

The Development of a Planning Toolset at An Enterprise in Russia

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Abstract: In the article the place and the role of planning and its tools in various forms of economic relations are well justified. The results of the development of a planning toolset in Russia are presented and such periods as the administrative-command system of centralized management and market conditions are analyzed in greater detail. The peculiarities of the realization of a planning toolset are described in the light of the characteristic features appropriated for centrally-planned and market economies. Similarities and differences are identified in the list of the key fundamental elements of tools. We note the continuity of skills and experience in the development and implementation of a planning toolset.

Key words: A Planning Toolset • A Planning Instrument • Plan and Market • The Comparative Analysis of a Planning Toolset

INTRODUCTION

In Russia, in the difficult period of transition the planning was seen as a survival from a directive command economy, as an outdated management tool passing away. However, nowadays more fair views, in our opinion, on the need and keeping the planning system in conditions of high uncertainty and variability of the environment and the economic situation of an enterprise are still dominated. The market neither suppresses nor denies the planning, on the contrary, it successfully operates and develops in a goal-directed behavior of its members, that is, at a certain control system, a necessary element of which is contingency planning at all stages of the life cycle. An interacting and complementary plan and market as components of the management mechanism are integrated into the overall system of economic relations and the restriction or destruction of one of the components leads, ultimately, to reduction or even destruction of the economic potential of the whole system [1]. Serving as an integral part of modern social and economic systems, the planning in the form of methodologically sound objectives and activities to achieve allows you to receive high-quality solutions for stabilization and development, organization and optimization of production and control processes both in the short term and for the future,

while solutions based solely on intuition and improvisation without the use of a special planning toolset cannot guarantee this [2]. The question of the application of this or that planning instrument does not have a unique solution. In practice it is hardly appropriate to oppose absolutely mathematical tools and heuristic ones, time-tested, old-established and almost new, fixed and flexible adaptive and other methods. The composition of used planning toolset in the real economic situation is wide and varied, it is largely determined by the functional characteristics of an enterprise and the stage of its life cycle, the level of control, on which a specific tool is used, the degree and direction of the impact of external and internal factors, as well as the development of the state economic system [3]. But not least the effective functioning and sustainability of the production system are provided by the validity and balance of planning and calculation activities and predictive procedures by the extension of the planning horizon. The revitalization of scientific research in this part may expand the range of methods and tools of modern economic policy aimed at maintaining the dynamics of sustainable growth and sustainable development of the economy including the regional level and mainly enterprises of key industries [4]. Changes in the realizable planning toolset in practice and in the

theoretical developments offered by scientists mirror the basic transformation, fundamental changes in the socio-economic system as a whole [5]. Based on the justification provided above, we can confirm that the tracking of changes of a planning toolset in the transition from one system of economic relations to another, as well as a comparative analysis of key planning instruments in the conditions of a centrally-planned and market economy in the contemporary stage of development of theoretical and methodological knowledge of economics remains the task of an utmost importance.

MATERIALS AND METHODS

The functioning of a certain planning toolset is needed for the effective development of an enterprise under modern conditions. In the Russian theory and practice there does not exist a clear understanding of the definitions "planning instrument" and "planning toolset?" Therefore, under the planning instrument we will understand a concrete means (the way, the method), used by an agent of management in the process of systematic modeling of the future position and development of the control object, designed to predetermine and transform reality in the interests of businesses. We offer to interpret the planning toolset as a set of ways and techniques of research, specific methods, the system of terms, indicators, scientific theories and approaches to planning, defining the vision and capabilities of a company in achieving its goals (in more detail the nature and content of the planning toolset are included in [3]).

The historical character of the planning development is manifested in the continuity of its fundamental principles with respect to those or other planning subjects, in continuous improvement of a planning toolset, technology and the organization of the planning process, in the regularity of its development at all stages of the historical path and each new stage of the economy. In some periods the manifestations of planning had their own specific features. Thus, in the evolution of planning institutions three stages can be singled out: 1) before the formation of nation-states; 2) before the establishment of planning authorities and the introduction of formal planning procedures; 3) the operation of the planning authorities and the compliance of established procedures. At the first stage the main planning instruments were traditions and customs, while there was no differentiation of planning. In the second stage at the micro level the planning had no "rules", it was carried out by the heads

