

<https://doi.org/10.52326/csd2023.23>

FACTORS AND FUNCTIONS OF STRATEGIC DEVELOPMENT MANAGEMENT OF THE ENTERPRISE

K.A. Pylypenko¹, PhD, O.A. Marchenko², PhD., N.V. Runcheva³, PhD.

^{1,2,3}*Melitopol State Pedagogical University named after Bohdan Khmelnytskyi Zaporizhzhia, Ukraine*

Abstract. The article outlines the range of priorities for solving issues related to the management of the strategic development of a modern enterprise. The levels of strategic decision-making are listed, taking into account the fundamental processes of the enterprise's life. The factors and tools for their planning, forecasting and management are highlighted.

Keywords: *management, strategic development, enterprise, planning, forecasting.*

In modern conditions, the effective development of enterprises in dynamic and adverse external environments is determined by the extent to which managers possess the tools and methods of strategic management.

Strategic management orients production activities to consumer demands, implements flexible regulation and ensures timely changes in the organization that meet the challenges of the environment. This allows you to strive for competitive advantages, survive and achieve your goal in the long term.

The management of the strategic development of the enterprise should not only determine the directions of development and the concept of the enterprise's activity but also unite the subsystems of enterprise management into a single whole: management of innovations, quality, and personnel. In the management of the strategic development of the enterprise, three levels of strategic decision-making are distinguished:

- 1) corporate level;
- 2) the level of strategic business units or strategic economic zones, which determine the types of services provided by the enterprise;
- 3) level of a structural unit (functional services) or functional level.

The unification of management subsystems should be carried out on the basis of the fundamental processes of the life of the enterprise: functioning, improvement, and development.

The current functioning ensures the rhythmic activity of the enterprise through the exchange of resources between the external and internal environments under unchanged conditions in the external environment. Development consists of the transition of the enterprise to new conditions of operation in connection with the change in the conditions of the external environment. A necessary condition for the current functioning of the enterprise is the stability of the external environment. The company's products have stable consumer demand, the supply of goods, taking into account the products of competitors, must be in balance with the demand on this market, the political and social life of society proceeds without conflicts and contradictions.

As the company develops, it makes internal changes. In accordance with the requirements of the external environment, the enterprise's business processes move to a new quantitative and qualitative state. In modern economic conditions, there should be a planned, purposeful, strategically oriented management activity that allows the enterprise to change in an organized manner in accordance with changes in the external environment.

Enterprise development processes are innovative, dynamic, and risky in nature. The enterprise must look for internal and external sources of investment, since development is impossible without investments.

The strategic development of the organization is considered a continuous evolutionary process, in which one strategic change creates the need for other changes.

Processes of functioning and development take place in practically every enterprise. These processes are in dialectical contradiction with each other. Therefore, it is necessary to implement the third process, which connects functioning and development - continuous improvement of the enterprise.

Improvement processes create a basis for development, and often they replace it since, in this case, the period of the current operation of the enterprise increases. Improvement can be defined as a systematic activity to optimize the internal states and processes of the enterprise based on the use of the available potential to increase the efficiency of its production activities.

The improvement process can create a basis for the long-term development of the enterprise and bring its internal state in terms of the quantity and quality of resources and business processes in line with the further development process. At the same time, new values are created at the enterprise, and as a result, its value increases. Skillful management of the processes of functioning, improvement and radical development determines the effectiveness of enterprise management. At most domestic enterprises, priority is given to ensuring survival, that is, current functioning.

Enterprise managers can use various tools to manage three general processes: operation, improvement, and development. The problem lies in their coordination. Among the main tools, you can highlight:

- 1) operational management: operational planning, organization, motivation, and control;
- 2) management of financial resources (investment planning, budgeting, management accounting);
- 3) human resources management: formation and development of personnel;
- 4) process management: quality management, engineering and reengineering of business processes;
- 5) strategic management: strategic marketing, strategic planning, and management based on a balanced system of performance indicators;
- 6) management of technical innovations: scientific research, technical design, and life cycle management of products, equipment and technologies [1].

The main tool for managing the improvement and development of the enterprise is strategic planning. Strategic planning is the development of long-term plans for the company's development, which are based on the analysis of a large amount of data, substantiated by systems of detailed calculations, and, in general, become documents of varying degrees of detail. It should answer the following basic questions: who is the consumer of the enterprise, what characteristics do he has, what are his needs satisfied, what characteristics should the product, processes and resources of the enterprise possess; what is the degree of satisfaction of consumer needs, what new opportunities for the consumer can be added to the product, what internal capabilities does the enterprise have for adding new values, what are the internal capabilities for increasing the volume of production of the existing product; which new consumer markets the enterprise will focus on, which new types of activities, products, technologies for their implementation, resources are possible for development, what the enterprise should become, how its internal environment should change for this, what result it plans in the long term.

The first group of questions forms the strategy for the company's functioning; the second is an improvement strategy in the aspect of better satisfaction of consumer needs and use of internal reserves; and the third is a strategy for improving the internal environment to ensure planned development.

Strategic planning is one of the main functions of strategic management, it is a process of making management decisions regarding strategic forecasting (strategy formation), resource allocation, company adaptation to the external environment, and necessary changes within the organization. Strategic planning involves sub-functions such as forecasting, strategy development, and budgeting. Forecasting is done before making strategic plans. It is based on the analysis of a wide range of internal and external factors—the conditions of the organization's functioning—in order to predict the possibility of development and assess risk. A systematic forecast allows for a well-founded approach to the organization's strategy. Three dimensions are traditionally used in forecasting: time

(how far ahead are we trying to look?), direction (what are the future trends?), magnitude (how significant will the changes be?) [2].

Taking into account the results of the analysis, the management of the organization formulates the mission (sphere of business, global goal), determines the prospects of the organization's development, and develops a strategy. Strategy development is carried out at the highest level of organizational management and is based on solving the following tasks:

- development of the company's strategic goals;
- assessment of its capabilities and resources;
- analysis of marketing trends;
- assessment of alternative areas of activity;
- determination of the strategy for the future;
- preparation of detailed operational plans, programs and budgets;
- assessment of the company's activity based on certain criteria, taking into account
- intended goals and plans.

In the process of strategy development, the following is carried out:

- assessment of the organization's potential, its capabilities, and its reserves for achieving general goals;
- analysis of internal factors that ensure the growth and strengthening of the organization's positions: commercial, technological, social;
- analysis of external factors that require the adoption of measures aimed at adaptation to the new situation and the emergence of situations;
- assessment of alternative areas of activity and selection of optimal options for achieving set goals;
- decision-making, which is the basis for developing long-term plans for the functioning and development of the organization.

Linking the strategic goals of the enterprise with the results of the activities of individual divisions is carried out by developing the necessary action program and drawing up the budget. Budgeting includes program costs and resource allocation.

The enterprise management strategy must be highly effective, i.e., bring maximum profit as a result of achieving the planned goals for satisfying society's needs through the enterprise's products and services, provided that they are provided at minimum costs.

References:

1. Doroshuk G.A. Management of organizational development: theoretical and conceptual foundations: monograph / ed. S.K. Kharichkova Odesa: M.O. Bondarenko, 2016. 196 p.
2. Prodius O.I. Formation and management of the project team. Bulletin of Odessa National University. 2016. Vol. 21. Issue 10(52). P.51–55.