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ON THE ADVANTAGES OF USING MARKET MECHANISMS TO MANAGE THE PRODUCTION OF COMPETITIVE, HIGH-QUALITY AND IN-DEMAND PRODUCTS

Abstract: *In this article, the authors, examining market development dynamics in the final decades of the last century and the beginning of the third millennium, confirm the growing consumer demand for quality domestic goods. Despite all the economic, social, and political costs, humanity is growing richer, but wealth is distributed unevenly. Finances, as before, are concentrated in certain regions, as are the premieres of modern production. Analysts confidently predict a widespread focus on product quality. Consumers have recognized the need to pay for the benefits of high-quality services and products. Leading economists unequivocally state that improved product quality is not causally linked to rising prices. Positive changes in product quality presuppose qualitative shifts in technology, engineering, organization, and production management. Production must improve, which does not mean becoming more expensive, to guarantee sustainable demand for its products.*

Key words: *quality, preference, demand, competitiveness, market, profit, buyer, manufacturer, financial stability, sustainable technical and economic performance, priority, assortment policy, economic policy.*

Language: *English*

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Introduction

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Indeed, developing and implementing a business -strategy requires more overhead. However, not all companies are equally capable of accurately selecting a strategically advantageous market. By misjudging their strategic capabilities, companies often find themselves in a management domain that is alien to their strategic focus.

At the same time, special attention must be paid to the quality of management and its ability to strategically and effectively combine existing resources, linking them to the organization's competencies. Thus, the most important characteristic of an entity's "strategy" is to find adequate resources, an existing market niche, and operate within it.

Strategic management is experiencing a revival today, driven by a revision of its basic tenets in response to changing business conditions and, not least, the emergence and widespread use of integrated systems.

The success stories of renowned enterprises or their associations (integrated systems) share one common ingredient: a soundly formulated and effectively implemented strategy. The importance of strategic management is now being recognized by the owners and management of domestic integrated systems in industry, as all the initial advantages of their creation have been exhausted, and their positions in domestic and international markets cannot be considered sustainable. Competitiveness—the most important characteristic of performance and the goal of strategic management—is inevitably linked to the strategies of their structural units and, consequently, their structure. Another issue is that strategic management in domestic integrated systems requires further improvement. Strategic management in different systems has its own unique characteristics that must be taken into account.

A form of strategic management is the strategy pyramid, accurately and fully described in the literature. Strategy reflects a clear direction for an organization's behavior and actions in its context, based on an understanding and acceptance of the "rules of the game," determined not only by the economic laws of the market but also by those established in the national economy and in specific product markets. The essence of strategy is the search for competitive advantages, ways and means of preserving them, and actively exploiting them to maintain or strengthen a market position.

The foundation of strategic management is a fundamental strategic orientation, defining the main directions of an enterprise's activities and development. The content of a fundamental strategic orientation defines the business philosophy of the enterprise's management and ultimately boils down to ensuring sustainable, progressive development of both the system as a whole and its individual structural units.

In the actual operations of a specific enterprise, a fundamental strategic direction may encompass various priorities: maximizing profits and capitalization, maintaining or increasing market share (national or global), conquering new markets, and developing new product lines. Clearly, the list of fundamental strategic direction priorities is not limited to these. Determining the priorities of a fundamental strategic direction is determined by a number of factors.

Maximizing the localization of strategic decisions and their corresponding activities can be achieved based on their homogeneity and the location of implementation. The criterion of maximizing the homogeneity of decisions and their corresponding activities is used in formulating functional and resource strategies. The localization of strategic decisions and their corresponding activities, homogeneous in nature, characterizes the level of specialization of a functional or resource strategy and its "purity."

Quantitatively, this criterion can be represented as a localization coefficient for similar activities in a strategy. The coefficient is calculated as the ratio of the costs of implementing specific types of activities (corresponding to the strategy type) to the total cost of implementing the strategy. Obviously, the closer the localization coefficient is to 1, the higher the level of localization of similar activities in a functional or resource strategy. When using this criterion, the functional or resource strategy includes those strategic decisions and corresponding types of activities that best correspond to the strategy type.

