

STRATEGIES AND POLICIES WITHIN THE CONTEXT OF SUSTAINABLE DEVELOPMENT OF INDUSTRIAL ENTERPRISES

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Abstract

The contemporary understanding of development of enterprises of industrial sector is particularly associated with their need to be sustainable. This article presents the essence and varieties of a sustainable development of enterprises, as with regard to them, the main task is to achieve sustainability of economic development. The objective of this article is to show the relation between the strategies and policies of sustainable development, as nowadays, in the modern dynamic world, they are in a direct relation. The efforts of industrial enterprises should be aimed at the establishment of prerequisites for their successful creation, growth and development, in order to become sustainable economic entities.

Keywords: strategies, policies, sustainable development, industry

JEL Codes: L160, O200, O210, O250

Introduction

In the course of the recent ten years there have occurred deep changes in the development, organisation and competitiveness of the enterprises of the industrial sector. They are all of a different nature and have different methods and approaches. The changes are predetermined by the fact that the enterprises needed to overcome and handle the unfavourable consequences of the constant economic crises, which the country has been facing all that time. The goal is to achieve economic growth and sustainable development in period of incessant fight for survival and prosperity, as well as for providing the individual with the necessary means of living, income and increase of life standard.

The objective of this article is to analyse the strategies adopted by the industrial enterprises and used by them to achieve sustainable development, the policies implemented to achieve growth and expansion of production through innovations and innovative activities. Enterprises in Bulgaria have to continuously look for alternative ways for development and attainment of goals, and the development and success of an industry depend on corporate culture, managing staff, work environment and most of all, on the employees involved in the production process. That, on its part, brings to stability and competitiveness of industrial enterprises.

1. Characteristics of the strategies and policies within the context of sustainable development of industrial enterprises

The strategic management and marketing approach are of a fundamental significance in the nowadays situation, as huge changes are occurring in the structural and branch characteristics. The transformations observed happening as a result from the development of

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the current crisis are firm and significantly important stress circumstances for Bulgarian industrial enterprises and their competitiveness (Ilieva, 2011 p. 166).

For preparing their policy and strategy of planning, industrial enterprises use various methods and approaches, and by applying the appropriate strategies, they ensure the success in developing and planning their business. Strategic planning is one of the main tools for the successful management of an enterprise. The industrial enterprises make business in a situation of incessant changes of market economy, placing certain requirements to their strategic management (Nikolova, 2005, p. 395). The activity bringing to success for the enterprises may be defined as an entire set of actions aimed at the efficient use of resources for the achievement of the goals while taking into consideration the criteria of expedience and social justice. Strategic goals define a particular measurable state of business and position it into the market environment in compliance with the criteria of sustainable development (Ivanova, 2010, p. 100).

The expedient influence on the development of industrial enterprises through elaborating and implementing strategies, policies and programmes is a complex and difficult process (Vladimirova, 2007, p. 182). This is so because of the character and object of influence, as well as the interactions of the enterprises with the development of economy, society, and resources. Economic sustainability is a fundamental systematic branch of sustainable development, and it provides actual opportunities for the creation of an economic value form the available resources, and this way the quality of life of every man is improved (Ivanova, 2010, p. 97). The strategy of enterprises should be aimed at the optimum, purposeful and intelligent use of resources, including provisions for achieving the forecasted profits, as well as their increase and maximisation, and eventually, the achievement of high efficiency of business.

The main factors determining the sustainability of development of an industrial enterprise are human and natural resources, as well as production technologies. The said three factors are in a continuous interaction with the others, while each factor is submitted to its own regularities and functions independently (Kindzhakova, Krachunov, 2015, p. 55). The sustainable development in its essence unites two intentions of society based on the achievement of economic development, ensuring a rising standard of living and a long-term protection and improvement of environment (Kirilov, 2018, pp. 17-18), it also meets to the fullest the needs of population without damaging the options for satisfying the needs of the coming generations.

