life quality;
- environmental preservation and etc.

All that causes the necessity of definition the role and place of region in Russian economic space in modern conditions, its potential’s realization and development prospects.

At the present stage of society the economic aspects of regional development are becoming increasingly important, but the term of region is identified with the main form of territorial organization of productive forces in Russian Federation. In a number of different sources noted that territories of different levels: administrative districts, economic areas, entire country, several nations

can act as a region. Besides many scientists suggest that region is one of the most capacious concepts in modern social and humanitarian sciences which has various interpretations. A number of scientists present different meanings of term region to reflect the conceptual difficulties, for instance: foreign policy understanding of region, historical definition, geographic interpretation, the legal meaning of region. The region is «an area, a district, a certain part of state, which differs from other areas by the set of natural, historically based and relatively stable economic-geographical characteristics, often combined with national composition of population». In legal documents of European Union the region is defined as “territory representing the apparent commonality in the geographical point of view or territorial community with continuity and whose population is consolidated by certain common values and ambitions to preserve and develop their identity with aim to stimulate cultural, economic and social progress”. Review of significant number of interpretations allows us to figuratively define geographic and economic basis for definition creation as well as administrative-territorial basis.

The following territorial units should be recognized as regions in Russian Federation: economic zones; large economic areas; Federal States; municipals, districts, rural settlements, villages and other types; Federal Districts.

The issue about reasonability of such territory arises while defining region as a kind of spatial territory within any country. So it's obviously that separation of nation to regions explains by the fact that government cannot perform certain functions without additional institutions - regions. In other words the region performs some independent functions appropriate only to it.

The global aim of region' functioning is implementation of socio-economic interests of population for establishment of life-support system aimed at living standards growth. From this point of view the region is a self-contained functional unit of national economy organizing comprehensive regional socio - economic system with present resources and economic conditions. Hence the region as a functional subsystem of national economy acts as integral organism with its own particular features.

According to our opinion it's acceptable to point out specific features of the region as whole, specific features of the region at a certain level, as well as specifics of a particular region of a certain level. The following features are the most significant in the region as a whole system:

- region is more dependent on nation than nation depends on region;
- regional local market system is less closed than national markets;
- regional budgets is weakly supported by budget forming components in comparison with the level of nation;
- feedback of the regional management authorities and control objects is much faster than at the state level;
- functioning and development of regional economy is largely determined by natural - climatic factors implies strong dependence of regional development level from natural factors and environment;
- regional economy which is in fact a complex in other words has different industries and productions which in some way connected with each other at the same time specialized in certain spheres of activity.

The significant feature of the region is the ability to be managed which objectively connected with administrative and territorial division of Russia. The region's integrity contributes to management capabilities to a certain extent as administrative - territorial authorities should ensure coordination of all economic elements: material production, natural resources, infrastructure, human resources and other, as well as multiple connections - social, financial, trade, environmental, manufacture which have certain spatial and temporal stability. The economic independence of region reflects the availability of economic resources for self-interested and responsible solution of socio - economic issues included in the competence of regional level.

The region is a single socio-economic system with particular specificity in condition of federal state. The important point here is the difference between national and regional levels of economy. The mentioned differences are represented as mechanisms of interaction between federal centre and regions as well as geopolitical, socio-economic and national-cultural peculiarities of regions.

Thus nowadays there are different approaches in the literature to issues of regional development in Russian Federation - how to consider a region and how can scientists interpret this concept. The most popular are the following: region - economic area; region - territorial - production complex; region – federal subject and etc. However from controllability point of view it's reasonable to highlight regions coinciding with existing territorial - administrative structure of country, i.e. the subjects of Russian Federation. The presence of various interpretations of term region implies a need to clarify the definition of region from position of federalism revealing historically formed natural, economic and territorial characteristics within the economic entity, production specialization, social infrastructure and certain powers of authorities.

In our opinion the most suitable is a point of view for the research purposes, when region is the territory which coincides the borders of federal subject because it allows to perceive the region as a whole managerial object, with unified budget, clear regional socio-economic policy and regional priorities considering available specificity. In terms of globalization national economic specificity is smoothing, but regional comes to the fore. Besides region should be considered not only as managerial object but also from market economic relations' point of view. However this definition needs to be clarified from perception complexity of regional peculiarities.

The following revised definition of “region” is formulated on the basis of the research results: “Region is economic subsystem of national economy, which is geographically located within the administrative boundaries of federal subject with its special geographical position, number of the natural, socio-economic and other characteristics, including unified budget, clear regional socio-economic policy, regional priorities, considering specifics of region, possessing features of complexity, integrity, specialization, control and providing living standards growth as well as realization of socio-economic interests of regional population”.

The regional development - is a multidimensional process which is usually influences by social and economic goals. Even if scientist considers only

economic development it is usually presented in connection with social development.

The socio-economic development includes such aspects as: growth of production and income; changes in institutional, social and administrative structures; changes in public mind; changes in traditions and habits.

At the present time the main purpose of economic development in majority of nations and its regions is the growth of living standards. Thereby the process of socio-economic development includes three main components: revenues increase, improvement of health and education systems; creation of conditions promoting people self-esteem as a result of social, political, economic and institutional systems, focused on human dignity respect; increase of freedom degree, including economic freedom.

The tactical goals of region's development are: attraction of new business types; expansion of existing business; development of small and medium-sized businesses; evolvement of industry and service sector; increase of employment level.

The standard way of assessing the economic development of region is analysis of production level of production (material production in general). However such assessment counts today as one-sided and insufficient. Organizational and economic factors play a big role in socio - economic development of region. Socio-economic development of regions currently experiences increasing influence of three main factors: market - interpenetration of regional, national and global markets; competitive - increasing competition at all of the mentioned markets, especially non price competition - competition in the field of quality of life and innovation; industrial - gradual transition from Fordism to Post-Fordism as a way of production organization which implies: replacement of mass production by small-scale; replacement of vertical labor organization by horizontal; low individual responsibility - participation of individuals in production process.

The strategic objectives of socio-economic development of any region in Russian Federation mainly are: ensuring stable and balanced development of

region economy on the basis of the most effective use of its resource potential, including rational environment use; legislative support of regional development program on the basis of harmonious system of regional legislative acts, complementary and specific to federal legislation; restructurisation of organizational and industrial infrastructure of region; optimization of regional and federal budgets; ensuring the economic and environmental safety and compliance with financial interests of federal subjects; effective participation of regional organizations in implementing the policy of Russian Federation Government in the field of structural transformation of economy and Federal target programs; increase of population social protection [6;16].

From our point of view the socio-economic development of any region should consists of two main blocks: strategic objectives and priorities of socio-economic development for the long term and for the next planning period. This will ensure the continuity of the executive and legislative regional authorities for the development of region's economy; approach flexibly to the formulation of economic and social priorities of region, based on the historical experience of regional development and its adaptation to specific development stages of regional socio-economic planning.

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# ESTIMATED PROBABILITY OF THE INDUSTRIAL ENTERPRISE SUSTAINABLE DEVELOPMENT

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Being a socio-economic system, manufacturing enterprise can successfully develop and adapt if it has a stability margin allowing it to change at the same rate as the external environment. This statement is based on the law of requisite variety, known from cybernetics and formulated by W.R. Ashby. The law allows to judge, at least, two levels of internal diversity of the system. They are the minimal level, corresponding to a stability margin which allows the system to be stable and the maximal level, which makes the system possible to develop, i.e. to form new structures, implementing the system function more efficiently. The calculation of such levels of stability is very useful in making managerial decisions, because the system diversity enables us to judge the chaotization level and therefore the control object's readiness to new structures formation by the fluctuation-entropy mechanism by sequencing [1]. However, the process of above-mentioned levels calculation for such systems as an enterprise causes some methodological difficulties.

In order to calculate the chaotization levels it's possible to use several ways of assessment of systems degree of disorder which regard "disorder" and "chaos" notions as the synonyms. The first approach is geometric one. It uses the fractal theory as a basis for calculating the abstract parameters dimension in fractal dimension form or the fractal index. The essence of these calculations is a critical value of the time curve fractal dimension, approximating to which the system becomes unstable and goes into a chaotic state. At the same time, subject to the tendency the parameters can increase or decrease rapidly.

The second approach is an informational one. It is based on the concept of Brillouin chaos and relates to the calculation of signals entropy. In the discrete systems structure the amount of chaos and order is usually characterized by statistical thermodynamics or traditional information theory. In both cases, the chaos is measured with the entropy. In thermodynamics Boltzmann's entropy is used. Statistically it expresses the second law of thermodynamics and it is applied in the analysis of molecular sets. In information theory K.Shannon set of probabilities entropy is used.

The choice of the chaotization calculation method of such an object as an enterprise is stipulated by the possibility of the parameters values measuring (indicators). Fractal method requires a high degree of parameters sampling. To get an acceptable result it is necessary to have thousands of parameters. In practice it is very difficult to obtain such amount of data for analysis. Economists, as a rule, tend to deal with mean parameters, having the discontinuity level determined by the accounting requirements. Informational approach can be applicable to any discontinuity levels. This fact explains the choice of this method for our research.

If to consider the financial and economic performance of the enterprise as some state parameters, their values form a vector at any one time, which contains the information about the degree of an object disorder. In this case in order to estimate the degree of an object disorder we can use the function of the information entropy (entropy measure):

$$H = \sum_1^n p_i \log_2 p_i,$$

where

$p_i$  – is the probability (or frequency) of evaluating of the parameter in a certain interval.

In case of the probabilistic evaluating of the parameter, entropy measure can be obtained according to the following formula:

$$H_{\max} = \log_2 N_i$$

where

$N$  – is the number of indicators.

In case the system can take only one state at a frequency equal to 1, its entropy is 0. Therefore, in any nondegenerated system entropy value ranges from 0 to 1.

To assess the information uncertainty and disorder of some specific enterprises, the author considered a group of 25 indicators, characterizing efficiency, liquidity, business activity, financial sustainability and solvency as state parameters. The monitoring of indicators' changes was carried out within 30 periods in two enterprises ("October Revolution Shipyard" and "Amur Overhaul Factory") [2].

In addition to direct estimation of entropy, its derived indexes were calculated. To measure the absolute system organization the following difference was used:  $H_{max} - H$ . The relative system organization was also calculated.

The calculated information characteristics led to the following conclusions:

1. The value of relative entropy for periods of 27-30 is close to zero. The intensive decrease of entropy can mean that radical decisions must be taken.
2. Both systems should be considered as deterministic, because relative entropy values for the enterprises did not exceed 0.2 during the whole period of their study.
3. The future of deterministic systems with given parameters of the initial state is uniquely determined. The result is linearly dependent on the managerial efforts. In order to increase the efficiency in such conditions significantly it is important to have sizable investments. Therefore, both enterprises didn't manage to improve their economic indicators during the whole period of their study.
4. Information and entropy characteristics of the enterprises show that their management didn't use the possibility of increasing the diversity and randomness of the system during the whole period of their study. Otherwise, the relative organization of the systems would be in the interval which corresponds to quasidetermination. The probability of a system development in this interval is significantly higher. In the case of

the stable development of the enterprises under study, this fact is not encouraging.

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# **MECHANISMS FOR THE FORMATION AND CONTROL OF HOLDINGS IN RUSSIA**

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Holding companies appear all over the world under the influence of common to all countries integration processes. Nowadays there are also holding-like groups of companies in Russia, but they are not legally registered and appear towards the state and society as separate and independent companies.

Such lack of registered holdings affects first of all the collection of taxes by the state because holdings existing as groups of legally independent companies have opportunities for tax optimization using both offshore schemes and transfer pricing in transactions between interdependent parties, located in regions of the Russian Federation with different tax treatments. Due to such inter-holding tax optimization state loses tax amounts. So we can consider the new section of the Tax Code V.1 ««Interdependent entities. General provisions on pricing and taxation. Tax control. Agreement on pricing», that came into force on 01/01/2012, to be an attempt to legalize groups of companies for the tax regulation in order to make them pay full amount of taxes.

This section adopts stimulating measures for formation of holdings as well as control mechanisms for real holdings, whether they are registered or informal. New section introduces the concept of interdependent parties, and transactions between them are controlled by tax authorities. Interdependent parties include mentioned earlier in art.40 organizations with direct or indirect participation of one of them in the other, individuals in family relations and relations of official submission. Also a number of new provisions for the recognition of interdependent entities, regarding the property belonging and management relations, was established. According to new provisions, groups of

companies integrated not only with property connections but also various informal connections (friendship, traditional), business connections, connections of subordinating by official position, are fallen under the tax control [1].

Control of transactions between interdependent parties is held if the amount of transaction is more than 2 billion rubles in 2013 and 1 billion rubles in 2014 and further. It means that only large-scale groups of companies are considered to be holdings and are strongly controlled by the State. Control of market prices is also carried out if one of participants has a particular benefit on the profit tax rate [2], for example by using a special tax regime (single tax on imputed income or single agricultural tax), being a participant of Skolkovo or resident of a special economic zone, offshore zone, or simply the subject of the Russian Federation with preferred tax treatment [3].

Transactions involving intermediaries and offshores are also equated to interdependent, that characterizes the specific anti-offshore nature of law innovations. Moreover, the lower bound for offshore companies to deem their transactions controlled is significantly lower than for others: tax control mechanisms are already held starting from 60 million rubles, that is, the amount 30 times smaller comparing with 2 billion. Thus, the innovations are aimed to restrict the use of transfer pricing and offshore schemes.

As an incentive mechanism for legal registration of holdings, the largest and the most strict groups of companies can now voluntarily register as a consolidated group of taxpayers (CGT) (cl.2 art.25.2 of the Tax Code) if the share of participation of one organization in the other is 90% or more and if:

- total amount of taxes, paid by companies of the group (VAT, excise tax, profit tax and mining and natural resource tax) over 10 bln RUB in the previous year;
- total amount of income from the sale of goods, works and services of the previous year over 100 bln RUB in the group;
- total value of assets of the group of companies at the end of the previous year over 300 bln RUB.

The advantage of formation of CGT is that the tax base for profit tax may be reduced due to the fact that it is defined as an arithmetic sum of the incomes of all members of the group, which means that a profit of one company can be added to the loss of the other [4]. In addition, some subjects of the federation provide profit tax benefits for CGT (for example, in the Leningrad region the profit tax is 16% instead of the standard 20%). Moreover, transactions of CGT are not controlled by tax authorities, consequently it can independently determine and manipulate with the price for its own benefit.

Such benefits have avoided small and medium-sized enterprises, as they do not meet the established limitations. However, their transactions are a subject of the tax control regardless of the amount of income from this transaction in the case of participation of offshore and resale of goods (works, services) through intermediaries.

As for the compulsory control, the non-formalized way of formation of holdings commits to provide tax authorities with the information about transactions. The only incentive is to conduct an agreement on pricing (chapter 14.6), that has been used in Europe and the United States for a long time [5]. When conducting this agreement, before carrying out a transaction, the procedure of determining the market price must be determined, that makes it possible to avoid checking the prices.

Thus, with the entering into force of the new section of the Tax Code, the mechanisms of formation of holding companies are more clearly defined and disclosed, and mechanisms of the tax control are intensified and tightened. Such mechanisms allow to increase the collection of the profit tax to the budget and stop the use of transfer pricing and offshore schemes in order to reduce their tax burden.

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# **ENGINEERING PROCESS BY CONSTRUCTION OF HIGH-TECHNOLOGY MINING AND SMELTING ENTERPRISES**

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The scale of mineral resources development and the scope of industrial construction mentioned in government documents require full developed branch of industrial construction with full set of competences and technologies. Nowadays the lack of demand for innovations and engineering services on the part of big business is considered as brake on forming of innovative economy not only in Siberian but in Russia in whole. According to report of the Federal Agency of Mineral Resources the high-technology enterprises construction costs ratio of the state and business decreased more than by half (from 1:8 to 1:3) in comparison with the year 2008 [4].

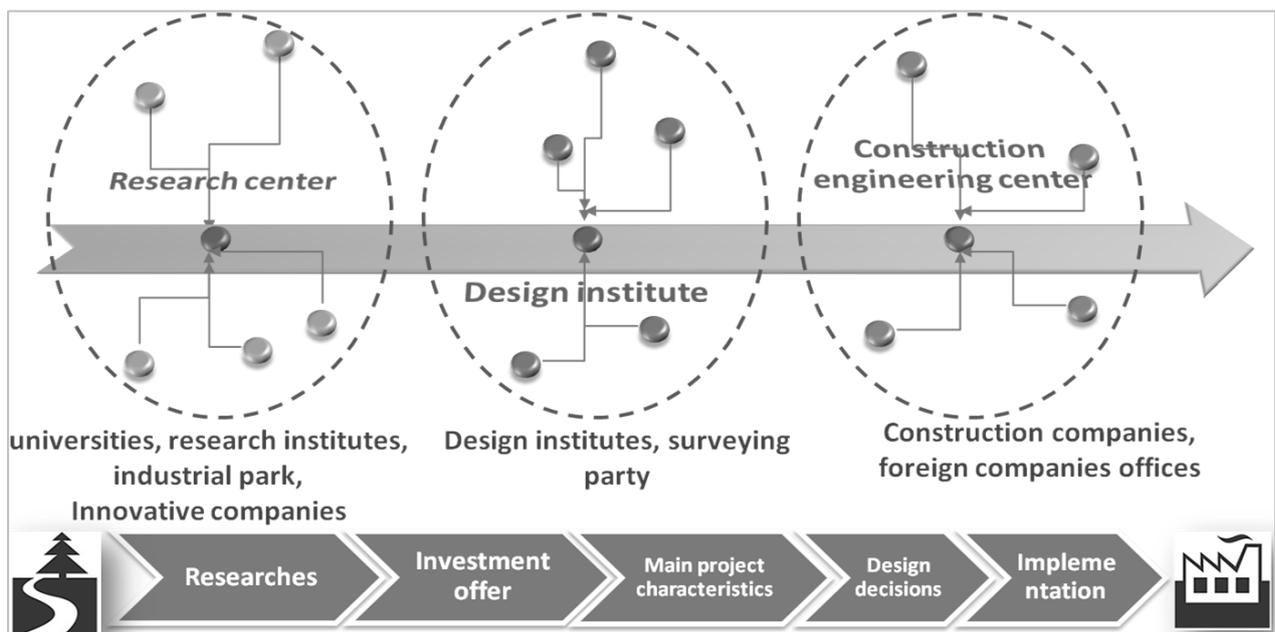
The formation of new economy in the east of the country is feasible only on condition of the effective coordination of authorities and business structures by the priority of engineering centers in the development of special branches of the region.

Each Siberian deposit has a unique composition that requires an individual approach to the development of ore processing technologies. Regional engineering centers able to render ore deposits development services is considered as a way of the rebirth of mining industry. Nowadays the

development of ore deposits in Siberia on the base of traditional approaches is unprofitable because business does not invest in “deferred benefits”.

There is objective necessity to create a regional engineering center capable to manage big projects on the territory where main mineral resources are concentrated and able to compete with foreign companies. The experience of European engineering companies is the evidence of the advantages of complex engineering services. Engineering forms an integral system connected to investment cycle, accumulates researches, design and exploratory work, technology, ecology, management activities, etc.

On the base of Siberian Non-Ferrous design and Research Institute has been recently established the consortium “SET” (Siberian Engineering and Technologies). It consists of design institutes and companies providing the whole set of necessary competences. The total number of consortium employees is about 15000 engineers. The structure of the consortium «Siberian Engineering and Technologies» is shown in the picture 1.



Picture 1. The structure of the consortium «Siberian Engineering and Technologies»

Engineering is closely connected with business because the implementation of new technology solution into production process is an important aspect of

engineering. Being intermediate between science and production engineering takes advantages of applied specialized science by construction of industrial objects. Thus a modern engineering company has to have technical and management competences and be able to manage business projects and business processes effectively [2].

Engineering is a new economic form. It is capable to provide innovative development of industrial complexes, to reduce risk and project cost thanks to:

- transformation of scientific ideas to business;
- rendering the complete set of services within realization of the project;
- uniting interests of all innovative process participants;
- providing the interaction of all elements of the system.

