

Varazdin Development and Entrepreneurship Agency
in cooperation with
Azerbaijan State University of Economics (UNEC)
University North
Faculty of Management University of Warsaw
Faculty of Law, Economics and Social Sciences Sale - Mohammed V University in Rabat



Economic and Social Development

37th International Scientific Conference on Economic and Social Development –
"Socio Economic Problems of Sustainable Development"

Book of Proceedings

Editors:

Muslim Ibrahimov, Ana Aleksic, Darko Dukic



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THE EFFECTIVE MANAGEMENT WAYS OF ECONOMIC STABILITY OF ENTERPRISES

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ABSTRACT

Modern economic conditions of economic development make leadership sets of commercial enterprises to the small business sector, to go in search of new and innovative ways of their development. Often development entails not quite the expected consequences. The article addressed topical issues of effective management of small trade enterprises, as well as administrative decisions related to the competitiveness and distribution costs. The emphasis is on the importance of proper and timely development and management solutions that ensure sustainable functioning of trade enterprises in the future. It is proposed to consider the interaction of small companies with larger organizations designated probable variants of this kind of interaction. Reflected the possible background of government involvement in ensuring the promotion of economic stability of commercial enterprises.

Keywords: *economic stabilization, entrepreneurship, management, management solutions*

1. INTRODUCTION

In the last decade the economic condition of the majority of the enterprises is characterized by steady positive dynamics production and socio-economic indexes that creates prerequisites for ensuring food security of Azerbaijan. Most often problems of agricultural production are explained by adverse external conditions. Practice shows that 10% of trade enterprises in many regions of the country in a similar situation work steadily, quite often in the self-financing mode due to effective management of internal reserves of production. Optimum and effective use of resources in system of realization of economic targets is not less important for economic stability of production of the agro enterprises. Methods of ensuring economic stability of economic entities (through influence first of all of internal factors), a technique of its assessment demand further completion (on the basis of its separate components). Thus it is necessary to take into account to communication between operational and financial performance, and also extent of influence of each of them. Defining the mechanism of formation of economic stability of economic entities, it is necessary to consider a state and interaction of its various elements causing activity of trade enterprise. Differentiation of external and internal economic stability gives the chance to allocate organizational and economic making the mechanism of management (Form, 1998). In the conditions of market economy each agro enterprise independently realizes the principle of security with resources, is responsible for the actions and results (an organizational component). The complete characteristic of economic stability demands an assessment of financial, production and technological stability (an economic component). Elements of management of economic stability can act as making strategic and tactical management when performing functions of planning, the organization, motivation, control, the account, analysis and regulation of activity of the enterprise.

2. CHAPTER 1

In a general view, making a start from the majority of opinions, economic stability can be defined, how ensuring profitable activity of trade enterprise, due to increase of showiness of business management and use of its resources.

Today, in our opinion, there is no accurately designated and uniform mechanism which would provide to the enterprise effective tracking of own perspective development on the basis of adoption of reasonable administrative decisions. Complexity of the designated question consists not only in number of the elements forming it but also in specifics of interaction of each element with environment. Using elements of the factorial analysis it is possible to speak about some set of exogenous factors which, eventually, define the future of development of system of the organization; thus you shouldn't forget that each organization depends on those specifics of activity which she is engaged. Speaking about specifics of activity of the organizations of special attention business firms deserve, it, first of all, is caused not so much by a branch component, how many a demand as the absolute statistical majority of the existing enterprises or are trade, or anyway market result of the activity, whether regardless of that it is material (a production product), or non-material (services). Economic stability of trade enterprise can be defined including through competitiveness which can be expressed in absolute value as the relation of quality of the main business process to costs of its implementation. According to Alekseev K.V. opinion., there is such concept as "competitive advantage of the enterprise». This state which assumes steady position of the enterprise at which requirements and economic resources for current and mainly strategic completely at the expense of own means (Nedosekin, 2008). The competition as economic category - concept rather multiple-valued. It is impossible to characterize it any universal concept. In confirmation of these words, it is necessary to give some definitions of various researchers. The competition is both a way of managing, and such form of existence of the capital at which one individual capital competes to another. The competition - rivalry, competition between the producers acting in the market for the most favorable conditions of production and sale of goods for receiving on this basis of the greatest possible profit. At the same time the competition is a mechanism of regulation of proportions of a social production. Being Attribute of the market, the competition arises in the natural way from the market and at the same time serves as an indispensable condition of its existence and development (Albekov and Kushnarev, 2016). Adam Smith connected the competition with honest, without arrangement by the rivalry which is conducted between sellers (or buyers) for the most favorable terms of sale of goods. <The competition is aspiration as it is possible will satisfy to criteria to accesses to the rare benefits> better, - the American economist P. Hayne considers (Doroshenko, 2013). In a case when it is necessary to come to quantitative expression of quality of activity it is possible to use an indicator of commodity turnover of the organization for a certain period as commodity turnover is quantitative expression of a consumer response to set of the administrative decisions which are carried out by the management in the field of purchases and sale.

