

# IMPLEMENTATION OF THE COMPANY'S ECONOMIC DEVELOPMENT STRATEGY

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**Abstract.** The article analyzes various approaches to the company strategy, reveals the practical aspects of formatting and structuring the strategy. *The purpose* of the article shows that the problems of forming an effective system of strategic management of an enterprise, as well as the development of its development strategy are very relevant. The strategy needs constant changes with additions and acquisition of new value and high quality. In the activities of the largest companies approaches to the formation of the strategy correlate with the recommendations of modern theory of strategic planning. Open and urgent strategy with breakdown by spheres of activity proved to be preferable, within each sphere sets of strategic decisions or directions of vectors of development in this sphere were formulated. In the management system of enterprises the main task is not a quick response to the current changes in the external environment, but the formation of a strategic vision of the future of the enterprise, the development of a flexible and viable development strategy, the anticipation of tactical and strategic threats to the enterprise, their timely elimination, as well as the practical use of strategic management ideas for sustainable development. In the conditions of modern economic development the role and importance of strategic planning in enterprises is increasing. New trends emerged in the market, one of which is joint venture. The impetus for the development of joint ventures was the growth of exchange rates and the fact that domestic production is much more profitable than importing the necessary products. In this situation, it is necessary to adopt foreign experience and thoroughly test strategic methods in joint ventures and collectively improve them in a dynamically developing market. Macro environment includes factors that do not have a direct impact on the short-term activities of the enterprise, but can affect its long-term functioning. Conducted research allows enterprises within the integrated structure, to determine its place in the integrated structure and the nature of the relationship with the leadership of this structure in the design and implementation of their economic development strategies. *Methodology.* The scientific approach to problem solving allows predicting the opportunities of the enterprise and avoiding threats through unclearly formed and implemented strategy. The main purpose of this article is to identify methodological approaches to assess the characteristics of the impact of factors, properties of enterprise development strategy and the introduction of new technologies based on the performance of enterprises, which characterize the effectiveness of their market. *Results.* Based on the factors that are most important for the development of the enterprise, the most important criteria of the strategy were identified, on the basis of which the classification of strategies for the development of the enterprise was developed. The article indicates that there are a number of approaches to the content of the strategy, so it should be noted that the development of enterprise strategy is a set of decisions about the goals and objectives of the enterprise on the theoretical basis of the unity of resources and means of implementation. The strategy includes all areas of the enterprise: personnel, social culture and is aimed at high results. Managers should pay attention to the fact that approaches to company management should be better than competitors, achieve business advantages, create a business idea, provide the strategy with resources with the introduction of new technologies and highly qualified personnel, assess the state of the company and implementation conditions. Only in this case the strategy will be implemented both inside and outside the company.

**Key words:** economic development strategy, management strategy, functional strategy, development strategy concepts, classification of enterprise strategy.

**JEL Classification:** F19, P20

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## 1. Introduction

Nowadays, the development of economic development strategy is the main warehouse activity of an enterprise. Achieving a long-term competitive advantage to ensure the organization's profit, survival and stable operation is the main goal of the strategy. Strategy includes mutual management decisions, prioritizing business activities, realizing goals, and increasing potential. The process of strategy formation is unique for a skin company and includes strategic schemes and approaches that ensure success and leadership in the market.

Such planning is necessary for every company in order to keep up with changes in the market situation, timely change technologies and implement developments, and constantly raise the level. This is an opportunity not to fall by the wayside in market relations without income. It is necessary to constantly monitor the release of new products, development trends. Track the production characteristics of competitors and the ways in which they perform better. The main objective of developing a company strategy is to bring the company to the leading position and increase productivity. A plan of action is created and approved that each business unit will follow to achieve the ultimate goal.

Practice shows that those organizations that carry out comprehensive strategic planning and management operate more successfully and make profits well above the industry average.

Many seasoned planners and energetic individuals fail to achieve the success they desire because they spread themselves thin, trying to reach as many markets as possible, producing as many different products as possible, and meeting the needs of different groups of consumers. Success requires a focused concentration of effort and the right strategy. In other words: The one who plans his strategy better achieves success faster.

The company's strategy is selected by the manager based on the analysis of key factors (state of growth and position of the company in the industry, company goals, financial resources of the company, qualification of employees, degree of dependence on the external environment, etc.) that characterize the company, taking into account the results of portfolio business analysis, as well as the nature and nature of implemented strategies.

