

ENSURING THE SUSTAINABILITY OF THE ECONOMIC DEVELOPMENT OF RUSSIAN ENTERPRISES IN THE CONTEXT OF CYCLICAL PROCESSES AND THE GLOBALISATION OF THE ECONOMY

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Abstract: The XXI century was marked by the progressive development of market relations and active integration of the Russian national economy into the system of international relations. Growing globalisation requires improving the mechanism for sustainable development of diversified enterprises of the domestic industrial complex as a key package of tools and methods for organising their production and financial activities. Economic sanctions aggravated by the next global economic crisis and the global pandemic, necessitated the rapid development of a methodological apparatus to support the sustainability of the economic development of industrial enterprises under the aforementioned severe restrictions. Moreover, the industrial complex was tasked not only to maintain its position in the main markets but also to expand its activities by mobilising domestic resources.

Keywords: Globalisation, Economic Crises, Sanctions, Pandemic, Industrial Enterprises, Competition, Factors, Sustainable Development

1 Introduction

Globalisation and continuous strengthening of the competitive environment have aggravated the problems of formation and realisation of competitive advantages of the national industrial complex. The new vector of development of world tendencies has brought to the world markets new players, such as transnational companies, regional and inter-regional alliances, trade unions and other associations increasing their direct impact on establishing the structure of competitive advantages of the national economy in the conditions of cyclical processes and globalisation.

There is no doubt that in the current realities, the weakening of national sovereignty and the diminishing importance of the state as the main regulator is shifting a complex of problems of interconnecting between a plan and a market to the world level. The point is that the problems of ensuring the competitive development of any state must already be addressed not only at the national level but also at the global level, taking into account the impact of supranational institutions. In these conditions, the need to identify the features of interaction between a plan and a market comes to the fore at both the national and national levels (Azmina, 2012; Kolesnikov & Golikov, 2014)

The development of market relations has led to the movement of factors of production in the highly profitable and competitive sectors of the Russian economy, and primarily in industry. Experts note that the processes of systemic transformation of competitive advantage sources in the industrial complex into competitive advantages of the Russian Federation in international markets are successfully achieved through the market. At the same time, the market mechanism currently used in our country does not allow properly stimulate and activate the processes of building and engaging the competitive advantages in high-tech industries, which serve as a key base for large-scale production of high-tech competitive industrial products that can be actively sold in international markets (Best, 2002).

In this regard, it is very relevant for the theory and practice of developing an organisational and economic mechanism to ensure the sustainability of economic development of Russian industrial enterprises in the conditions of prolonged economic and technological sanctions. Moving towards sustainable development can be a special place for developing countries. Sustainable transport, sustainable agriculture, sustainable cities, sustainable industries, sustainable structures, sustainable business are some aspects of sustainable development. The economy is one of the three key indicators of sustainable development. Implementing and implementing sustainable development programs in organisations and businesses will cover a large part of a sustainable economy (Sycheva et al., 2019).

Economic theories suggest that environmental priorities should be shifted towards automatic protection (Azmina, 2012). On the other hand, creating and using purely financial tools in managers' decisions, without considering environmental factors (for example, biodiversity, without understanding its function in the ecosystem) can lead to a catastrophic program. In general, the laws under which services and reciprocal protection can be provided to the environment are very limited. In fact, the conditions for balancing the environment are more the exception than the law. Therefore, the belief in sustainability in the implementation of sustainable development seems necessary. Economics is a discipline that has a long history of using mathematical models. The first feeling that comes to mind about the issues and problems of sustainable development and its combination with the economy is the failure of the market (Akulich, 2011).

Achieving sustainable development without the presence of the economy, which is one of its main pillars, fails. Trade-off logic can be used to make decisions to integrate and achieve efficient results between these two areas. Because at first glance, some exchanges may not be balanced and uniform, but the end result will be equilibrium (environmental, economic, etc.) in the long run. The development of tourism, agriculture, culture and even industry in some countries confirms the success of this approach. Decisions that at first seemed uneconomical. After a few years, they became profitable.