of economies of all types on their "own risk", using such tools as personal motives and interests, intuition and experience. The beginning of the third stage - the stage of the birth of the theory of planning in Russia-refers to the 20th years of the twentieth century. Since this moment, the theory of management has acted primarily as the science of national economic planning. Under the planning one understood economic activities of a state and its economic regulatory agencies of social production. This stage is characterized by the development of scientific and practical testing of a planning toolset [1]. We should pay attention to the fact that in the third stage of evolution of planning institutions the planning did not lose its relevance not in the conditions of an administrative command economy, nor in the conditions of a market economy characterized by a high degree of uncertainty, intense economic, technological and social changes, the impact on the economies of the vast number of external and internal factors. In the present conditions we cannot ignore the emergence of extremely risky force majeure external factors, sometimes with "political coloration" that can significantly transform the internal factor space of companies as independent entities and objectively affect their target setting. Actually, a planning toolset must be flexible and in its arsenal it is important to have tools that can provide "emergency response" to the change of a situation [6].

Let us dwell on some aspects of the continuity of experience in the field of planning in modern Russia. First of all, we believe that it is not clear to talk about only "market" or "planned" planning instruments. Many of today's developments are based on the established during the Soviet period models and methodologies. Over the past period a huge methodological potential was accumulated, which is quite successfully adapting to modern realities – it is analyzed, optimized, supplemented, expanded and enriched with the help of new developments and technical capabilities that were not available in the past. But also we cannot deny the existent differences in the approaches, principles, goals of planning used in the different periods of development as an objective reflection of changes in the economy during the transition from one system to another. [7] Otherwise, there would be no talk at all about the planned and market economic systems.

We will carry out a comparative analysis of a planning toolset for different periods of Russian management on both "classical" instruments, as well as on specific ones about which individual researchers might

find it necessary to argue with us: whether they should be included in the planning toolset. According to our point of view, the planning toolset is a much broader concept than traditional, as a set of methods, approaches, technologies, principles [8]. We consider that also it is necessary to include laws, theories and concepts, tasks, functions and factors, indicators and parameters, motives and other components - that is all that can expand the instrumentation apparatus for implementing the goals set in the planning. We must note in particular the following [8].

Indicators of Directions and Methods of Planning Development:

- *Planned economy (PE)*: resources (limit production itself which is tied to resources). Within a planned economy the functioning of an enterprise as a whole and the construction of the planning system in particular determined by the nature and structure of the available resources. The system of planning and management is tough and difficult convertible;
- *Market economy (ME)*: the demand (shows the volume and structure of the cash needs of the society). In a market economy the main purpose serves the satisfaction of the needs of society and getting benefits by an enterprise, so the planning and control system must be flexible and agile to meet the needs [9].

However, limited resources play a secondary but still important role in market conditions, but social needs-in a planned economy. Resources and demand are those signals on which a management group focuses its attention making decisions and forming planned targets.

Motives of Planning:

- *PE*: the focus on a volume result, low liability of managers and employees, low interest in the outcome. During the period of a planned economy the necessary resources and specific suppliers were allocated to enterprises, consumers and prices were specified, so there was no need to improve the quality of the product characteristics, to retain market share. In this regard, there is a low interest in improving performance, increasing the targets (as this will cause extra costs for workers and managers in order to achieve good results);

- *ME*: the aim to increase the economic impact, full financial responsibility of owners of enterprises. With the transition to the market leaders of enterprises and structural divisions had to quickly rearrange the way of Implementation of the State Planning Commission and the ministries and responsibility to the officials on the implementation of the plan by market methods of management and responsibility to an enterprise itself and its employees for the retention of the place on the market and the preservation of property [10].

Parameters of State Planning:

- *PE*: centralized planning parameters set by a directive. In a planned economy questions about the range and variety of products of enterprises, sources for obtaining resources and identifying consumer-ready products were resolved at the level of the planning center (State Planning Commission and ministries) and a policy plan targets communicated to responsible companies;
- *ME*: indirect planning parameters through a system of economic norms and standards, indicative (with a recommendation) plans, focusing benchmarks, limits. Under market conditions the role of government and central planning bodies is greatly reduced. Their impact is mostly indirect. In addition, there is the characteristic of limited information about a company that is available to the planned center, as in tough competition enterprises are not interested in the disclosure of data on its economic potential.

The Basic Law of Development Which Serves a Prerequisite for Planning:

- *PE*: the law of balanced development, regulating the public to maintain the proportions of production and consumption, reproduction as a whole, the construction of the national economic plan in strict accordance with the resources of the society at the disposal by their rational allocation of areas, industries, regions;
- *ME*: the law of value, a natural way of defining relations of production and consumption through the movement of prices, competition.