3. CHAPTER 2

Commodity turnover of trade enterprise is understood as the sum of sale of consumer goods to them for a certain period of time. Commodity turnover in system of indicators of development of trade enterprise plays rather ambiguous role. It expresses that, at the same time being the main estimating indicator of volume of activity of trade enterprise, it serves as the defining indicator of formation of expenses of resources and resource potential. As notes I.A. Blanc, at the same time, in the conditions of market economy, commodity turnover has the subordinated character in relation to profit of the enterprise from trade activity (Alekseev, 2005). However, for this purpose that to speak about stability of position of the organization it is necessary to support this indicator within the norm established concrete the organizations taking into account individual conditions. As one of basic values for definition of norm of this sort the level of sales volume, optimum for the company, which represents such quantity of the realized inventory items at which the level of cumulative expenses of their address doesn't exceed the maximum value of the revenue received from their realization can act.

Along with a popular belief in toughening of modern environmental conditions, there is an opinion what only with a stable growth of sales volume it is possible to reach a certain level of development of trade enterprise, but whether so it actually? Growth of sales volumes inevitably involves growth of changes of expenses which about the turn demand additional financial investments which are capable to create a gap in economic stability of the enterprise sooner or later (Liquor, 1993). In circulation of resources financial means which decrease are subject to the sharpest fluctuations deprives the enterprise of potential of investment influence and leads to its degradation. System crisis of the enterprises undermines their reproduction process as derivation of already poor money on service of economic activity and repayment of accounts payable imposes restrictions on modernization of the located funds. With increase of intensity of negative dynamics they remain without necessary financing that holds down development of the enterprises (Chuprv, 2007). Thus, it is possible to draw a conclusion that one of the most effective measures providing stability of functioning of the enterprise can lie in the plane a solution of the problem of optimization of level of commodity turnover of trade enterprise. The aspiration of the enterprise to growth can have a negative shade in the conditions of extreme degree of uncertainty of environmental conditions, however the problem can proceed and from within. The aspiration in itself to leadership in the market and to search of opportunities of expansion of coverage of influence can lead to inevitable crash more often, than it can seem at first sight. In trade branches the enterprises relating to a segment of small business which are considered the most subject to different crises. As it is noted, small business plays rather important role in formation stable market structures.

4. CHAPTER 3

Small business provides workplaces, thereby reduces unemployment rate, increases the competition, i.e. In other words carries out a number of the major social and economic tasks. Annually thousands of enterprises for all Russia appear and disappear, however it doesn't cause serious concern as doesn't lead to negative reactions of mass character as, for example, bankruptcy of the city-forming enterprise. This fact, nevertheless, doesn't beg importance of development of approaches to effective management of the such enterprises taking into account from specifics. Adoption of the administrative solution of the control of intensive growth of the main indicators of activity of the enterprise lying in the plane, demands high extent of understanding by the manager of those consequences to which the administrative mistake such can lead. In our opinion, the majority of the organizations experience difficulties with economic stability not thanks to environment at all, and owing to a chain of errors of internal character. As the most often found mistakes the following can be allocated:

- a lack of profile education at the person making the administrative decision;
- aspiration to maximize personal result, despite of consequences;
- lack of accurately formulated strategy of development of trade enterprise;
- inefficient credit policy;
- individual tendency of the manager to give preference to the analysis of especially external conditions of activity.