The main task of engineering is to create competitive and being in demand output as with the shortest possible delay. The necessary conditions for creation of competitive output are:

1. Intellectual potential and practical skills of specialists;
2. Technology potential (knowledge-intensive technologies and production strings meeting world standards).
3. Modern innovative infrastructure (specialized competence center, technology transfer, occupational training and retraining).

An important element of innovative activity is the availability of effective intellectual environment meant for knowledge generation.

The process of construction of a high technology enterprise consists of following parts:

- E (engineering);
- P (procurement);
- C (construction);
- P (M) (project management).

The main of these parts is the project. In accordance with ISO 9000-2001 a project is defined as a collaborative enterprise, frequently involving research or

design, that is carefully planned to achieve a particular aim, to meet particular term, cost and resources requirements [3]. The pivot of the cycle from idea to its realization is engineering.

The management of engineering projects consists not only of the development of construction documents and project appraisal but of the support of project processes on every stage of its realization including correction, endorsement and approval of particular solutions.

Designing process of an enterprise is closely connected with the life cycle of its production or service type. On the early stage of this process economic targets and limits are determined, e.g. investment repayment, price level etc.

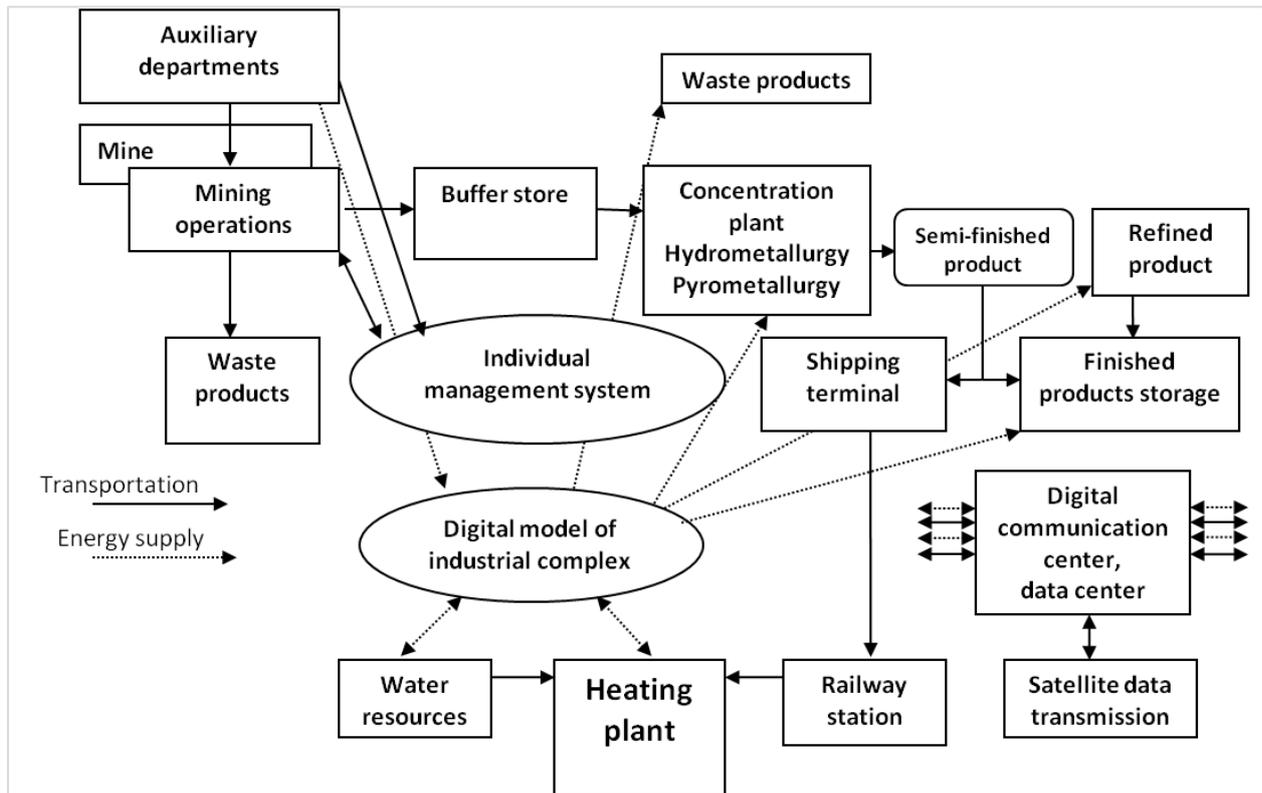
Depending on the field of implementation of technology solutions and of final product the technology development process is regulated by technology schedules (compulsory to use) and standards (used on a voluntary basis).

The functional model of a mining and smelting enterprise is a complex system containing plenty of elements interacting with each other and with external environment. In the picture 2 is represented the functional model of a mining and smelting enterprise.

The stages of creation of a new enterprise in mining industry are exploration work, researches, design and survey works, procurement, construction, delivering on turnkey basis.

The structuring of engineering services on each stage includes compulsory stages:

- Initiation;
- Engineering;
- Procurement;
- Construction;
- Testing;
- Training & Commissioning;
- Project Management.



Picture 2. The functional model of a mining and smelting enterprise

But it is possible to detail the set of services on each stage.

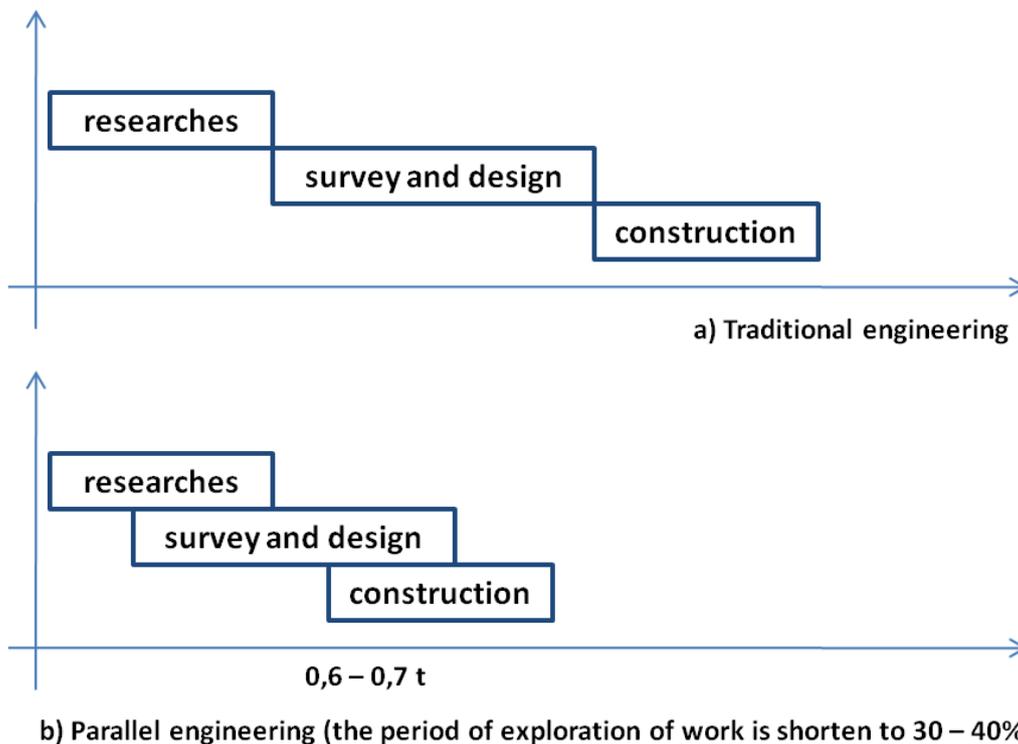
The comprehensive approach by designing of high-technology industrial enterprises requires high-technology engineering services. One of the innovative directions in designing is a set of communication systems and communicative features intended to support firmware of equipment and automation devices. It provides effective connection to IT infrastructure and implementation of new technologies in the industry.

One the problems of modern enterprises is variable environment requiring adaptability to the changes, the advance use of scientific achievements, improvement of activity model and competence development within the company. Привлекательной компанию делают не только уровень внутренней организации, но и система управления, т.е. подход к предоставлению услуг клиенту

The most important moment in engineering is the preparation of an engineering plan, search of new structures and technologies and determination of possibility for its implementation.

Innovative project is a complex system of interrelated activities directed at achieving particular targets. The availability of modern information technologies such as 3D modeling provides the term and cost shortening. The advantages of structuring of the project and the process of its realization are:

- at the expense of parallel carrying out of researches, designing and construction the period of execution of works is shortened. In the picture 3 are represented the processes of traditional and parallel engineering.



Picture 3. The processes of traditional and parallel engineering.

- dividing the project into modules allows working on different tasks at the same time providing shortening of periods of execution of works and decreasing of technical and financial risks (for large objects about 10-20%).

- the possibility to apply an iterative approach. It allows fulfilling the works concurrently with continuous analysis and correcting of results obtained;
- the creation of standard reusable modules.

Moreover the effective feedback and clients is created. Complex solutions are formed by cooperation of equipment and software manufacturers and integrators solving particular tasks by creation of mining system.

The engineering instruments provide assessment of company state, market and integration level and make it possible to plan and to model the enterprise. The engineering instruments enable to create a complex enterprise project including production processes, resources, organization, etc.

The modeling of an enterprise or a process is a relatively new activity in the field of designing and becomes more and more significant.

The methodology of engineering takes into consideration economic aspects. For choice of optimal solution technical and economic aspects on different stages of the project are necessary to be studied. The technical requirements are based on economic assessment in the following directions:

- calculation of made technical decisions cost;
- the characteristics of made decision effectiveness;
- comparison of actual costs with the project budget.

The aim of any project is maximum profit that is the difference between project realization costs and proceeds from new production (or services) sales. The methods of project costs calculation include factor and expense costs. Factor costs are directly connected to project costs (net project cost) but expense costs depend on the method of the project management. In Western countries the net project cost by applying EPCM contracts is about 80-90% of volume of investment but in Russia it is about 50-60% [1]. It indicates the effectiveness of project management.

Thus in conditions of competition intensification the main task of innovation engineering is the achievement of best economic effect from investment in

new product by means of complex set of serves for realization of innovative project.

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# **THE QUALITY CONTROL OF SPORTS SHOES INTENDED FOR VOLLEYBALL PLAYERS IN THE HIERARCHY OF CURRENT INSTRUMENTS OF FUNCTIONING OF LIGHT INDUSTRY ECONOMY**

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According to the International Quality Standard ISO 9000-2000, product quality is the system of properties and parameters of the product which gives it ability to meet consumers' demands. Therefore, the quality is a utility measure of the labour product . The importance of quality is above all the fact that only products of high quality can open the way to international markets. So the quality plays a great role as an important instrument in the struggle for product markets as it is the quality of a product which provide its competitiveness.

In sports the quality of equipment and outfit plays a very important role both in maintenance of an athlete's safety and achievement of high sporting results enhancing the prestige of the country. Therefore, wearing sports shoes of high quality provides the necessary level of technical readiness of professional athletes and allows them to improve their physical indices. It is especially true for such sport game as volleyball. Modern volleyball is characterized by high moving activity of players. Effective implementation of jumping playing movements, technique tricks and most tactical combinations during one or several games is based on high level of physical development of athletes and usage of proper footwear and equipment.

Company "Asics" produces a number of footwear models intended for professional sports including volleyball. Trainers of this producer are worn by players of leading national volleyball teams - Russian, German, Italian, Brazilian ones.

The article deals with the indestructible methods used for quality control of male volleyball shoes of stitched-moulded attachment manufactured by "Asics" on the example of the model Gel-Sensei 3, which is presented in fig. 1.



Fig. 1. Male volleyball shoes Asics, model Gel-Sensei 3

By means of external examination and measurement the following quality ratings of the shoes are found out - symmetry of parts and linear dimensions of shoes and their parts.

To control the shoes quality it is necessary to examine the placement symmetry of the shoe parts and their possible distortion and to measure the thickness of the parts. The length of the shoe is measured along the horizontal line between extreme points of toe and back parts. In sports shoes the sole length and shoe length are equal. The length of the last is measured along the central axial line of the shoe from the line joining quarters with the vamp to the edge of the toe. The sole width is measured in certain areas along the line perpendicular to the axial line of the sole between the points located on its inner and outer sides. The width of the back outer strap is measured in two places - at the top line (above) and at the sole (below). In the presented

samples the back outer strap is absent as a separate detail so for the quality control of a heel segment the width of stitched-on counters is measured [1].

Distortion of the toe is measured along the line between the points A and B located on the edge of the sole (see fig. 2). A and B are the extreme points of the line joining the toe with the vamp.

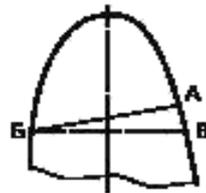


Fig. 2. Toe distortion

Distortion of quarters is measured in a shoe (semi-pair of shoes) along vertical line traced from the middle of the upper edges of quarters (outer and inner) to the sole (see fig. 3).



Fig. 3. Measurement of quarters distortion

Symmetry of toes is measured in a pair of shoes on the inner and outer sides in each shoe from the point A ( $A_1$ ) located at the toe edge on the middle lengthwise line of the sole to the points B and C ( $B_1$  and  $C_1$ ) located on the line joining the toe with the vamp on the border with the sole edge.

Summarized data for evaluation of linear dimensions are presented in table 1.

Table 1. The main dimensions of parts of low shoes Asics

Parameter	Asics	Result
Shoe length	 <p>340mm</p>	Equal in the pair of shoes
Vamp length		Equal in the pair of shoes
Sole width	 <p>115mm</p>	Agree
Width of stitched-on counters	 <p>70mm</p>	Agree
Toe distortion		Symmetrical

Parameter	Asics	Result
		
Quarters distortion		Symmetrical in the pair of shoes
Toes symmetry		Symmetrical in the pair of shoes

Measurement of footwear linear dimensions is carried out by the following ways. The height of shoes having moulded sole and a collar and that of shoes of stitched-moulded attachment is measured inside the shoes along the middle vertical line of heel part from the top line down to the insole (including the sock), platform, midsole and sole. As the considered footwear is made by stitching-moulded attachment, the measurements done outside the shoe are incorrect because of the constructive features of the sole presented in fig. 4. So the height is measured inside the shoe along the middle line of the heel part down to the sock and sole [2].



Fig. 4. Constructive allowances in the heel part

As fig. 4 shows, it is impossible to measure the shoe height correctly because of the sole allowances, what is especially true for the Asics models. So the given dimension is measured inside the shoe down to the sock and the insole (fig. 5), ideally tracing the vertical line along the centre of the heel part.



Fig. 5. Shoe height measurement

The results of the done measurements are presented in table 2.

Table 2. Shoe height

Parameter	Asics
Shoe height down the insole	80MM
Shoe height down the sock	60MM

As the Asics insole construction is characterized by larger thickness, the parameter of the shoe height down the insole is greater. The enlarged height

of Asics shoes does not influence on the ergonomic characteristics of the footwear.

The height of the shoe counter is measured along the vertical line of the back seam from the line joining the heel part with the sole and midsole up to the top of the counter excluding the area of soft top line. The measurement process is similar to the counter height measurement presented in fig. 3, 5. The received data are presented in table 3.

Table 3. Comparison of the counter heights

Parameter	Asics
True height of the counter	60mm
Counter height down the sock	50mm

Similar to the shoe height the parameter of Asics counter height is larger because of the insole construction. According to the requirements of technological normative documents the counter's height must not be less than 58 mm, so all considered footwear meets the required parameters.

Thus, the model of male low shoes Asics Gel-Sensei 3 intended for volleyball players meets the requirements of technological normative documents accepted for the quality control in the Russian Federation and can be recommended for wearing by professional athletes playing in the volleyball clubs of Russia.

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# INNOVATIVE COMPANIES AS A BASIS FOR THE MODERN ECONOMY'S GROWTH

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At the end of 1970s of the 20th century the American economist David L. Birch during the research, carried out on the order of the US Department of Commerce, found out the following interesting fact – a considerable part of the GDP growth (up to 5%) and the majority of new jobs (over 80%) in United States were generated by a small number (less than 3%) of the companies, which key characteristic was the fast and stable economic growth during a period of time [1]. D.Birch called such companies the “gazelles” for their dynamism in comparison with the other static firms (small – the “mouse’s” and big – the “elephant’s”) that prevailed in the economy.

D.Birch’s conclusions were later confirmed by multiple researches of economists from different countries of the world and they started to call the firms of such type “business-gazelles” or “fast-growing companies”. Also determined the main criteria of such company’s – at least 20% growth rate for 4 years running. The world economic crisis of the recent years has corrected the quantitative criteria but the main idea has remained the same – the stable and fast economical growth for a long period of time.

On the other hand, development of modern economy is closely connected with the term “innovation”. In the present situation very often innovation in engineering, technologies, labor and management based on the scientific developments and best practices are the determining factors of the business successful development both from the point of view of the competitive advantages, and the provision of the bases for the stable economic growth [2].

The company, which develops (or buys), manufactures and promotes the innovative products or services, is named “innovative company”.

Analyzing the activity of the companies that within 4 years managed to bring their sale volumes from less than 50 millions USD up to about 1 billions USD, McKinsey's analysts have concluded, that over 50% of these companies have achieved such success by way of occupying the new or widening of the existing niches at the consumer market with the help of the innovative products [3]. It is often these innovative companies did not expect such fast-growing. Thus, for example, within the first 12 months of the manufacture of the portable computer by Compaq the actual demand for it exceeded the initial expectation of company by 120% [3].

V.Cable and D.Willetts noted that “A large body of evidence shows that innovative economies are more productive and faster growing. They deliver higher returns on investment and increased living standards. They are better at responding to changing circumstances through redeploying old activities and jobs” [4]. So, for example, analysis of UK companies shows that companies that started used innovation in its activities in 2002-2004, later (in 2004-2007) had twice-higher growth than as the non-innovative companies [4].

Thus, an innovation are the main lever of ensuring the fast growth of the business. Introduction to the market of the new or considerably improved existing products allows to turn a ordinary company into fast-growing company.

For the purpose of the further study it is reasonable to single out the separate class – the “fast-growing innovative company” (FGIC) – the company that fast economic growth is achieved due to the development and promotion to the market of the innovative products or services. It is evident that not all fast-growing companies are innovative and that not all innovative companies are fast-growing companies. It may be graphically shown as the subset of “fast-growing innovative company” at the crossing of two corresponding sets of “fast-growing company” and “innovative company” (Figure 1).

The companies included in the FGIC- class can be divided into two large groups:

Innovative companies – operating companies, which have begun to implement innovative projects.

Innovative start-ups – companies, which begin their activity from issuing an innovative product.

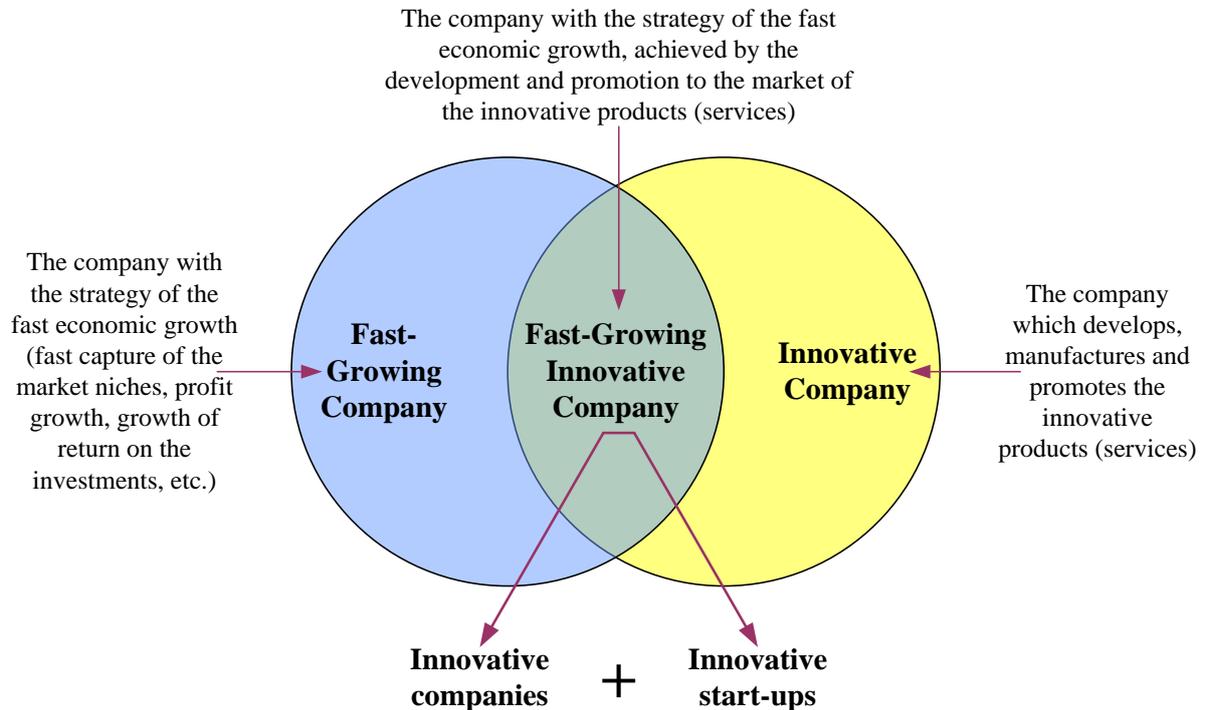


Figure 1. Content of the term the “fast-growing innovative company” (FGIC)

Answering the question “how to grow a company fast?” Ehow-Money's analysts specify the innovations as the main and very important kind of company's activities: “make innovation an “always on” part of the product development process, not something that's revisited periodically” [5].