Sustainable development organisations can achieve a combination of economic and cultural benefits through the implementation of environmental responsibilities. Recently, the protection of the natural environment has become a key strategic issue in all communities and businesses. Organisations can work to preserve ecosystems and fulfil environmental responsibilities through the implementation of "sustainable development" strategies. Deploying these strategies in the medium term will lead to differentiation and special position and in the long run will have a competitive advantage. Organisations also gain cost leadership by implementing these policies (Apshev et al., 2009). These features are very important in today's changing and competitive market.

Sustainable development in large companies and organisations is defined as:

“Voluntary activities of a company and having social and environmental concerns and responsibilities in business operations and in interaction with shareholders and the interests of the organisation” (Best, 2002).

These approaches are a way to sustainable development following the goals and objectives and of course, in line with the organisation’s strategy. Organisations need some motivation and reward to implement and implement their sustainable and cost-effective development strategies. In fact, by explaining these benefits to managers and shareholders, we can hope for the fruitfulness of this process.

Some environmental accomplishments that organisations can attain through implementing these strategies are as follows:

- Energy efficiency
- Natural resources preservation
- Pollution reduction
- Waste reduction

The economic motivations of organisations to implement sustainable development are as follows:

Increasing the agility of the organisation using modern communication methods

Reduce the cost of energy savings

Make money through other activities such as modelling and implementing other organisations and small businesses

Obtaining social licenses and worthy and deserving cooperation in this way in marketing.

Legal and regulatory pressures:

Some developed countries have set rules and standards for better sustainable development. Some U.S. laws for this purpose include the Clean Air Act, Resource Protection and Improvement Act, Clean Water etc.

2 Method

A theoretical and methodological basis of our study were the works of the classics of political economy, economic theory, monographs and scientific papers of famous Russian and foreign scientists on the problems of increasing globalisation, economic cycles, increasing competitiveness, and sustainable development.

In the course of our work, we have used such methods in solving these problems as dialectical method, logical analysis, system and structural analysis, comparison, and generalisation, as needed.

Data from the Federal Service for State Statistics of the Russian Federation, analytical materials of the World Economic Forum, materials from economic journals, analytical reviews, etc. were used as the information base of our paper.

Today, economic sustainability is known as a vital factor in the survival of the rural population. In the present study, the study area with problems such as limited and unstable income, lack of diversity in economic activities, lack of employment opportunities, the spread of poverty and unemployment and, consequently, rural migration, negative population growth rate, and pressure on economic resources Limited village faces. By studying the thematic literature, first, the indicators of economic sustainability were identified, and information was analysed, and then, the situation of economic stability and grading of the villages of Cohen village was done using the sustainability barometer technique. Also, the relationship between economic stability and spatial characteristics of villages was investigated. The results show that from the point of view of economic sustainability, Kouhin rural district is in a moderate to low condition and more than 60% of the villages are in an almost unstable condition. Finally, in line with economic sustainability, a proposal is made to diversify the economic activities of the villagers with emphasis on the agricultural sector and increase

the income of the villagers through activities related to agriculture such as handicrafts, product processing, and home-based businesses.

The validity of the received results of research is provided by means of the use of fundamental workings out of the Russian and foreign scientists in the capacity of theoretical and methodical bases of our paper; coordination of the received conclusions and the proposed recommendations with base positions of the modern economic theory.

3 Results

The development of market relations forces an entrepreneur of any level (scale) to continuously look for ways to reduce production costs while improving the quality of the product. Although, of course, competition in a market economy is the main driving force of scientific and technological progress, it cannot always be the basis for progressive development, because there are always areas in society where there is low consumer demand, despite the maximum public importance of their existence.

Above, we have noted that the development of competition in the present realities is associated with a growing trend towards the internationalisation of economic relations, which exponentially increases the number of economic cooperation entities that have, in general, similar interests and equal starting opportunities. Proceeding from this, it seems to us that in the conditions of market economy the state should act as soon as the possible move away from the principles of centralised influence and management of the economy to the creation of favourable and sufficient conditions for the sustainable development of domestic competitive advantages, which should ultimately strengthen the competitive position of the economy of the Russian Federation in international markets.

All this points to the need to improve the mechanism of sustainable development of both the national economy and its main segments, in particular, up to strengthen the competitiveness of individual business entities which are “production cells” and their products.

