

ECONOMIC MECHANISM FOR MANAGING ENTERPRISE DURABILITY FUNCTIONING

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The term “durability” is identified, different types of soundness as basics for model building of stable functioning of enterprises in terms of economic environment are observed.

Economic environment has underpassed some changes in the style of enterprise administration. Chances for effective business managing at the state level have vanished due to the development of the market relations which in their turn have led to the destruction of the basic business planning. The weakening role of the government as a steady growth warranty, violation of manufacturing, economic, financial links between a consumer and a supplier, technical underdevelopment of enterprises, unstable financial position of the majority of companies - all these points out a high level of volatility and unsteadiness and causes threat for business functioning. Administration of such businesses gets more complicated and leads to the necessity for non-standard solutions, implementing new managing approaches to control the situation, socio-economic processes which provide steady successful functioning of an enterprise.

Steady successful functioning of an enterprise is the key challenge of modern trends of the Russian economy in terms of increasing its development. To solve this problem the level of any enterprise current soundness should be identified first. In this respect the theory and practical implementation of increasing a company's durability study development gains its logics. This very development is of both theoretical and practical importance, the key factor is steady estimation functioning of an enterprise estimation.

The fact that in modern economy as a science, the term “steady functioning of an enterprise” is poorly explored and some scientists have different approaches to this notion complexifies the problem solution.

There is no general term for the phenomenon of steadiness as well as there exists no rule to regulate it. Therefore, we should first give a definition to the term “durability” taking into consideration the opinions of different scientists.

The term was introduced in the second half XIX - first quarter XX century in western-european countries with the rapid development of capitalist market relations.

The originators of the idea that “peasantry is the most stable type of managing” in Western Europe were K. Clavkie, M. Gecht, G. Puzor, L. Brentalo. The Russian representatives are N.A. Tugan-Baranovsky, P.B. Struve, S.N. Bulgakov, N.A. Kablukov, V.N. Chernov and others. After a while this theory was transformed into another one, according to which the most important was “family peasantry (i.e. farmery) durability”.

In conditions of centralised planned economy steady functioning of an enterprise (especially an industrial one) was presupposed. The key idea of this approach was that of planning farm business. It was based on accounting, control and analysis in accordance with “plan-fact” scheme on both macro- and micro- levels.

There has been no general agreement in terms of defining the term “durability” alongside with defining its types in the Russian scientific sources. There exist a lot of research studies in this field but there has been no mutual agreement between economists so far.

The issues of steadiness of economic systems on various levels were and are still being studied by such well-known scientists and economists as M.S. Abrytina, B. Ayke, S.N. Anohin, V.B. Artemenko, I.H. Assoff, I.A. Blank, N.I. Voropay, V.V. Gluhov, A.P. Gradov, V.D. Gribov, V.P. Gruzinov, V.S. Gusev, G.V. Gutman, T.G. Dolgopyatova, G.B. Kleiner, V.A. Kozlovsky, A.A. Kolobov, A.P. Kraskovsky, G.A. Krayuhin, M.N. Kreinina, B.I. Kuzin, M.D. Mednikov, A.S. Nekrasov, V.R. Okorokov, L.G. Okorokova, A.E. Putyanin, V.M. Rodionova, V. Senchagov, A.S. Sokolytsin, R.V. Sokolov, E.D. Solozhentsev, A.I. Strelnik-

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ov, V.L. Tambovtsev, A.B. Toryannikov, V.A. Tunikoff, V.I. Frantschuk, A.D. Sheremet, V.L. Schultz, V.N. Yuriev and many others.

Variety of definitions of steady development of an enterprise of the scientists listed above is reflected in their articles and books.

In economic textbooks a lot of attention is paid to the definition of steady development of an enterprise. Various approaches testify the volume of the notion, its complex structure and its scientific underdevelopment as well as the lack of a common methodical solution of the problem.

The issue of steady development of an enterprise is rather complicated and needs a thorough study. Correspondingly, there exists an objective necessity to carry on its scientific and practical application, further theoretical and actual research and working out sustainable suggestions in terms of improvement of the economic mechanism for managing the soundness of enterprise functioning.

Prior to investigating the soundness of enterprise functioning, we suggest to consider some theoretical points and observe some general notions of durability theory apparatus.

It is a well-known fact that in practice there has been constant trouble with providing stability for some physical processes. That is why appeared theoretical investigations on the issues of steadiness of physical notions.

The phenomenon of stability is most common in physics where it is crucial to define the steadiness of movement, balance and elastic systems. According to the Soviet Encyclopaedia,

1) "if during rather insignificant initial perturbation some of the characteristics the condition of a system do not differ from the point it is supposed to be in still movement, then the system movement in relation to this characteristic is defined as a steady one";

2) "the mechanic system balance is considered steady if with low level perturbation (shift, impulse) system points do not vary significantly from their balancing positions";

3) "the stability of elastic systems is defined as their ability to get to balancing condition after insignificant deviations".

Consequently, stability (durability) is one of the dynamic characteristics of any managing systems. The durability of a system can be identified on the basis of an administration system of any physical, chemical and alike processes.

The issue of working out the methods for providing steady durable processes is actual for socioeconomic aspects where the study results of the meaning of the term "steadiness" are formed with the influence of different investigators, in accordance with their original approaches.

A firm or an enterprise stability is a financial state that provides the employees, other companies and state with the opportunities to work in regular environment.

"Stability is one of the major dynamic characteristics of a system. It is an ability to transform into the initial position after not obeying to the position basic rules. The word "steadiness" is derived from "steady" which means "strong and powerful tradition, the initial position, stem of something", - the Soviet Encyclopaedia quotes.

