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The influence of mechanism of strategic management on the formation of the intimate environment of the enterprises (evidenced from petrochemical cluster in the Republic of Tatarstan)

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Abstract

In the context of international economics globalization and market relations participation of an enterprise in a cluster appears to be one of the main components in forming a favorable investment climate in a region. Within the frames of the cluster a pattern of corporate management formation entails less transaction expenses what makes possible to improve index of effectiveness for of a business organization participating thereof. At drawing upstream integration within the confines of petrochemical cluster in the Republic of Tatarstan the author carried out the analysis of financing and operating activities for such enterprises as OJSC «Nizhnekamskneftekhim», OJSC «Kazanorgsythez» incorporated by investment company OJSC «TAIF ». The membership in the cluster made possible for the above enterprises to maximize potential for growth reflecting the main performance ratios: net profit margin, asset turnover, financial leverage multiplier, sustainable growth rate, return of equity, actual growth rate of sales volume and strategic spread.

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Key words: Cluster, Transaction expenses, Strategic liquidity ratio, Upstream integration, Lateral integration, Investment strategy, Performance ratio, Net profit margin, Asset turnover, Financial leverage multiplier, Sustainable growth rate, Return of equity, Strategic spread.

1. Introduction

The effective model of corporate management in competitive business environment existing in the present appears to be the main component in forming the country's favorable investment climate as well as the major constituent of the Russian companies' competitive ability. Corporate management model development in Russia flows most effective within the frames of clusters being formed in various segments of industry both at the federal and regional level. In a rapidly globalising world economic globalization triggered the process of corporate management models convergence. In the context of international economics building up transnational model of corporate management results from the countries' mutual participation on the financial market as well as the market of equities and bonds. When a mixed system of

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corporate management and control takes place, unification of intra-corporate regulations (supervision by co-controlling shareholders) and market mechanisms (equilibrium price establishing) will take place to adjust the pattern of cluster participants' corporate performance.

Algorithm of a cluster revelation in a region comprises the following stages:

1. Revealing one major firm in the region.
2. Sorting out vertical links of the given firm with inferior organizations and higher authorities.
3. Emphasizing enterprises of the industry where production of by-products and services takes place.
4. Defining organizations developing technologies, delivering information and providing capital and professionals creating the cluster's infrastructure.
5. Revelation of regulating structures in person of governmental bodies.

2. Literature Review And Hypotheses

Early research on the theory of cluster development and analyses conducted by scholars in 1980s. This researches defined the cluster analysis in strategic management that helped to determine the quality of cluster solution (Ketchen David J., 1983). A new theory must make improvement and innovation in methods and technology a central element. Competitive strategy must grow out of sophisticated understanding of the structure of the industry and how its is changing. (Michael E. Porter., 1990). The essence of formulating competitive strategy is relating a company to its environment. (Michael E. Porter, 1998). So cluster is a basic feature of regional and national economies, with an important influence on innovation, competitiveness, economic performance (Porter, 2003). The theory of cluster development is the synthesis of concepts related to the location of economic activity and a company's competitive advantage that stipulates rapid emergence of cluster formations in different industry sections of the region. The cluster environment will increase the pool of competitive recourses. Strong regional cluster also is reducing the costs of starting a new business (Delgado, Porter, Stern, 2010). In this context, industries located within a strong cluster are associated with higher growth (Dekiado, Porter, Stern, 2011). Competitive analysis is important not only in the formulation of business strategy but also in corporate, finance, marketing, security analysis, and many other areas of business. A number of steps of industry analyses strategy consist of: who is in the industry, industry studies, annual reports. (Porter, 1998).

In the context of rapid world economic globalization complexes having formed in the consequence of integration processes or clusters play an increasingly important part in rival products development. The Republic of Tatarstan happened to possess the following petrochemical cluster shown in table 1.

Table 1. Participants of petrochemical cluster in the Republic of Tatarstan

Group	Cluster participants	Industry sector
1	NPTC, OJSC TAIF – NK, NNKh, HSH, KOS, Chemical Plant name after Karpov, SNRG Logistic LTD. KPSR	Mineral industry, processing industry
2	Scientific Research Institutes	Service industries
3	Technopolis Khimgrad	Infrastructure
4	State Authorities	Legal and regulatory framework

1. The first group of participants comprises the main enterprises of petrochemical industry sector: OJSC «Nizhnekamskneftekhim» (NNKh), OJSC «Nizhnekamsk Plant of Technical Carbon» (NPTC), OJSC «Nizhnekamskshina» (HSH), OJSC «Kazanorgsynthet» (KOS) forming complete cycle of technological chain in polymer materials manufacture. From viewpoint of management strategy being applied and making their functioning quite peculiar it is the existence of the parent company, OJSC TAIF, which implements the single policy of corporate management and regulation. Implementation of the given strategy made possible market appreciation of both enterprise functioning alone and the whole cluster. Apart from the enterprises participating in the investment group OJSC TAIF we can see OJSC «Kazan Plant of Synthetic Rubber» (KPSR) considered as potential raw materials supplier for OJSC «Kazanorgsynthet» (KOS). In its turn OJSC «Kazanorgsynthet» owing to its produce satisfies the demands of such industry sectors as electronic engineering, machine construction, real estate development, petrochemical, textile and perfumery products. If you refer to the output product assortment of OJSC «Kazanorgsynthet» you will see the following variety on the Table 2.

Table 2. «Output Product Assortment of OJSC «Kazanorgsynthet»

Product name	Industry sector for subsequent product use
Polycarbonate	Electronic Engineering, optics, motor vehicle industry, civil engineering
HD polyethylene	Manufacture of plastic food wrap, industrial film and insulating materials.
Plastics Articles	Irrigation systems, gas supply systems, process piping systems.

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