



The Study of Economic Activity of Russian Corporations in Modern Economy

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ABSTRACT

The article discusses the results of the conducted in Russia’s economic reforms, the terms “company,” “corporate governance” of their use in the media and in literature, as well as the formation of the idea of the control system adopted by the corporation, as one of the ways of good governance and the withdrawal of Russian companies out of the crisis. The most urgent tasks in the practical management of corporate property can now be considered: Clarifying the structure and composition of corporate ownership, the formalization of the goals, objectives and principles of its functioning, the definition of criteria for management efficiency, which, in turn, require search and study methodological approaches to solving specific economic tasks - evaluation of individual objects of corporate ownership and to determine effective areas of structural development. According to the authors, only the use of complex techniques from different sections of the economy can give the desired economic effect and solve the pressing problem of increasing the effectiveness of the management of corporate property in Russia. In this regard, the work deals with general principles of good governance and analyzed their application for enterprise property management purposes.

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JEL Classifications: G30, O16, D23

1. INTRODUCTION

First of all, it allows the determination of the corporation. The most complete definition can be found in the “large commercial dictionary” (Ryabova, 1996): The corporation is widespread in countries with developed market economies in the form of business organization, which provides fractional ownership, legal status and concentration of management functions in the hands of the top-tier professional managers, employees.

This definition implies the necessity of presence of at least a few basic conditions for the successful functioning of the corporation: The development of the economy, the development of public enterprise, the coexistence of different forms of

ownership, a sufficient number of professional managers. Therefore, without the fulfillment of these conditions to talk about the effective implementation of corporate governance would be premature *jota* as long as the state-wide or in a particular industry are not created the necessary regulatory and economic preconditions for successful corporate performance (Goncharov, 1998).

In this connection, summarizing the accumulated over the years of experience of economic reforms will help to understand the essence of the processes in the formation of the Russian corporate environment. Despite the relative brevity of the process of redistribution of property in Russia, we can already identify certain stages in the formation of corporate governance structures,

to identify the sources of errors and misconceptions, suggest ways of overcoming them.

2. MATERIALS AND METHODS

The methodology is a set of techniques that are applied in accordance with the views of corporate property, and the complex application procedures for the entire set of objects of various kinds subject to the general criteria of effectiveness, according to which management activities are conducted and control actions are generated.

The study used data from the financial statements of real companies of the Russian Federation, which is illustrated by the example of the practical application of the methodology. Among these companies would like to have focused on the following: JSC Concern "Scientific Center," OJSC "NIIME and the factory Micron," and JSC "RTI named after Mints," etc., In the process of verification of various hypotheses was carried out by studying the various examples of typical and to establish the applicability of a specific technique and adaptation of theoretical methods to the practical conditions.

Schematically very corporate environment is a highly organized unity of large blocks and smaller building blocks (Figure 1).

To solve the problems in applied economic and mathematical methods: Averages, graphics, cluster analysis, a method of chain substitutions.

Management methods, in our opinion, should take into account the specificity of the subject of management and can be divided into:

- Administrative;
- Economic;
- Laws and regulations;
- Organization.

Thus, these control methods may be divided into levels of application management entities:

- Corporate;
- The level of business - corporate directions;
- Individual companies and divisions.

In general, given the classification of types of corporate property and its facilities management let's go to the presentation of certain

types of property specific management techniques, most important of which for purposes of this monograph, in our opinion, are:

- Subsidiaries of the corporation;
- Holdings of shares that are in the corporate ownership;
- Corporate real estate;
- Intangible assets of corporations and others.

The process of managing all these kinds of corporate environment, in our opinion, will be built as part of the overall management cycle, however, according to the specifics of the objects of control loop can be transformed to enhance the operation of an object of corporate ownership.

3. ANALYSIS AND STAGES OF CORPORATE GOVERNANCE FORMATION

In different periods of development of the Russian economy the prerequisites to create an effective corporate environment, but at the same time there were some contradictions in the system of corporate governance, which have to deal with in practice. Each period represented a new stage of understanding the direction of the country's economic problems and develop solutions for them, so the boundaries of conventional periods and can be moved in any direction in accordance with the applicable criteria. In our view, the time frame and the key problems of each of the periods can be described as follows:

3.1. Corporate Governance in the Period until 1987

Administrative-command methods of centralized state management of the economy have ceased to comply with the macroeconomic situation; dismissal of workers in middle and lower level of real participation in the management of enterprises has prompted many of them to try themselves in the emerging small-scale co-operative business, or individual business, and the lack of a clear legal framework and practical knowledge in the economy has led many of them to the collapse of get rich quick illusions.