Thus, strategic management is a special technology in managing an organization in modern conditions, an unstable developing external environment and many other factors that have a significant impact on the organization as a whole.

The characteristic features of the modern global economy are unstable production and unstable demand. Traditionally, it is believed that the former is determined by the latter. This formed the cornerstone of the economic theory that replaced classical political economy. According to dominant economic ideas of the 20th century, the demand for goods is the driving force behind development—that is, the market, not production, drives the economy. The market should strive to be self-sufficient. To function properly, it requires maximum freedom. Under conditions of complete freedom, the self-propelled movement of the market, even at the regional level, is doomed to instability. Unlike producers, who have the opportunity to enter into genuine cooperative relationships and regulate production by assortment, quantity, price range, and other parameters, sellers—most of whom are resellers, middlemen, and speculators— are not fundamentally bound by the interests of production. They have long since become -professional sellers, resellers. They don't care what they sell, as long as they make good, quick money. The future of a particular production facility is of no concern to them.

Main part

The flaw in the market we deal with in Russia is this: instead of providing normal opportunities for buyer-producer interaction (through the product and demonstration of its production culture), our market "divorces" the main market participants, absolutizing the role of the intermediary, who is generally disinterested in the fate of the producer. It seems that the market exists so that buyers don't have to worry about the interests and actual culture of a particular producer; being a businessman is quite sufficient, and, incidentally, essentially bears little responsibility.

"Freedom of the producer" and "freedom to organize commercial activity" (the formal -legal, financial, and narrowly organizational instruments of control over the latter are irrelevant to our problem; they have no significant impact on achieving sustainable production, stabilizing financial flows, or mutual satisfaction between producer and consumer) are fundamentally different freedoms. The state should not view the market solely as a source of tax revenue, a prerequisite for a healthy lifestyle, and safe consumption.

The market is the link in the normal development of regional and national production. This market function should be the first line of all state economic policy documents. Economic activity itself must be structured as a policy aimed at consistently protecting the interests of producers, not so much from foreign competitors as from -officials' fellow countrymen and all sorts of officials who have adapted to the practice, legitimized themselves with the help of officials, and criminal organizations.

Historical parallels are conditional, yet instructive. Repeating history is pointless; it's wise to draw lessons from history, to learn from historical experience, primarily national experience, without disdaining the past practices of other peoples. For Europeans of that era, Russia's western borders were the line where civilization ended and barbarism began. Similar to how, two thousand years earlier, the Greeks and Romans viewed their borders to the north, west, and east. Almost everything had declined: education, science, industry, agriculture, construction. The arguments of church leaders, who insisted that Russia's destiny was to be the "Third Rome," meant little -. And being the "Third Rome," inheriting the faded grandeur of Byzantium, didn't seem a particularly enticing prospect. Byzantium had become an ordinary stronghold of Orthodoxy and, under the influence of the church, was selective in its acceptance of the scientific and philosophical achievements of Antiquity. Byzantine culture blended the ideas of Aristotle, medieval patristics, and scholasticism. The understanding of science that developed in Western Europe in the 16th and 17th centuries was decisively rejected by the Byzantine heirs.

Focusing on Byzantium was wise in the 8th–10th centuries. The adoption of Christianity and an alliance with a powerful patron facilitated the integration of the Slavs and the formation of Rus' as a unified state. At that time, such an alliance was progressive in all aspects of cultural development.

Politics cannot be effective if it merely adapts to the peculiarities of the economy and culture. Politics must be the driving force in everything, acting ahead and guiding. It is fatal for politics to accompany socio- -economic developments.

Western ideologists are disingenuous when they portray the state as an intermediary between production and consumption. They claim that the task of politics is to ensure social justice in the distribution of national wealth, and that the state should not interfere with economic activity—it is self-sufficient. The fallacy of such lobbying concepts becomes obvious during crises. As soon as a recession begins, production declines, debts mount, and liquidity shortages develop, producers, especially financial intermediaries, immediately turn to the state for aid and are the first to receive it.