## 2. Implementing the economic development strategy

The strategy of economic development of the organization is aimed at evaluating the result obtained. The assessment depends on the company development project, goals and objectives of departments, methods of comparison with the results of competitors and with previously achieved results. The implementation of

economic development strategy can be based on the positive experience of other enterprises by comparing the results. Engineers, managers, financiers, consultants, and other specialists evaluate the completeness, adequacy, complexity, and systematicness of strategy development. Each expert has his own subjective opinion, so evaluations will differ. When choosing a methodology for economic development strategy, it is necessary to evaluate the strategy within the framework of many criteria, taking into account the influence of external and internal factors. In solving the tasks it is necessary to consider: the evaluation of the effectiveness of the strategy at the organizational level; economic, technical, environmental, social indicators affecting the development of the strategy; investments that have been raised in the short and long term; quantitative and qualitative methods; the idea of strategy development and its final result, involvement of all participants in the process of strategy development to measure and evaluate the financial result, the study of all stages of strategy development from the alternative to the planned return of capital. Strategic monitoring includes technologies of development: analysis, thinking, vision, decision-making, adaptation to changes in the external environment, the chosen direction of development, aspiration for implementation, methods of adjustment of external and internal factors. Each stage of strategy development includes a decision-making process as a basis for achieving a high result. The strategy must take into account all threats, prevent the influence of factors, precede the adoption of practical decisions, the choice and implementation of alternative development options. Processes must be based on a system of control, evaluation of results. These processes are continuous, provide anticipation of risks, implementation of plans and adjustments, strategic vision, formation of the system of strategic management – organization and motivation. Achieving the strategic goals of the company is under the power of a team of professionals combined with practical experience and the mobilization of creative potential. Correct choice of perspective directions of development of the organization is important at realization of strategy are techniques which are based on introduction of strategic matrixes. When building a strategic analysis matrix it is necessary to consider the growth rate of the market, the prospects for business development, the competitiveness of strategic business partners (Figure 1).

Factors that have the greatest impact on the activities of enterprises in a particular industry should be evaluated on the basis of the developed strategy of economic development: if the attractiveness of the market is weak, you need to develop a plan of investment action to maintain the market position, the restoration of lost customers. Specific strategy will maximize the level of development of the enterprise

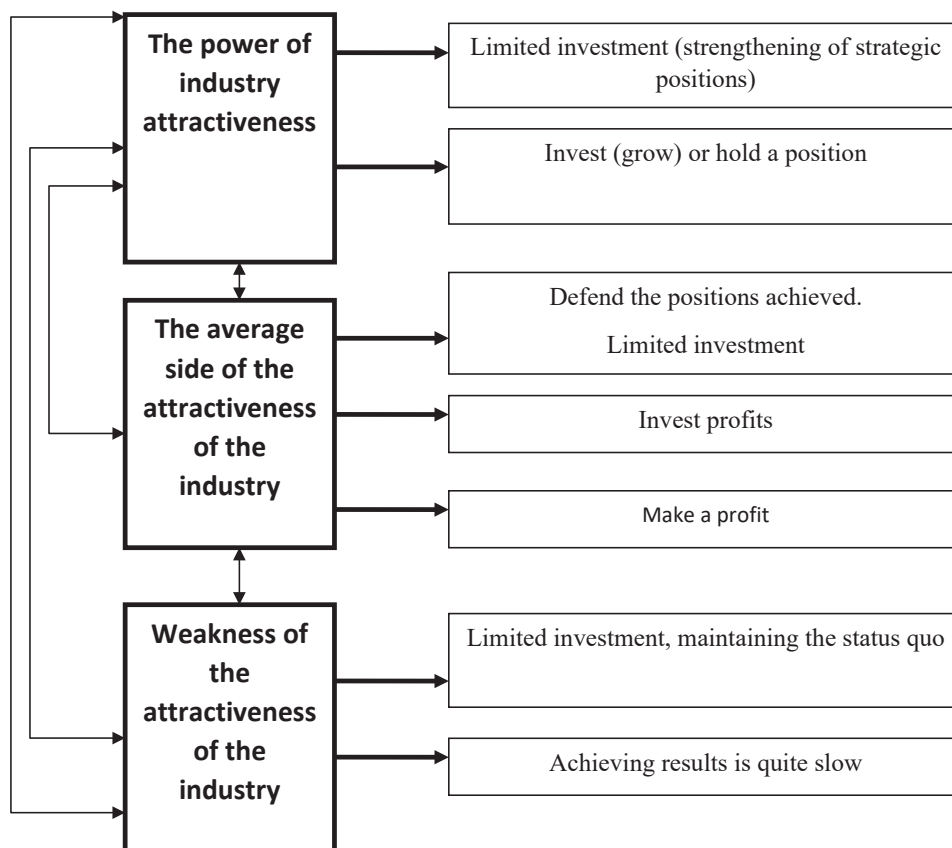


Figure 1. The main strategic alternatives for the development of the enterprise

and its efficiency, will help the manager to realize opportunities, defend the interests of the company, ensure growth in those areas where conditions are most attractive. If the condition of the enterprise is stable, strengthens and expands the achieved positions, attracts additional investments – an increase in production is guaranteed in accordance with the expansion of the market, income and increased competitiveness (Kryshtanovych, 2021).