Stability of an industrial enterprise is an ability of a changing manufacturing system to deviate from the course due to some extra or inner influence, according to V.P. Gruzinov and V.D. Gribov.

Other scientists point out that "the essence of enterprise durability is defined with the effective formation, distribution and exploitation of financial resources.

In our opinion, "durability" of enterprise functioning is identified as a steady positive condition of a company in its static and dynamic functioning.

Common essence of the term durability of enterprise presupposes steady manufacturing and utilization (selling), supplies, payments, investment, etc. In terms of reproductive performance, durability means steady work of all the stages in manufacturing, distribution, exchange and consuming. In frameworks of economic institutions, enterprise durability is a constant budget, tax, finance and credit system. As an economic fact enterprise durability is a certain process of social reproductive performance of business units and their economic relations. Market participants realise their interest and potential to the full in all market niches thus getting favourable possibilities to implement their activities in the period of a steady position. Reproductive performance, the material basis for which is a revenue, is a socioeconomic platform for enterprise durability.

We should mention that there has not been a mutual agreement in relation to the definition of the durability as a category and its implementing tools. Each of the categories has been studied separately by modern analysts. For in-

stance, pricing strategy and financial durability has been described by I.T. Balabanova, S.N. Bulgakov, A.V. Karasev, M.I. Kamenetsky, V.V. Kovalev, E.S. Stoyanova. Business stability issue was represented in the works of

M.I. Bakanov, V.V. Patrov, R.F. Samuseva, A.D. Sheremet. Bankruptcy problem as a constituent of stability has been considered by V. Vitryansky, M.I. Kreinina and others. Economic-mathematical methods modelling economic states in the organisation are described by K.A. Bagrinovsky, A.B. Butnick-Siversky, A.M. Dubrov, M.M. Intriligator, T.I. Konnick, M.R. Levinson.

There exist a great number of scientific research dedicated to informative and analytical aspects of business condition estimation, to developing various strategies to reach the best option. However, there has been no study of economic durability as a separate complex scientific category with its own tools.

There are many of definitions of enterprise durability functioning: economic durability of a manufacturing system, financial durability of enterprise functioning and others. Some of the definitions for economic and financial durability are listed below.

In accordance with the Soviet Encyclopaedia, economic durability is an equal, balanced condition of economic resources that guarantees steady profitability and regular conditions for expanded performance of economic growth, in perspective and taking into consideration major extrinsic factors.

Economic durability is an ability of a changing manufacturing system to deviate from the course due to some extra or inner influence.

Enterprise economic durability is a state of optimal regulation of interrelation and formation of spatiotemporal consequence of cooperation between material, informational and financial enterprise constituents.

Economic durability is a synthesis of cumulative elements and features of business system: its major constituents (production, administration, finance and credit) on one hand, and socially significant, biospherically allowed, material and technical basis and resourcing basis on the other.

Economic durability is an equal, balanced condition of economic resources that guarantees steady profitability and regular conditions for expanded performance of economic growth, in perspective and taking into consideration major extrinsic factors. It is an ability for a rational,

logical finance policy and support crucial liquidity and solvency levels.

Financial stability is repercussion of a steady overshoot of profits over the costs; it provides free handling of money and attributes to the constant process of product manufacturing and selling.

Financial stability is a certain state of a company's balance sheets which guarantee its steady solvency.

Enterprise financial stability is guaranteed solvency, independence from occasional market competition and rivals' actions.

Stability is a financial state of an enterprise which economic activity provides the employees, other companies and state with the opportunities to work in regular environment.

Financial stability is a guaranteed solvency and creditability of a company as a result of its activity on the basis of forming, distribution and implementing of financial resources.

It is a doctrine that a successful functioning of manufacturing enterprises in terms of modern market situation presupposes searching and developing its own individual developing strategy. To be successful an enterprise must reach optimal balance between expenses and profits, create new methods to implement investment, update and improve its product correspondingly to the market demands, apply new effective management strategies, etc. In other words, the stem for a steady position of a company on the fierce market is its economic durability. In our opinion the major, dominant type of durability is the economic one. All the other types, including the financial one, are also crucial but just in terms of the economic steadiness.

Economic durability is a key factor in case of survival and development of an enterprise on a modern market. In soviet and early postsoviet period this issue was not as crucial as it has become now. The situation has reasonably changed due to the appearance of the market relations and market economy in Russia. Nowadays there is a necessity for each company to search for reliable business partners, choose market trends, define the assortment, target market.

In our time the liability to create corresponding mechanisms and methods of providing economically durable enterprise is getting more and more important. It defines regarding extra and inner factors which influence a company's functioning.

It is known that the results of any business activity are described with the two types of it:

- 1) product manufacturing
- 2) sales

These results influence economic durability in their own way. That is why we believe that it would be logical to introduce economic durability in the frames of a certain company according to two kinds of steadiness, which are, in their turn, economic durability components:

- 1) manufacturing durability;
- 2) finance and selling durability;

Correspondingly, we would like to suggest the following options to define the types of an enterprise durability.

Economic durability is a state of an enterprise when it operates steadily and successfully, reacting briefly to the changing situation in the inner and outer environment.

Manufacturing durability is a steady production, which is guaranteed with demand and order, high technical manufacturing level, sustainable system of labour organisation.

Finance and selling durability is a steady profitability, solvency, liquidity and creditability of a company, supported with a high competitive level of the product, keeping to the conditions of the deals, market research and flexible financial policy.

Other types of durability, introduced by other authors are components of one of the two identifying the enterprise economic durability, i. e. Either manufacturing or finance and selling durability.

The investigation outperformed by us could speed up the process of preparing theoretical, methodical and practical material to improve the economic mechanism for managing enterprise functioning durability in terms of market economy.

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