2. Analysis and discussion of the strategies and policies within the context of sustainable development of industrial enterprises

The outlooks to the development of the enterprises in Bulgaria show need for strengthening the management spirit and fostering the development of business, as their competitiveness is not strong. The situation in the sector is due to the fact that the organisation of entrepreneurship in the country is not sufficiently good. The policies, as shown in the Research of entrepreneurship and outlooks to the development of innovations in SME (2013), within the context of development and situation of growth are of a strategic significance both for Europe 2020 Strategy and for “Bulgaria 2020” National Development Programme.

The effects of the management strategy are explained within the broad sense of the concept and can be found in two different directions, on the one hand, they occur as a result from a good management activity, and on the other hand, the effects result from applying by the part of the company of examples of good corporate culture and good management practices (Ilieva, 2011 p. 167).

A successful sustainable development strategy of an industrial enterprise results from the spread of the free business initiative that stimulates its existence and manifestation (Madgerova, 2004, p. 8-13). The measures to be initiated by the part of the state to that regard cover stimulation of a macroeconomic policy affecting the business environment, differentiated impact of governmental acts on the companies of various sizes, influence on the public opinion regarding the significance of entrepreneurship and entrepreneur initiative, and recognition for and integration of the small and medium enterprises in the policy of industrial enterprises (Smallbone, 1995, pp. 8-13).

For an industrial enterprise to achieve sustainability it is important how it is managed by the business entrepreneur (Schore, 2010, p. 146). But with regard to that, the adaptation to sustainable practices is restricted not so much by technical novelties, but rather by the incapability of the owners of industrial enterprises to change the outdated predispositions and cultural norms (Anderson, Amodeo, Herzfeld, 2010, p. 153).

The methodology of the enterprises strategy requires purposeful changes in the structure of management, in the strategies for business development, in the communications of the enterprises (Filipova, 2016, p. 221). Such a significance requires continuous purposeful management actions to be aimed at the optimisation of work environment and development and implementation of efficient innovation strategies that are adequate to the dynamic changes (Kyurova, 2015, p. 204).

According to the Ministry of Finance (2019, p. 104), the main obstacles to the fast growing development of the sector are the poor innovation activity, the deficit of qualified staff and entrepreneur's skills, and last but not least, the low level of internationalisation of business. The development of enterprises in the situation of the modern market economy is largely influenced by competition. For a large part of them it is difficult to survive in the sector of industry. Most of them have to do with the growing share of grey economy, which worsens the situation mainly through non-payment of taxes and non-compliance with some of the standards within the country, which has its impact on the fair producers, and this way hampers the growth of the production capacities of the sector (Patarchanov, 2016, pp. 162-163).

For a strategy to be innovative, competitive and to have a good position for handling the challenges to society, it needs appropriate framework terms, as shown in Industry in Europe, facts and numbers regarding competitiveness of innovations (European Commission, 2017). The main goal of the individual business entrepreneur is to establish the required position in the industry in order to get protected in all the possible ways against the competitive parties and at the same time, to have his own impact in his favour (Porter, 2010, pp. 4-50).

Based on how a social and economic system functions, competition can be characterised, covering also the competitive relations (Mishev, 2011, p. 21). This is an assessment of the development of potential of the countries for the achievement of high productivity, though implementing an innovative approach, which means a higher economic growth and manner for overcoming the competitive pressure. Competitiveness, in general, is defined by many factors: macroeconomic stability, openness of economy, efficient management and good legal framework (Toncheva, 2013, p. 29).

For the achievement of a sustainable development, an important role is played by the use of new management technologies related to the efficiency of administration of industrial enterprises, at which a need for the theoretical substantiation of "efficiency of management" occurs (Milcheva, 2012, p. 1-2). It is necessary to explore, research and analyse the approaches, criteria, indicators for assessing efficiency of management of industrial enterprises by characterising productivity through an interconnection between the results of the management activity, and such results are expressed by the work volume and labour input. It is also necessary to define efficiency as a qualitative-quantitative characteristic of all the phases of

production related to the essence and contents of important economic regularities, covering the interests of all the stakeholders in business.

With regard to the growth of the issue of COVID 19 global pandemics, and the drop of production, we should proceed to reconsidering the approaches to management of industry, as well as the indicators of its functioning. To that regard, it is particularly important to implement a timely and adequate policy, to build up an efficient strategy, as well as to develop preventive response measures considering the occurring situation.

