



Innovative development of enterprises as a condition of Russian import substitution
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ABSTRACT

Sanctions pressure from Western countries caused serious injury to a sector of the Russian economy and had a negative impact on its socio-economic and innovative development. In the current conditions, import substitution is viewed as one of the most important directions for the development of Russian economy and overcoming the consequences of imposed sanctions. The programs of import substitution, developed and implemented in various sectors of the economy, presuppose the organization of manufacturing of sanctions products at Russian enterprises. They are focused, first of all, on the catching-up development of technologically advanced countries. In order to change the current situation, it is necessary to develop an import substitution strategy, which is focused on solving not only current, but also strategic tasks of priority development of the country's economy. As a result of the study, the possible consequences of implementation the various scenarios of Russian economy development, under the conditions of continued sanctions pressure from Western countries, were analyzed, with the use of proposed approaches to solving the problems of import substitution. In order to mitigate possible consequences of sanctions pressure, and to achieve high rates of economic growth, special emphasis should be placed on the need to transform the processes of innovation development of enterprises.

Keywords: sanctions, import substitution, innovative activity, innovations, priority development, dependence on imports.



1. INTRODUCTION

In these days, the sanctions, taken by Western countries, have a serious negative impact on the development of Russian economy. The initiators of the adoption of a number of sanctions against Russia were the United States and the EU countries. The analysis of the main reasons for the introduction and the assessment of the consequences of sanctions, imposed by Western countries on the Russian economy, were carried out in the research (Davis C.M. 2016).

The prospects of development of the Russian economy in the conditions of the imposed restrictive measures were defined in the work (Anisimova T. 2016). The studies, devoted to the impact of sanctions on the activities of certain branches and industrial enterprises were also conducted. Thus, in (Sadriev A.R., Anisimova T.Y., Mustafina O.N., Lukishina L.V. 2015), special attention was paid to the investigation of the effect of imposed sanctions on the results of banking sector functioning. The prospects for the development of fuel and energy complex, under the conditions of sanctions pressure, are discussed in (Melnik A.N., Mustafina O.N. 2014).

In addition, the studies were conducted on the analysis of import substitution programs in various sectors of the economy, developed in recent years. Import substitution in the current conditions is considered as one of the most important directions for overcoming the consequences of imposed sanctions, and the development of Russian economy. The advantages and disadvantages of existing approaches to import substitution were investigated in detail in (Krugman P., Livas Elizondo R. 1996). At the same time, in a number of works, the attention is focused on the fact, that the most important condition for increasing the level of competitiveness of Russian manufacturers' products under the conditions of sanctions is the activation of innovation activity (Izmailova M.A., Burak P.I., Rozhdestvenskaya I.A., Rostanets V.G., Zvorykina T. I. 2016., Melnik A.N., Lukishina L.V., Sadriev A.R. 2015).

However, up to the present time, the possible stimulating influence of import substitution processes on the activation of innovative activity in the country, and the prospects of overcoming the technological inferiority, compared to developed countries, in the process of implementation of import substitution programs still remain insufficiently investigated.



2. METHODS

The scenario approach was used as the main research method. Its application allowed to study the influence of various factors on the basis of modeling of their possible dynamics on the indicators of the Russian economy development. We considered two possible scenarios for the development of the situation in the field of import substitution, depending on the changes in the external economic situation and the state of the Russian economy. The first scenario assumes that the existing approaches to import substitution will not undergo significant changes in the future; i.e. it will be focused, first of all, on solving operational problems, related to minimizing the risk of non-delivery of certain types of sanctions products, and it will be oriented to the production of domestic equivalents. The second scenario involves the development of an import substitution strategy, aimed at solving both operational problems, and the tasks of strategic development of the Russian economy. At the same time, strategic tasks – are the tasks, related to the development of fundamentally new innovative products, which are competitive in the world market, have great export potential and high domestic demand.

3. RESULTS AND DISCUSSION

Since 2014, the Russian economy is in a state of recession. This situation is conditioned by a number of reasons, among which the most significant are the following: decline in the world oil prices, the slowdown in the growth of world economy, and the adoption of a number of sanctions against Russia.