The FGIC as a separate class of companies is the most prominent in the IT-industry of economy. It is caused by the fact that in this segment the business growing is most often based on the new (innovative) products or solutions that give the company a strong competitive advantage, allow greatly increasing the sale volumes and accordingly the profit and the return on the investments.

Deloitte in its annual rating of the hi-tech companies of Europe, Middle East, and Africa (Technology Fast 500 EMEA) gives the following data on the IT-companies for 2011 (Table 1)

Table 1

Top-10 IT-industries in 2011 according to Deloitte [6]

	Company	Sector	Country	Five-year revenue growth
1	Logic Bilisim www.logicbilisim.com.tr	Internet	Turkey	28 617%
2	Fixnetix www.fixnetix.com	Computers / Peripherals	United Kingdom	24 557%
3	LeadPoint UK www.leadpoint.co.uk	Internet	United Kingdom	21 801%
4	GPEG International Ltd www.gpegint.com	Semiconductors / Electronics	United Kingdom	17 716%
5	PKR www.PKR.com	Internet	United Kingdom	9 314%
6	RatedPeople www.ratedpeople.com	Internet	United Kingdom	8 144%
7	Populis Ireland Limited www.populis.com	Internet	Republic of Ireland	7 982%
8	Sacoin GmbH www.sacoin.com	Telecommunications / Networking	Germany	7 850%
9	Elkotek www.elkotek.com.tr	Telecommunications / Networking	Turkey	7 093%
10	Software Asset Management www.sami.ie	Software	Republic of Ireland	6 899%

Five leaders of the rating together shown average profit growth: 2009 – 24 068%; 2010 – 14 027%; 2011 – 20 401%, which indirectly shows that even despite the crisis the companies of the FGIC-class is a very attractive for the investors. These companies are the main locomotive of the world economy because provide the considerable part of the GDP growth in separate countries.

At that, as the fast-growing companies are an integral part of the world and national economy, they greatly influence social and economic well-being of

countries and the society on the whole. Considering the problem of the economic development of the EU, M.Henrekson and D.Johansson (2009) defined the national economic growth as a result of the creation and use of knowledge, that is a consequence of the process of innovation [7]. So, the rate of growth of innovative companies in number of cases may exceed the growth rate of the so-called “raw-material giants” (the largest suppliers of raw materials). For Example: in Russia in the period 2003 - 2007 growth rate of fast-growing innovative companies at least 5-7 times higher than the rate of such companies as “Gazprom”, “Lukoil”, “Surgutneftegas”, “Norilsk Nickel” and etc. The same phenomenon is observed in the developed European countries. While the growth of raw-materials companies is related mainly with the current favorable market conditions for the products of these industries. Whereas the growth of innovative companies is sometimes even contrary to the fall of the market.

Fast-growing innovative companies do not just develop as such; they inspire creation of a whole cluster of associated companies and services around them, thus ensuring also their growth and development (S.Lilischkis called such establishments “the ecosystem” [8]). Governments of many countries where they presently receive systematic governmental support duly appreciated the importance of such companies. S.Lilischkis analyzes in detail the experience of developing a state policy with respect to fast-growing companies in the countries of Europe (Denmark, Estonia, France, Finland, Ireland, Netherlands, Spain, Norway), America (the USA, Canada), Asia (China, Singapore, South Korea) as well as in other countries (Japan, Israel, Australia) [8].

It should be noted that the State support for these companies is also the important theme for analysis. We need to understand that every innovation company, which strategy is to grow fast, even being a small company at the initial stage, in its ideology is not a small business. FGIC have special needs, associated with necessity to keep high temp of growth and with necessity of innovations development. Therefore the state support of FGIC can't be only in the form of ordinary methods of small business's incentives. Such companies except opportunity to get financial resources simpler, taxes benefits and public recognition of their achievements also needs in scientific support by

universities and research centers, methodical and technical support, improving the legal basis in patenting, licensing, and also reliable interaction between business and government.

Despite the fact that in recent years the government is taking active measures to stimulate innovation, scientific and technological gap between Russia and the world leaders remains, and the amount of high technology products remains at the level of the middle echelon of the developing countries. According to the report of the European business school INSEAD, in 2012, Russia ranked only the 51th place in the innovation rating [9] being inferior to such countries as Estonia (19th) , Latvia (30th), Lithuania (38th), Poland (44th), Saudi Arabia (48th), and Moldova (50th).

Creation and promotion of a new product should be recognized as more complex in relation to the production process of the traditional enterprise. Innovative enterprises, as opposed to production, are not focused on repetition and reproduction of the same product, but on the search and development of a new one. Although in some industries the innovation processes are relatively standardized (for example, in the pharmaceutical industry the development of each new drug involves a number of similar steps), but in many other industries, each innovative project can be unique. Despite all advantages, FGIC in their everyday activities face a number of specific management problems.

The main problem according to the top-managers' words is the search for the personnel. The fast growth requires the efficient formation of the reserve of the management personnel and frontline workers. At that, the innovative character of the company presupposes rather high demands to the personnel qualification. But FGIC often have no time for to train their specialists.

The second key problem is the attraction of financing. The constantly growing business needs more financing than other companies but the development and introduction of the new technologies is very risky and for this reason the access of such companies to the financing may be restricted. At the initial stages of development such companies almost have no access to the loan capital – the investor which provides the loan capital prefers to take no risk because in case of failure it lose a lot (the start-up companies do not have enough financial

guarantee), and in case of the success the investor will not get the excess profit on the business-growing (because usually the loan capital is provided on conditions of the reward which does not depend on the business growth) [10]. Even venture investors used to the risky investments are careful with such companies. Thus, for example, we know that among the private growing companies of USA for the last 10 years only 16% ever received the venture financing [11].

Finally, the third serious problem of the FGIC is the arrangement of the efficient management system. It is obvious that such system cannot be based on stiff scheme, but should be adaptive to the constant growth and structural changes of the company. For the same reason the use of specialized “heavy” software for the management tasks automation often turns out to be inefficient because the costs of its further development and amendment often exceed the costs of the initial implementation, thus the efficiency of the practical use of system remains very low.

Each company resolves these problems in its own way. But it is evident that these problems should be solved taking into account the complex point of view on the company development and the strategic long-term forecast of its activity.

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# **DETERMINATION OF THE OPTIMAL INVESTING VARIANT IN INNOVATIVE PROJECT**

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During the process of making the management decision about investing, besides different variants of realization of one of chosen innovative projects, it is preferred to look at alternative investments in other investing projects, shares, bonds and other available investing instruments. Thereupon one of the aims of the investment analysis is a selection of variants with the most suitable balance between the rates of profitability and risk.

For the practical solution of this task we use the innovative-investing project OAO “Geomash”. Schegrovskoe OAO “Geomash” is specialized at engineering and manufacturing new serial drilling machines. The company manufactures a wide range of mobile drilling units and equipment for drilling water wells, engineering surveying, prospection of solid commercial minerals, oil, gas on continental area and shelf.

We have analysed the following options to OOO “Geomash” basic innovative project of developing and manufacturing deck-based drilling units (DDU):

- 50% increase of manufacturing volume of units under the DDU project using additional debt financing;
- 100 % increase of manufacturing volume of units under the DDU project using additional debt financing;
- implementation of crane drilling machine (CDM) manufacturing project;
- 50% increase of manufacturing volume of CDM using additional debt financing;
- 100% increase of manufacturing volume of CDM using additional debt financing;

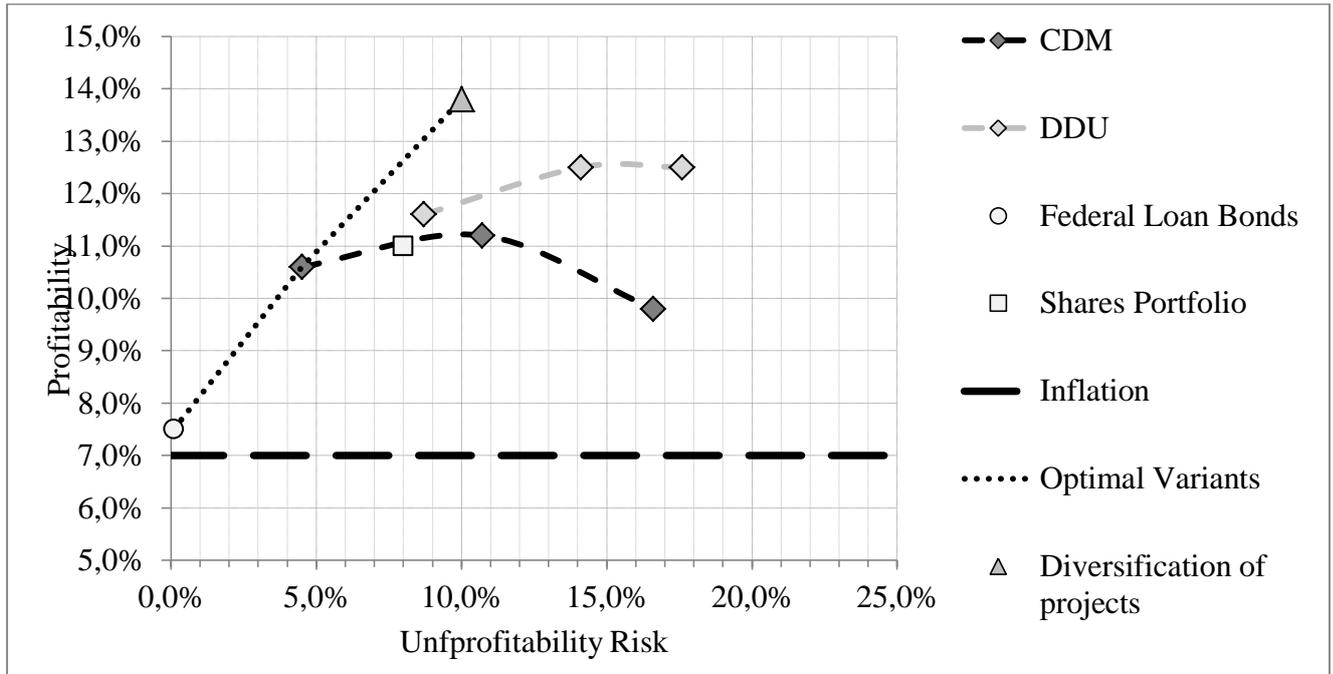
- investing in government bonds of federal loan using free cash flow;
- investing in diversified portfolio of Russian company’s shares;
- simultaneous developing of innovative projects DDU and CDM using additional debt financing.

The most common characteristics of economic efficiency of investments in innovative projects such as free cash flow, payback period, net present value cannot give exact recommendations on the subject of investment practicability in innovative project, because all of them do not have all capabilities of universal characteristics of economic efficiency of investments in innovative projects. Therefore we offer to use a modified rate of compounded interest as a characteristic of economic efficiency of investment in innovative projects [1]:

$$MCCII = \begin{cases} \left| \sqrt[n]{\frac{NCF}{I_0}} \right| - 1, NCF \geq I_0 \\ - \left| \sqrt[n]{2 - \frac{NCF}{I_0}} \right| + 1, NCF \leq I_0 \end{cases} \quad (1)$$

Received function is odd-numbered and has  $(-\infty; +\infty)$  range of definition. The correlations between unprofitability risk and profitability under the criterion of modified rate of compounded interest for all the mentioned variants of investing are shown in the picture 1.

According to the correlation between unprofitability risk and profitability, the optimal investing variants are investing in federal loan bonds, basic innovative project of manufacturing DDU and simultaneous developing of innovative projects DDU and CDM using additional debt financing. In order to minimize unprofitability risk one should refrain from investing in conservative portfolio of government shares. For receiving the maximum profit with medium unprofitability risk simultaneous developing of innovative projects DDU and CDM should be realized. Investing all the capital in DDU project provides the medium level of profitability under low level risk.

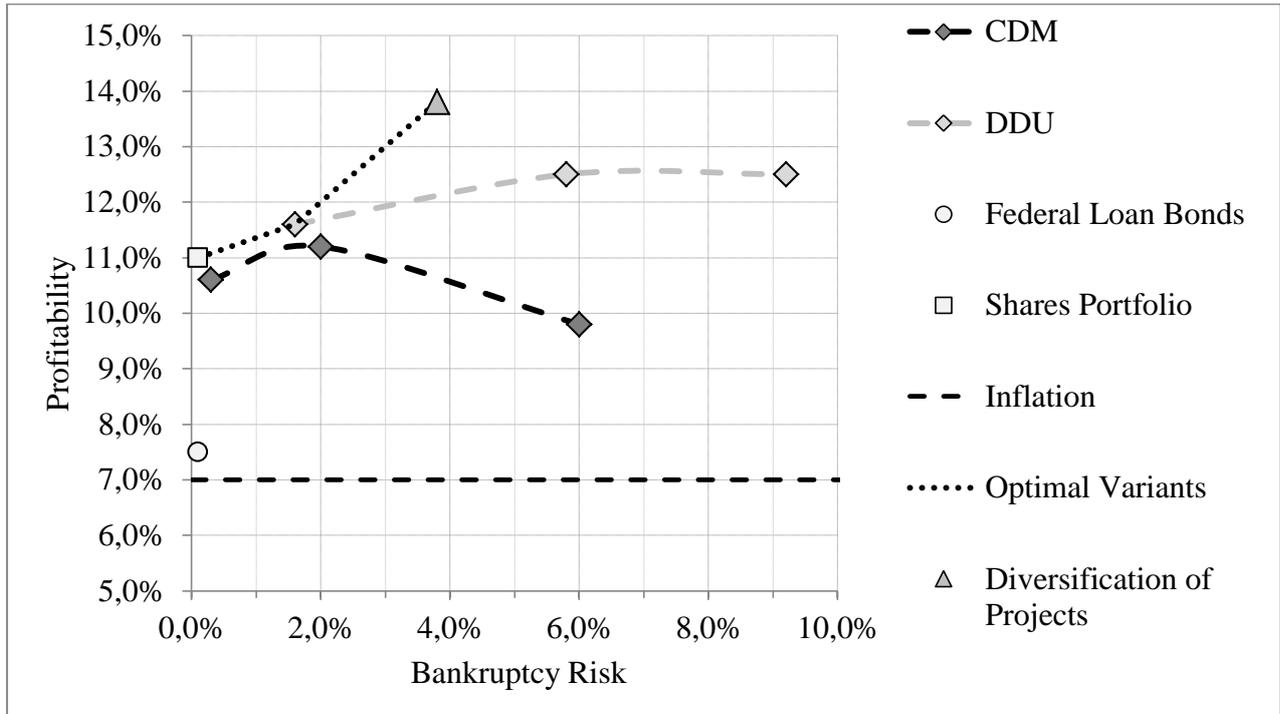


Picture 1 – The correlation between unprofitability risk and profitability of different investing variants

Picture 2 displays the correlations between bankruptcy risk and profitability under the criterion of modified rate of compounded interest for all mentioned variants of investing. In this case the optimal investing variants are in shares, basic innovative project of manufacturing DDU-3 and simultaneous developing of innovative projects DDU-500 and CDM-3 using additional debt financing.

In order to minimize unprofitability risk one should refrain from investing in a diversified share portfolio of big Russian companies. For receiving the maximum profit with the medium unprofitability risk should be realized the simultaneous developing of innovative projects CDM-500 and DDU-3. Investing all the capital in DDU-3 project provides a medium level of profitability under low level risk.

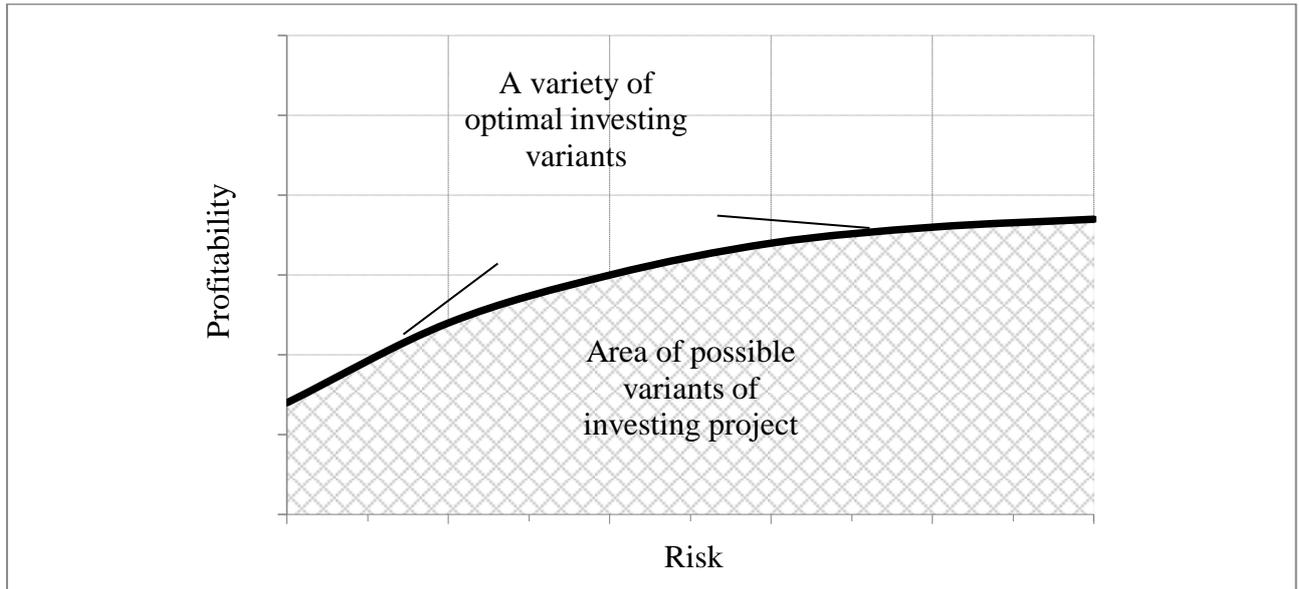
Thuswise, according to the complex of all criteria the optimal variant is simultaneous developing of innovative projects CDM-500 and DDU-3 using additional debt financing. This variant provides medium risk of unprofitability and bankruptcy with the maximum level of profitability.



Picture 2 – The correlations between bankruptcy risk and profitability of different investing variants

In the situation, when a variety of investment variants is available, firstly known non-optimal variants should be excluded. For example, two scenarios have the same risk level, but the first one's profitability is higher, so the second variant is known non-optimal. The same way if there is another scenario with the same level of profitability and lower risk level, the first scenario should be excluded. After excluding non-optimal variants, the investor according to his preferences can choose a suitable scenario with a certain combination of profitability, risk and other factors.

Therefore, optimisation of the correlation between profitability and investment unprofitability risk is a search of such variant of investing when the value of economic efficiency and possible risk level complies with the expectations of the investor. Picture 3 shows the general view of results of investment alternative variants based on math modelling of possible directions of developing investment project.