The analysis and generalisation of special literature on the study of the essence of the “sustainable development mechanism” and “competition” concepts shows that there are many interpretations that usually pay attention to certain features of these concepts. It is also possible to immediately stipulate that these approaches do not contradict, but only complement each other (Fatkhutdinov, 2002; Porter, 1990; Chernyavskaya et al., 2020).

The analysis of the most popular approaches to defining the essence of the two concepts under consideration allows us to reveal certain essential properties that unite them:

- Existence of a constant link between the concept of sustainable development and the concepts of market mechanism and competition;
- Clear focus on consumer preferences and needs;
- Commitment to the concept of steadfast minimisation of costs.

The concept of “sustainable development mechanism” is directly a multidimensional concept, which finds its expression at all hierarchies of the social and economic system.

All these levels have been studied in detail by scientists, which, in general, led to the formation of many individualised interpretations and definitions based on a highly specialised model and not taking into account the multilayered nature of the concept in question.

Another feature of the concept under consideration is the diversity of consideration by consumers, producers and investors concerning the level of development and market potential.

It is also necessary to point out that, as a rule, all researchers are focused on the analysis of the position of the object under research, ignoring, at the same time, possible growth factors. This approach “narrows down” the concept of “level of development” to the present moment, and deprives analysts of the possibility to research the level of potential growth. It should be emphasised here that the level of development and potential of an enterprise is directly the basic level for the formation of approaches among the many levels of use of the sustainable development mechanism (Akulich, 2011; Gauzhaev et al., 2013; Zharikov & Istomin, 2007).

In our case, we'll stop at micro-level analysis. We are talking about the analysis of the level of development and values of production and commercial potential of individual products, formed, as a rule, by the optimal ratio of price and quality of products for the consumer segment in question. It is noteworthy that this level is characterised by the highest relativity because products that have demand in the relevant market and are able to hold “their share” of the market in the relevant segment of the regional market may be absolutely uncompetitive in the national market, not to mention international markets (Gorshkov & Shepeleva, 2010; Kushbokova et al., 2009; Soloviev, 2006).

According to the institutional approach, the sustainable development of a particular sector depends on the state of the external environment, on the degree of development of sectoral institutions and intercompany cooperation (Akulich, 2011; Best, 2002; Misakov et al., 2016).

But it is also fair to point out here that the level of development of the industry is directly related to the level of sustainable development of specific enterprises within the industry in question.

Such a situation allows us to say that it is necessary to synthesise institutional and neoclassical approaches to determine the efficiency of the mechanism of the branch's sustainable development.

The analysis of economic cycles of the last 15 years allows us to reveal the level of dependence of the Russian industry on hard-to-predict changes in international markets.

4 Discussion

It is noteworthy that during the period of the world economic crisis in 2008-2009, the GDP of the Russian Federation fell by more than 11% in some quarters, whereas in China the growth of 8% and more were observed. It is clear that this extremely actualises the problems of our research devoted to the problems of forming new sources of competitive advantages in the domestic industry. Among the main modern factors forming the level of sustainable development of enterprises in an industrial complex, we can highlight the professionalism and qualification of economic entity management; adequate marketing policy; use of innovative methods of production; competent personnel policy aimed at forming market thinking; horizontal and vertical integration, the use of agglomeration effects; creation of a favourable business climate, etc.

In general, these and other factors are discussed in detail in special literature (Gorshkov & Shepeleva, 2010; Lawrence, 1988; Sycheva et al., 2019).

It is appropriate to dwell on the factor concerning the introduction of innovations because there are many nuances when the introduction of the most modern technologies turns out to be a failure. For example, in 2008-2010, Gorky Automobile Plant (GAZ) OJSC launched a VolgaSiber car based on Chrysler Sebring concept. Although this model corresponded to the world standards and advanced technologies were introduced at the enterprise, it could not compete with cars of such business class of famous foreign brands and be hastily withdrawn from production. The reason is rather trivial: despite serious investments in the use of world-class technologies, the

enterprise, nevertheless, failed to raise the level of competitiveness.

It seems to us that this example once again emphasises the importance and need for integrated analysis and diagnosis of the impact caused by all factors of sustainable development.