The laws define the role and place of planning in the economic activity of the state and enterprises. Primarily it was assumed that only the law of systematic development

requires the use of planning instruments. In this case, the law of value does not create the necessary conditions and, moreover, makes it impossible to plan (as at the state level as at the enterprise level). There was the view that in a market economy planning is of no use, everything is decided by the market itself. However, we are inclined to a different conclusion and the analysis of the experience of the largest businesses and corporations confirms it.

Variability of the environment and uncertainty of the economic situation in an enterprise greatly complicate the planning system, but do not negate its necessity [10]. "Liberation" from planning to achieve economic freedom by enterprises leads to decisions based on intuition, improvisation, which, as a rule, does not bring the best results even in a normal, stable economic activity. With the development of market relations, strengthening competition the role of planning increases. In fact, to some extent both the laws at the same time regulate economic processes at the macro and micro levels.

Methods of Analysis and Evaluation of Environment Management for Planning Purposes:

- *PE*: methods of analysis of business enterprises in order to identify reserves of extensification of production. Environmental conditions of functioning were set by higher central planners;
- *ME*: methods of analysis of the external (macro-level, the level of regional and sectoral development) and internal environment of the functioning of enterprises, the obtaining of an estimate of the state of affairs and future prospects at the enterprise level.

We assume that in an administrative command economy where businesses were brought plans from higher planned structures with predetermined customers, suppliers, prices and a range of products, the analysis of the external environment on their part would not play a fundamental value. In the market, on the contrary, the analysis of external and internal environment determines planned parameters, the most appropriate situations in view of possible adverse effects and the maximum available opportunities. It should be noted that the use of some tools of the preplanned analysis was characteristic of the administrative command economy of the USSR. So, in the terms of the State Commission for the Electrification of the country new methodological approaches were applied; both internal and external conditions for the development of the society were taken into account.

Methods for Predicting as Planning Stages:

- *PE*: the forecasting activity of national economic processes on the basis of macroeconomic models, single and multifactor models of economic growth and the distribution of national income; the development of a comprehensive program of scientific and technical progress (as a complex forecast and the first phase of long-range planning);
- *ME*: the formation of national and regional developing forecasts, the development of forecasts at the level of individual enterprises on the analysis of previous trends and evaluation of the factor impact of the current order.

In our opinion, the foundations of modern forecasting were laid on the functioning phase of a planned economy. However, the original forecast was formed on the basis of statistics of past events and their extension into the future virtually unchanged. In a market economy forecasting also requires the use of expert methods, the construction of scenarios of action in order to build alternatives for the development and consideration of weakly predictable external influences.

The Unified System of Plans of an Enterprise:

- *PE*: the planning is characterized by a combination of current (annual, quarterly, monthly) plans with perspective (five-year). Based on the figures of the unified state plan in the USSR enterprises developed a technical industrial and financial plan, each of which was a master plan of production and technical, financial and economic activity of an enterprise, designed by the active participation of the collective employees. After approval of the technical industrial and financial plan the updated quarterly work plans by month were brought to all the workshops, sites and support services of a company. Monthly production programs were served as the basis for scheduling daily delivery of the finished products. On the basis of the monthly programs replaceable daily tasks were drawn up and brought to the supervisors and workers. That is a specialization and extension of the technical industrial and financial plan was an operational production planning;
- *ME*: in the system of plans the hierarchy of planning is released, namely, strategic - tactical - operational and manufacturing. A strategic planning

is the process of selecting a long-term business objectives and the ways of their achievement; tactical - making decisions about how the enterprise resources should be allocated to achieve strategic objectives; operational and manufacturing – the adjustment of tactical plans through the development of specific production tasks for short periods of time for a company and its divisions, their control, accounting and regulation.

It should be noted that the systems of plans, generated in a planned and a market economy, in general do not differ and cover identical planning periods. Not coincidentally, that the majority of Russian companies at the heart of the planning have kept the policy of an operational plan and some sections of the technical industrial and financial plan. Conservatism of professionals and business leaders is so great that in practice well known in the past planning instruments are implemented, often without the necessary adaptation to the current market conditions. The greatest differences occur in terms of content and tools for a long-term and strategic planning.

