



SPECIFIC CHARACTERS, CLASSIFICATION AND MUTUALLY BENEFICIAL BENEFITS ON FINANCIAL-INDUSTRIAL GROUP

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Abstract. *The financial-industrial group is a group of enterprises that has the same decision pole and is created to achieve a relevant division of the economy in order to dynamically analyze it.*

The main purpose of the financial-industrial group is to unite the efforts of enterprises operating in a complex field to produce quality goods, increase the volume of production and raise the efficiency of the work of all members.

The companies included in this group do not necessarily represent the interests of any particular industry, they can carry out a variety of market activities, producing various types of goods and investments are made from a single source.

Keywords: *Characters, classification, conceptualization, internal structure, financial-industrial group.*

1. Introduction

The financial-industrial group presupposes the existence of a central company, as a mother company, and of member companies, as daughter companies.

According to legal provisions, *Central company of the financial-industrial group* it is a legal entity in the organizational-legal form of *Joint-Stock Company*, constituted by legal entities, commercial or non-commercial organizations, which represent the interests of the members of the group and is empowered with business management [Carpenaru S., 2016].

Members of the financial-industrial group they can be legal entities, commercial or non-commercial organizations, with the exception of public and religious organizations, which have associated themselves under the contract for the formation of the financial-industrial group.

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2. Specific characters and classification

Financial-industrial groups have common features with most large integrated structures, groups, but also have **unique characters** [Orekhov S., Seleznev V., 2005]:

1) the financial-industrial group is a collective, group formation, an ensemble of subjects of entrepreneurial activity, legal entities in which industrial enterprises are included;

2) the financial-industrial group includes in itself a financial structure, a banking institution or a credit institution;

3) property relations between group members are complemented by real control, embodied in the implementation of a general group strategy.



Although they are based on the same logical-organizational structures and principles, the financial-industrial groups are diverse. Succinctly they can be *classified according to the following criteria* [Zakharov K., 2011]:

1. by the origin of capital:

- a. former large groups of state enterprises or former ministries or departments;
- b. industrial enterprises that tend to restore or maintain their old economic ties, in order to ensure the supply of the production process;
- c. large banking institutions initiating the formation of new enterprise groups, combining former state institutions and private enterprises;

2. by the nature of production relations:

- a. *horizontally integrated*, in which the participating undertakings produce goods at the same stage of production or produce the same products;
- b. *vertically integrated*, are groups of enterprises in which the same type of product is produced, participating in different stages of production;
- c. *diversified topics*, are groups in which enterprises that are not related to any common production stages are included;

3. by territorial character:

- a. regional;
- b. interregional;
- c. transnational or international;

4. after legal operation:

- a. official or formal, groups that are legally registered;
- b. unofficial or informal, groups that do not have official status;

5. by the way of training:

- a. at the initiative of the participants;
- b. by decision of state authorities;
- c. under intergovernmental agreements;

6. after training technology:

- a. by the division of the enterprise (Fiat enterprise 80s, the XX-th century);
- b. by grouping or unifying enterprises;
- c. by implementing trust management;

7. after the training initiative:

- a. financial and banking institutions;
- b. industrial enterprises;
- c. commercial enterprises;

8. by organizational structure:

- a. *soft*, flexible (consortium, association, union);
- b. *hard*, rigid (holdings, concerns, trusts);

9. by organizational-legal structure:

- a. the Coordinating Center is the financial-credit institution;
- b. the central element is the mother company;
- c. unification of capital through the foundation of a joint-stock company;

10. by turnover:

- a. large (more than USA 1 billion \$);
- b. averages (from 100 million to 1 billion USA \$);



c. small (less than 100 million USA \$);

3. Discussion and materials

At the basis of the formation of the financial-industrial group lies mutually beneficial benefits such as:

1. *benefits of industrial structures:*

- streamlining the competitiveness of production by virtue of integration into a single structure of delivery, production, scientific research and marketing enterprises, saving their cost in transactions carried out on the market;

- reducing expenditure and increasing profitability by expanding production and delivery, taking advantage of the division of labor, gaining favorable conditions for access to raw materials available in different countries;

- the reduction of loss risks by reducing the investment contributions from each group member;

- speeding up the flow of financial resources and their economy through the system of placing mutual payments within the group;

- the ability to enter markets held by other members of the group;

- obtaining investments from *their* financial institutions within a limited period of time;

- improving the competitiveness of goods through the joint conduct of scientific research, the implementation of new technologies, the organization of production and the marketing of goods in line with market requirements for goods and services (marketing).

2. *The benefits of financial and banking structures:*

- increasing the safety of capital investments through the integration of banking, industrial and commercial capital in different countries;

- improving the content of integrated capital and the rapid and mobile reallocation of available resources;

- improving payments and reducing reciprocal debts between group members;

- increase lending and investment opportunities.

From the above we can conclude that *financial-industrial groups have the following internal structure:*

1) management administrative group (central enterprise, consulting enterprise);

2) financial-credit group (commercial bank, investment firm, insurance company, pension fund, leasing company);

3) industrial design group (design offices, industrial enterprises, scientific research institutes);

4) trade and transport group (trade enterprises, transport enterprises) [Medvedev N., Oblivin A., 2010].

4. Results

The activity of the financial-industrial group represents the very activity of its members, which is carried out in accordance with the contract for the formation of the financial-industrial group and the project for its organization, being oriented towards obtaining profits.

The benefit of the financial-industrial group represents the consolidated profit of the group members. When drawing up the consolidated balance sheet, the benefit is



reflected in the balance sheet of the central company.

The method and directions of spending the benefit or covering the losses shall be determined by the decision of the board of Directors of the financial-industrial group, unless the contract of incorporation provides otherwise.

5. Conclusion

Among the members of the financial-industrial group must be organizations operating in the sphere of commodity production and service provision, as well as banks or other financial institutions.

The most important factor for such a structure is the coordination of the work of enterprises that acquire, extract or produce raw materials and those that manufacture certain material goods, as well as the concentration, attraction and facilitation of the management of financial means.

6. Conclusions

Summarizing the above, we can conclude that financial-industrial group a set of legal entities, registered by the authorized state authority, which, under the contract, have associated, in whole or in part, their material and non-material assets and function as a subject with equal rights of entrepreneurial activity for the purpose of carrying out investment projects and programs aimed at increasing the competitiveness of local production and expanding the markets for goods and services.

The manner and directions of spending the profit or covering the losses shall be ascertained by the decision of the board of directors of the financial-industrial group, unless the incorporation contract provides otherwise.

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