Picture 3 – General view of results of alternative variants for developing investing project

The suggested method can be used for the optimisation of profitability and investment unprofitability risk of company's innovative projects. Using this method modern computer technologies can provide the compilation and analysis of a variety of alternative variants of developing projects and select the most profitable among them.

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# SPATIAL ASPECTS OF AGRICULTURAL PRODUCTION ECONOMIC DEVELOPMENT IN ALTAI TERRITORY

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*Brief description of the principal tendencies of agriculture development in Altai Territory.* Agriculture was and remains the basic branch of the region. Lands for agricultural use account for 75 % of its total territory (12,5 mln. ha) of which 6,3 mln. ha is occupied by arable land. The region is the leader in the quantity of arable lands – the region's share constitutes one third of the total area of arable lands of Siberian Federal District. Agriculture's share in gross regional product is about 18 %, which is three times more than Russian average indices. Its share in the country's agricultural output in 2006-2011 was on average 5% for grain, 4,3 % for milk, 2,5 % for cattle and fowl.

According to the results of 2011 year Altai Territory toos the 5<sup>th</sup> place for grain production, 8<sup>th</sup> place for cattle and fowl for slaughter, 3<sup>rd</sup> place for gross production of milk, 15<sup>th</sup> place for egg production in the Russian Federation [1, P.223]

Among the tendencies of development of agricultural production, the most significant, in our view, is the reduction of the number of engaged in the branch and, above all, in animal husbandry: if in 1994 260 thousand people were engaged in agriculture, in 2010 – there were about 215 thousand people. Amongst other important tendencies of branch development, note should be made of the gradual formation of mixed agrarian economy adapted to contemporary conditions of economic management. It is indicated by the development of different forms of economic management of the land in the Region.

Thusly, in 2011 agricultural organizations accounted for 68,8 % of total cultivated area, peasant (farm) enterprises – 29, 9 %, citizens' private households – 1,3 %.

In the structure of gross agricultural production agricultural enterprises accounted for more than 46 %, citizens' private households - more than 41 %, peasant (farm) enterprises – more than 12 % [ 5]

Among the principal tendencies characterizing the development of material and technical basis of agriculture are:

1. Gradual growth of total book value of fixed assets *полной учетной стоимости основных фондов*
2. Increase of active part (machines and equipment) and reduction of passive part (buildings and structures) in the structure of fixed assets of large and medium sized commercial agricultural organizations;
3. Reduction of degree of deterioration of fixed assets and decrease of share of completely deteriorated fixed assets.;
4. Active renovation of fixed assets; rise of coefficient of renovation of fixed assets from 11,8% ( 2006 ) to 12,9% ( 2010 ).
5. In 2006-2011 production volume on agricultural enterprises increased by one third, volume of gain – by 2,6 times. The share of profitable agricultural organizations during these years constituted, on average, 80 %. However, despite the rise of profit, the level of payability of agricultural enterprises for 6 years constituted, on average, 14,5 % which doesn't permit them to effectuate extended reproduction in full measure [2, P.4].

*The development of agricultural production in areas with different center-periphery location.* The evaluation of agricultural production development in different types of areas according to center-periphery model is made by following the two-step procedure. On the first step the typology of rural areas by the level of economic efficiency of production is made. On the second step the cross grouping of areas' distribution by their level of development and center-periphery location is made.

For the evaluation of the achieved level of development of agricultural production the method proposed by research workers of Federal State Educational Institution Russian State Agrarian University-Moscow Timiryazev Agricultural Academy was used. As key indices of production they determined economic efficiency and intensity of production<sup>1</sup>.

The calculation of integral performance index of economic development of agricultural production was effectuated with the method of linear scaling with the use of expert evaluation of significance of certain indices (from 0 to 1) and determination of index for each municipal district [3, P.35].

As a result, five groups of areas were identified: with high (10% of all areas in Region), higher than average (28,3%), average (16,7%), lower than average (35%) and low (10%) level of agricultural development. Each type possesses its own qualitative characteristics, namely.

First type – low. Low indices of efficiency and intensity of agricultural production, of payability of agricultural enterprises inhere in this type; the level of marketability of product doesn't exceed 20 %;

Second type – rural areas having lower than average level of economic development of agriculture . These areas have average or low level of efficiency and intensity of agriculture, they possess unstable indices of payability of agricultural enterprises, their level of marketability of product is predominantly low.

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1 Economic efficiency of production is evaluated using the integral quantitative index that takes into account the basic characteristics of economic activity of agricultural enterprises of all forms of ownership. The calculation is based on the use of an array of relative indices, including: the volume of gross and commodity output per 100 hectares of farmland, labor productivity, the commodity output per one engaged in agricultural production. The intensity of production is the integral quantitative index that reflects the level of saturation of agricultural production by means of labor. The sum of all production costs per 100 hectares of farmland was considered to be the main index. Additional indices include: the level of mechanization, the costs of the introduction of mineral fertilizers on 100 hectares of cultivated land.

Third type - average. Average indices of intensity and efficiency of agricultural production reside in this type. Rural areas of the given group either do not possess significant level of marketability of production but are characterised by sufficiently high as compared to Russian average indices of payability of product or combine relatively high payability with low level of product marketability.

Fourth type – rural areas having higher than average level of economic development of agricultural production. Areas of this group are significantly close to the type with high level, yet they have lower integral performance index because of insufficient degree of development of one or more investigated indices.

Fifth type – high. The group is characterized by stable high indices of efficiency and intensity of production, payability of agricultural enterprises. The level of production's marketability consistently surpasses 20 % [3, P.54-55].

Cross-grouping of regions' distribution by their level of development of agricultural production and by their center-periphery location, carried out by us, showed that two thirds of areas of close periphery belong to rural areas with high and higher than average level of development of agricultural production. At the same time, a certain regularity is observed: for rural areas, situated in immediate vicinity from city (areas of close periphery of the first order), a higher share of areas with high level of development of agricultural production as compared to areas located farther from center (areas of close periphery of the second order) is typical. On the contrary, about 60% of areas of far periphery and 44 % of middle areas belong to areas with low and lower than average level of development of agricultural production.

*Influence of degree of initial adaptation of rural markets to the market on the level of agricultural production development.* On the basis of method of evaluation of degree of initial adaptation of rural areas to the market, elaborated by the authors, which was based on the evaluation of dynamics of economic and social processes on the territory or rural periphery in 1905-1995, the typology of Altai Territory rural areas by degree of initial adaptation to the

market was drawn up. As a result, the totality of rural areas (60 areas) was divided in four types:

- relatively adapted to the market;
- troubled rural areas with maximal decrease of efficiency of agricultural production;
- critical areas with maximal decrease of volume of agricultural production;
- depressed rural areas [4, P.52].

Among rural areas, relatively adapted to the market, there were 16 areas where by 1995 resided 347,2 thousand people or about 30 % of rural population in Altai. As a rule, rural areas relatively adapted to the market had agroindustrial specialization. These rural areas compare favorably with other rural areas of the Region by following characteristics: presence of initial productive potential higher than Region's average indices; minimal rate of decrease of volume of agricultural production; higher indices of efficiency of agricultural production; higher than Altai Territory average living standard of population including indices of population's provision with social facilities. The rest of Region's areas we characterize as troubled though the acuteness of their problems varies.

In the group of the least troubled are rural areas with maximal decrease of efficiency of agricultural production. This type of areas is present almost in all troubled areas. In troubled areas with decreasing efficiency in 1995 resided 255,7 thousand people or 20,3% of regional rural population. Distinctive feature of this group is their mainly agrarian specialization.

The group of critical rural areas consists of 9 areas with rural population of 218 thousand people (17,3 %) They are less adapted to the market as compared with two first groups. However, in comparison with depressed rural areas these areas experienced market reforms with less losses.

Their distinctive feature is average by the beginning of market reforms agricultural potential which decreases abruptly under the influence of radical market reforms. As a result, the volume of agricultural production in the areas

of this group reduced by one third. Rate of decrease of volume of agricultural production in the first half of 90-s were 2,5 times higher than similar Russian average indices [5].

Despite such serious decrease in production the official level of unemployment in this subgroup was below the Region's average, which indirectly indicates the existence of a large portion of hidden unemployment. It can be said that, under unfavorable circumstances, the critical areas with maximum decline in agricultural production are potentially depressed rural areas under threat of mass unemployment. Generally, the groups of critical areas are geographically located in the areas of influence of small towns or are immediately adjacent to areas that are characterized as relatively adapted to the market.

Depressed areas are the most troubled, traditionally backward areas, that had low levels of industrial and agricultural production (1.4-3 times lower than Region's average), investment (2-3 times lower), per capita income, with a relatively low proportion of the economically active population and the natural population growth during the pre-reform period.

Among the depressed are 25 areas where in 1995 lived one in every five residents in Altai Territory or one in every three village residents. The depressed areas are generally located in its border territories. In 1990-1995 a substantial loss of industrial and agricultural potential (the decline was 60 and 28 % respectively) has occurred in these areas, while investment activity was practically non-existent – investment fell by 89 %. As a rule, due to these reasons these areas have a high level of unemployment (1.5 times higher than Region's level).

One of the most serious obstacles on the way of development of depressed areas was the collapse of economical basis of life-support system of the population amid the absence of any significant financial sources of development. As a result, already in 1995 a critically low living standard had place: proportion between per capita monetary income and subsistence minimum was 5 times lower than Russian average indices. Local budgets' proper income base was within the limit 28–35% [4, P.56]. Housing construction was almost absent. All indices of provision with social facilities

were 2 times lower than in areas relatively adapted to the market. Problem consisted in the fact that there appeared no potential possibilities of substitution of budgetary sources of the social sphere financing (savings of the population or assets of enterprises).

In conclusion we'll verify the hypothesis which assumes that level of development of agricultural production in a region is determined mainly by its degree of initial adaptation to the market. To achieve these aims we'll realize cross-grouping of areas by their level of development of agricultural production, on one hand, and by their degree of initial adaptation, from the other. Thus, among areas having at present "lower than average" and "low" level of development of agricultural production are: 25 % of regions from the group of relatively adapted; 50% - from the group of critical areas with maximal decrease of production volume; 50% - from the group with maximal decrease of efficiency of agricultural production; 60% - from the group of depressed rural areas[].

Thus the degree of initial adaptation of rural areas' economy to the market, as shown by the analysis, is a considerable, but not the only factor which predetermined the present condition of agricultural production. It is evident that the character of initial adaptation of economy of district to the market is a more important factor of development of agricultural production in comparison with its center-periphery location. The development of district's agricultural production is predetermined by a number of factors, the list and the priority of which varies in each concrete case. It should be noted that the attempt of business entities in the first half of 90-s to maintain the volume of agricultural production even at the cost of loss of efficiency of the latter, wasn't successful. As practice shows, the consequences of such policy wasn't more destructive than the decrease of volume of agricultural production in other areas by one third.

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# THE ROLE OF THE HOLDINGS IN THE SUSTAINABLE DEVELOPMENT OF THE ECONOMY BASED ON INNOVATION

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A symbiosis of two sectors is an important feature of today's global economy: 1) small and medium-sized businesses, and 2) large corporations and holding companies. The second sector plays a determining role in economic development on the basis of innovation, as it has the necessary resources and the ability to manage them centrally, with an eye towards innovation, in line with their own interests and the chosen level of corporate social responsibility.

Holding companies, as has been remarked by experts, can provide a sufficiently significant level of centralization of innovation management in complex multi-level structures, and exercise control over their subsidiaries, both economically and legally. This way of organizing a company is often used to implement a single specific policy and realise unilateral control over the management of the interests shared by all large corporations or to accelerate the diversification process [1, 2].

A holding company's most important role is fostering sustainable innovation. When holdings combine, either via voluntary merger or hostile takeover, they are acting in pursuit of specific goals: strengthening market position and achieving economic gains. At the same time, to reduce risks to the realization of innovative projects, the operating company creates subsidiaries that have limited liability within their property. Thus, the stability of the parent company is increased and risks are transferred to the subsidiary.

The economic analysis of major holding companies in Russia has revealed several stages of development.

The first phase (1992-1997) - Initial creation of holdings in Russia. The largest number of holdings were formed in this period, due, primarily, to the development of various privatization auctions. In 1993, the number of holdings was 400; in 1995, it had already risen to 1400, and in 1997 the number was 2254.

The main feature of the next phase (1998-2003) of holding companies in Russia is the division of property because of the economic crisis in 1998 and the low efficiency of the majority of holdings in the period 1992-1997.

In the third phase (2003 - 2009) of holdings the following feature can be discerned, which is that the majority of holdings tend to get rid of non-core assets to enhance the attractiveness of private investment and improve the efficiency of the entire holding structure [3].

In our opinion, the post-crisis period (2009 - present), can be identified as the beginning of a fourth stage in the development of holding companies, characterized by the further integration of corporate structures, the effectiveness of which are significantly affected by global economic factors, as well as mergers and acquisitions among themselves. According to the data of individual holdings can talk about their sustainable functioning on the basis of the positive impact of global factors and the benefits of a holding company structure.

For example, the holding company "Helicopters of Russia" is one of the leaders in the world helicopter industry, the only developer and manufacturer of helicopters in Russia and one of the few companies in the world with capacity to design, manufacture, test and maintain modern civil and military helicopters. It has undergone sustained growth in production and profits during this period (Figures 1, 2).

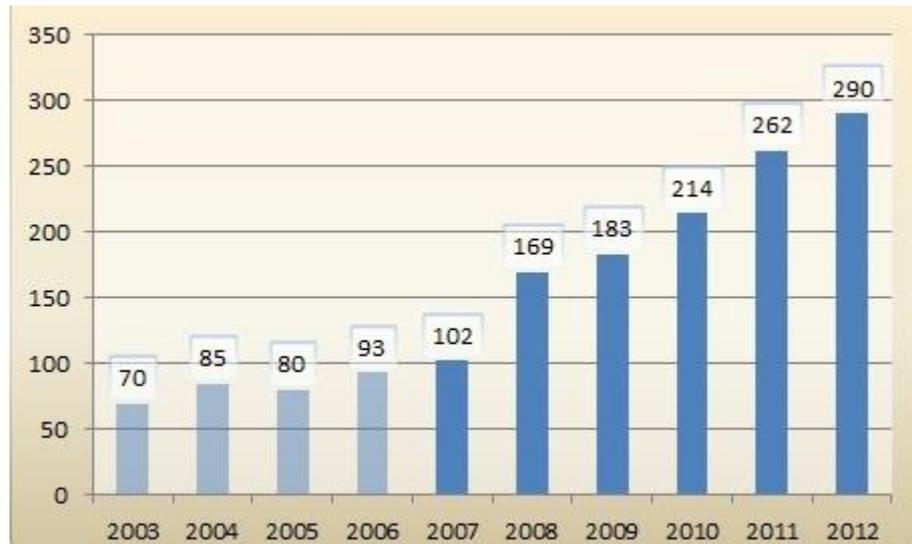


Figure 1 - Dynamics of helicopter holding company "Helicopters of Russia", pieces

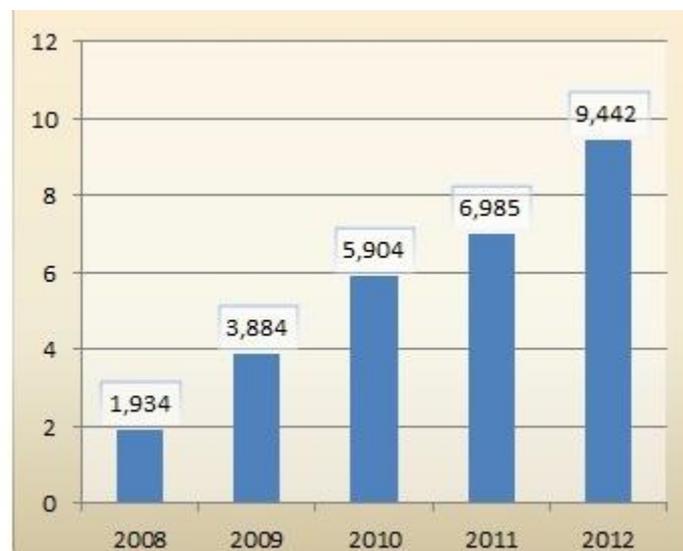


Figure 2 - Dynamics profit holding company "Helicopters of Russia", bln.rub.

In the Russian model, holding companies were formed in the first stage by "dividing" large companies during restructuring and then organising them around a central company, which acts as a bank or a large industrial enterprise. As a consequence, the main examples of holding companies in Russia are diversified: vertically integrated, horizontally integrated, mixed – i.e. both vertically integrated and diversified [1].

Currently, the diversified holding companies are developing more actively. They are mainly represented in the primary sector of the economy (particularly in the oil and gas sector - OAO "Gazprom", JSC "Lukoil", in the steel industry - OJSC "MMK", JSC "Severstal", "Interros"), in industrial engineering (United Heavy Machinery, Permian plants), and construction.

To date, new holding companies are still being formed. Therefore, we can say with confidence that in the coming years Russia can expect new mergers, acquisitions and the formation of new species and types of holdings.

Large holding companies take the form of financial-industrial groups (FIGs), which are a way of integration of banking and industrial capital. This type of holding includes: properties, conglomerates (which combine disparate businesses and unlinked technological processes), miscellaneous, and crossed (enterprises hold controlling stakes in each other).

At the present stage of development, holding companies are investing their money in various projects, and the most successful of them carry significant investments in R & D (Figure 3).

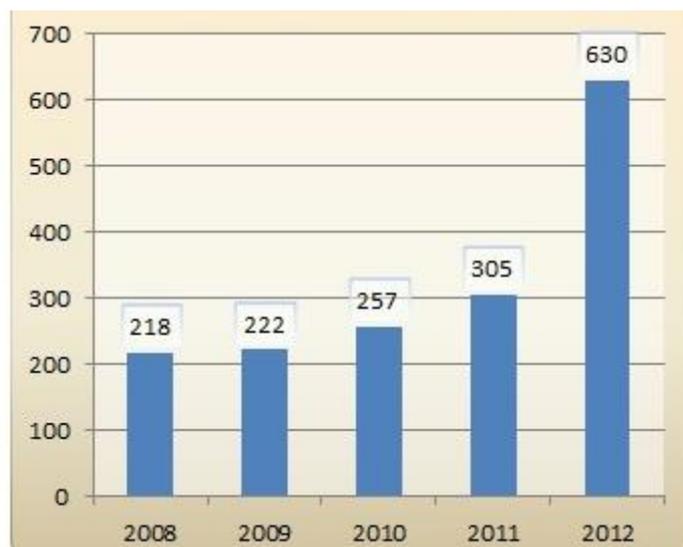


Figure 3 - The dynamics of investment in research and development holding company "Helicopters of Russia", mln.rub.

It should be noted that the formation of holding companies can significantly increase the economic "weight" of large companies, strengthen their

innovation and investment potential, and raise profitability and the level of technological production. This is evidenced by the global experience. In the United States, Japan, Germany and Switzerland, holding companies control more than a third of the country's industry, more than half of foreign trade, and more than three quarters of patents and licenses on high technology and "know-how".

Linked to this the problem of concentration of investment resources, which is highly relevant for holding companies that implement major innovative projects in Russia. In addition to the possibility of concentrating resources, which provide benefits to holding organizations, it is necessary to take measures to ensure government support. One of these measures is to grant a component of the holding company the right to independently determine the timing of depreciation with the direction of "savings" development funds.

In our view, the banking system should also be considered as the most important sector for the economy, where holding companies are a widely used form of integration and facilitate capitalisation on opportunities inherent in the financial sector, impacting the long-term geo-strategic interests of the country.

In this regard, the state needs a strategy for strengthening bank holding companies, which contribute to the country's scientific and technological – as well as socio-economic – development. Bank holding companies are versatile, substantial financial resources. Such companies are conglomerates, offering a wide range of different financial services to clients. Through subsidiaries, they expand their presence in the non-banking segments of the financial market and actively invest in innovative projects. Expansion into subdivisions in insurance, retirement savings, leasing, stock market, innovation and investment, financial advisory, asset management, and many other areas is favourable to the formation of efficient conglomerates, which in turn promote considerable increases in returns on the parts of their component businesses.

