

Problems and prospects of the industrial enterprise development (on the example of “Uralasbest”)

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Abstract. The domestic enterprises operate in a context of intense competitive pressure and the powerful influence of external factors. This study considers the effectiveness of financial and economic activities of an industrial enterprise on the example of one of the largest enterprises in the Ural region of Russia, PJCS "Uralasbest". We assess the efficiency of the enterprise in order to identify problems that have a significant impact on the activity of the economic entity and determine the prospects for its development. PJSC "Uralasbest" is a city-forming enterprise, specializing in the production of chrysotile asbestos, the consumers of which are various industries in the Russian Federation and abroad. In our analytical research we define both external and internal factors, influencing the effectiveness of the enterprise. The authors identified the most significant factors: sanctions, the state of the global and domestic economy, the general decline in production, the non-payment crisis, the influence of Western politicians on the domestic economy (the market in Ukraine is closed), and the anti-asbestos campaign, etc. As a consequence, there is a decline in production and a shortage of production capacity. In the current situation, a prospective way of maintaining the efficient operation of industrial enterprises is to actively explore the domestic market.

Keywords: industrial enterprises, efficiency, problems, external and internal factors, prospects.

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Introduction

The modern domestic economy, like the world economy as a whole, is experiencing great difficulties due both to the impact of the coronavirus pandemic and to the political decisions of national leaders.

By the Proceedings of the Third Urals Economic Forum (Ekaterinburg, 21-22 October 2021): "Under these challenging conditions, the joint search by the global community for new ideas and solutions to support sustainable development at the stage of post-crisis recovery of national economies is reasonable and necessary. It is now important not only to take a sustainable trajectory of qualitative growth, but also to create conditions for the development of competitive advantages in the context of a fundamentally new economic reality. There is a need to search the new resources in order to increase the innovative and technological potential of the domestic economy" (Materials of the III Ural Economic Forum, 2021).

Many scientists noted the relevance of the study of these issues: Animitsa E., Dvoryadkina E., Dubrovsky V., Mokronosov A., Lavrikova Y., Novikova N., Orekhova S., Pyankova S., Silin Y., Tkachenko I., etc.

For example, research on the potential for new industrialization in the regions, conducted by the Institute of Economics of the Urals Branch of the Russian Academy of Sciences, highlighted three main groups of the regions:

1) the industrial regions with high potential for new industrialization and industry 4.0 formation – the Kaluga, Nizhny Novgorod, Perm, Moscow, Novosibirsk, Sverdlovsk, and Chelyabinsk regions. The economies of these regions are dominated by high-tech industries with significant expenditure on research and development. These regions will be the new industrialization centers of Russia;

2) the industrialized regions with a medium potential for new industrialization – the Novgorod, Yaroslavl, Samara, Vladimir, Rostov, Omsk, Volgograd regions, and the Republic of Bashkortostan;

3) the industrialized regions with low potential for new industrialization – the Irkutsk, Krasnoyarsk, Lipetsk, Vologda, and Murmansk regions.

The new industrialization of Russia should be followed by reindustrialization – the restoration of production, technological systems, certain sectors and types of industries, accompanied by the solution of major problems, concerning the stock, technological and human resource base of industry with a general vector, in order to establish the domestic high-quality consumer values (Materials of the III Ural Economic Forum, 2021).

Main Part

The Ural economic region of the Russian Federation occupies a rather favorable economic and geographical location. The main branches of specialization in the Urals are ferrous and non-ferrous metallurgy, transport, energy and agricultural machine building, chemical, petrochemical, and timber industries.

Also there are a lot of enterprises in the Ural region: JSC "Pervouralsk Novotrubny Zavod", "Russian Copper Company" (RCC Group), JSC "Scientific and Production Corporation Uralvagonzavod", JSC "Uralmashplant", JSC "Machine Building Plant named after M.I. Kalinin", JSC "Urals Electrochemical Plant", JSC "Synarsky Pipe Plant", PJSC "Uralasbest", etc.