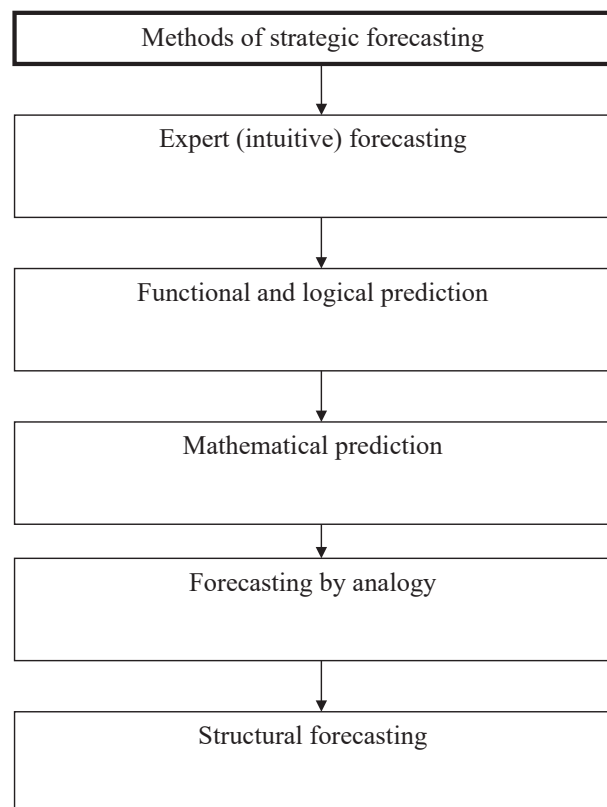
A powerful tool to analyze the implementation and development of the strategy are methods of diversification of the organization, the position of each type of business, a specific strategy for a particular type of business, expert evaluations based on the study of various quantitative and qualitative indicators. It is difficult to quantitatively assess qualitative parameters, as these methods involve a rating assessment. The lack of qualified specialists blocks the work of businesses, creating difficulties in conducting research. Which area of business to invest in, how to build a decision-making plan, how to predict the final result, which alternative methods of analysis to use, which mathematical methods to choose – a task for managers and consultants. With the help of mathematical models it is possible to describe the process of economic strategy development on the basis of quantitative data, taking into account the values that include information about

the conditions of production, taking into account the specifics of a particular production. Algorithms of changes in the state of the enterprise depend on its behavior at different points in time and allow revealing the influence of various external and internal factors on economic activity (Figure 2).

These methods allow us to study many factors affecting the management system as a whole. The study uses comprehensive methods to design strategies for economic development: both quantitative and qualitative, to pay attention to all factors of influence. Mathematical methods, which are formed to implement the strategy, take into account the variable conditions of production, taking into account the peculiarities of a particular production (Kubiniy, 2019).

Statistical methods, linear programming methods, matrix methods, methods of expert evaluations and other mathematical methods provide correct calculations of tactical plans. Calculation of parameters regulating the given criteria of formation of economic development strategy requires the maximum selection of requirements when building the structure of the model (Miklovdá, 2020). Analytical tools are used in stable enterprise environments with powerful mathematical programming techniques (Figure 3).

Managers of the organization build a plan of action that is focused on the current state of the organization,



**Figure 2. Methods of strategic forecasting**

internal tasks and changes occurring outside the company, because in a competitive environment, developed strategic measures will help to adapt in time, responding to the environment. Analysis of the impact of internal and external factors must be done correctly, the implementation of the strategy depends on it. External factors are subject to change, are outside the organization, are constantly reacting to the components of the company, so coping with this influence is a critical component of success and is a condition for the implementation of the planned strategic changes. Explore the threats and opportunities that the company must discover to achieve its goals, ensure strategic development and conduct analysis to develop the company's strategy. The need for management approaches is important for enterprises in various fields of activity. Strategy development creates alternatives for development and a positive financial result: creation of a favorable image of the enterprise, analytical work, analysis of consumer behavior. Creating a management system, providing favorable conditions for the introduction of new technologies, updating the production fund, strategic decisions at the enterprise, training highly qualified personnel, the introduction of product quality certification, studying economic policy will help the company to work in conditions of constant change.