Through the actions of these holding companies, the state also wins. Support for the establishment of holding companies also has a positive effect on the following state interests:

- work load of domestic enterprises, not only in specialised industries, but also bedrock infrastructure (energy, transport, construction);
- increasing employment and enhancing social stability;
- transition from the export of raw materials to the export of semi-finished and finished products;
- a corresponding increase in revenue from taxation and other fees from businesses.

In summary, holding companies have advantages in their role as businesses in the sustainable development of the economy. These advantages can be divided into two groups.

The first deals with the effects of integration. Combining the various organizations in a holding company has a synergistic effect. Its essence lies in the fact that the benefits are not achieved not through simple addition, but by the multiplication of the opportunities of all the component businesses that make up the holding company.

The second group includes the organizational and legal features of the holding, the sustainability and stability (it is not possible to secede from the holding company), limited liability risk (the parent company is liable for the debts of the subsidiary only in cases prescribed by federal law), the distribution of commercial risks in the implementation of innovative projects, etc.

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# FORMULATING INNOVATION STRATEGIES FOR INDUSTRIAL COMPANIES

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There are a variety of definitions for *strategy* accepted in modern literature on economics. Numerous studies acknowledge that strategy formulation is based on different approaches. In this study, *strategy* is understood as a system of prioritized trends, forms, methods, tools, norms and techniques for utilizing the resources, as well as scientific, technical and commercial potential of a company to effectively resolve economic objectives, and encourage competitive edge. The given definition identifies both the crucial factors relating the strategy objectives, and a whole range of tools for strategy implementation.

Innovation strategy is the key strategy for a hi-tech industrial enterprise. Making this strategy work requires a set of comprehensive measures relating technological advancement, changing the organizational structure of a company, and introducing modern management technologies. Innovation strategies have been thoroughly researched by the leading economists including J. Schumpeter, P. Drucker, B. Twiss, and R. Fatkhutdinov [6,7,9,10.11]. Thus, strategy can be defined as a detailed multi-utility plan aimed at achieving comprehensive objectives. Strategy implementation implies a consistent behavior which allows a company find its niche under the given environment conditions, whereas the changes in the strategy result from the changes in the exterior environment.

Improving the innovation policy is a key factor for a majority of today's industrial enterprises which influences their business activity in assimilated market areas, and forces them develop new trends. Trying to upgrade

innovation performance, many industrial companies concentrate on a set of *new processes perspective* in order to formulate innovation strategies. The most significant of these processes are as follows:

- providing favorable conditions for searching and introducing innovations,
- directing innovation activities toward addressing the most significant customer needs today,
- developing key innovation-performance trends to contribute to the goals and objectives of a company,
- improving the “research- production- sales” process by cutting down the members in the management scheme,
- reducing the time ratio for the development and introducing innovations by utilizing a simultaneous, or parallel method to resolve the challenging issues. [2]

It is common practice that a company formulates a set of innovation strategies characterized for acceptable and balanced risks. The given set comprises strategy risks as well as safe strategies. [1]

By analyzing the existing research on strategy classifications, we have been able to formulate our own understanding of innovation strategies, and have identified four distinct types of innovation strategy implementation: aggressive attack strategy, offensive or defensive strategy, and strategy to borrow. All these types of strategies can be combined into one group since their distinctive characteristics are based on the implementation principle (Fig.1).

Aggressive attack strategy implies that a company is trying to achieve the leading position in the innovation market segment, and in the sales area.

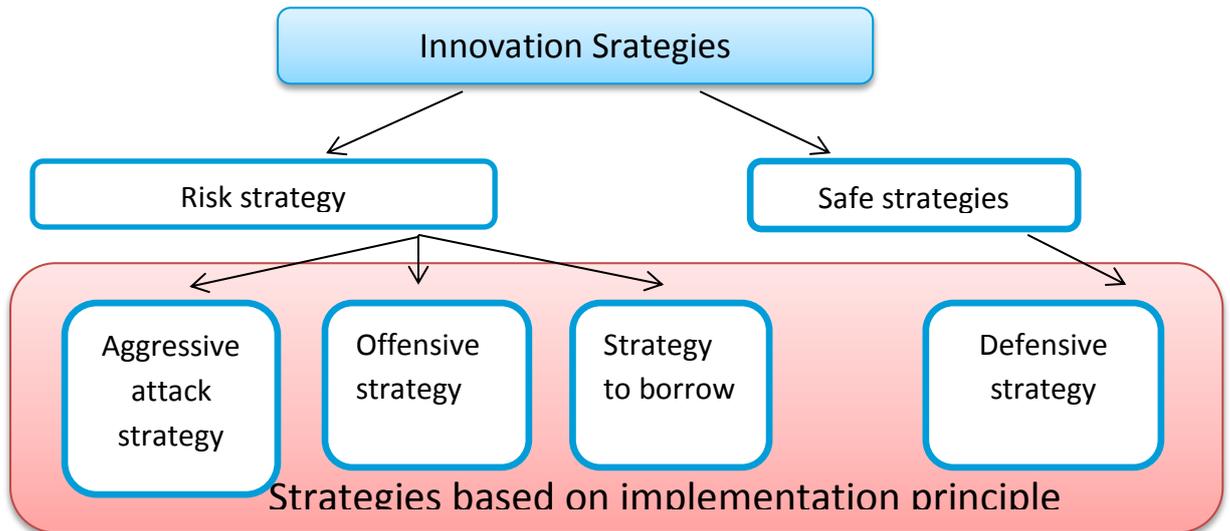


Fig 1. Types of innovation strategies (the author's approach)

Implementing the aggressive attack strategy, which is used to take action and create innovations in the various fields of activity, will encourage members of a company embrace significant changes in the organizational structure of the enterprise. The right choice of the segment of activity will help the company plan a breakthrough by using an opportunity to frame new products for the specified needs, and additionally overcome high cost barriers during the innovation performance. Under such conditions the company is to dominate on the market in the specified areas for at least 1 or 2 years, and retain its forefront status. As a next step, the company finding itself in the environment of fierce competition will have to fight for product sales, and be passionate about changing innovation trends. [4] In the meantime, the competitor enterprises will be working aggressively to contribute to wider consumer objectives. Many food industry enterprises, such as “Pishchevik” and “Sibirsky Hladokombinat” are constantly speeding up the process of bringing their facilities up-to-date. Their dynamic growth is highly situational on a highly competitive market segment, and is mostly due to the fact that they provide products directly to the public. The innovation policy at such enterprises is performed according to a certain worked out pattern, and may be characterized for a “routine’ character. [5]

Implementation of the offensive strategy is oriented toward bringing ideas in order to introduce a sufficient number of innovation products. This type of

strategy is common with the manufacturers ready to meet the growing customer demands, and absolutely positive about their advantageous position over competitors. As an example, the enterprise “Bumazhnik” (in Syktyvkar) gave up manufacturing low-quality wallpaper. The company management cooperated with overseas investors, and aimed at producing quality paper as its major technologically innovative product which was in high demand on the overseas market. The company management realized that its prior objective should be investment into the technical re-equipment program in order to maintain high production level, as well as quality and compatibility of its products on the home and overseas markets. Over the recent years, the company has preserved the rate of investments into retooling and modernization which made a significant part of its profits. Today the company spends about 100-130 billion rubles annually to upgrade the quality of its major product, and introduce engineering, technological, industrial, organizational, and other types of innovations. “Bumazhnik” Company management has set up a comprehensive innovation strategy for long-term profitability. However, the company should be aware of the risks related with losing the leading position on the market, and should win by being sharper than competitors who achieve success through implementation of aggressive attack strategy. The given situation is common with enterprises implementing offensive strategy by fulfilling technological advancement programs.

A company may prioritize defensive strategy on the market where the competition level is rather low. This strategy is targeted to preserve the existing positions on the market. Taking this into account, the company has to work out a short-term and a long-term strategies dealing with competitive activities. The mechanical engineering company “Spitsa” may serve as a good example of implementing the strategy. Analyzing the crisis and recession situation, the company management has chosen the defensive strategy to avoid lay-offs and preserve its staff members, the existing production level, and established business ties. To attain these objectives the management was forced to obtain bank credits, including foreign currency credits. However, the company’s economic situation was still poor and accompanied by low sales levels, increasing downtime ratio, mandatory unpaid vacations, and growing

expenses due and unpaid to suppliers of raw materials, electricity, budget and non-budget funds, customers, etc. The strategy chosen by the company management facing sufficient economic challenges meant that it was forced to give up initiatives oriented toward costly technical and technological development programs and large-scale innovations. On the contrary, the management facilitated point innovation strategy which meant short run products, or customized products followed by suspended operations. Consequently, most innovation projects, such as manufacturing motorbikes, rehabilitation facilities for the disabled, bicycle trailers, sledges and snowboards, were estimated as non-efficient or “useless for the company economy”, and were wholly or partly suspended. Meanwhile, if marketing is one of the company’s strengths, it should set out an approach to offensive strategy and generate breakthroughs in research and technology innovation areas, which might demonstrate a timely response to the competitors’ innovation strategy. [4]

Using the strategy to borrow policy a company obtains either a new technology or product from another company, including a license, for example. Introducing a new product is always interconnected with aggressive policy, or “invasion” of new markets. In fact it goes about finding a niche for an enterprise. Looking for a niche means searching the exact product to meet the consumer demand. Thus, the company “Steklotara” managed to resolve its challenges by setting up cooperation with a friendly partner and consumer of well-known alcohol products “Almaz” Company, which helped ‘Steklotara” establish supportive financial conditions for the organization of up-to-date container manufacturing. The cooperation resulted in the fact that “Steklotara” Company succeeded in renovating its facilities and commissioning new production capacities. On the other hand, “Almaz” Company with its high standards toward container quality requirements has achieved products absolutely satisfying its needs from a supplier cultivating business-friendly environment. [8]

Innovation strategy at an industrial enterprise is about the policy for innovation performance. Implementation of the strategy basically depends on two key factors which include the resources of a company and customer demands. A limited number of resources force a company perform a “step-by-step”

innovation policy. As a result the innovation activity may lose its comprehensive characteristics and is thus performed on an ad hoc basis. The sales slow-down is the main reason why a company might face the sales challenges resulting from overproduction and activities of a competitor. In its turn, aggressive innovation strategy allows a company to manage the situation utilizing such tools as company resources and customer demands.

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# CURRENT TRENDS OF DEVELOPMENT OF THE MARKET OF EDUCATIONAL SERVICES

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Professional education acts as one of the main instruments of achievement of such structure and volume of the offer of labor which as much as possible would correspond to structure and the number of demand for it, being a basis of all system of reproduction of the qualified labor.

Let's consider some tendencies observed in recent years in the sphere of educational services.

One of the directions of modernization of education is introduction of competence-based approach. The subject of the competence-based focused education is insufficiently investigated at the moment. The modern dynamic labor market makes new demands to competitors of workplaces. The enterprises should work in the changeable environment therefore the workers ready quickly to react to changes are necessary to them. Inquiries of employers change from a foreshortening of "knowledge" for ways of activity – "abilities", "readiness", "ability". The competent formulation and realization of these competences by education will allow to create effective system of preparation of potential workers [2, page 38].

Occurring processes in society leave the mark on quality of labor. Today requirements to labor raise, it is connected with competition strengthening on a labor market, change of requirements of employers, scientific and technical progress, structural changes in national economy, etc. All these changes in a result affect and an education system.

It is necessary to mention and a steady tendency to inflation of diplomas. Decrease in return from investments into education and competition growth among experts is a question of expansion of availability of the higher education owing to increase in demand for education, and from here that as a result leads to decrease in value of the diploma.

The tendency of decrease in the status of diplomas which is caused by deficiency of workplaces, in particular highly skilled, compels experts to agree on less qualified work. It quite often results in discrepancy of the gained diploma about the higher education and a post.

Also change of structure of experts belongs to current trends of the market of educational services also, deficiency of one experts and a surplus of others, for example, lawyers, managers in the sphere of the public and municipal administration is observed. Today the nomenclature of professions and specialties of modern system of professional education and a ratio of number of her graduates not completely corresponds to structure of market demand of work. At the same time increase of demand for workers in the sphere of high technologies, defense industry, petrochemistry, power, construction, transport, agriculture, innovations and others is noted.

One of important tendencies is accruing process of globalization. Economic globalization is defining tendency of world economic dynamics in the present century. Today there is an expansion and deepening of interrelations and interdependence between people, business structures, public organizations, the states as which real manifestation processes of formation of a common information space [1, page 4] act.

Through distribution of technologies worldwide globalization influences mechanisms and ways of use of labor, an investment into the human capital that as a result is reflected in production efficiency, labor productivity, competitiveness of graduates of educational institutions, the enterprises, branches and the country as a whole.

In the market of educational services the tendency of globalization is shown in requirement of ensuring the international quality, creation of uniform

educational space, use of information and communication technologies, development of virtual universities, increase of a role of the knowledge, growing access to education.

The return process when changes in the market of educational services influence dynamics, an orientation and the content of processes of globalization that is shown in complication of world economic communications, change of forms and structures of movement of the capitals, sociocultural shifts, etc. is quite fair also.

Summing up the above, it is possible to draw a conclusion that current trends of development of the market of educational services make the demands to higher educational institutions and quality of labor. Education is one of the main subsystems of the social sphere, which purpose to provide being trained with knowledge, abilities, skills which as a result would allow to be realized successfully in professional activity.

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# **INDICATORS OF COMPETITIVENESS OF INDUSTRIAL COMPLEXES AS A REGIONAL SUSTAINABLE DEVELOPMENT CRITERION**

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In the context of globalization competition of national and regional economics increases and determines social and economics safety, life quality and sovereignty.

Hence there are changes in the nature of competition, it's considered not only as a contest, but cooperation in innovative and investment projects. Enterprises integrate in clusters, strategic alliances, networking; supply chains and value creation.

Transference from a sector to cluster economy demands changes in estimation of sustainability and competitiveness criteria. In sectoral approach in competitiveness estimation the most important were internal production and material factors, that reflect efficiency of financial resources use at the enterprise, raw materials, technologies and equipment. At the meso-level the main factors are use of the social productive forces, human capital, innovations and logistics.

Development of sustainable development mechanisms and systems of indicators evaluating sustainability is an acute aim for the Russian industry.

More than 140 monographs about the theory of sustainable economy and companies' sustainable management were published in 2000s in the USA and other OECD<sup>2</sup> countries. In the context of globalization according to Yale University (USA) [1], the strategy of sustainable development has multipurpose solutions and contains multidimensional concept of sustainability, not only profit - oriented, but oriented on environment protection, preservation of jobs, poverty control, public health promotion.

Sustainable economical development can be provided under condition of improvement of companies' social responsibility [2]. Development strategy requires changes in criteria of companies' economic efficiency evaluation and industrial complexes [3], decentralization of management and outsourcing in the frame of clusters, networks and chains of custody [4].

A lot of attention is payed to ecological concepts in the West, especially to sustainable development, which is considered as a process of changes, where natural resources exploitation, investments directions, orientation of the scientific – technical development, personal development and institutional changes are coordinated with each other and strengthen the current and future potential of the society in order to satisfy human needs and aspirations.

*Sustainable Development* according to McMillan's Dictionary of modern economic theory is defined as «An approach to economic planning that attempts to foster economic growth while preserving the quality of the environment for future generations» [5].

For Russia, as well as for other countries, the issues of sustainable development are acute, that is predetermined by a number of reasons: economical growth, rich natural resources, searching the optimal ways of development.

In the system of aims for sustainable development efficiency of industrial use of resources there is a need to evaluate a combination and interaction between economic, social and ecological interests.

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2 Organization of economical cooperation and development

Table 1 – Factors of sustainable development of companies, industrial complexes, regions

Direction of development	Sustainable development		
	companies	industrial complexes	regions
Economical	<ul style="list-style-type: none"> <li>- economical efficiency;</li> <li>- Competitiveness of products.</li> </ul>	<ul style="list-style-type: none"> <li>- industrial complexes structure efficiency;</li> <li>- Increase of the share of profitable enterprises in the complex ;</li> <li>- part outcome and increase of the share on the international market;</li> <li>- formation of industrial clusters.</li> </ul>	<ul style="list-style-type: none"> <li>- support of efficient competitive sectors;</li> <li>- barrier removal for the export of competitive products;</li> <li>- social institutions efficiency.</li> </ul>
Ecological	<ul style="list-style-type: none"> <li>- cost-effective use of resources at an enterprise;</li> <li>- decrease of intensity of use;</li> <li>- Complex use of raw materials.</li> </ul>	<ul style="list-style-type: none"> <li>- formation of integrated structures that provide complex use of raw materials;</li> <li>- use of production wastes.</li> </ul>	<ul style="list-style-type: none"> <li>- cost-effective use of resources in the region;</li> <li>- energy saving.</li> </ul>
Social	<ul style="list-style-type: none"> <li>- support at the level of an average regional salary level and its continuous increasement;</li> <li>- social support of the employees;</li> <li>- Development of the corporative culture.</li> </ul>	<ul style="list-style-type: none"> <li>- support and increase of the employed population;</li> </ul>	<ul style="list-style-type: none"> <li>- organization of medical services;</li> <li>- social protection of population;</li> <li>- Increasement of the educational level;</li> <li>- Provision of a good life level.</li> </ul>
Innovative	<ul style="list-style-type: none"> <li>- use of new technologies;</li> <li>- Production of new types of goods.</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of new technologies, new forms of management and production organization.</li> </ul>	<ul style="list-style-type: none"> <li>- prioritized support of innovative enterprises;</li> <li>- Development of science and high-tech industries;</li> <li>- decrease of high qualified staff flow-out;</li> <li>- innovative methods in regional management</li> </ul>

At all levels of sustainable development (companies, sectoral complexes) parallel development in four directions is needed: economical, ecological, social, innovative. Notably no priorities can be defined out of above mentioned directions – sustainable development is provided by their complex implementation.

In each direction at every level several factors, influencing sustainable development of different objects can be defined (Table 1).

The following systematization of factors allows to develop a system of indicators of balanced competitiveness and enterprises sustainable development, providing in contrast to the previous sectoral approach not only the sales volumes, share in the market and profit, but also indicators of resources conservation, social protection of the local population, preservation of job places, increase of the added value per one unit of the resource (Table 2).

*Index of employment* allows evaluating social significance of the industrial complex, in case of transference to modern technologies that lead to decrease of employees' number and to foresee creation of new working places.

Table 2 – System of interrelated indicators of competitiveness of industrial complexes

Type of competitiveness	Indicators of the industrial complex sustainability
Financial	Ratio of reciprocal receivables and payables Ratability of sales
Industrial	Productivity of labour Capital productivity Ratio of costs and profit of sales Added value per one unit of the produced product
Social	Share of employed (in % among the average employed population in the region) Wage index
Ecological	Ecological index (ratio between the used and regenerated resources)

*Wage index* defines ratio of an average wage in an industrial complex and in the region in general.

*Ecological indicator* can be defined in two ways: ratio between the used and regenerated resources, or evaluation of environmental damage produced by the enterprise' activities.

A suggested system of indicators allows estimating competitiveness of industrial complexes not only from the economical point of view, but also considering social and ecological components.

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# **RECOMMENDATIONS IN DEVELOPMENT OF AGRICULTURE OF THE CENTRAL KAZAKHSTAN ON THE BASIS OF CREATION OF CLUSTERS**

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“Strategy "Kazakhstan-2050" is adapted in Kazakhstan it is the new political policy of the taken place state" and it is a long-term strategy of a further sustainable development of the state, one of the direction in realization of this task is cluster development.

In the majority of the countries the cluster policy of development is an organizational form of integration of production. It is proved by that in many countries where apply innovative clusters dynamic development of economy of regions is observed. Effective functioning of clusters leads to the economic growth and increase of competitiveness of economy of regions.

According to the plan on creation and development of pilot clusters in priority sectors of the economy, approved the government resolution of June 25, 2005 No. 633 in regions carries out a certain work on realization of cluster initiatives.