Corporatism as a production management system is more identified with the clan of Party-nomenclature elite and contradictory attitude caused aspiring entrepreneurs (Shupyro, 1997; Vasilev et al., 2016).

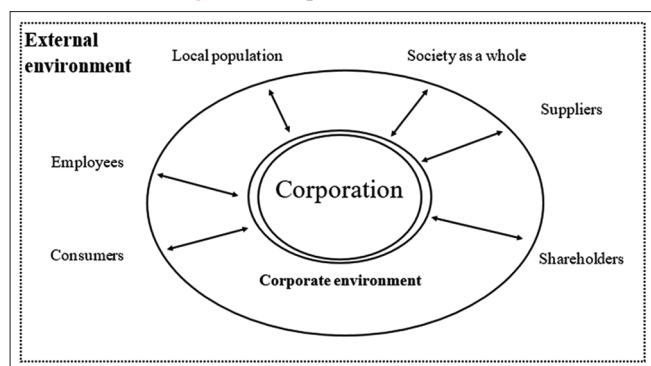
Corporate environment in this period was similar to the system of party-economic asset: All the key positions in enterprises were distributed in accordance with the professional managers and the available connections. The basis for this were the three reasons:

1. Lack of local skilled independent control of the labor market
2. Unavailability of highly paid skilled labor emerging managers
3. Low desire of mutual exchange of experiences between countries with developed market economies and countries of the former socialist camp.

3.2. Corporate Governance in the Period from 1987 to 1991

Centrifugal forces led to the collapse of confidence monopolized and centralized organization of the economy; encouraged independence and allowed rental companies prompted the director's body to their gradual subordination of groups of

Figure 1: Corporate environment



employees, shares the position of the heads, i.e., corporatism acquired hue loyalty authorities. Provided for by the rules of law teams participate in the management of enterprises through the councils of labor collectives not developed due to lack of training employees to participate effectively in the management and the reluctance of managers “share power.”

During this period laid the basis of corporate directors and structures close to the party-nomenclature controls, but there were shoots of emerging corporate environment (Kobersy et al., 2015). In addition to industrial, arose and began to develop the financial capital in the banking and insurance sectors in Russia. There were springs and the first accumulation of capital instruments.

3.3. Corporate Governance in the Period from 1991 to 1994

Active voucher privatization, which resulted in the initial distribution of property among the directors and formed the financial and banking institutions; participation in privatization was possible primarily through the open and covert collaboration with the regional administration and the State Property Committee of Russia. Created during the privatization on the basis of large state-owned enterprises joint-stock companies can already be attributed to corporations, but undeveloped corporate law, undervalued corporate assets, as well as lack of preparation enterprises personnel drove corporate governance to traditional methods, which are performed by non-professional managers led to further collapse and bankruptcy enterprises (Osadchy and Akhmetshin, 2015). All this imposes on the paralysis of the central government and the collapse of state property, which causes a low transparency of business and legal transactions within the national economy.

At the same time began to take shape a certain corporate identity relationships of individual structures, such as bank capital, oil and gas companies, and others, when to replace the public authorities come self-managed company. The alienation of the majority of the population of active processes of participation in the management of the property, the loss of jobs and economic illiteracy formed a negative attitude to all the processes of economic reform.

But during this period they laid the foundations of this corporate environment of new business structures, created by young (educated, ambitious) entrepreneurs, who had only two options: Either to enter into cooperation with the former government structures, or oppose them civilized business based on the experience of foreign corporations. In addition, on decisions taken in corporations already beginning to affect the resulting quality foreign education in new areas of the Russian economy: The financial and stock markets, market commitments, marketing, management. Active interpenetration of Western and Russian corporations, joint work on the Russian stock market will inevitably encouraged Russian companies to the understanding of corporate governance features.