### 3. Possibilities of the company to design a strategy for economic development

To determine the prospects for the development of the organization, it is necessary to study the strengths and weaknesses, namely the material and technical base, supply chain, highly qualified personnel, economic stability and other indicators. The main external factors affecting the activities of the enterprise are: political, legal, scientific and technical, socio-cultural and natural-geographical, economic. The formation and implementation of the strategy is threatened by difficulties with financing and credit, a high tax burden, high inflation, difficulties in selling goods, reduced production, instability in the country, outdated technology, and others. The company is also affected by competitors, consumers, and raw material supplies.

One of the methods for studying the influence of external and internal environment on the enterprise is factor analysis, which can be a survey of managers on the competitiveness of products, development and implementation of management decisions, product quality, long-term cooperation with suppliers. As a rule, the most important factors are high quality, affordable price, solving problems with attracting investment, advertising and purchasing raw materials. Production of products that will be available to the customer at low prices and high quality, strategic plan of action of the company, winning a place in the market, the potential of the company should be focused on supply and demand – the strengths of the organization (Pityulych, 2021).

The company's ability to develop an economic development strategy depends on the resources available, so management must understand and consider this factor for all activities. Availability of competitive products, effective quality control system, susceptibility to new developments, large production volume, wide assortment portfolio, ability to quickly recruit and train specialists, constant improvement of labor productivity, good material base for scientific discoveries, price advantages in the domestic market, high product reputation, competent top and middle management, well-functioning system of operational management will help to gain profit and, if necessary, to attract investment. But such factors as high material intensity, rapidly aging production facilities, the presence of harmful industries, low wages, high turnover among the most qualified and able-bodied employees, lack of funds and expensive loans for scientific activities, inefficient distribution and trade channels, lack of experience of employees, lack of a strategic management system slow the development of the company and could lead to its closure or takeover by competitors. Lack of strategy in enterprise management can lead to insufficient financial resources