So in Kazakhstan in the field of agriculture, the most perspective on cluster development on production and processing of grain are – Akmolinsk, Kostanay and North Kazakhstan regions; milk – Akmolinsk, East Kazakhstan, Kostanay and North Kazakhstan regions; on production of meat – Kostanay, Pavlodar and North Kazakhstan regions; fruits and vegetables – Almaty, Zhambyl and Southern Kazakhstan regions; rice – Kyzylorda region; fish – Atyrau, East Kazakhstan and Karaganda regions; cotton – Southern Kazakhstan region; raw leather – Aktyubinsk, Karaganda and North Kazakhstan regions; wool – the Aktyubinsk, East Kazakhstan and Zhambyl regions. In the territory of the

Southern Kazakhstan region within development of a cotton and textile cluster is created the special and economic zone "«Ontustyk»".

As we discussed earlier for the Karaganda region the most promising cluster development is the production of raw hides. Processing of hides can become a source of significant enterprises in the industry of foreign exchange earnings, and can act as a raw material for the processing enterprises of Kazakhstan, hides and skins.

Besides production of raw leather in the Central Kazakhstan development of a cluster of the food industry is possible. To this conclusion we came on the basis of calculations, namely calculation of the statistics reflecting competitive stability of branch in the region and potential of its clustering. These indicators are coefficient of localization of the given production on region territories, coefficient of shower production and coefficient of specialization of the region on this branch. [2]

Below the dynamics of these coefficients for 2007-2010 is given.

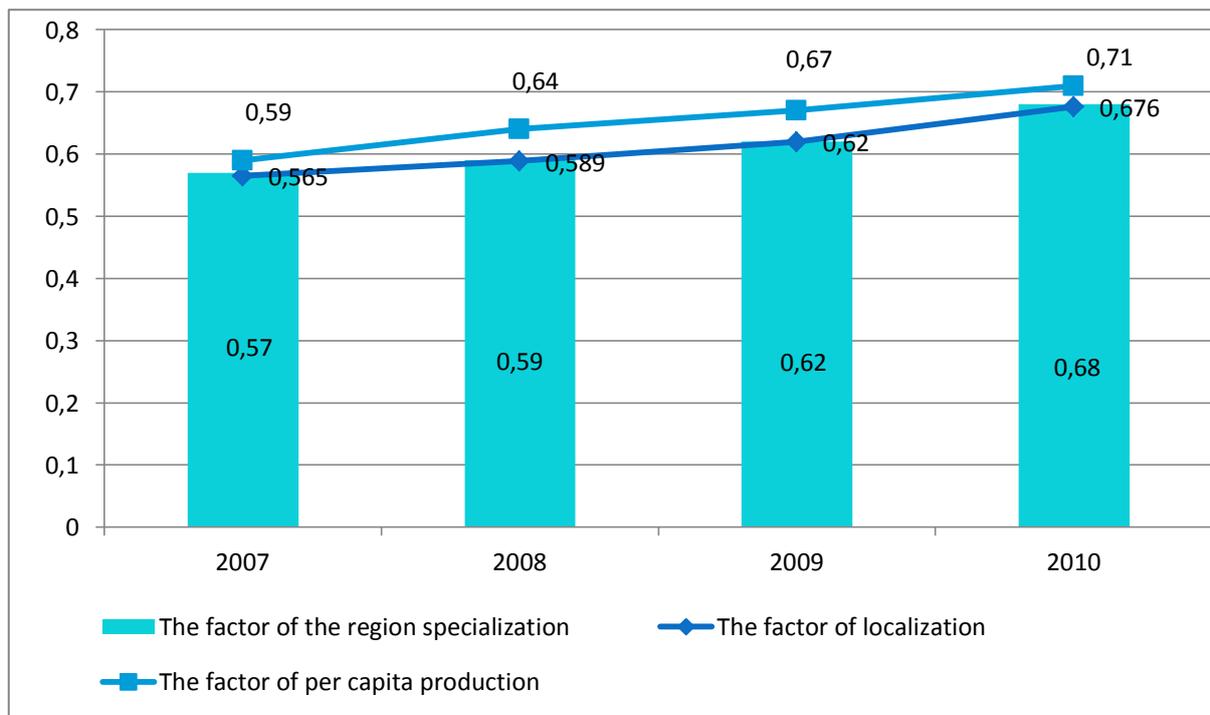


Figure 1. Dynamics of the indicators reflecting competitive stability of branch in the region and potential of its clustering

According to settlement data it is visible that productive indicators higher than 0,5 and their annual increase is observed. It testifies to possible further prospects of development and creation of clusters.

In the Karaganda region which territory makes nearly 43 million hectares, under agricultural grounds ten million hectares are occupied, from them one million four hundred thousand hectares are considered as arable and suitable lands. The carried-out monitoring of rural territories of the Karaganda region recognized more their third high-perspective. The population of the region lives in five hundred six settlements, hundred sixty five rural and twenty seven settlement districts.

Nine rural areas, four of which specialize in the Karaganda region on the grain production, one – on production of meat and dairy production. In the region work of all standing idle dairy plants and poultry farms is restored, three new dairy plants of the condensed milk are constructed. At the development of dairy and commodity farms it is planned to aim from the regional budget about eighty million more tenges.

The breeding base of area is presented by fourteen subjects of breeding animal husbandry, including five breeding plants, eight breeding farms and the distribyutorny center JSC 'Tan'. 'Kaynar' LLP is considered one of the largest and dynamically developing not only in area, but also in the republic. The economy is engaged in cultivation of the Kazakh white-headed and agriculture breeds of cattle. On the basis of the above it is visible that all conditions for development of a food cluster are created.

Recommended actions for cluster creation "Food industry" in the Karaganda region are:

1. To consider the possibility of creation of new agricultural formations, to create incentives (tax privileges, preferences for attraction of an investment, a transfer of modern technologies, equipment import, etc.) for the fastest introduction in agriculture of projects on production processing.
2. To create the mini agriculture processing productions.

3. To develop the forecasts of development of the internal and external markets of production of agriculture. To reveal the most perspective directions and tendencies of development of production of agriculture.
4. To stimulate the small and medium business on construction of mini-plants on release of agricultural production.
5. To create the conditions for certification of operating and created productions according to the international standards.

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# FORMATION OF TAX CULTURE IN RUSSIA

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Today, at the present stage of development of Russia one of the main problems is the formation of tax culture. Until now, the level of tax culture remains low. Citizens are not aware of their rights, for example, that they can get social and/or property deductions, or are eligible for preference.

According to the theory put forward by J. Homans, tax culture is seen "as a stable metabolite of tax and other authorities involved in the tax process, on the one hand, and the taxpayers, on the other" [4].

Quite extensively in the economic literature identifies a number of barriers to improve the tax culture: [4]

1. High taxes that undermine the interest of the taxpayers in economic activity.
2. The focus only on the personal, rather than public gain an absolute majority of taxpayers.
3. The rapid development of the shadow economy.
4. Tax evasion in Russia.
5. The corruption of government agencies, including tax authorities.
6. The absence of the tax bases of literacy among the population.
7. Distrust of the government.

Tax culture is a part of the national culture of the country, which is associated with the interaction between the state and citizens in the tax system. It expresses the knowledge and observance of the legislation on taxes and duties and the tax system as a whole, completeness and timeliness of payment, methods of calculating taxes and duties.

Often in foreign practice assesses the consequences that may arise if the tax laws change.

In Russia, the citizens are always sensitive to changes in the tax law. This is particularly susceptible to the representatives of the manufacturing and service sectors, small businesses.

The main thing for the entrepreneur is profit, not the development of its business in the future. According to Ivanova S.A., knowingly false slogan of "the market will fix everything" has led to an aggressive, hostile business climate, create a lack of mechanisms to protect the rights of property, too tight fiscal policy and only in third place - irrational tax system. Putting any business on the brink of survival, these factors have pushed it in the «informal sector» which has a strong corrosive effect on society and, above all, to the state. [2]

Today, therefore, citizens ignore the state, they do not feel obliged to pay taxes. In return, the state does not allow taxpayers to understand that the tax revenue is spent on improving the welfare of society as a whole.

As a result, avoidance of taxpayer obligations for citizens is the norm.

For the first time by Adam Smith in his «Inquiry into the Nature and Causes of the Wealth of Nations» estimates were made of the role of psychological factors in the theoretical approaches to the psychology of taxation. He formulated a series of principles of rational construction of the tax process. Further evolution these approaches have in Germany. It was there for the first time a work by «Principles of tax morality», written by O. Veit. Work in this direction also appeared in England (A. Lewis, «The psychology of taxation»), the Netherlands (Van Feldhofen) and Sweden (G. Vernerid). Also in Germany has been developed Cologne school of economic and financial psychology. [2]

Russian citizens still do not fully understand the basic and necessary in today's society, political values, one of which is the paradigm of «taxes are the basis of the welfare state and society» [2]. Tax evasion does not affect the goodwill, as the population thinks that this is normal.

Moral reason to tax evasion displayed in a negative attitude towards the existing rigid tax system, low level of tax culture and in the selfish interests of taxpayers. [2]

The formation and development of tax culture are an active interaction between the state and citizens, affecting the results of a tax policy as regulatory, informative basis and generally on the tax culture.

To increase the level of tax culture is necessary to work in the following directions:

- the availability of legal acts regulating the Russian tax legislation;
- effective communication with the citizens of the state;
- security of citizens the necessary information, the expansion of the institution of tax consulting, the use of media propaganda tax culture;
- improving the quality of execution of tax procedures;
- to increase the prestige of working in the tax authorities.

Under the simplification of the tax legislation of the Russian Federation, improving the mechanism for the resolution of tax disputes and the need to strengthen the stimulating redistributive function of the tax system, reduce the transaction costs of tax administration, to establish comfortable conditions of service to taxpayers. [3]

In the development of the institutional framework for the organization of tax culture Kasimov D.O. a scheme, which reflects the most essential elements of the content and structure of the formation of tax culture and their relationship with the main elements of the control system of tax relations. [4]

Kasimov D.O has made in his work the following conclusions:

1. Modern Russian tax system is a fiscally-control model.
2. The fiscal relations should be a service that provides state taxpayer.
3. In Russia formed a model for the organization of tax relations, based primarily on the following tax control and ownership of the tax authorities in the application of measures of administrative and tax persecution (in the application of tax penalties). [4]

Based on previous research by Kasimov D.O., we have developed a mechanism of tax culture of taxpayers based on the interaction of two institutions: the tax authorities and tax advisors (Figure 1).

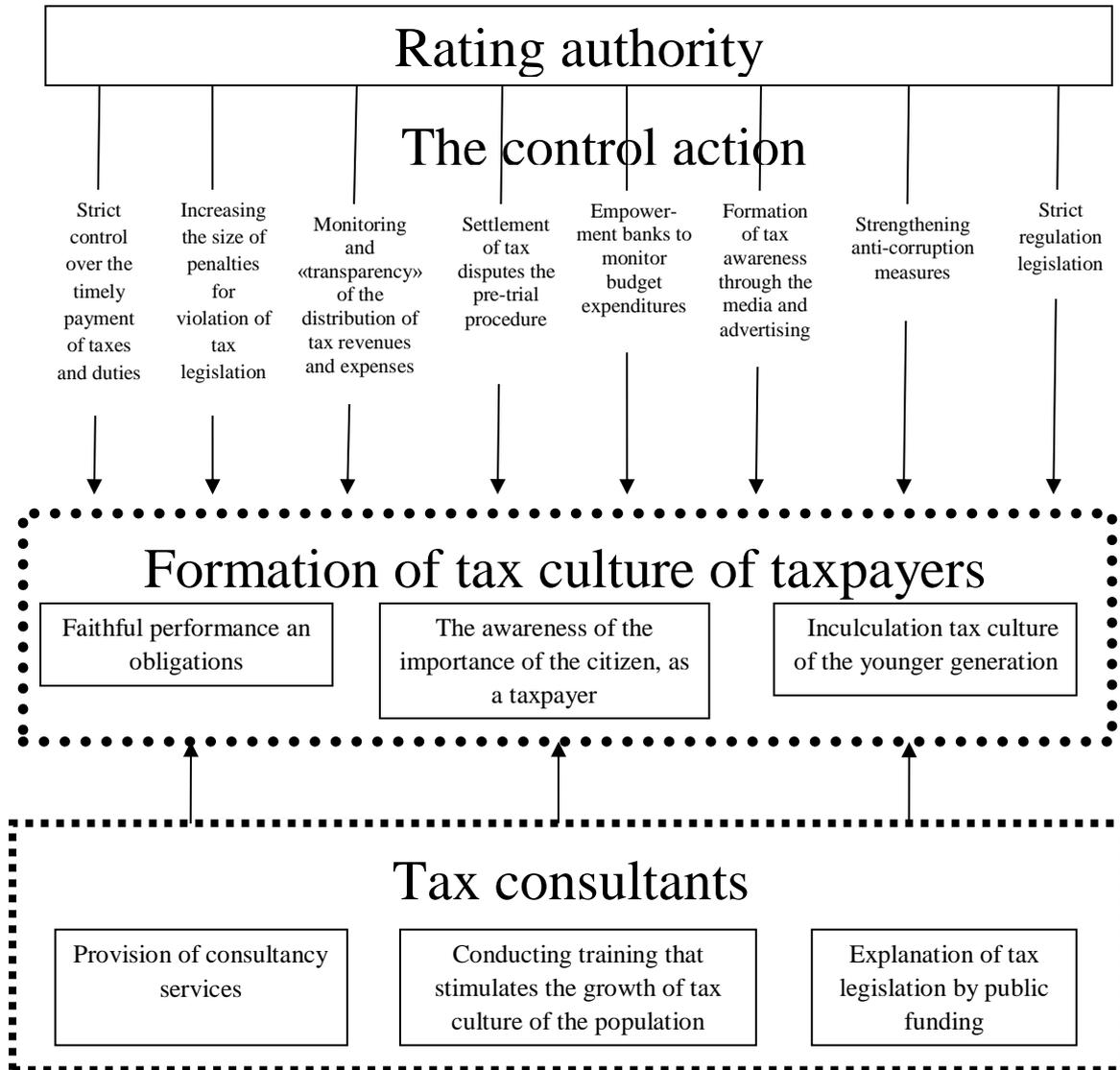


Figure 1 – The mechanism of formation of the tax culture of the taxpayers  
 (Compiled by the authors)

The tax authorities have manipulated through such tools and methods such as strict control over the timely payment of taxes and duties, increasing the size of penalties for violation of tax legislation, monitoring and «transparency» of the distribution of tax revenues and expenses, the settlement of tax disputes the pre-trial procedure, empowerment banks to monitor budget expenditures, the

formation of tax awareness through the media and advertising, strengthening anti-corruption measures, strict regulation legislation.

Tax consultants have an impact on the formation of the tax culture of taxpayers with the services they can provide to the population, for example, advisory services, conducting training that stimulates the growth of tax culture of the population, explanation of the tax legislation on state's account.

Interacting at the same time, they form a tax culture of taxpayers.

The result of the use of such tools and methods will be faithful performance of the obligations specified by the tax law, the awareness of the importance of the citizen, as a taxpayer, the tax culture of instilling the younger generation.

But this is not all of the tools that can help in the formation of tax culture. Consciousness citizen as a taxpayer should be formed at school.

That is why we suggested the introduction of a number of educational programs in schools. For example, the program "Affordable tax laws," or under the "tax system" using a series of games «TS Play»:

1. «TS Play 1» (age 8-12 years). The essence of the game: the explanation of the tax system, its elements, for example, completing one level of the game, it is possible to know the definition of "tax".
2. «TS Play 2» (aged 13-15 years). The essence of the game: the passage of each level of the game, collect the data necessary to calculate the amount of tax.
3. «TS Play 3» (aged 16-20 years). The essence of the game: the establishment of a virtual enterprise, registration, choice of activity, income, computation of tax.

The result of the implementation of programs to improve the tax culture in Russia will be a good level of knowledge of tax law, a positive attitude to the tax system, the awareness of the citizen, as a taxpayer, the increase in tax revenues, a decrease of tax disputes.

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# **ENTWICKLUNG DES VERWALTUNGSSYSTEMS VOM BAUUNTERNEHMEN AUFGRUND DES CONTROLLINGKONZEPTS**

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In den Marktbedingungen stoßen die russischen Baufirmen immer auf das Problem des Mangels bei Inhabern und Management an den Werkzeugen für Kostenkontrolle und Ressourcenverteilung. Die Suche nach den Wegen der Effizienzsteigerung von der Verwaltung des Klein- und Mittelgeschäfts im Bau kann zur Seite der Vervollkommung von einzelnen Verwaltungsfunktionen gerichtet werden. Die Komplizierung des Vorgangs vom Entscheidungstreffen führt zur Notwendigkeit der Funktionsverteilung und Ausscheidung von einzelnen Handlungsarten in selbständige Verwaltungsunterssysteme. Eines der solchen Systeme ist Controlling.

Das Controlling ist eines der neuen und perspektiven Verwaltungskonzepte, das die Planung, Management, Verwaltungserfassung, Buchprüfung, Berichtswesen, Kontrolle und analytische Arbeit vereinigt.

Die Effizienz des Controlling-Systems wird durch die Verwaltungseffizienz und –qualität, d.h. das Controlling stellt dar eine Rückkopplung durch die Wahl der Organisations-, Mathematik- und Informationsversorgung für ein konkretes Wirtschaftssystem ermittelt.

Für die Vervollkommung der Verwaltungsfunktionen beim Einsatz des Controlling-Systems in einer Baufirma ist es notwendig, den Erfassungszustand und zahlreiche Besonderheiten der Bauindustrie berücksichtigen zu können:

Als Beteiligte der Vertragsbeziehungen in einem Bauauftrag können einige Parteien auftreten: Auftragnehmer, Unterauftragnehmer, Auftraggeber, Immobilienmaklers, Developers, Vermittlungsorganisationen und andere;

In der Organisierung und Methodik von der Baufirmenerfassung gelten die Industriebesonderheiten, Besonderheiten der Bauprodukte, Wirtschafts- und Organisationsbesonderheiten, Besonderheiten der Außenluft;

Bauprodukte sind einzelne Arten oder Stufen der Arbeiten und die Bauobjekte;

Die Bauleistungsverträge werden durch die Fristen der Arbeitsausführung, Preis, Bezahlungsordnung, Fristen der Feststellung von der minderwertigen Arbeitserfüllung (Nichtausführung der Vertragsbedingungen), Rechtsverpflichtungen, Risiko eines zufälligen Todes charakterisiert;

Die erfassungs-analytischen Bestandteile der Bauleistungsverträge werden durch die Beteiligten, Rechtsmerkmale, Gewinnerwirtschaftung, Realisierung der Bauprodukte (Dienstleistungen), Buchführung, Kontrolle und Analyse der Ausgaben ermittelt.

Allgemeine spezifische Besonderheiten: Kombination der Bau- und Industrieproduktion, Standort des Bauobjektes (Erfassungsobjektes) außer dem Standort des Auftragnehmers, langfristiger Meisterungscharakter der Kapitalarbeiten, Dauer des Produktionszyklus im Erzeugen der Bauprodukte, Ermittlungsmethode des Einkommens von der Abgabe der Bauarbeiten (Dienstleistungen) – nach den Arbeitsstufen oder nach dem Beenden des ganzen Umfangs, Feststellung des Finanzergebnisses.

Das Controlling ist auf die Lösung des Komplexes von strategischen und operativen Aufgaben zwecks der Sicherstellung von einer langfristigen effektiven Organisationsfunktion gerichtet.

Zweifellos ist der Einsatz des Controllings ein dringlicher Bedarf für die Bauindustrie, der die Qualitätserhöhung der strategischen und operativen Verwaltung von der finanz-wirtschaftlichen Tätigkeit der Bauorganisationen sicherstellt.

Die Besonderheit dieser Tätigkeitsart besteht darin, daß sie integriert ist und die Interesse der Bauorganisation insgesamt betrifft. Für das Schaffen eines Controlling-Systems sind es entsprechende theoretische und methodische Entwicklungen im Bereich des Managements, Marketingforschungen,

Verwaltungserfassung nötig, die das Studium der Bedarfsdynamik im Markt der Bauarbeiten ermöglichen. Es ist auch ein Einsatz der Verwaltungsneuerungen, die für das Schaffen einer effektiven Arbeit; Ausführung der Vorbereitung und Umschulung von den Fachleuten; Erhöhung des Niveaus von der Organisationskultur der Baukomplexverwaltung gerichtet sind, notwendig.