In most cases in practice it is observed that adoption of the administrative decision at trade enterprise, it is possible to characterize as reaction to any flowing influences or requirements. At the specified approach trade not in forces considerable increase of certain contradictions between own interests and changes happening in an external environment will be timely to provide the enterprises (for example, change of preferences of consumers, changes in pricing area, etc.). The reality shows that the anticipation is higher than the specified contradictions, and opportunity to predict managing directors of a measure, necessary for the enterprise, it is possible, for example, when using the technique of the rating assessment which is concerning

a condition of trade enterprise, and based on the most important factors of economic activity. In the conditions of uncertainty in order that the enterprise remained economically steady, it is necessary to operate on borders between a disorder and stability, based on actions for development and decision-making in the field of management. For more effective functioning and steady situation, it is necessary to focus attention to mastering new techniques, and increase of own skills in the field of adoption of administrative decisions. The refore the enterprise will be able to estimate adequately the situation in the circumstances and to define the main directions of the solution of problematic issues which finally will be able to yield positive result. The decision formulated tasks can't be unambiguous, in view of complexity of a question and impossibility and comprehensive influence on this sector of economy, however the solution can be certainly found. For example, regarding mutually advantageous partnership of small enterprise with larger or within the state influence on developments of a segment of small business in case the state assumes a role of the accelerator of enterprise activity and the stabilizer of economy (Form, 1998). We will consider option of cooperation of small trade enterprise with larger. According to Vilensky A.V., the future of the Russian business including small business, directly is defined by opportunities of formation of close cooperation connections of the small and large enterprises. In this a case it is favorable to large manufacturing enterprise or network trade retailer to form communications with small enterprises of trade as steady network of this sort of the organizations will be pledge of successful marketing activity as providing a network of independent small enterprises necessary the range of goods will act as the guarantor of implementation of the plan for marketing activity and therefore pledge of achievement of planned indicators of profit. The small enterprise will be able to receive with guarantee goods of rather high quality with a guarantee of delivery precisely in the stipulated time that will also be a guarantee of stability of activity. In process interaction the large enterprise can stipulate volumes of deliveries for each participating enterprise, formulate rules of deliveries and service, to help with determination of optimum volume of deliveries proceeding from individual opportunities of small enterprise, to help ensuring its effective integration into regional market space. As an element of the practical proof of efficiency of measures such, it is possible to provide the School of Trade project which is organized and actively JSC METRO Cash and KERRI takes root in all territory of Russia. The company helps small trade enterprises to make business processes by more profitable, however, isn't engaged in strategic planning of activity of small enterprises and doesn't conduct consultation on questions of improvement of the purchasing sold activity of the enterprises or optimization of distribution costs. Further, through interaction of this sort it is possible to stabilize activity and to increase chances of long and economically stable existence for a set of the small enterprises functioning in the sphere of trade. But there is also other point of view. It consists in negative dependence of the enterprises from each other. The enterprise has to be independent an economic entity of economy. The classical enterprise - internally uniform and operated complete organization which is carrying out transformation of a resource to a product. In reality the independent independent enterprises very seldom meet. The supporter of this position Kleyner G. claims that the real enterprises in Russia aren't present more because small enterprises are "personal plots" of the directors or owners. The medium-sized and large enterprises lost property of concentrates of resources and turned into the amorphous structures consisting of a great number of the small legal entities who distributed among themselves financial, material and material, information and administrative streams. However, in our opinion, only the mutually advantageous partnership can become the factor defining economic stability. Interaction of small business with government institutions can be other option capable to stabilize and define activity of the enterprises in the field of commerce. In particular within realization of government purchases (Bukholkov, 2013).

5. CONCLUSION

Logistic transformation of regional system of government procurements is focused on realization of innovative potential of participants of government purchases, ensuring start of the mechanism of support of the enterprises of small and medium business, optimization of a trajectory of the movement of economic streams, reduction of time of a cycle of purchases, rationalization of joint costs of merchandising, increase access of small and medium business to participation in deliveries for the state needs, to allow not support this segment of the market, but will significantly increase competition level among its participants. Such interaction will regulate purchasing and marketing activity of the organizations of small business operating in the sphere of trade, helping to reach definiteness in activity that will render inevitable assistance to their economic stability (Guzhina, 2009). As the proof the changes made to the law "About contract system in the sphere of purchases of goods, works, services for ensuring the state and municipal needs" in the current year which concern still bigger transparency of interaction of the state and private business serve. Thus, ensuring economic stability of the enterprises process which is hardly possible for mastering to the enterprise in case it is considered as the closed system. Despite a huge number of internal tasks which inevitably face, accepting the administrative decision, productivity of activity in the long term in many respects depends on as far as it is possible to establish relations with external partners, to establish an effective exchange of knowledge, including in the field of innovations, to raise definiteness degree in the field of purchases and sale, as a result to reach optimization of level of expenses and to provide economic stability of the enterprise (Lapusta, 1998). The solution of the problems connected with business growth practically blindly, irrespectively real economic opportunities and the analysis of prospects, is possible only a case of finding of ways of effective interaction with the external partner.

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