The imposed sanctions had a significant negative impact on the Russian economy and created serious obstacles to its development. The sanctions included, inter alia, a ban on the importation of certain types of goods, including products and components for the radio-electronic and aviation industry, equipment for oil and gas companies, etc. In addition, there was a sharp increase in the costs of imported goods, as a result of a very significant depreciation of the ruble. In the current situation, the development and subsequent implementation of import substitution programs for a wide range of industries has become particularly relevant, in order to reduce the consequences of sanctions.

The import substitution was not sufficiently developed before the imposing of sanctions. However, in changed geopolitical conditions, the leadership of the country has stepped up activities in this area, in order to reduce dependence on imports. 22 import substitution plans have been developed in 2014-2016. They cover all key sectors of the economy,



including the automotive and medical industries, as well as oil and gas, transportation and power engineering, etc. It should be noted, that the programs cover all industries which, according to the Ministry of Industry and Trade, have the largest dependence on imports (Official site of Ministry of industry and trade of the Russian Federation. – URL: <http://minpromtorg.gov.ru>, free. Checked on 03.07.2017.). The main focus in the developed plans is made on the manufacturing of sanctions products in the territory of Russia. At the same time, its most part is produced for the domestic market and has a fairly low export potential.

However, the implementation of plans for import substitution has certain difficulties and limitations under the prevailing conditions (Figure 1).

At the same time, in our opinion, the main constraining factors are the following: the limited investment resources for solving the problems of import substitution, and the low level of innovative activity of Russian enterprises. In addition, a significant drawback of existing approaches is the use of non-market mechanisms for the sale of manufactured sanctions products, including their administrative "imposition" to consumers. All this leads to the fact that manufacturers of sanctions products are still weakly interested in activating innovative activities, and in increasing the competitiveness of products in the world market.