In der ersten Organisierungsstufe vom Controlling-System eines Bauunternehmens entsteht die Notwendigkeit der Entwicklung von der analytischen Information. Sie läßt verschiedenartige Berichte mit der erforderlichen Detaillierung und Auswahl von notwendigen Angaben nach den Punkten - Bauobjekte, Arten der Ausgaben, Einteilungen, Arbeitsstufen, Materialgruppen, material haftende Personen usw. – zusammenstellen.

Die zweite Arbeitsstufe setzt die Entwicklung des Budgetierungssystems voraus. Mit diesem Zwecke werden es unifizierte Budgetformen für die langfristige und laufende Planung und Vorgehensweise der Budgetzusammenstellung und -ausgleich entwickelt, was am optimalsten die in der Organisation vorhandenen Ressourcen verteilen, auf die Situationsänderungen operativ reagieren und rechtzeitig die Änderungen in die Strategie eingeben läßt. Somit ist die Budgetierung ein wichtiges Werkzeug des operativen Controllings.

Das Controlling berücksichtigt auch die Informationsbedürfnisse der Manager von der Firma und derer Inhabern, die in einzelne Budgets ausgeschieden werden können. Zum Beispiel, Budget der Investitionen, Budget der Debitoren- und Kreditorrückstände, Budget der Investitionsaufwendungen und Finanzergebnisse.

Das Schaffen des Controlling-Systems in den Baubetrieben wird die Informationsversorgung vom Verwaltungsvorgang verbessern lassen. Die Konsolidierung der Operations- und Finanzbudgets wird die Rolle der Verwaltungserfassung im Vorgang des Entscheidungstreffens verstärken, eine reale Beurteilung der Ergebnisse von der Wirtschaftstätigkeit sowohl des ganzen Geschäfts, als auch dessen einzelnen Abteilungen ermöglichen, läßt die Risikos minimisieren und einen zusätzlichen konkurrenzfähigen Vorteil im

Baumarkt durch die Bereitschaft auf die Arbeit unter den Bedingungen einer strengen inneren Ökonomie bekommen.

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# PROBLEMS OF MARKETING APPROACH TO ATTRACTION OF INVESTMENTS

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Experts and analysts of the different countries only start realizing that the financial world after the crisis which has begun in 2008, will be another.

The begun crisis, having changed many financial institutions, led to a rupture of the settled communications between sources of financing and the companies needing investments. Deep impact of world financial crisis on this process visually showed research of opinions of heads of 570 leading international companies which results are published by the Ernst & Young company. In January, 2009 about 75% of the companies experienced difficulty concerning elimination, at the moment their number increased to 82% [4]. The modern financial market is characterized by high degree of uncertainty and the one who will find the rational solution of considered problems and will choose the correct direction of movement, will get competitive advantage in search of sources of investments. Use of opportunities and instruments of marketing will allow to make this process by more effective.

The analysis current situations in the financial market and forecasting of its further development are impossible within the developed ideas of the marketing connected with attraction of investments. It is caused, first of all, by changes of a number of fundamental parameters of regulation of the financial market, connected:

First, with increase of influence of the state in two main directions:

- the legislative – strengthening of a role of the state institutes in regulation of the financial market.
- financial protectionism – generating and distribution through the state structures of financial streams during certain periods of time and to target segments of the financial market.

Secondly, with increase of a role existing and creation of the new international financial institutions which are carrying out monitoring, research and coordination of work of the financial markets.

Thirdly, with the advent of tendencies on coordination of actions at national level on supervision and regulation of world and national financial systems in the form of strengthening of coordination of solutions of national regulators and global harmonization of the legislation.

In the fourth, with change of models of the financial organizations. In particular an inefficiency of existing institute of rating agencies. It will be overcome by change of the backbone principles and their functioning, further development of the competition in the market of rating services by creation on a non-state basis of noncommercial rating agencies.

In the fifth, with reforming of financial regulation of the elements which inefficiency crisis showed: corporate governance, financial statements, system of an assessment and risk management, supervision and regulation system.

All above-mentioned aspects demand new approach to formation of policy of increase of appeal of the company at attraction of investments. The companies which need financing, are compelled to treat investors as with potential consumers. Successfully to compete for the capital, the Companies have to reveal the most perspective suppliers of the capital and direct marketing efforts to them.

The financial market isn't full analog of the commodity markets and, during the developing of marketing policy, the company should consider its features:

1. In the financial market, unlike the commodity markets, the companies should compete not only within the branch.

2. Investors aren't interested in company production as that.
3. As main objectives of investors it is possible to allocate the following: a) obtaining high profitability taking into account risk; b) participation in management of the company through participation in its capital.
4. The financial market is at the same time reacting and predicting: responds on the current events and tries to foresee the future.
5. It is more subject to speculative fluctuations which create the serious source of hindrances distorting market signals on which the companies can judge an assessment investors of results of their activity and future potential.
6. Higher level of state regulation, in particular, in the organized financial market.
7. Deeper information impact on the investor from rating agencies.

The considered problems demand studying of process of attraction of investments not only from a position of the financial analysis and planning, but also taking into account marketing approach.

Backwardness of the theory and practice of marketing in the financial markets is the objective reason of special attention to studying of marketing activity in financial credit institutions, insurance companies and any companies connected with the market of financial services. Use of the concept "financial marketing" sends us to researches of foreign authors, in particular to concept of marketing of financial services which applies in Stefenson R. works. He doesn't offer accurate definition of the concept "marketing of financial services" and considers it in relation to activity in the field of marketing of financial and credit and insurance institutions [3].

At domestic authors, such as Balabanov I.T. the concept "financial marketing" is considered as function of financial management [1, page 413]. Thus, all financial market is defined by a field of activity of financial marketing, authors are limited to development of provisions of this concept in relation to professional participants of the financial market: to financial credit institutions, insurance companies, etc.

The "new" types which were showed recently of marketing even if they can be referred to category of types of marketing, often are already known types of marketing in which the specified emphases on the directions use and the maintenance of its separate methods are placed. And the principles of marketing, its tools as a whole, the maintenance of separate stages of management of marketing don't undergo any changes.

Berdnikov T.B. doesn't enter new terminology, and considers marketing as one of securities market functions along with share operations, management, pricing, forecasting, planning, the analysis and modeling. Marketing on securities market includes the demand analysis, a rating of sales, advertizing activity, carrying out researches, collection of information, pricing, promotion of securities on the market and their realization [2, page 176].

Marketing in the field of attraction of investments in researches of various authors is considered from two points of view. From one point of view, marketing in the field of attraction of investments is considered as management philosophy when solution of problems of consumers by effective satisfaction of their requirements conducts to success of the organization, and brings to society benefit. From other point of view, marketing in the field of attraction of investments is considered as management of activity of the organization on attraction of investments at certain stages of this process.

Thus, the considered researches open separate aspects of application of marketing in the course of attraction of investments and formations of an integrated approach to development of marketing policy of the company in this area and as it is essential to increase efficiency of efforts on attraction of the capital in the conditions of crisis can be based. Nevertheless, these researches don't consider influence of the crisis phenomena on formation of marketing policy of the enterprise. Further development of the marketing theory and practice will allow to develop approach to definition of the best suppliers of the capital and to create incentives for investment.

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# **EURASIAN ECONOMIC COMMUNITY AND PERSPECTIVES OF KYRGYZ REPUBLIC MEMBERSHIP IN CUSTOM UNION**

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Post-soviet states area is one of the most quickly developing regions in the world, therefore it is extremely essential for this region to develop comprehensive integration blocs according to the countries involved.

Nowadays, Eurasian Economic Community (EAEC) is being developing for effective promotion of the creation by the Customs Union member states of a Single Economic Space and for coordinating their approaches while integrating into the world economy and the international trade system. It was originated from the Commonwealth of Independent States (CIS) customs union between Belarus, Russian Federation and Kazakhstan on 29 March 1996.

Year by year, the role of EAEC is increasing and influence that it makes in the world trade and politics is rising accordingly. Each country of the bloc has its own riches and strengths.

For instance, Russian Federation, Kazakhstan and some other countries have enormous oil and gas resources. The main aim and reason for developing this integration bloc is to effectively use their economic potentials to improve the living standards of their people and creating a common competitive market in world scale.

Kyrgyz Republic as a member of EAEC has several advantages of such alliance, such as low oil prices and financial support from other members of bloc. And of course Bishkek has political and weapon support from Russia and EAEC members.

The purpose of formation of the EAEC is for the Contracting Parties to effectively promote the process of formation of the Customs Union and the Single Economic Space, and to implement other objectives and tasks.

The role of integration blocs all over the world is evolving and it is quite natural that countries according to their location try to take all advantages of their geopolitical position. Developing EAEC is the first step of creating free trade regime in all respects, forming a common market. Each economic integration takes several steps: the first step is Preferential trading area, then the second step is Free trade area and Monetary union, the third step is Customs union and Common market, next step is Economic union, and Economic and monetary union, sixth step is Fiscal union, and the last is Complete economic integration.

EAEC is on the first step and it is only a platform for providing to customs union, where Russia, Kazakhstan and Belarus are already. Kyrgyz Republic is planning to enter this union, in view of this facts is quite important to reflect advantages and disadvantages that small but geopolitical important country can gain after entering. It is not a secret that country has a geopolitical importance such as borders with China, and Afghanistan and Russian within striking distance of rockets and troops.

Access of products to the single territory of the Customs Union is granted after products have proved to be compliant with the requirements of Customs Union Technical Regulations which are applicable to the product. As of December 2012, 31 Customs Union Technical Regulations have been developed covering different types of products, some of which have already come into force, while others will come into force in the period 2012 – 2015. Some Technical Regulations are being still developed.

Before Technical Regulations come into force, the following approvals are the basis for access to the Customs Union Member Countries:

National approvals/certificates – they are good for access of product to the country where this approval/certificate has been issued.

Customs Union Certificates/Approvals issued in accordance with the “List of products subject to mandatory conformity approval in the Customs Union” – such Certificate/Approval is valid in all the three Member Countries of the Customs Union.

Citizens of the member states of the union may travel to other member states with just a national identity document, without a passport. Although presently Russia allows citizens of other CIS states to visit without a passport as well, it is expected that after 2015 only citizens of the Customs Union will have this privilege.

Kyrgyz Republic has stated their desire to join the Customs Union. In October 2011, the acting prime minister of Kyrgyzstan announced that his country will join the union, and that the process had been agreed to with the prime ministers of the other member states.

Nowadays another step to create a special economic zone has been made, which is so necessary for both sides: for Kyrgyz Republic’s deficit in oil resources and needed support and for Russian Federation because of the geopolitical position of the Kyrgyzstan. Trade and economy ties with the neighboring countries are important for Bishkek, the same way they are for Kazakhstan, Belarus and Russia.

And though so far there’s no talk of creating neither a single currency, nor even a currency union, in the wake of the crisis burning out in Europe this strengthening of trade ties is now especially important.

At the end of this year Kyrgyzstan will be ready to enter Customs Union and the perfect date of entering is 1 January 2015, according to Russian ambassador in Kyrgyzstan.

As soon as Kyrgyz Republic enters customs union it will gain all privileges of such alliance and will take its respective part in world economy and politics. The same is for Russian Federation, farseeing strategists understands that there are two military bases in Kyrgyzstan (U.S. air-force base and Russian base) and if they will not help to integrate Bishkek in Custom Union, then U.S.

will do the best to control this region. And this variant is not acceptable for the Russian long-term policy.

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# **ANALYSIS OF THE COMPETITIVENESS OF THE PIG-FARMING INDUSTRY UPON RUSSIA'S ENTRANCE TO THE WTO**

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The Russia's WTO accession has radically changed the picture of market conditions in the country. These changes have also affected the whole agro-industrial complex of Russia. However, in general, one of the most affected subareas of the A.I.C of Russia is considered to be the pig farming industry. Customs and tariff protection of the branch has reduced by eight times. We believe that the pig farming industry in Russia has made the most concessions upon joining the WTO.

In order to better understand today's challenges in pig production and find ways to provide solutions, we have reviewed the history of the industry in Russia.

Since the 90's and until 2005 the domestic industrial pig production has been virtually destroyed, its production has dropped by four times. Over the 15 years the pig industry has degraded, lost production, its technological, genetic and scientific ground and skilled staff. Therefore, the share of imports during this period reached 40-45%. Only in the 2006-2007 the revival of industrial pig farming began, it is connected with the launch of the national projects.[5]

To revive the industry the State undertook two fundamental support measures. First, eight-year loans were given at subsidized interest rates of 5-6 percent instead of the former 15 percent. Secondly, for the first time the State began regulating the meat market. There were introduced: quotas, customs-tariff regulation, the duties within the quota and prohibitive duties in excess of the

quotas. So, the pork duty within the quota was 15 percent, and 75 percent in excess of it.

Pig production in Russia began to develop a total of only five or six years ago, everything was built from the ground up, mostly using credit funds, so the industry now needs a minimum of 15% return on investment, but not 0 to 3% as it is at present. The pig production system needs further support for at least five more years in order to let companies pay off the loans and get the opportunity to be fully competitive and cope on their own without significant State subsidies.[5]

An attractive environment for private investors has become the outcome of the measures taken for the pig industry support. Over the past six years there have been around 300 billion roubles of private funds invested in the industry, with 80 percent being soft loans. Industrial production of pork has increased by four times: from 400 thousand to 1.6 million tons of meat in slaughter weight. As a result, the share of imports fell from 40-45% to 25% in the year 2012. In absolute terms we consume 3.2 million tons of pork; 2.4 million tons of which are produced domestically and 800 thousand tons are imported. Due to such protection of the market the yield of breeding business stood at 20 to 25 percent. This is the only yield that allows companies to settle with banks and withdraw the property from mortgage. The challenge was to reduce imports to at least 15 percent; and that was reachable given the return and the security of the market, which had been before the WTO.

On January 1, 2013 the stock of pigs in Russia was estimated at 18.8 million heads, which is 9.2 percent higher than the last year's figure. The pig population in farms has increased by 2.23 million heads. At the same time, the number of pigs in private households declined by 556 thousand heads and the animals on farms, by 99 thousands. Farms steadily increase their production. For example, in the fourth quarter of 2012, the industrial production of pork has increased by 18% compared with the same period of the year 2011. In January of this year the growth of production was a record at all — up to 172.7 thousand tons, which is 31% in comparison with January 2012.[4]

These dynamics have surpassed even the expectations of the National Union of pig breeders (NSS), which assessed the increased production within 18-20%.

In our view, an explosive build-up of production can be attributed to the commissioning of new pig farms whose construction began two years ago. The market is also affected by the decrease in the livestock, especially at small farms. This occurs because of low prices for meat and high grain prices. According to the Director General of the “Agropromkomplektacia” holding Sergey Novikov, the pig industry is surviving due to the established reserves. The development of own forage reserve, served as a stepping stone to not buy grain from the market. Thanks to these actions pig farms continue to expand the number of pigs.

After the accession to the WTO the live pig prices fell by 25-30%. The fall occurred for several reasons. The main of which is this accession to the WTO. After joining the WTO in August, the imports have risen by 34 percent and the imports above the quota have doubled. The duties on pork within quotas were reduced from 40% to zero. Duties on live pigs were reduced by eight times: from 40% down to 5.[6]

Domestic producers of pork found themselves in an uneasy position. Our companies are not the most advanced genetics, so the output after cutting is only 70% of meat. Fewer bones is one of the main advantages of imported meat compared to the domestic. Over the past eight years, Russia has made the support by subsidizing interest rates for agricultural producers. Up to 80 per cent of the loan rate was subsidized by the State.

One of the remedies is to support entrepreneurs, as well as additional funding from the federal budget allocated in the form of subsidies on forage for pig producers worth 9.5 -10 billion rubles.

The WTO doesn't provide direct support, but there is indirect support, including infrastructure projects, and through the forage. By many accounts, the level of support in Russia is one of the lowest; it is about 7 percent to turnover, while in Japan or in Western Europe it reaches 70 percent, according

to various schemes. This seconds the notion that effective agriculture cannot exist without the support of the direct manufacturer from the Government.[4]

Russia should as well learn from America and Europe; the electricity for farmers in these countries is twice cheaper than here. Diesel fuel for farmers is cheaper than the conventional one and even distinctively colorized so that it could not be used out of agricultural production. These are also support measures for agriculture. In addition there is a special price for alternative energy, produced for instance, by biogas stations. We also agree with the notion of the Union that retail sales can serve as a sustainable ground for acquiring stability in the state of the industry.

According to Mr.Birulin, despite a 30-percent drop in wholesale prices, retail prices remain at the highest level, and in some stores even continue to grow. If the retail pork began going down in price in accord with the wholesale level decrease, the demand for meat could increase, the expert believes.

The industry still has time to survive. In our view, occasional subsidies for feed can prolong the industry for no longer than six months. For the full protection and support of the industry, we should build up long-term measures in a year at the longest, if we don't, the growth of domestic production will cease and it'll stick at today's level at best. There is a big risk that imports will grow back.

For a more in-depth assessment of the situation that occurs in the pig-breeding at the level of region, we have studied the state of affairs of producers in the Belgorod region.

The Belgorod region, thanks to the climate, richness of black soil has always been one of the leading agricultural regions of the country. The Crisis of the 90's has virtually destroyed the pig farming industry, as one of the fundamental agricultural economy branches of the region. Its production has fallen by almost four times.

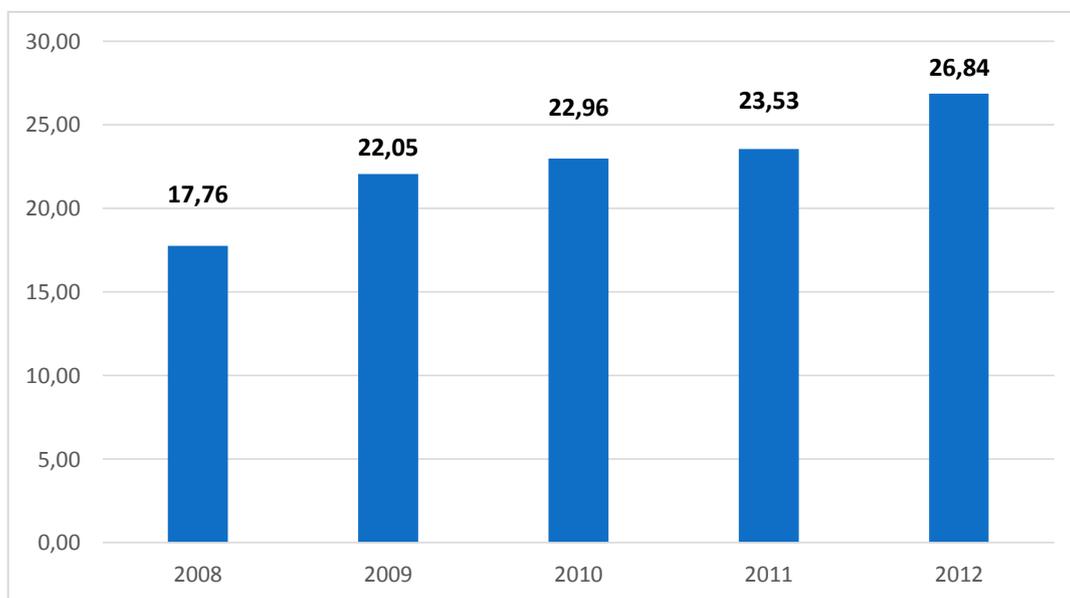
As the Governor of Belgorod region, Yevgeny Savchenko said, 'In the past 7 to 8 years we have created a modern, large, having no analogues in the world, industry for production of pork. This has never happened in the history of Russia at all. I believe that this economic phenomenon was implemented

primarily as a result of Government support.’ The measures of State support are the quotas for import of meat and interest rate subsidies.[3]

In recent years the yield of the industry in pork and poultry production, until last fall, was relatively small, but it provided a sufficient level of profitability, about 10 to 15%, i.e. 8 to 12 rubles of net profit received by the producer from one kilogram of live weight of pork or dressed weight of poultry. As we can see in table 1 the proportion of pig for slaughter increased from 2008 to 2012 and reached 26.84% in 2012. Thus, during the given period, there was an increase of production of agricultural companies specializing on pig for slaughter by 9%.

