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Essence of the Role and Characteristics of the Operating Conditions of Enterprises Before and After the Transition to Market Relations from a Macroeconomic Position

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ABSTRACT

The transition to a market economy in various sectors of the Russian economy has been highly uneven. So, in the monetary sphere and trade is rapidly approaching the level of countries with Mature market economy, while agriculture remained largely intact forms of organization of production, inherited from the administrative-command system. Uneven is also the transition to a market economy in the Russian regions. Most quickly this process takes place in Moscow and St. Petersburg and other large cities, where widespread private enterprise, whereas in remote regions and rural areas, the establishment of market relations is extremely slow. Inherent to the Russian model of market economy high criminalization of economic life and the care of business “in the shadow” due to both factors that are common to all transition economies (conflicts in the course of redistribution of property, corruption), and the Russian features. It follows that, based on a strong regulatory role of the state the Russian market economy is based on several long-term factors: the predominance of extractive industries, the lack of competitiveness of most manufacturing industries, inefficient agriculture, social dependency.

JEL Classifications: D02, D21, D24.

Keywords: Economics of enterprise, market relations, macroeconomic indicators.

1. INTRODUCTION

In terms of the market versus the planned economy changed the patterns of functioning of enterprises, principles of management and planning, new priorities in the economic activity of enterprises. The market

becomes the main guideline of the business. It is the requests of the market allows the company to achieve its goal - profit.

With the market the company is associated as part of the production and marketing of its own products (manufactured products intended for sale to consumers, without this phase of capital circulation is essential to the functioning of enterprises), and the logistics of production raw materials, supplies, equipment and other (the process of production of the engineering enterprise to interact with suppliers of necessary resources, acting as consumers).

The market is self-regulating based on the free system of relations between the seller and the buyer in exchange of, purchase and sale of goods (services), which are provided with necessary supply and demand (Zaitsev, 2004).

The relevance of the chosen topic lies in the fact that the basis is the demand of customers, have the opportunity to sell their products. It is necessary to study the market situation, customer needs, market capacity, the quality of products from a potential competitor and other issues characteristic of market relations.

2. MATERIALS AND METHODS

The basis of the study are the key provisions of the domestic and foreign theory and practice of enterprise management in the conditions of the new environment's characteristics and the market economy, the General provisions of the theory and practice of contractate and interaction of market participants.

The nature of the scientific problem of the search of optimal ways of existence of the enterprise market has necessitated the application of a body of scientific approaches and methods. For the decision of tasks of scientific research was used systematic approaches; General scientific methods of analysis, analogy and logic.

3. MODERN MARKET ECONOMY

Compared to all previous market system was the most flexible: it is able to adjust, to adapt to changing internal and external conditions. In the course of a long evolution of the market economy of free competition into a modern market economy. Its main features are:

1. the variety of forms of ownership, among which is still the leading place is private property in its various types;
2. deployment of scientific and technological revolution accelerated the creation of a powerful industrial and social infrastructure;
3. a more active influence by the state in the development of the national economy and social sphere.

In a developed market economy, significant changes were made in the economic mechanism. Planned methods of economic management are further developed in the framework of the separate forms of a marketing management system. At the same time at the macro level, the development of the planned methods associated with government regulation of the economy, until the implementation of the national programs and plans.

Regularity as a Means to Adapt to the Demands of the Market

The development plan serves as a means of active adaptation to market requirements. As a result, the key tasks of economic development get a new solution.

So, the question of the volume and structure of products is decided on the basis of marketing research within firms, as well as forecast development needs. Market forecast in advance allows to reduce the production of obsolete goods and to switch to the brand new models and types of products (Riesberg, 2003).

The use of resources is achieved within the framework of the companies on the basis of strategic planning.

The characteristic features of the modern market economy:

- change of structure of production and consumption, mainly due to the increasing role of services. So, in Russia in the early 90s the services began to prevail over the goods in the gross domestic product;
- rising levels of education, primarily through post-secondary. For example, in Russia 52% of employees have higher and secondary professional education;
- humanization of the economy, with the result that the main object of the application investment, and spending budget becoming the man himself;
- informatization of society, resulting in a world of constantly increasing the number of producers of knowledge, their distributors and consumers;
- the Renaissance of small businesses, primarily because of the rapid updates and high differentiation of products;
- globalization of economic activity, which for a significant number of firms, the world has become a single market, for many companies the single market in their region of the globe, for a greater number of companies exporting and importing goods and economic resources has become not episodic, but systemic operation.