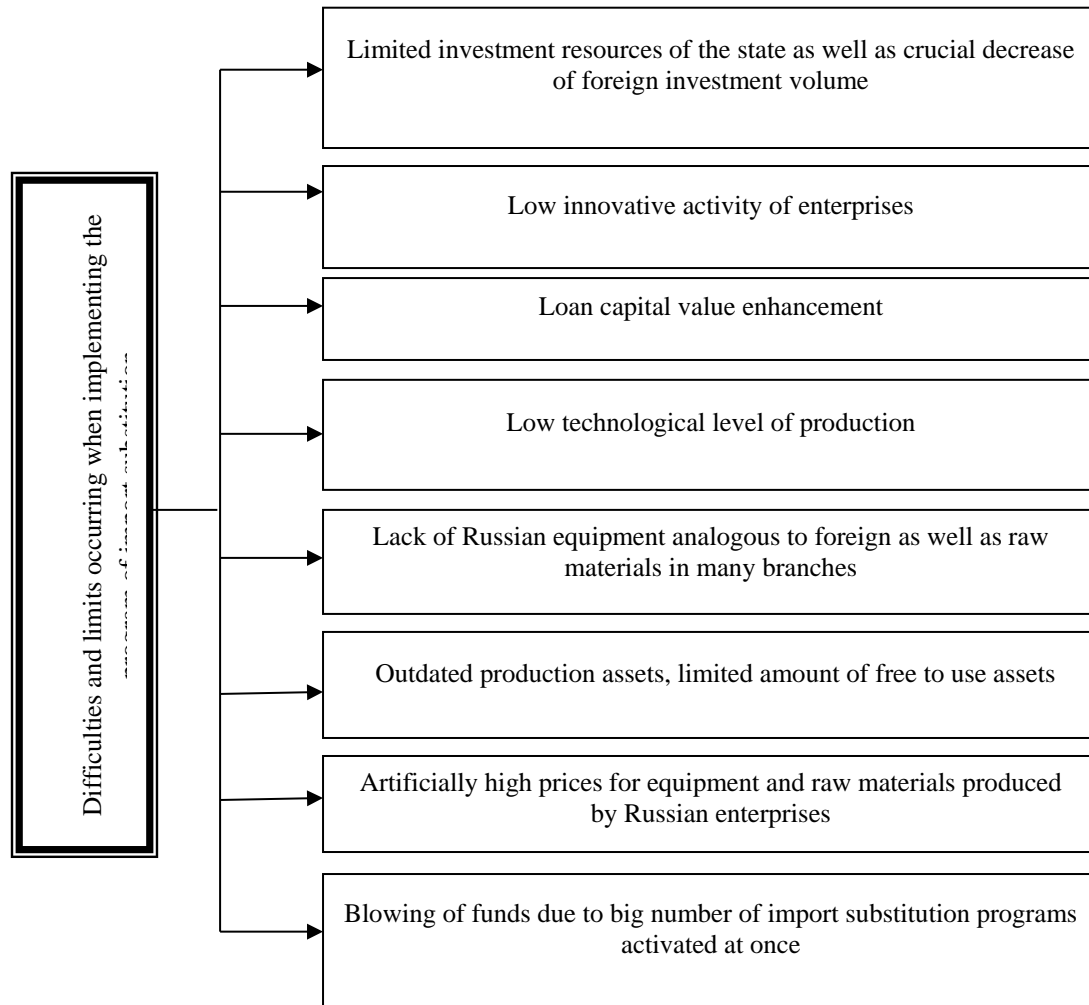


Fig. 1. Difficulties and limits, occurring when implementing the program of import substitution, for manufacturing the equivalent sanction products at Russian enterprises

In order to increase the effectiveness of programs for import substitution in Russia, in our opinion, it is necessary to make serious changes in the process of their formation, foreseen the development of not only separate and poorly coordinated programs, but a holistic strategy of import substitution. The implementation of existing approaches to import substitution, without introduction of serious corrective amendments to their implementation, can lead in near future to the even greater technological inferiority of Russia, compared to the world's leading powers. Such a development of situation can be explained, first of all, by the fact, that the existing programs are oriented towards the creation and development of domestic analogues of foreign products, which are already available on the market, or the prototypes have already been created on them. In addition,



for many import substitution programs, the achievement of targets is planned with underrunby 5-10 years, in comparison with foreigncompetitors (Bendikov M.A., Ganichev N.A. 2015). In this case, we can only talk about catching-up development and serious lag in the created technologies. Implementation of the existing approaches to import substitution will allow to achieveonly small economic growth rates in the range of 1.7-2.4%, determined in accordance with the basic forecast of Russia's socioeconomic development.

In order to achieve higher growth rates of gross domestic product (GDP) and to transfer the economy to an innovative development path, it is necessary, in our opinion, to develop the holistic strategy of import substitution. This strategy should provide not only for the resolution of operational tasks, but also for the support of priority industries, oriented to the creation of innovative basis for the production of competitive products, with high export potential and high domestic demand. In our opinion, it is the strategy of import substitution,that should allowto concentratethe efforts on priority areas of technological development. They will determine the near future and correspond to the nature of priority development of the country's economy, in the transition to the sixth technological order. Its implementation will contribute to the activation of the country's innovative development and will allow to reachthe growth rates in the range from 3.0 to 4.4%, that corresponds to the target scenario for the development of the Russian economy.

The process of development of import substitution strategy can be presented in the form of a series of successive steps (Figure 2). At the first stage, it is necessary to conduct the analysis of macroeconomic and geopolitical factors of Russia's functioning, as well as the prospects for its technological development. The obtained results will allow to justify the goals of developed strategy of import substitution at the next stage. At the same time, it should be focused on the solving both operational and strategic tasks of the country's economic development.