3.4. Corporate Governance in the Period from 1994 to August 1998

Monetary conditions in the privatization of the adoption of the laws on joint stock companies, securities market, the civil code, clarify

legislation on privatization. Active forms of market infrastructure: Investment companies and funds, depositories and registrars, mutual funds, insurance companies, auditing and consulting companies, pension funds and other large foreign companies open their branches in Russia, representation or create a joint company.

The brunt of the problem of attracting investment moves from the federal center to the regions. Regional authorities take local laws on education insurance funds for investment, and the object of sale in accordance with the local laws becomes land and other real estate (Vinslav, 1996).

3.5. Corporate Governance in the Period from August 1998 to the Present Time

The situation of internal and external debt default, a general lack of financial resources. Capital flight from Russia are forced to look for new financial instruments and new mechanisms for the use of old assets. The tension in the foreign exchange market, along with the complete absence of corporate securities market make the regional financial instruments are virtually the only way to protect against inflation and income in Russia.

Against this background is weak preparedness of Russian managers (especially the higher echelons of management) to the choice of development strategy to attract capital and investment, retain and conquest of markets, integration of the true motivation of business partners. All this leads to a further redistribution of property, but on the background of the shareholders who understand their rights (Heemskerk and Takes, 2015). Corruption and lawlessness shadow capital forced senior management to choose one of two directions: Either to come into contact with the shadow structures and gradually lose control, or to build a system of corporate relations, which would allow to save themselves and property.

Corporate governance is based on the basis of exhaust and efficient standards in finance, securities, management, labor relations, contractual obligations, contractual activities, organizational structure, and marketing. In the presence of the basic state documents and experiences can build a system of corporate relations at the level of a particular corporation, asking, and so guidelines for the entire Russian economy.

In each case the corporation represented by its senior management (and in the conditions of Russia is mostly the owners themselves) makes a choice in favor of the gradual inclusion of employees in business relations in the sphere of property instead of a hard salaried personnel management. This is an important trend in the formation and shaping of normal corporate relations (Gubin, 1999).

4. DISCUSSION

4.1. Directions and Stages of Reforming Activity

Before considering the trends in the development of Russian corporate governance in the short term - the beginning of the twenty-first century - it is necessary to consider possible ways of painless corporations entering the normal system of corporate governance. To do this, the top management of corporations

have to do a lot of versatile, multi-faceted work, based on the requirements of modern management, marketing and business. This work consists of the following stages:

- A strict definition of the goals of the corporation and how to motivate its owners;
- Restructuring of the corporation to the level of self-governing bodies under the control of the owners;
- The choice of organizational structure, adequate goals: Production and marketing of products, innovation, marketing;
- Development of common principles of the corporation in the form of mission and philosophy of a basic instrument (Gurieva, 2013; Wielgorka, 2015);
- Changes in remuneration philosophy of the staff, especially senior managers.

Proceeding from the Marxist principle of “fair pay for work” to pay, taking into account the real contribution of each employee in receipt of current income as well as in the formation of capitalized corporate profits, are faced with the problem of personal interest of the shareholders. If the stake is significant, and the impact of shareholder weighty decision-making and profit share to be distributed for the financial year, it is significant. If the stake is insignificant, the motivation shifts to obtain a high payment for the results of the work. Therefore, the real wage system in the enterprise should take into account three components:

- Direct remuneration for work performed on a contract basis;
- Income from the stake in the fiscal year;
- Additional payments and benefits (bonuses), determined in each corporation’s internal documents.

In this scheme, the wage top managers should get a total higher income, stimulating an intensive work to increase the proportion of capitalized profits belonging to them, to the expansion of social benefits and guarantees in the corporation. This way naturally removes the existing contradictions in Russia between the salaries of top managers of corporations, and the results of the corporations themselves (Doyle, 1999).

4.2. Organization of a Uniform Financial, Investment and Lending Activities

Corporate development today depends on the well-organized financial activities and within the credit and investment activities. Since the restructuring of corporations and the creation of self-governing structures leads to the interaction of a large number of legal entities, the top management of the corporation, as a rule, “projects” financial principles, including the investment and credit, on the basis of the strategy the following key objectives:

- Consolidation of the structural divisions of the corporation in order to optimize tax payments;
- A single credit and financial policies;
- Reorganization of production capacity as a result of the merger of businesses;
- Penetration of the corporate mediation in the production and sale of various goods;
- Implementation of a unified policy and implementation of a common monitoring compliance with the common interests of the corporation (Shkurkin et al., 2016);
- Acceleration of the process of diversification;

- Organization of internal financial flows;
- Centralization in the capital of other companies, and others.