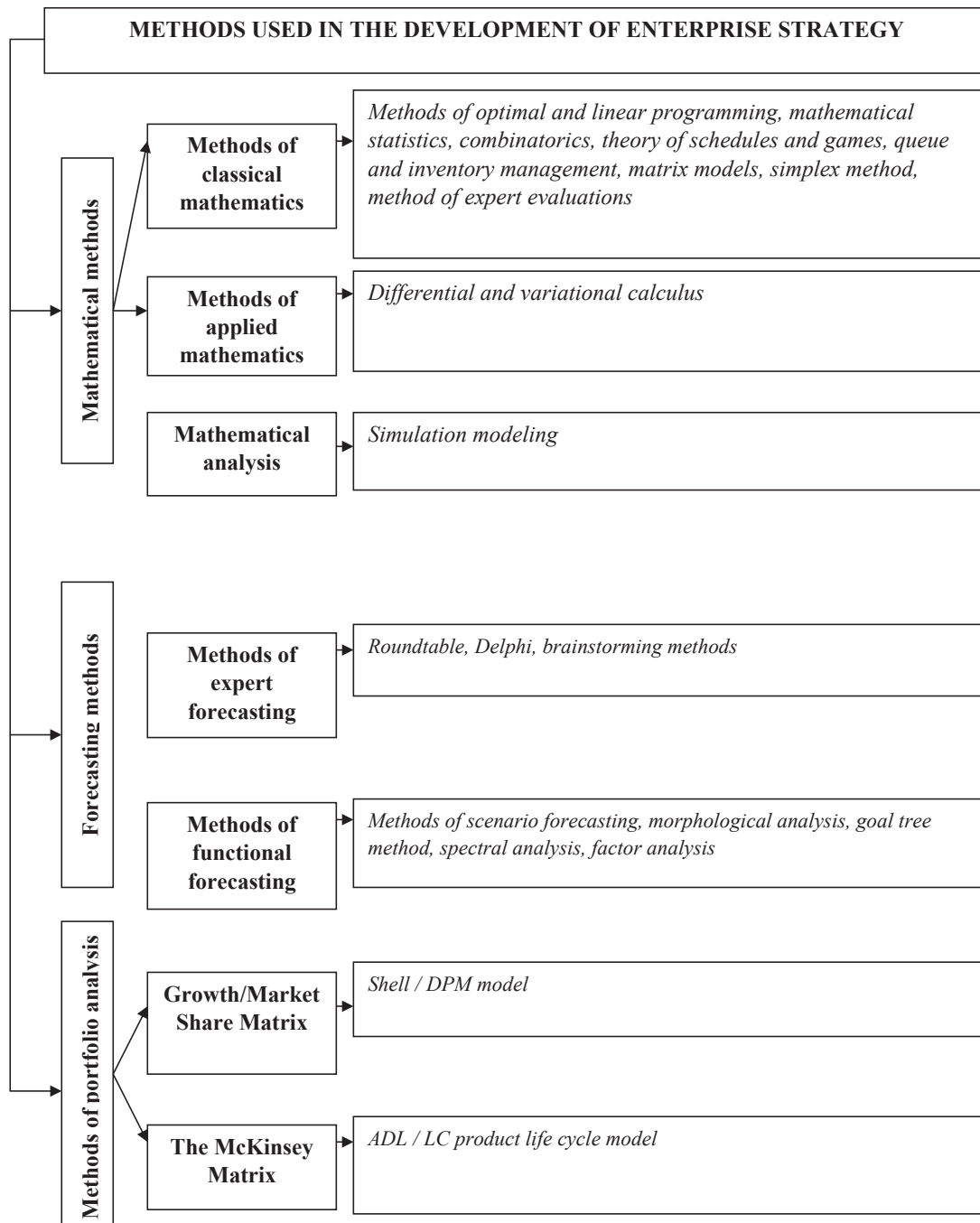


Figure 3. Methods of strategy development

to implement scientific and technical projects, ensure current activities and development, lack of long-term plans and uncertainty about marketing research, low product quality, focus on short-term results. For the successful functioning of the enterprise sometimes necessary to make changes in the organizational and legal form of activity, the strategic direction, to develop measures to create a management system and marketing system in accordance with the laws of the market. If the company does not analyze the market opportunities in time, do not create a marketing system,

do not have a clear pricing policy, advertising – the company will not be focused on the development of new products and will not be able to take an important place in the market. Profitability of the enterprise can be achieved by optimizing taxation, minimizing purchase prices, expanding the range of products, the right choice of management decisions, intensification of production activities. The enterprise can make a profit by selling related goods and ensure further development of the enterprise through repayment of accounts payable. Achieving a leading position



in the market, increasing sales volume, maintaining unification of goods in its industry, fulfilling obligations to employees, attracting investment – the company's goals, which can be attributed to the program of strategy development. In our opinion, what is necessary to form a strategy is, first of all, a wide range of goods, which will allow to increase sales, focus on perspective market segments, expand sales, strengthen personnel policy and conduct regular advertising campaigns. The implementation of the strategy depends on the development of industry in the country, as it is necessary to determine the importance of production in general (Shaulska, 2020). Careful regulation of financial flows, making the right decisions, accurate analysis of the current situation, the use of modern management methods, and the development of new technologies are also important steps on the way to building a strategy. Correct orientation in the market environment allows to develop dynamically, to keep one's positions, to have working capital and to achieve positive results. For some companies, one-third of profits go to taxes, so the tax code can slow down the development of the company.

#### 4. Conclusions

The key to the success of the company can be conditions for professional growth, qualified personnel, training of staff – this will make it possible to create a unified system of planning, accounting and analysis, control and ensure maximum profitability, minimizing production costs, minimizing purchasing prices, expanding mutually beneficial relationships, reducing material consumption, the transition to optimal selling prices, rational use of material resources, the use of perspective wages.

The implementation of the considered theoretical and methodological approaches to the strategic management of enterprises faces significant difficulties. This is largely due to outdated management methods, stereotypes of thinking that have developed in this area. Until recently, enterprises in various industries did not pay due attention to long-term perspectives and development strategy. Most of them were focused on solving current, operational problems. This is one of the main reasons for the instability of their development, the deterioration of their financial condition and the decline in efficiency. When choosing the directions of development of the enterprise, conquering new markets and developing a strategy, it is necessary to pay great attention to the creation of new high-quality goods available to the customer at a price, as well as the use of marketing tools.

The chosen strategy and its implementation plan cannot foresee all the problems that may arise along the way. The main reason is the high level of variability of the environment, which leads to the constant emergence of new and unforeseen circumstances. The course of external and internal events sooner or later forces to reconsider the purpose of the company, the goals of activity, the strategy itself and the process of its implementation. Performance evaluation, change analysis, and strategy adjustment become natural and necessary components of strategic management processes. In the process of evaluating the results of activities as one of the tasks of strategic management, there are three clearly distinguishable stages: determining the system of performance indicators, by which the strategy is evaluated; achieved changes and comparison with the desired ones; taking the necessary corrective actions.

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