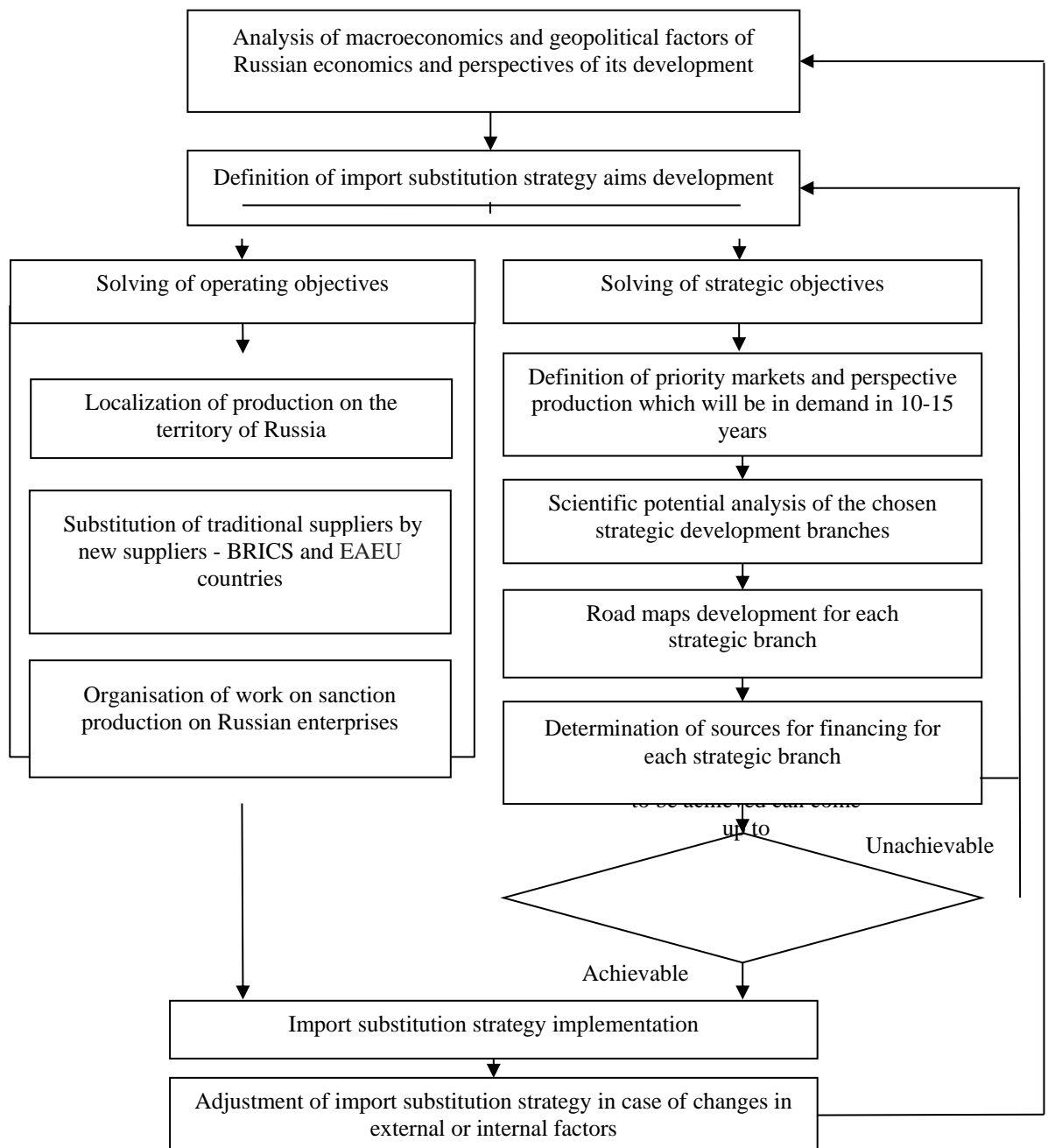


Fig. 2. Stages of import substitution strategy in Russian economics

The operational objectives include the organization of manufacturing of sanctions products on the territory of Russia, or the change of suppliers for more reliable, to reduce the risk of non-delivery of required products. At the same time, there are three possible solutions to the problem: the localization of foreign production in Russia, the change of



supplier or the organization of manufacturing of sanctions products analogues at Russian enterprises.

In our opinion, the most expedient is to provide foreign companies with certain tax incentives, on condition of their readiness to transfer the technologies or to produce their products at Russian enterprises. At the same time, they should not just implement a "screwdriver assembly", but to ensure the access of Russian specialists to the production process, providing for the possibility of implementation of technological innovations, with the right of patenting them. If the supplied products are not critically important, or there are channels of supply from other regions, then it is possible to reorient, for example, to BRICS and EurAsEC countries. In some cases, it is possible to organize the manufacturing of sanctions products at Russian enterprises, i.e. to follow the path of developing the analogues, with all the drawbacks, inherent to this approach.

