

THE CONCEPT OF INDUSTRIAL COOPERATION AT ENGINE-BUILDING ENTERPRISES

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This article presents the concept of industrial cooperation; shows advantages, drawbacks as well as principles and ways of organizing industrial cooperation.

Industrial cooperation of enterprises engaged in manufacture of similar products is important in modern conditions of business practice. Low level of capacity utilization and absence of progressive technologies caused by lack of investments into enterprise productive activities and labor potential development stipulate the usage of industrial cooperation at engine-building plants.

An important component of industrial cooperation is identification of those technological processes which can be outsourced. The essence of industrial cooperation is the following: enterprises engaged in the chain of industrial cooperation make some types of intermediary products (parts, units and components) for manufacturing the end product. So the main tasks of industrial cooperation are: the effective usage of production forces and production relations; guarantee of manufactured products quality; formation of long-term production relations in the sphere of making products demanded both in domestic and foreign markets; support for strategic all-sided development of the branch of industry and its stable positioning at international level, etc.

It's also necessary to point out the advantages that enterprises get in the process of industrial cooperation:

- ◆ stabilization of product demand and production development;
- ◆ the possibility of quick diversification of production;
- ◆ development and deployment of innovations;
- ◆ production expenditures management;
- ◆ possibility to concentrate production forces and efforts on problematic or most advanced areas of manufacture;
- ◆ stabilization of workforce and increase of production culture in the course of continuous experience exchange in organization of production.

Industrial cooperation has also a number of problems emerging during mutual activities of several enterprises. So interaction of enterprises in industrial cooperation supposes the disclosure of information on internal processes of enterprises participating in cooperation and it can inflict some damage to a participant of cooperation if there is a dishonest attitude. It is also necessary to observe the priority at the market of participants which is often problematic in cooperation and an enterprise can lose attractiveness in the market as a unique manufacturer of the product. Quality requirements will make all enterprises work out the unified standards of production activities which will require additional expenditures. In other words functioning in the situation of industrial cooperation creates special environment for their participants' activities requiring additional expenditures which enterprises sometimes are not ready to face but which will always return in the short time when industrial cooperation is arranged properly.

Arrangement of industrial cooperation must be based on the following principles:

- ◆ labor specialization and cooperation;
- ◆ observation of production process stages;
- ◆ materials and components supply in time;
- ◆ optimal arrangement of facilities specialization;
- ◆ creating the system of production activities planning and controlling across all participating enterprises;
- ◆ creation of a combined system of production risk management;
- ◆ creating the system for motivation of industrial cooperation participants in final results of mutual activities.

If we consider enterprise activities process engaged in the chain of industrial cooperation, this process can be named as a complete cycle

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of finished product manufacture. Thus in the process of industrial cooperation there is an efficient usage of enterprise resources when achieving the final result - products.

So when selecting the participants of industrial cooperation it's necessary to do a preliminary research:

- ◆ to assess the enterprise business profile both operational and strategic;
- ◆ to check industrial capacities and technologies;
- ◆ to implement the functional audit of enterprises and assessment of workforce occupational pattern;
- ◆ to assess strategies for enterprise development to meet the tasks of industrial cooperation;
- ◆ to identify enterprise capability to function under the industrial cooperation as its subject;
- ◆ to form the list of products and services which can be the subject of enterprise industrial cooperation;
- ◆ to identify "bottle necks" in enterprise activities;
- ◆ to implement quality and cost assessment of products;
- ◆ to estimate information technologies supporting production at the enterprise;
- ◆ to estimate economical aspects of enterprise participation in industrial cooperation.

The next stage - the types of activities in industrial cooperation are formed. As a rule the following forms of cooperation are identified:

- ◆ scientific, research and development activities;
- ◆ granting the license, other permission and proprietary documents;

- ◆ procurement and logistics functions;
- ◆ production functions;
- ◆ employee training and retraining;
- ◆ other.

It is necessary to form the legal aspects for interaction of enterprises in the boundaries of industrial cooperation. As enterprises participating in industrial cooperation have the status of legal entity all economical relations must be properly established in the legal way. It means that the activity of enterprises participating in industrial cooperation must be regulated by the following legal documents:

- ◆ agreement on mutual activities;
- ◆ agreement on work with raw materials supplied by customer;
- ◆ tolling agreement;
- ◆ service contract;
- ◆ production contract;
- ◆ supply contract;
- ◆ other agreements and contracts on production and economic activities.

Analyzing the above mentioned ideas and activities of the world leading companies where industrial cooperation is widely developed it's possible to draw a conclusion on the possibility of applying the experience of both domestic and foreign forms of industrial cooperation in modern conditions of economic practice at Russian engine-building enterprises.

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