The Approach to Updating the Plans:

- *PE*: the adjustment of the plans in order to align the capabilities of an enterprise with the planned targets, from top of the planned center, as well as because of the achievements of science and technology and the new challenges that arise during the planning period;
- *ME*: the adjustment of the plans in order to adapt maximum to changes in the external and internal environment, due to changes in demand, the emergence of risk situations.

It seems to us that the updating of the plan focuses on the maximum harmonization of targets and indicators with current and future conditions in which the plan will be implemented. The only difference is what conditions for the subject of planning are key: internal, that is, within the system of management, which is characteristic of a planned economy, or internal and external, that is, inside and outside of the open system, which is typical of a market economy.

RESULTS AND DISCUSSION

The study carried out by the authors demonstrates the versatility of the planning as one of the core,

integrating functions of the management of a business entity inherent in any form of economic relations. The distinguishing feature of a centrally planned economy is a directive planning with concentration of regulatory and supervisory functions in the hands of the government and relevant ministries, primarily targeted to quantitative indicators and the maximum use of production capacity in the centralized allocation of limited resources. In a market-economy enterprises operate as independent organizations and as open systems that are exposed to external and internal factors of the environment, which necessitates the creation of reserves to reduce potential risks and economic growth, as well as the use of other mechanisms of adaptation to the conditions of uncertainty through the system of planning. Despite the significant differences and in a centrally planned economy and in a market economy, the implementation of planning does not contradict the basic theoretical and ideological assumptions of these systems. However, the instrumentation basis of planning is not universal and permanent; it is subject to change in response to the dynamics of the environment. Among the key changes we can identify such macro changes as changes of the political and economic situation; the development of existing and the creation of new scientific theories, approaches and technologies in all branches of knowledge; the predominance of new evolutionary views on the development of socio-economic systems (eg, a homogeneous approach); changes in legislation, a financial and credit system. Micro changes are the changes affecting primarily the operation and development of individual enterprises and their divisions. Among them we shall note the creation of new information systems; changes in internal regulations, orders, standards, document management; the use of new equipment and innovative technologies; quantitative and qualitative changes in the employment potential; the expansion of the scope of interaction with suppliers, contractors, customers; the effectiveness of competitors' activities; methods of making key management decisions in functional areas and others. Noting the volatility of the factors mentioned above, we can also claim about the variability of a planning toolset, to which in a broad sense we relate a set of tools that can be used in the planning process to meet the challenges and achieve the goal.

CONCLUSION

The planning toolset is not given and permanent once and for all. It is enriched and developed under the

influence of the complication of goals of socio-economic development and scientific and technological progress, the increasing role of foreign economic relations. The planning toolset is constantly transformed, updated with new methods, indicators and devices, released from old inefficient methods and processes, follows the change of the economic situation in the world, a country, a region, within a company and it, in its turn, directs the scientific development of planning, defining the evolutionary marks of planning according to its features.

By comparing the elements of the planning toolset in a planned and market economies (Soviet and Russian) we should say that in general terms the used toolset in the considered conditions is similar and includes almost the same type (by basic composition) and equivalent methods and indicators. The main non-identity of the used instruments, in our opinion, is determined by the difference of the subjects of planning: in a market environment the subject is an enterprise that got independence in the management and decision-making; in a planned economy the role of a company is limited by the production process with the right to decide only the narrow, local problems-the direct directive tasks from the economic center come to the fore.

Furthermore, we should pay attention to the fact that in the development and use of the planning toolset the continuity of skills and experience (eg, in terms of balance methods, predictive models, the foundations of the formation of a hierarchical system of plans, etc.) is marked. The instrumental elements of planning at an enterprise must be subjected to a specific revision to correspond with the conditions of the market, they and for certain requirements a methodological model apparatus suited to a new economic thinking and taking into account the rapidly growing influence of external factors on the economy, organization and production planning should be developed. The modern reality is characterized by apparent continuous and dynamic changes in political, institutional, social, economic, technical and other fields. The focus on the development and achievements in the field of planning during the period of the administrative-command system of centralized management in Russia is justified with appropriate their adaptation. But the main task is to create a new model and methodological apparatus with an adequate planning toolset for a market economy. Qualitative selection and rational application of a set of tools in a single planning mechanism enable to solve the problems of economic entities most effectively.

Thus, the preceding analysis and the experience of companies in other countries and the philosophy of market relations prove that the planning is a basic integrating control function regardless of the form of economic relations. The basis for planning (eg, resources or demand), objects and subjects of planning, as well as the specifics of the employed toolset are only changed. Though, the function of the planning remains unchanged.

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