Nowadays, the increased competition is ordinary one for the activities of domestic business entities. This process is facilitated by the more dynamic influence of various external and internal factors than before. These factors force the enterprises to respond to the changes.

The increased need to react to changes in the internal and external environment makes it necessary for the enterprise to increase the resources available to it, and therefore only increases the competition for them.

In the modern context of both global and domestic economic development, it is becoming increasingly difficult to keep a company operating efficiently. In the future, the most effective organization is the one that is strategically oriented, which management is engaged in the development and implementation of the long-term development goals of the business entity.

The different measures to improve enterprise efficiency are necessary in order to ensure the indicators of the company: better and more timely satisfaction of the customers; increased profitability, and cost savings for the company or reduced costs; improved competitiveness of the company; a balance between stability and innovation; continuous management and control of the level of efficiency in the enterprise as a whole.

On the example of one of the largest enterprises in the Urals, PJSC "Uralasbest" (a highly-mechanized mining and processing enterprise), we consider current problems and prospects for its development. The enterprise works on the basis of the richest Bazhenov deposit, the proven reserves of which will last more than 150 years. The deposit is developed by open-pit mining.

The mission of PJSC "Uralasbest" is to become a leader in the production of chryzotile as well as a wide range of construction and insulation materials for various industries in the Russian Federation and abroad.

The PJSC "Uralasbest" management responds to the customer's requirements and expectations for product quality, while continuously sustain and prevent the environmental impact. The enterprise has a rich history dating back to 1904, when the first primitive sorting plants were built.

The authors used methodological recommendations developed by a team of professors from the Department of Enterprise Economics at PJSC "Uralsbest" (Orlova & Dubrovsky, 2018) to assess the financial and economic activities of the enterprise.

The enterprise has considerable production capacity, although there was a slight decrease in 2020 (by 2.7%), which continued in 2021 (4.1%).

The analytical study of the main economic indicators of PJSC "Uralasbest" in the period of 2019-2021 shows the enterprise is developing dynamically, despite the fact that in 2020 there was a decline in production. But, already in 2021 there is an increase in revenue by 31.4%.

The enterprise runs its business mainly with its own funds (80.5% of its financial capital structure).

The majority of the assets in the property capital structure are current assets, which amount was 65.5% in 2021.

A high level of accounts receivable in the structure of current assets (71.2% in 2021) should be regarded as having a negative impact on the efficiency of PJSC "Uralasbest" operations, which is connected not only with a decline in customers' solvency, but also with the loyal credit policy of the company.

The analysis of financial factors, describing the enterprise's solvency, liquidity, and financial stability showed that PJSC "Uralasbest" performs its activities quite effectively: its balance is highly liquid, the sufficient level of equity allows the organization to feel financially independent from external sources and pay off its liabilities on time.

But there are problems associated with the long recovery period of the receivables. The company management is recommended to introduce strict monitoring of customers, taking into account their declining solvency, review their relations and payment terms in order to minimize receivables, and shorten their repayment period.

Thus, we can make the following conclusions: PJSC "Uralasbest" is a financially stable company. It uses its resources efficiently and increase production volumes.

However, there are internal problems such as:

- utilization of production capacity is not complete due to the suspension of sales to Ukraine;
- low workers' wages as a result of a shortage of basic motivation, hence a shortage of low-paid staff.

The main markets in which PJSC "Uralasbest" operates are asbestos cement companies in Russia, Uzbekistan, India, Vietnam, China, and Ukraine (temporarily suspended).

The main competitors of PJSC "Uralasbest" are JSC "Orenburg minerals", which is developing the Kiembayevskoye deposit. JSC "Orenburg Minerals" is a part of PJSC "United Minerals", involving company "Iowwa", a chrysotile asbestos mining company "Kostanay Minerals", located in Kazakhstan and developing the Djetigarinskoye chrysotile asbestos deposit.