In such a study, analysts highlight the following areas:

- Consideration of general and specific factors of sustainable development; (Apshev et al., 2009; Soloviev, 2006).
- Detailing factors of sustainable development on internal and external factors; (Gorshkov & Shepeleva, 2010; Soloviev, 2006).
- Selection of 3-4 most significant groups of factors on the functional basis (Smoleichuk, 2013; Lawrence, 1988).
- The analysis of the first two approaches suggests the existence of a number of conventions and artificiality.
- In this connection, we are more impressed by the distribution of the factors under consideration in the corresponding groups on the functional basis.

Today there is a wide range of analytical approaches to diagnosing the current (actual) position and market potential of a business entity: we are talking about matrix methods, i.e. methods based on the analysis of the competitiveness level of industrial products, and also about graphic methods, methods of integral assessment, etc. It should be noted that, although these and other similar methods do not allow obtaining a specifically set level of sustainable development, they are nevertheless focused on qualitative diagnostics of the current state of a business entity and on building a strategy for its behaviour.

Proceeding from the task set by us in this paper, i.e. ensuring the stability of economic development of Russian enterprises in conditions of cyclic processes and globalisation of economy, we also investigated the influence of international integration on the degree of sustainable development of industrial enterprise. Initially, we began to adhere to positions and requirements of the known international organisations recommending be limited at the analysis by pointing out external factors of steady development. This includes, among others, WTO requirements regarding the regulation of public policy issues on customs procedures or, for example, methods of subsidising domestic producers, etc.

Undoubtedly, within any business entity, all these issues are a set of conditions for the formation of the external environment. At the same time, it is not a question of, say, the number of employees of an enterprise, the volume of its fixed and circulating assets, etc.: we are talking about changes in external development factors.

It is also necessary to bear in mind the difficulties in a comparative analysis of the competitiveness of Russian enterprises and foreign firms because of the lack of real possibility to compare and evaluate numerical values with the breakdown on the internal factors of sustainable development. This is also due to the fact that foreign firms are extremely reluctant to provide (even to their partners) information concerning their level of profit, profitability, etc., referring to the law on commercial secrets.

In this connection, analysts suggest that the enterprise under study should be compared with industry average values of the respective indicators. It is also advisable to consider the enterprise's indicators in the dynamics, say, over the past 5 years, which will determine the medium-term trend of its development. In our opinion, the most reliable indicator of assessing the competitiveness of any enterprise is the competitiveness of its products (Gorshkov & Shepeleva, 2010; Misakov et al., 2016; Kravchenko et al., 2020).

In the course of our research, we became convinced of the need to actively use the instruments of state protectionism, especially in the context of prolonged economic and technological

sanctions. One effective method of such an approach is to establish cooperative, mutually beneficial ties in emerging customs unions. It also contributes to the active form of the export orientation of industrial enterprises, to the creation of competitive clusters and, ultimately, to the growth of the country's prosperity.

5 Conclusions

This study allows us to draw a number of conclusions and proposals:

The analysis of special literature on the considered problems allows us to classify all factors of sustainable development in the format of three-level system of factors: external and internal; objective and subjective; and a set of various functional groups.

- On the basis of the analysis of existing scientific approaches involving estimation of competitiveness of enterprises and various models of factors concerning sustainable development, the modified mechanism on maintaining the stability of economic development of the Russian enterprises in the conditions of cyclic processes and economic globalisation is proposed.
- It is grounded, that in the conditions of the increasing internationalisation of economic relations the tasks of improving the mechanism of sustainable development of national economy and its main segments, including each enterprise, come to the foreground.
- It is concluded that there is no unified approach to the establishment of the hierarchy of competitiveness and assessment of market potential. Basically, these differences are formed due to the positions from which the current state of affairs is analysed; which is a specific objective of the research; which are the subject and object of research, etc.
- The expediency of combining institutional and neoclassical approaches in determining the sustainable development mechanism for the industry has been substantiated; this makes it possible to reveal the ability of industrial enterprises to effectively compete at the internal and external markets through the active use of favourable environmental conditions, the system of interfirm cooperation, and through various effective market institutions of the industrial complex of the Russian Federation.

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