Table 1

Share of pig for slaughter producers in Belgorod within the overall amount in the Russian Federation



However, in the autumn of the year 2012 (according to the head of the region), the situation has changed: the entry into the WTO, the increase in imports has led to the collapse of prices, particularly for pork – by 30 percent, or 20 to 25 USD per kilogram. Also a rise of grain prices by two times was registered, the prime cost actually increased by 20% relative to pork.

According to Yevgeny Savchenko, in the 1<sup>st</sup> quarter the cost of production of 1 kilogram of pork totaled in the region 73.8 roubles without Value Added Tax

and the price amounted to 58.2 roubles, also without VAT. The difference or, more precisely, loss is 15.6 roubles per kilogram. In addition, the situation is aggravated by the rise in unsold leftover of meat and pork, which is more than 7 thousand tons. The total is 40 thousand, which is three times as much as it was the last year.

‘The reserve of financial strength, especially among small and medium-sized producers, is almost exhausted these days. Some of them have already said about resetting, cutting jobs...’ – Yevgeny Stepanovich said. At the same time, he said, processors and traders make use of the imbalance of the meat market. Despite the decrease in sales prices of meat, its cost in trade networks has not reduced: “the loss of earnings of our manufacturers makes about 13 billion roubles,” the Governor of Belgorod region said.[3]

Belgorod producers of meat are not left to the mercy of fate. The State continues to provide both open and veiled support for Russian enterprises, stimulating domestic production and holding back the competition from foreign manufacturers. To protect the pig-breeding from the dangerous consequences of the entrance, the Administration is developing measures of reducing negative impacts. The project of conversion to alternative sources of energy is gaining strength in the region. The youngest branch in the country, bioenergy, is in ongoing development; in addition to the two successfully implemented projects of biogas plants with a capacity of 3 Mw, three more are being launched.[2] The recycled waste of livestock, poultry, sugar beet production, will total up to 500 megawatts of power capacity. This will fully provide the entire rural area with electricity and heat.

Many enterprises of Belgorod despite an economic recession and the degradation of the productivity and competitiveness, take necessary steps to mitigate the negative impact of the new trade regime and maintain their market position. Individual strategies for each enterprise should include a range of measures aimed to increase production efficiency, cost reduction, product quality standards. Now each decision makes for the future of our economy and the country as a whole.

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# THE OBJECTS AND SUBJECTS OF THE STANDARDIZATION OF ACCOUNTING AND REPORTING

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The process of standardization raises many challenges, one of which is the uncertainty of the object of standardization. This problem exists at the international level, as rightly said L. Schneidman “there is still no consensus on what is the object of standardization of the Committee of the IAS. Most experts believe that this financial statements, individual professionals - accounting, including the current accounting, and reporting”. In our opinion, this problem applies to all levels of standardization, both at the level of the country, region, company, and at an international level.

We can distinguish two main objects of standardization: the system of accounting and the financial statements.

The financial statements and the entire accounting system may be subject to standardization at the national level. Selecting the object of the standardization depends of national characteristics of the country. For example, in countries with a low level of economic development, influenced by the economies of other countries, the subject of standardization can be a financial reporting. For these countries, there is no need of national accounting systems.

Another situation arises for countries with higher levels of economic development, which have a national accounting system. Accounting is an object of standardization often in the domestic national level, because at this level of accounting, practices are determined by national circumstances.

An important factor in choosing the object of standardization is the level of standardization and subject carrying option. In general we can say that every level of standardization has its object and subject. Differentiation of the levels of the object and the subject of standardization, in our opinion, helps to solve some of the issues of improving national systems of accounting and application of IFRS. Depending on the level of the standardization process will update the object and the subject of the process (Figure 1).

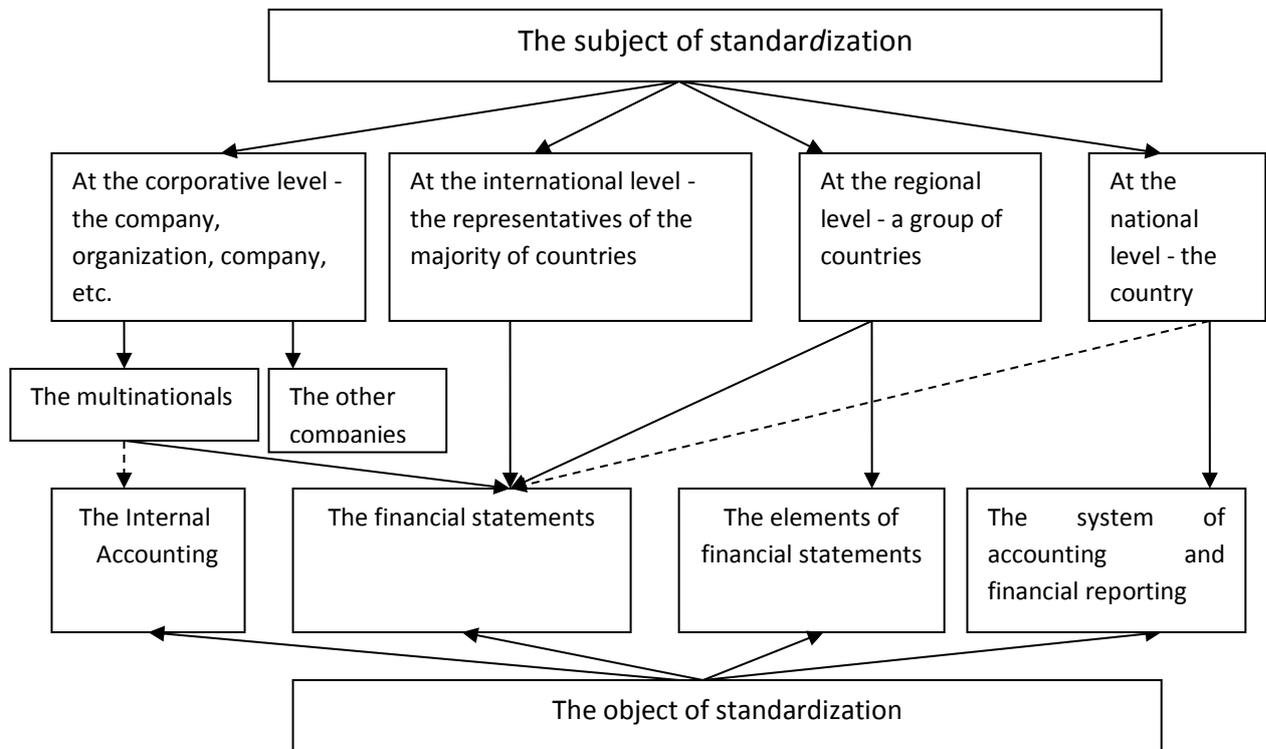


Figure 1. The definition of the subject and the object of standardization

Each level of standardization, highlighted by the scale of its implementation, has its object and subject. As seen from Figure 1, when the company is the subject of standardization, there are two possible situations:

For multinational companies' financial statements is the object of standardization. The main objective for the multinational companies is to attract foreign investors, creditors or other partners, thus they need clear, understandable information in the form of financial statements. Multinational companies can be subjects of standardization at the international level and they can be a single subject of standardization at the corporative level;

Most of national companies operate within the country, so they are involved in the standardization like subjects. For them the object of standardization is defined by national characteristics.

When the subject of standardization is the country, it chooses the object of standardization. The definition of the object of standardization depends on national circumstances, political and economic situation in the country. In particular, the object of standardization in Russia serves the entire system of accounting and financial reporting, which is determined by historical backgrounds.

For international standardization object is financial reporting. In our opinion, such a distinction in the objects of standardization allows to distribute the issues of international standardization and national standardization. At the international level, it is important to get clear, transparent information in the form of financial statements. This allows to eliminate misunderstanding between people of different countries in the economic relationship. The standardization of accounting and reporting is irreversible, because getting users high quality information is a prerequisite for the stability of the global economy.

The application of this vertical classification of the standardization process helps to clarify the object of standardization. There are the following levels: the elements of financial statements (reporting forms); the financial statements in full; the accounting procedures (accounting only) without releasing financial statements; a combination of accounting and financial reporting, each of them may be an independent object of standardization.

Difficult problem is to determine the basis and the mechanism of standardization. The choice of standards we have previously considered. For Russia the choice of standardization base has been made in the course of the reform of accounting, which is caused by the processes of international standardization.

The basis for standardization in Russia is IFRS. The main problems was the lack of specific mechanisms for their implementation and the lack of the object of

standardization. In addition, at the international level the object of standardization is financial reporting, but it's not enough for Russian practice.

If the financial statements will be subject to standardization in Russia, it can lead to a methodological gap between the accounting procedures and financial reporting process. Traditionally, financial reporting is part of the accounting system, so attempts to standardize financial statements in accordance with IFRS and the accounting by national standards may cause problems in the formation of accounting information.

Russian accounting system determines the financial statements as the logical conclusion of accounting procedures in reporting period. Therefore requires a coordinated policy approach of the national system of accounting and reporting to IFRS.

International experience suggests several mechanisms for adaptation the national accounting system to IFRS: from transformation to other methods of international standardization. It assumes a long-standing permanent restructuring of accounting and reporting; adaptation (reform) of the national system in accordance with IFRS. Allows a systematic approach to standardize and to take into account national peculiarities.

In Russia should use the second gear. There is a national system of accounting and reporting with its own characteristics, which were formed under the influence of historical and other factors. The gradual introduction to international standardization leads to the transformation of the accounting system, but the implementation of this process is possible only within the framework of the reform. Changes do not have to be permanent; they should take into account both the trend of international development and national circumstances.

# FEATURES OF FUNCTIONING OF THE TAX SYSTEMS IN THE CONTEXT OF GLOBALIZATION

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**Annotation:** The article investigates some aspects of the impact of globalization on the functioning of the tax systems, including the implementation of the control function of the system. Globalization is viewed in conjunction with the development of the transnational corporations, which have claimed a number of government functions, which may pose a threat to the State system. The author sees the solution in establishing partnerships between corporations and rating authorities through the harmonization of tax issues. The author puts forward new ideas of how to improve the tax system and tax control by extending the system by involving an external audit for tax inspections of small and medium-sized enterprises.

**Keywords:** State, tax, the tax system, globalization, public private partnership, audit, tax audits.

Globalization affects all economic institutions and systems, including the tax system that attributes to open highly sophisticated systems. The founders of the system theory considered the most important properties of the system is that "every part of the system has properties that it loses in the case of separation from the system, and each system has certain (important!) properties, which has none of its parts "[1, PG. 26-27]. The integrated tax system model presented in Figure 1. 1.

Under the globalization, a tax system was primarily a subject to unification, the most striking example of this is the widespread introduction of VAT in the world. The tax administration and tax control systems have been also exposed to an unification to some extent in recent decades, so there are similar problems in different countries. The system of taxpayers is an Institute formed over centuries in virtually all countries by all the same rules; historically this is

due to the emergence and strengthening of capitalist relations of production, which have led to the appearance of basic categories of taxpayers and made society think that taxes must be paid by all classes and sections of the population.

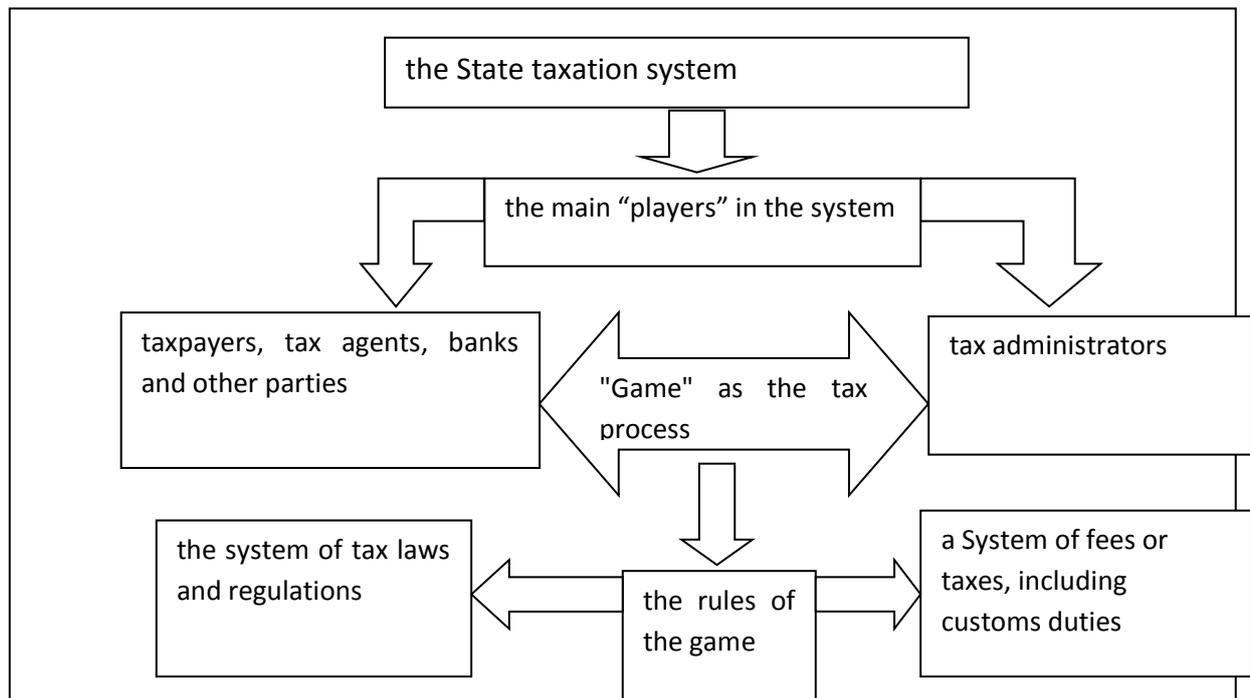


Fig. 1. the tax system Model

Russian scientists give the finance and taxes regulatory, fiscal, social, distributive and control functions in various combinations. Foreign financiers are considered to be more pragmatic and politicized, they tend not to put the issue on the functions of taxation, they explore the objectives of financial and tax policy of the State. So, Richard A. Musgrave and Peggy B. Musgrave regard the main objectives of financial policy and finance function as: provision of public benefits that expresses a distributive function; the adjustment of the existing distribution of income and wealth to ensure that public perceptions of "honest" and "fair" distribution are met (the redistribution function); the use of fiscal policy as a means of ensuring of high level of employment, the reasonable prices and the corresponding level of economic growth, taking into account the impact on trade and payments balances (stabilization function) [2, p. 20-21].

Globalization leads to an understanding of the need to apply systematic approach when considering the functions of the financial categories; which

means that any functions can be performed only by interactions of system elements. Therefore talking about the tax performing any functions, including control function is new meaning because tax is an element in the tax system, it is primarily a money payment, which can take place or not. The control function can be performed by the taxation system which is an institutional organisation which aims to implement the tax policies of the Central Government.

An economic category "tax" lays the ground to the institution formation in the field of taxation. After the researchers we also recognize that the tax is a complex financial-economic and legal category. Moreover, in the traditions of the institutional approach there are professionals who give tax some attributes of categories from other sciences. For example, researching the formalization of the relationship between taxpayers and Government officials authorized to levy, a French scholar, the author of the value-added tax M. Lore claims that the fiscal question refers, primarily, to the field of psychology, because the human factor takes precedence in fiscal relations [3]. T.F. Yutkina considers taxes in the first place as a philosophical category; philosophy of taxation is based on "ethical postulates and principles of mandatory harmonization of financial interests of the State Treasury and taxpayers [4, p. 34].

In the context of globalization, tax systems of different countries are developing by similar rules and have similar problems; the degree of functionality of different institutes may vary from the demands of the development of social relations, which usually leads to imbalances and problems. So, the poor development of the Institute of public finance and tax control very often leads to a lack of order in the financial matters of the State, wasting of centralized funds, committing tax violations in large and extremely large amounts, etc.. Such problems are an actual problem all over the world, including in economically developed countries, despite the high quality of work of tax authorities there. Amount of tax arrears counts for tens and hundreds of billions \$; for example, in the United States Internal Revenue Service (IRS) determined that the "tax gap" in some years exceeds budgeted deficit" [5], and in Russia "11% of organizations don't pay taxes" [6].

With the emergence and consolidation of the State taxes became one of the most important institutions in the economic structure of society. The State, as a special organisation representing institute of power, and taxes are seen as mutually subordinate and interconnected institutional structures. The State emerged from the objective necessity to create a special separate authority which main function would be to protect citizens from internal and external enemies, and taxes were adapted by the State to implement its requirements for providing the means to operate. In the early historical era, the State did not take active part in the reproduction process and did not have their own sources for its existence directly from the material production sectors; therefore, it was necessary to create an institution of State income generation, which at that time could only be created in the form that implied the use of imperative ways of taxation. In order to achieve viability the State and taxes should have been continuously modified and refined according to changing historical epochs, involving not only the development of productive forces and production relations, but also the moral rules and principles in human society.

To date, the State ensured the advancement of human civilization, but there is a question whether it would continue in the future as well. Modern development of the productive forces and production relations has led to multinational corporations who received intensive development in recent decades, have some claim on the State functions in the management of the society. Globalization is the result of the formation of transnational corporations (TNCs), which went beyond national borders; major capital in the form of TNCs is involved in the regulation of economic processes, including the lion's share of taxes, creates GDP, solves the problems of employment and contributes to many other economic and social problems.

This situation has given rise to theories that justify the possibility of transferring part of the state functions to corporations, which, in the opinion of some scholars, capable to provide world order. Corporate growth, increased complexity of their financial and economic operations require new approaches to fiscal control over their activities. First, under the new circumstances, the State should establish business partnerships with corporations in solving

problems in society. Secondly, it is apparent that the total tax control over all operations of corporations becomes unrealistic or too laborious.

A system of tax administration in the form of a horizontal monitoring, which is a bilateral agreement between the tax authorities and taxpayers has developed in Russia since 2012. According to the agreement, taxpayers have the obligation to inform the tax authorities of the planned financial transactions containing tax risks and tax authorities undertake to give their assessment of the tax impact of the planned operations and transactions. According to Korshunova M.V. a new form of tax control was developed in the Netherlands and starts to be applied in the UK, South Korea. "A similar procedure of preliminary recommendations of authorities on scheduled fiscal transaction also exists in the United States, Israel, Sweden, Ireland, Austria, Germany [7, 32]. In 2012, the FEDERAL TAX SERVICE of Russia signed the agreement on the expanded information interaction with some of the largest taxpayers: OAO «Rushydro», JSC «INTER RAO UES», OJSC «Mobile TeleSystems», and «Ernst & Young (CIS) ". The following experience of the United States was used: in 2005 experimental program called CAP (complianceassuranceprocess) began which implied an ongoing annual audit of major companies throughout the fiscal year [7, p. 32-33]. In Russia the above agreements provide for full disclosure of risk transactions prior to the filing of the tax return that provides its monitoring by the FEDERAL TAX SERVICE of Russia (and the coordination with the Finance Ministry of the Russian Federation) in real time. The signing of the agreement does not exclude visiting checks, but greatly reduces tax risks.

For the largest taxpayers the introduction of mechanisms of co-ordination of interests such as the harmonization of prices of transactions among interdependent organizations is an innovation. During 2012, the FEDERAL TAX SERVICE of Russia received 35 applications submitted by such major taxpayers of oil and gas, metallurgy and transport industries. As for January 1, 2013 three agreements with 17 taxpayers, members of the Group of companies of Rosneft, OAO Gazprom Neft and OAO Aeroflot were completed [7, p. 30]. It seems possible to install varying frequency (periodicity) of exit checks for the largest corporations — taxpayers depending on the detection of tax violations. Tax administration of the biggest taxpayers must be different from the medium and

small taxpayers; in our opinion, the Government monopoly on the conduct of inspections shall be kept only for the largest taxpayers; It seems to us that in order to develop public-private partnerships and savings on transaction costs, the State has the right to transfer the tax inspections to an independent auditing and consulting organizations for small and medium-sized companies, not bearing a big budget risk for the State, because of their low proportion in tax revenue. There is some experience of cooperation of State and public and non-State parties in tax administration sphere in a number of Western countries [8, pp. 323-324]. We propose to extend this practice, using domestic experience of auditing in governmental economic programmes.

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