The strengths of PJSC "Uralasbest": the Bazhenovskoe deposit, where the enterprise operates, has a flat structure and high gradeability. The advantages include: high quality and uniqueness of products; favorable geographical location; established logistic chain; availability of credit resources with a stable financial position; high reputation.

Uralsbest weaknesses are associated with the fact that chrysotile is at a low depth of occurrence, hence:

- higher production costs (competitors' prices are lower);
- high dependence on foreign exchange (markets in the far abroad);
- the large social safety net, responsibility (PJSC "Uralasbest" is a city-forming enterprise).

At present, there is a stiffening of competition because of the reduction of asbestos price by the PJSC "Uralasbest" competitor, PJSC "The United Minerals", which united two companies: JSC "Orenburg Minerals", Russia, Orenburg region and "Kostanay Minerals", Kazakhstan, Kostanay region.

In addition, manufacturers of chemical substitutes for chrysotile asbestos began an active anti-asbestos campaign.

The most important external macro-environmental factors affecting a business are the following:

- economic (sanctions, state of the global and domestic economies, rising prices of raw materials and finished goods, general decline in production, default crisis, bankruptcy of debtors, inflation);

- political (influence of Western politicians on the domestic economy (for instance, closed Ukrainian market));
- the level of science and technology development (ageing technology, insufficient capital investment in knowledge-intensive production, reduced investment);
- social (rising unemployment, falling wages, an outflow of cheap labor, falling purchasing power of both businesses and individuals);
- nature and climate factors.

In addition, other factors such as raiding, the theft of commercial information, and the threat of terrorist acts should also be taken into account.

The objective of improving the efficiency of a company, in general, is to maximize the satisfaction of owners, managers, employees, consumers, make optimum use of the external environment, improve the economy, and the final performance of the enterprise.

In order to achieve this objective, the following challenges are necessary to:

- define the strategic objectives (opportunities) for business development, taking into account the impact of changing factors in both the external and internal environment;
- assess the situation regarding the use of key resources, and the achievement of the enterprise organization's results;
- provide the optimal use of the available resources in order to improve the economy and efficiency of the enterprise.

The analysis of PJSC "Uralasbest" activities made it possible to assess the current situation, and identify the following tasks to improve the efficiency of the enterprise organization activities in the near future:

- increase domestic market share by finding new customers and increasing order volumes;
- increased the main facilities efficiency use.

In order to achieve these objectives, it is proposed to organize a PR campaign to promote the enterprise's products on the domestic market.

Also, it is suggested to establish contacts with potential customers by sending them promotional print publications, organizing a tour to PJSC "Uralasbest", providing free samples of chrysotile asbestos, and other products, in order to the potential customers can appreciate the high quality of the products.

It is expected that the production and sales volume of PJSC "Uralsbest" products on the domestic market will increase by at least 5%.

Conclusions

Thus, based on the analysis of problems and prospects for the development of an industrial enterprise on the example of PJSC "Uralasbest", we can conclude that, despite the existing external threats, high competition, enterprises unique of the industry, producing products that meet all global standards, will quite successfully find new markets (Timoshin & Orlova, 2021).

One of the key indicators of successful industrial development is the adoption of digital technologies in their activity. For example, in her research professor I. Turgel noted that the stabilization of aggregate demand and supply in Russian regions is facilitated by "the introduction of digital technologies, new delivery methods, and a focus on new market sectors" (Turgel et al., 2022).

Moreover, almost all modern enterprise processes cannot proceed without the application of digital technologies, especially in industry, which is demanded, more than any other sector, the modernization of risk assessment methods in order to ensure the sustainable development of industrial enterprises due to the fact that many of them have closed production cycle.

Thus "the current crisis is the first example of a truly global crisis engulfing the entire world economy. Therefore, the way out of the crisis depends on both domestic factors and developments in the global economy. However, as applied to Russian industrial companies, it is primarily about changes in the external environment of their functioning and the need to find possible factors to improve the effectiveness of their survival strategy in the new conditions of the changed external environment of the 2000s" (Cherkasov, 2011).

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