In particular, the credit corporation strategy can be focused primarily on optimization of resource mobilization by attracting capital, including through the issuance of securities and work with them, active cooperation with foreign foundations and organizations, the use of offshore and free economic zones, accumulation of funds in non-public corporate employees (can be established within a corporation) pension funds, insurance companies, deposits in banks and financial companies, as well as in the capital of companies - participants of the corporation (Basalay, 2001).

Thus, a successful financial activities Corporation due to a timely and correct decisions of the senior management in the current work, and in terms of the strategy, which should be developed not only through the internal environment of corporation, but also taking into account the impact of the financial system prevailing in Russia at this stage.

4.3. Formation of the Initial Data for the Management of the Corporation

The need to improve corporate associations of accounting and reporting system follows naturally from the economic entity combining business entities. The virtual absence of sufficient domestic experience on the preparation and conduct of a single economic and financial reporting in the integrated structures indicates that in front of these structures is essentially a new task. In world practice, this kind of reporting is called consolidated (Kovalev, 1997).

In the Russian context, using the concepts of consolidated accounting and reporting, you can assume that we are talking about the integration of indicators of economic entities contained in:

- The balance sheet;
- The profit and loss account;
- Statement of changes in funds of funds;
- Other reporting elements.

The need for consolidated financial statements arises when in actual economic life are beginning to set up structures, for example, a corporation whose members are linked by mutual participation in each other’s capital or otherwise. Objects to the consolidated financial statements arise for various reasons. Joint-stock companies acquire other companies in order to expand the scope of its activities and income from investments, eliminate competitors, or acquisition of a major stake in another company, to establish control over them, or to establish closer formal relationship of mutual cooperation.

The presence of consolidated reporting allows corporations to increase the financial and socio-economic control them, to have an objective picture of the activities of the association as a whole and for each member in particular, to carry out investment in truly promising areas of economic development.

The essence of the consolidated statements of the corporation is that it is currently, as a rule, is not reporting legally independent

economic entity and has a pronounced analytical orientation. The purpose of such statements is to identify the taxable profit, and to obtain an overview of the activities of businesses within associations, groups.

Research has shown that information and financial and economic nature of the results of the corporation as a whole work is needed to:

- Government bodies - in order to determine the role and place of corporations in the economic development of the state and the region, in particular to identify the degree of coincidence of the interests of federal, local governments and corporations in the implementation of economic development programs declared by the corporation at the time of registration, TE whether a given corporation tool of industrial development in the conditions of the restructuring of the state of the economy or the direction of its activity is subject to change or correction, for example through the use of state incentives or through the participation of government representatives in the Board of Directors;
- Domestic consumption corporation - in order to develop common effective corporate development strategies and activities, improve manageability of its participants, the participants of the corporation unified, coordinated financial, economic and social policy;
- The general public, current and potential investors about the activities of the corporation, which allows to judge about the amounts of time and risks associated with the expected income, as well as the economic resources of the corporation, its liabilities, amounts due and sources, the reasons for their change.

Thus, the consolidated financial statements include information characterizing the activity of the aggregate economic agents operating within a unified economic strategy and participating (in varying degrees) in the capital of one another. It is necessary for all who have or are supposed to have interests in the corporation: Investors, creditors, suppliers, customers, staff of enterprises, banks, government and local authorities.

4.4. General Requirements for Financial Reporting Corporation

For ease of formation and subsequent analysis of the financial statements of corporations abroad has been developed and drawn up a system of accounting standards, the so-called International Accounting Standards (IAS), in Russian, the term International Financial Reporting Standards is increasingly used. One of the main purposes of IAS is the structuring of the financial statements, which would allow shareholders and potential investors to compare financial and economic performance of various corporations to make investment decisions.