The easiest way to attribute the crisis in Russia's traditional industries is to instability and the economic transition process. The transition period, clearly prolonged -due to unclear policies, will eventually -end. As for instability, politicians are in for a disappointment. In all likelihood, capitalism has left the cyclical nature of crises, discovered and explained by Karl Marx, behind it. Contemporary crises testify not so much to the peculiar dynamics of industrialized countries as to the crisis of the bourgeois mode of production itself and the weakness of the social superstructure to control mounting negative trends.

The separation of finance from real production, the absolute freedom of financial capital, and the concentration of financial flows are leading development to a dead end, leading to anarchy provoked by stock market speculation. A significant portion of traditional Russian industries developed in the Non-Black Earth Region, primarily around Moscow. The geography of the history of light industry is understandable. There was a stable market and no shortage of workers, and God has not deprived Russians of talent. After twenty years of returning to capitalism, industries that had been perfected over centuries have either already been lost or are dying out, hopelessly lost.

Talk of cheap labor in China is yet another myth. Outside of Moscow, people earn no more than ordinary citizens in China. The essence lies in the organization of production and economic policy. In the People's Republic of China, the interests of the people and the country truly come first. Economic activity in China has a clear focus, and this focus is political. In Russia, economic gain is elevated to an absolute criterion, which is absurd, as the economy is not the goal of social development, but merely a means to that development. In China, producers are maximally protected from harassment; the law serves as their "protector." The procedure for communicating with buyers (customers) is extremely simplified, significantly reducing transaction and order fulfillment times and minimizing non-production costs. Market relations are closer to normal operating conditions.

Russian laws regulate the market space. The market space is a legally formalized reality, conventionally constructed according to the formula "this is how it should be," which by no means means that this is how it is and will be. The actual market reality is constructed as an environment of mutually conditioned coexistence between the producer, the seller (if this is not the producer themselves), and the buyer/consumer (the inclusion of resellers is highly undesirable).

An analysis of the impact of digital production organization and manufacturing technology on the cost of priority products was conducted using the example of the manufacturing process of children's, women's, and men's footwear, taking into account a shift schedule. Theoretical relationships were derived for assessing the impact of the "production organization" factor on individual costing items as a whole and other technical and -economic indicators, with the aim of preventing enterprise bankruptcy.

Thus, all of this taken together will ensure a stable position for light industry enterprises in the Southern and North Caucasian Federal Districts, both domestically and in markets near and far abroad.

Never before have footwear companies found themselves in a situation like this. All markets are fragmented into numerous segments. Specialization has reached such a level that the only remaining refuge from competition is the small space between two adjacent segments of different markets or within the same market.

When creating new enterprises for the production of footwear, these five entities of the Southern and North Caucasian Federal Districts are not attractive in a competitive environment due to the successfully developed footwear production.

Segmentation revealed that the population of the two districts is unevenly distributed. Incomes are significantly lower than the Russian average. When developing footwear assortments, it's also important to consider the fact that a large proportion of the population lives in rural areas. The ethnic characteristics and traditions of the residents must also be taken into account. What is the key to success in the market today for the many new and established companies, small, medium, and large enterprises (many of which were small not long ago), and for numerous commercial entities and joint ventures? It's a company's ability to provide consumers with higher-quality footwear at the same or lower price.

Modern production, or as it is also commonly called, world-class production, must meet the following requirements:

– Have greater flexibility and the ability to quickly change product ranges. Product life cycles have become shorter than ever, product diversity is greater, and production runs and batch sizes for single-run orders are smaller. Consequently, production focused on mass-producing, standardized products (strictly compliant with standards, specifications, and technical conditions), unable to constantly adapt to the needs of real, often small, consumer groups, is now doomed to extinction.