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4. PROBLEMS LARGE ENTERPRISES: THE EXPERIENCE OF MARKET TRANSFORMATION

By the end of the 90s most countries in transition had already a decade of experience in market transformation. This period was generally sufficient for the solution of such fundamental problems as the removal of the monopoly of state ownership and enterprise development on the basis of private and mixed ownership.

The practical results of the transformation, especially in the real sector do not allow to speak about the completion of the reforms and irreversibility of the transition of the economy to market principles of operation (Sergeev & Veretennikova, 2006). Enterprises in many industries, especially large ones, even after corporatization and privatization are unable to adapt to the requirements of market economy: they

are economically inefficient, maintain excess employment, expensive social infrastructure and thus remain monopolists in their respective market segments.

Most of the former socialist industrial giants found themselves in an extremely difficult economic and financial situation, generate and increase mutual debt, no credit check loans are unable to pay taxes and contributions to social funds. So, in Russia in the late 90-ies more than half of the industrial enterprises and in some industries, and even more were unprofitable. In Bulgaria in the first years of the reform were unprofitable to 60% of the enterprises. In Hungary, major financial difficulties were experienced by 30-40% of enterprises, and enterprises – potential bankrupts had up to 25% of production and 16% of industrial workers In China in the mid-90s was losing about half of large and medium state enterprises, and the third was the actual bankrupt.

Moreover, it is difficult transformable large enterprises are preserved in the structural imbalances which were a major cause of the profound crisis of transitional economy. Degrading a large enterprise, once formed the basis of the national industry of countries in transition, faced the threat of losing the most valuable parts accumulated production and technical potential, intellectual values and even healthy, but poorly managed assets (Vinnikova, Kuznetsova, Shpilevskaya & Zagornaya, 2016).

Correction of the Initial Ideas about the Role and Relationship between the Public and Private Sectors of the Economy

Such negative trends in the real sector has forced to reconsider and clarify a number of fundamental provisions of economic policy in market transition, seemingly uncontroversial at the beginning of systemic reforms (Golovanova, Asyaeva, Gavrilenko, Temirkanova & Sokolov, 2016; Bashkov & Silnov, 2015). First of all have been adjusted the original submission about the role and relationship between the public and private sectors of the economy, the prospects and characteristics of public and private enterprises.

The real impact of privatization, held in all Eastern European countries and most countries – members of CIS, to reform the social relations and economy differed greatly from the original concepts and the expected results. The main conclusion, which sums up ten years of reforms of ownership relations, is that change only the form of ownership and legal status by itself does not increase the efficiency of enterprises. And considering the experience of China, where do not hurry with privatization of large enterprises, can be added on the financial position of real sector of economy determines the impact of the General macroeconomic situation, rather than the form of ownership.

Conditions of Market Adaptation

The effective functioning of the enterprises should be based on the establishment of certain preconditions. The corporatization of enterprises and their subsequent privatization are not the only condition for an efficient market adaptation. In addition, you must:

- the formation of modern mechanisms for effective catching enterprises;
- the organizational, operational and financial restructuring of enterprises;
- attracting strategic investors (domestic or foreign), can bring with them not only capital but also managerial experience, and also help to enter new markets;

- the launch of investment projects;
- the creation of the necessary structures and institutions for the effective accumulation and flow of capital (organizational, legal, investment), i.e. the formation of capital market.

Establishment of the System of Effective Functioning of Enterprises of Public, Private and Mixed forms of Ownership

Creating these conditions means that the establishment of the system of effective functioning of enterprises of public, private and mixed forms of ownership as the foundations of a market economy is a complex and relatively lengthy process. This process in countries with economies in transition involves three main areas.

1. The transformation of the traditional state enterprises into joint stock and other companies with the separation of functions of ownership and management (corporatization), carried out, usually pretty quickly (Borisov, 2003).
2. Privatization, i.e. the initial consolidation and the subsequent redistribution of property rights for legal entities and individuals, requiring more time and appropriate legislative support these rights.
3. Formation in parallel with the transformation of state enterprises private enterprises on the private basis, i.e. due to the capitalization of savings of citizens, and also funds non-state enterprises and organizations.

In transition economies the impact of ownership forms on efficiency of activity of subjects of the real sector eventually turns out to be smaller than the impact of General direction of state economic policy. Functioning of enterprises of all forms of ownership during the transition period as determined by the budget, monetary-credit, currency and government policy, stability of tax policy and tax burden, methods and extent of government price control and regulation, the nature and sequence of antitrust policy.