Adapting the IAS requirements for domestic corporations, we can formulate a few requirements that determine:

- The frequency of reporting (accounting periods) - financial reports are prepared periodically, at regular intervals. The corporation may choose a time when it will end the fiscal period (at least - an annual report);

- Completeness of coverage (matching) - in their financial documents the corporation must include all costs, the implementation of which is necessary to obtain the proceeds referred to in the financial statements;
- Conservatism (conservatism) - in a situation where the measurement uncertainty generates equally probable profit margins, the corporation must report to report the lowest number. This corporation must strive to anticipate all costs and not to report income without careful study. Distortion of information is unacceptable;
- Clarity (understandability) - the information contained in the reports should be presented at a level such that it could absorb the reader with an average level of understanding of business issues;
- Materiality (relevance) - reports should contain information essential for decision-making and user-oriented;
- Reliability (reliability) - the information provided must be complete and accurate;
- Continuity (the consistency) - the corporation should seek to use comparable methods of financial calculations, so to allow the comparison of reporting data for different periods of time (Easterbrook and Fishel, 1990).

This list does not include all the requirements of IAS, but only those that are primarily related to external reporting. Any corporation in its financial statements must show:

- Financial position at end of period (the financial position at period's end);
- Cash flow for the period (the cash flows for the period);
- Income for the period (the earnings for the period);
- Total income for the period (the comprehensive income for the period);
- The contributions of the owners and distributions to owners during the period (the investments by and distributions to owners for the period);
- Comments on the reports (comments to documents for owners) (Schneidman, 1998).

5. RESULTS

Based on the above requirements, you can formulate a list of accounting documents, the composition of which it is necessary to analyze the functioning of the corporation:

- Balance sheet - a document reflecting the structure of the corporation of the property (the structure of assets), distributed according to the degree of liquidity, and the structure of the sources for the acquisition of assets (liabilities structure), distributed by maturity;
- Statement of income and expenditure corporation - a document showing the structure of revenues and cost structure (cost) of a corporation;
- Statement of changes in financial resources corporation - a document allowing to estimate the inflow and outflow of funds;
- Consolidated statement of payments - a document distributing debtors and creditors into two groups: On the timing of payments and the amounts of payments.

Figure 2: Documents consolidated financial statements

Balance (structure)	
Assets	Liabilities
by degree of liquidity: funds have the highest degree of liquidity	by maturity: own funds have unlimited maturity
Statement of income and expenditure (structure)	
Earning	Spending
by activity	by activity
Statement of financial resources (inflow and outflow)	
Inflow	Outflow
by sources	by directions
Summary of payments (date and counterparties)	
Inflow	Outflow
by debtors	by creditors
Debtors	Creditors
by date	by date

Thus, a corporation having sufficient freedom in the formation of the list of articles reporting is in the fiscal authorities standardized set of financial statements. For the analysis may require additional data that is requested on an individual basis in each corporation (Figure 2).

Also, in the preparation of the consolidated financial statements can be taken as the basis recommended by the European Union financial reporting forms.

6. CONCLUSIONS

The article examined the question of the results carried out in Russia, the terms “company” economic reforms, “corporate governance” of their use in the media and in literature, as well as the formation of ideas about the control system adopted by the corporation, as one of the ways of good governance and the withdrawal of Russian companies out of the crisis.

From a legal point of view, the property - is the ratio between a person and a group or community entities on the one hand, and the substance of any of the material world (the object), on the other hand, consists in the permanent or temporary, partial or complete alienation, disconnect, assigning ownership of the object.

The subject property - the active side of property relations, has the opportunity and right to possession of the object property.

Property ownership - the passive side of property relations in the form of natural objects, property, material, information, spiritual and intellectual values.

Objects property as a commodity can shape the property market with its inherent hierarchical control system’s features, links and other features.

Property market objects can represent all forms of ownership (private, corporate, municipal and other), and subjects may be

citizens, legal entities, Russia, the Federation, municipalities, public and religious organizations, foundations.

Formation of the actual control circuits owned industrial corporations should be carried out on the basis of the principles of effective management, using the basic provisions of civil and commercial law. The practical implementation of these tasks is performed in a single closed-loop control of the process, including the identification, recording, assessment of the effectiveness of use, planning of measures to improve efficiency, assessing opportunities for corporate support planned activities and implementation of measures.

The work was the question of the financial instruments in the field of corporate economic governance in Russia, which is appropriate to the analysis of Russian corporations in the modern economy.

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