– use new forms of control, organization and division of labor that take into account the more complex production technology;

– Rely on comprehensive quality management. Quality requirements have not only increased but also changed the nature of decision-making: it's not enough to simply produce good products; it's also necessary to consider organizing after-sales service and providing additional branded services to highly individualized consumers.

– Simultaneously improve product quality and reduce costs. While previously it was possible to offer consumers a lower -quality product at a lower price, and conversely, high quality always corresponded to a higher price, today the situation has changed. Higher product quality must be achieved at the same lower price.

The essence of our position lies in a new perspective on consumer goods quality management—consumer interests, or, more precisely, in transforming the consumer from a buyer to a producer. While the consumer is left to his own devices, evolving in a market environment distorted by unscrupulous producers and advertising, unregulated by liability, he is a statistical variable for a responsible producer.

All manufacturer plans are based on statistical models that are more or less representative of the national economy, but not on the average enterprise's capabilities. To replace virtual, speculative planning guidelines with real, significantly more viable ones, the consumer must be moved from a zone of unlikely certainty to a space of collaboration that yields a more probabilistic forecast. From a spontaneous, resistant subject, divided by the "counter," it is necessary to transform them into an accomplice through the education and enlightenment of consciousness.

The problem with our current situation is not the Chinese commodity expansion (the Chinese have flooded both the US and half the world with their specific goods), but that we have given the consumer over to the mercy of intermediaries.

The market is a relationship within the "producer-consumer" system. Anything that intervenes between them disrupts their natural relationship. Leading European manufacturers do not allow themselves to supply our market. They enter the market themselves, through their own network of specialized stores, which are strictly controlled and independently market to consumers. By replacing "consumer" with "buyer," companies create an uncertain future. The producer, in its dialectical opposition, has a consumer, not a buyer. The consumer also needs to be involved in the issue of technical regulation: taught production literacy, educated, and trained. We need to revive the universities of knowledge for the consumer in a new form.

Conclusion

This work is the fruit of collaborative reflection on pressing issues related to improving the performance of a vital sector of the public economy by leading Russian and international experts. A collaborative monograph always has an advantage over individual creativity. An individual author, no matter how knowledgeable and authoritative, is forced by circumstances to explain not only their own perspective on the problem under study but also to discuss how their colleagues "see" it, to present another's view of the state of affairs, and to transform themselves into their opponents during the course of the announced discussion. Such a transformation, despite its conventionality, is not entirely harmless to objectivity. Even such a brilliant thinker as Hegel sinned by wittingly or unwittingly substituting for his opponents in order to more easily criticize them. This work represents an original authorial approach and offers the opportunity to discover the most significant insights firsthand, without the intermediaries that often cloud creative relationships.

I'd also like to draw attention to a phenomenon that often eludes us amidst the hustle and bustle of problems: the historicity of the economy. The economy as we perceive it today has not always been, and will not remain, the same. Economic life changes over time, forcing us to adapt to its changing existence. The modern economy is built on a market foundation, and the laws of the market dictate their own rules. Profit, competition, efficiency, and autocracy are paramount. How long will this continue? Analysts claim that the symptoms of a new economic order are already growing. The next round of the economic spiral will also revolve around the market core, but the market's significance will not remain absolute. The priority of face-to-face market competition is incompatible with the prospect of economic development, as evidenced by the persistent desire of social -democracy in the West to focus the economy on social security and the fair distribution of profits. This new economy is temporarily called "thrifty." The current principle of "survival of the fittest" will be replaced by "social- -industrial partnership"—the manager and manufacturer will become members of the same team. Mass production will give way to an organization that follows the principle of "the manufacturer produces exactly what the consumer needs." A "lean" economy will be oriented toward resource-saving production technologies. It will require a new perspective on fundamental concepts. The philosophy of quality will also change. We must be prepared for the coming events. To the best of their ability and interests, the authors have attempted to share their thoughts and entrusted their judgments about the past, present, and future of the enterprise that must provide these regions with decent living conditions.

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