In this case, for a successful development of the enterprises of the industrial sector and for a well-developed strategy, it is necessary to become aware and assess the untypical signals revealing new challenges and opportunities (Anderson, Amode, Hartzfeld, 2010, pp. 155). The awareness of an enterprise of the need for sustainability should be fostered by an inspired leadership, by internal tensions, technological hardships or by an unexpected shock caused by the price or lack of major resources. After an enterprise analyses the main problem it can proceed to resolving it.

A proper formation of industrial enterprises can be a successful prerequisite for an economic growth and creation of innovations for the attainment of a higher economic growth, as well as the establishment of competitive advantages through implementing innovations. The success of sustainable development depends wholly on the enterprises looking for different ways of development and aiming at the achievement of improved competitiveness.

The ability of industrial enterprises to achieve competitiveness is an aggregate of in-company factors for the increase of potential and the factors established for the improvement of the effect of each separate factor (Kyurova, Dimitrova, 2013, pp. 139-140), and the development of a marketing potential is among the major system-forming components of competitive potential of enterprises along with the management, resource, innovation and financial potential. This way one can characterise the ability of a particular enterprise to keep abreast of the processes occurring on the market and to adapt its production to current and future market needs in the best way possible. This is an approach to building a better strategy of planning and a better sustainable development of industrial enterprises and to ensuring success in the development and planning of their business.

The use of inappropriate strategies by most of the industrial enterprises, on the one hand, affects their structure, their strategic goal and development programmes, their proper business planning (Pryazhnikova, 2016, p. 139). On the other hand, the use of the artificial intelligence and machines, robotics, nanotechnologies, 3D printing, genetic and biotechnology shall bring to a better and sustainable development of businesses in the industrial sector.

The process of change at which most of the enterprises experience a transition from an accelerated growth to slower-paced growth, known as industrial maturity, can be related to changes in the basic structure of industry. This growth may contribute to the concealment of some strategic mistakes, at which some of the industrial enterprises may survive or even prosper financially (Porter, 2010, pp. 283-287).

One of the main problems encountered by enterprises in the process of their functioning is their size differentiation. In the situation of an economic crisis, the successful development of businesses is of an important significance for their stability, and this refers to the state of the business entity in its sustainable development (Atanasova, Kostadinova, 2013, pp. 13-14). It is very important to realise the essence of the business enterprise as an input-output system with its ingredients, and with a subordination within it. Regarding their development, for the achievement and maintenance of their strategic vision, problem fields are established, and there are many barriers to reaching industrial growth, the main one is the predominant resource-consuming nature of production. Resources, material ones in particular, as well as energy ones, are continuously and permanently becoming more expensive and scarcer (Iliev, 2014, pp. 5-8).

The transition of industrial production from a resource-consuming to a resource-saving one is a very slow and often unsuccessful process.

For an industry, itself, to take a stand, it is very important to establish a competitive strategy. The determination of an industry is its choice where it is to put the line between the recognised competitors and substitute products, between the existing companies and potential participants, etc. (Porter, 2010, pp. 65-66).

The irregular and dynamic development of industry nowadays, the merger and perception of ideas of sustainable development is among the most serious prerequisites and opportunities for achieving competitive advantages. The achievement and implementation of successful strategies, policies and programmes of industrial enterprises goes through various challenges (Angelov, 2016, p. 30). The purpose of all this is to present a framework of challenges to sustainable development of the companies of industrial sector following the experience and researches of various methods of global and regional institutions and researchers.

Conclusion

In the economic situation of nowadays, the establishment and development of proper strategies and programmes for sustainable development of the enterprises of industrial sector is becoming the driving force for the improvement of business results and competitiveness of industrial enterprises. To that regard the business entrepreneurs' efforts have to be aimed at the formation of prerequisites for the successful setup, growth and development of enterprises in order to become sustainable economic entities. The achievement of such goals requires provision of and support for building and establishing an administrative and management capacity of the enterprise, development of products and services, expansion of market positions, incentives for investments, enhancement of infrastructure network, and last but not least, improvement of qualifications of manpower.

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