5. FACTORS INFLUENCING EFFICIENCY OF FUNCTIONING OF ENTERPRISES IN MARKET CONDITIONS

In the conditions of market economy on the efficiency of enterprises affected by a variety of factors. They can be classified according to different criteria.

Depending on the direction of action all of the factors can be grouped into two groups: positive and negative. Positive – these are the factors that positively affect the activity of the enterprise, a negative the opposite.

Depending on the area of occurrence of all the factors can be classified into internal and external. Internal factors depend on the activity of the enterprise, i.e. the enterprise itself produces them.

Internal factors are so diverse that for a better understanding of accounting, analysis and identifying the results produced by them should be merged into the following groups:

1. associated with the personality of the leader and ability of his team to manage the company in the market;

2. associated with the accelerating scientific and technical progress, the innovative policy of the enterprise;
3. associated with improving the organization of production and labor, the management of the enterprise;
4. associated with the organizational-legal form of management;
5. associated with the creation of a favorable socio-psychological climate in the team;
6. associated with the specifics of production and industry;
7. associated with the quality and competitiveness of products, cost management and pricing;
8. related to depreciation and investment policies.

This classification is purely arbitrary, but it does not reflect the variety of factors, but allows more detailed visualization of the internal factors and their influence on production efficiency.

In addition, all internal factors fashionable divided into objective and subjective. The objective is to such factors, the occurrence of which does not depend on the subject of management. Subjective factors, as they constitute the majority, are entirely dependent on the subject of management, and they should always be in sight and analysis.

The efficiency of the enterprise in a market environment largely depends on external factors, which can be classified into the following groups:

1. associated with changing conditions in domestic and global markets. This is mainly manifested in the change of demand and supply and the fluctuation of prices;
2. associated with changes in the political environment both domestically and globally;
3. associated with the inflation process;
4. related to the activities of the state. It is from the state depends largely on the efficiency of Russian enterprises, especially the establishment of a civilized market and the rules of the game in this market, i.e. the creation of a legal framework ensuring proper law and order in the country and its national security, economic stabilization, social protection and social guarantees, protection of competition, the development, adoption and execution organization of economic legislation.

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The efficiency of the enterprise in a market environment largely depends on external factors, which can be classified into the following groups:

1. associated with changing conditions in domestic and global markets. This is mainly manifested in the change of demand and supply and the fluctuation of prices (Balikayev, 2016);
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6. CONCLUSION

The market is an exchange organized under the laws of commodity production and circulation, a set of relations of commodity exchange, mechanism of action of buyers to sellers, i.e., relations of supply and demand.

The enterprise in the market is independent in the organization of production and commercial freedom. It defines the ways and methods of implementation of its products, economic links are fixed by contracts. An important condition commercial freedom is also free pricing.

The formation of a modern market economy in Russia is in terms of interrelated and mutual responsibility economic, political and social crisis that is delaying the transition to a Mature market system for decades and increases the pain themselves transients.

Describing the emerging Russian model of market economy, should take into account the special geopolitical role of the country. Russia in socio-cultural terms acts as a link between the civilizations of Western and Eastern type. In economic terms, the Russian society was formed as East and retained, despite the change of political regimes, the following features:

- a huge role of the state as regulator of the economy and the largest owner;
- lack of development of private property, especially land;
- the lack of Autonomous from the state and civil society;
- indissoluble connection of power and property;
- the weakness of personal initiative strong collectivist tendencies.

Developed in the first half of the 90s the Russian model of a market economy includes a number of features inherited from the historical past. The state even after the privatization of a considerable part of the property still has a strong public sector in key sectors of the economy. Maintaining close connection between political power and property.

Developed in the first half of the 90s the Russian model of transitive economy has a number of characteristic features: a strong public sector, a small proportion of small and medium private entrepreneurship, the permanent redistribution of property rights, the predominance of financial capital over industrial and the extremely uneven transition to a market economy in various sectors and regions, high criminalization of economic life, the tendency of the population to the state paternalism.

The whole history of the development of social production shows and proves that the most effective businesses operate in conditions of a civilized market, which is characterized by the presence of various forms of ownership, healthy competition, de-monopolization of the economy, free pricing, a well-developed market infrastructure, the advantage of the consumer than with the producer and other necessary attributes.

Planned and command economy, as history shows, the USSR and other CMEA countries, does not create the necessary conditions for the effective functioning of enterprises, primarily because of the lack of competition, of freedom of action in business, the lack of development of small business and credit-financial relations, excessive government intervention in the activities of the enterprise and other reasons.

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