The strategic objectives are focused on the development of innovative products, aimed primarily at promising markets, having great export potential and high domestic demand. The main difficulty here is to determine the priority directions of production development. Among such priorities, it is possible to single out projects, implemented within the framework of the program "National Technology Initiative", the development of military-industrial complex and the high-tech sector, and the creation of technologies of the sixth technological order. The commitment to priority directions will provide a powerful impetus for the development of related industries, will facilitate the transfer of knowledge, as well as will allow to achieve a multiplicative effect from implementing the strategy of import substitution. It should also be noted, that the choice of priorities should take into account those areas, for which Russia has a large scientific groundwork. With the development of technology in the field of defense and security of the state, it is necessary to establish the effective transfer of knowledge and technologies between the defense and civil sectors, as well as the widespread development and use of dual-use technologies.

However, the implementation of the strategy of import substitution predetermines the need to fulfill a number of conditions. Firstly, the process of development and adjustment of import substitution strategy should be flexible enough. It is necessary to ensure the possibility of quick amendments to the developed plans for the strategy implementation,



in case of change in external and internal factors, including the imposition of additional sanctions, changes in the ruble's exchange rate, development of technologies, etc.

Secondly, an active investment policy of the state is needed. In addition to the instruments, used to support import substitution, including special investment contracts for the implementation of priority projects, government procurements, customs regulation, etc., urgent measures are required to improve the investment climate in the country, in order to attract foreign direct investments from technologically advanced countries.

Thirdly, it is necessary to change the approaches to innovative development management of enterprises. This is due to the fact, that the implementation of the import substitution strategy is impossible without a serious transformation of the management processes of innovative development of enterprises, even if the volume of attracted investments is significantly increased. To date, the innovative activity of Russian enterprises is still at a rather low level. So, in 2013, the share of organizations, implementing technological, organizational and marketing innovations, amounted to 10.1%, and in 2015 - only 9.3% (Official site of Federal state statistics service of the Russian Federation. – URL: <http://www.gks.ru>, free. Checked on 03.07.2017.). The current system of innovation management does not allow for a breakthrough in the field of innovation, and leads to a further technological inferiority of Russia, compared to technologically advanced countries. To change the current situation, it is necessary to develop new approaches to the innovative development management of enterprises. To do this, it is necessary to increase the interest of enterprises in introduction of innovations through various impetuses and tax incentives, expanding sources of innovation financing, organizing close cooperation between enterprises and universities, and developing international integration in the scientific sphere. Collaboration of domestic and foreign scientists will allow to form a modern platform for the creation of new breakthrough technologies.

4. CONCLUSIONS

Based on the results of the study, the following conclusions can be made.

Firstly, the imposed sanctions had a significant impact on the Russian economy and led to a reduction in the main economic indicators, including GDP growth rates, industrial production dynamics and the volume of attracted investments. Under the current



conditions, import substitution is viewed as one of the most important ways to overcome the consequences of sanctions pressure and to protect Russian producers from the possible risk of non-delivery of strategically important materials and equipment.

Secondly, the import substitution programs, developed and implemented in various sectors of the economy, presuppose the organization of manufacturing of sanctions products at Russian enterprises, and are focused mainly on the catching-up development of technologically developed countries. To change the situation, it seems more promising to develop an import substitution strategy, which is oriented towards solving both operational and strategic tasks of priority development of the country's economy.

Thirdly, the implementation of the import substitution strategy requires a number of conditions, including ensuring the flexibility of the developed strategy, a significant increase in the volume of attracted investments, and development of new approaches to innovative development management of industrial enterprises. The creation of new approaches to the innovative development management of enterprises can be considered as an important condition for the further implementation of the strategy of import substitution.

As a result of the study, the necessity of developing an import substitution strategy is substantiated. It will allow to concentrate efforts on priority directions of technological development of the Russian economy, with the purpose of ensuring the manufacturing of products, competitive on the world market, having a great export potential and high domestic demand. In order to overcome the possible consequences of sanctions, imposed by Western countries, and to achieve high rates of economic growth in Russia, special attention should be paid to the transformation of the processes of innovative development at the enterprises. The proposed model for the creation of import substitution strategy can be used at various levels of management of the Russian economy. Its implementation can determine the vector of innovative development of Russian economy to a large extent, both for the near-term and the long-term prospects.

5. ACKNOWLEDGEMENTS

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