

PECULIARITIES OF DIAGNOSTICS APPLICATION AT THE STAGE OF STRATEGIC CHANGES IN THE ENTERPRISE'S ENVIRONMENT

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Abstract. The article is *aimed* at defining the specifics, methodological approaches and directions for improving the processes of conducting economic diagnostics of an enterprise with due regard for strategic changes in the business environment. The *subject of the study* is the theoretical, methodological and practical aspects of economic diagnostics of enterprise. The study substantiates the organisational processes of diagnostics, reveals the importance of combining systemic and integrated approaches to conducting evaluation and analytical procedures, and reveals aspects of forming diagnostics of the enterprise's strategic development. *Methodology.* The theoretical and methodological basis for the study were the achievements of economic theory, works of domestic and foreign scientists, analysts, and specialists on diagnostics of strategic development of enterprises, improvement of the management system of an economic entity. The article uses the following methods: scientific cognition and abstraction (to determine the goals, significance, functions, tasks of enterprise diagnostics in the direction of ensuring the implementation of current and strategic development plans); methods of generalisation and system analysis (to determine the peculiarities of carrying out evaluation and analytical procedures for the objects of diagnostic research of an enterprise); methods of forecasting and analogies (to systematise the impact of the external business environment, trends in strategic changes on the development of strategic potential and, in general, on the financial and economic activities of an enterprise); methods of systematisation and logical generalisation (to formulate substantive conclusions from the study). *Research conclusion.* For domestic enterprises, it is important to ensure stable, targeted multi-vector development, which in terms of its substantive coverage involves changes in most areas of financial and economic activity, is planned and systematic. Ensuring these changes involves improving management tools, including diagnostics, planning and forecasting. At the stage of strategic changes in the business environment for the development of the enterprise, ensuring the efficiency of doing business, it is relevant to outline own conceptual approaches to diagnostics as an important management system. A clear definition of the goals and objectives of diagnostics, the formation of an appropriate programme and plans, and the improvement of the organisational stages of diagnostic procedures provide reliable and high-quality information for making informed management decisions and implementing the programme-targeted areas of the entity's development with the formation of a basic strategy.

Keywords: diagnostics, evaluation and analytical procedures, strategic changes, enterprise development, management system.

JEL Classification: C13, M21, L22, P41, O10

1. Introduction

A market economy is characterised by frequent changes in the business environment, which affect the level of profitability of the enterprise as a producer of products and the level of consumer income. The dynamics of these and other market economy processes, changes in business conditions, behaviour of competing enterprises and other competitors

must be analysed in order to avoid problems in doing business. Therefore, strategic diagnostics is becoming increasingly important today, as it is an important component of the selection and implementation of an enterprise's development strategy.

To ensure effective strategic management of an enterprise, formulation and implementation of an effective development strategy, it is necessary to

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conduct diagnostics that allow to characterise all areas of business, identify problems, reserves, risks and develop appropriate management solutions. The methodological approaches and specifics of organising diagnostics, analysis and evaluation as important management components are driven by the need for an in-depth study of business conditions, the level of influence of external environment factors, the definition of strategic goals, the possible level of profitability and profit, the impact of risks and threats on financial and economic activity. In particular, diagnostics in the strategic management of enterprise development requires revision of the functional content, detailing the principles of diagnostic procedures, research of foreign practice, which is due to adjustments to the strategic goals of the subject, strategy, and strengthening of the competitive business environment.

The research is aimed at defining the features of economic diagnostics of enterprise and their organisational and methodological improvement to ensure the development of business processes under the influence of strategic changes in the external environment of functioning. The main objectives of the study are to define and substantiate the processes of carrying out evaluative and analytical procedures and aspects of forming diagnostics of the enterprise's strategic development.

2. Theoretical and Practical Aspects of Enterprise Diagnostics

At the stage of strategic changes in the enterprise's environment, diagnostics can be defined as an analysis and systematic assessment of the main areas of the enterprise's activity (economic, production, technical and organisational), which is carried out to study the current state of the enterprise and identify internal reserves that can be aimed at its further development (Sarai, 2015).

In general, economic diagnostics is aimed at assessing the objects of financial and economic activity of an enterprise, identifying obstacles to development, determining the level and causes of the impact of various factors with the development of appropriate current and strategic solutions to improve the efficiency of functioning. It is not correct to equate analysis, evaluation and diagnosis, as the latter is considered to include analysis and is broader in its understanding of the process.

In contrast to economic analysis, which focuses on phenomena and processes with interrelationships between them, the subject of economic diagnostics is a qualitative and quantitative assessment of the state of objects. The functions of enterprise diagnostics include diagnostic, search and evaluation, while the main function of economic analysis is evaluation.

From the methodological point of view, economic analysis uses appropriate individual methods, while diagnostics uses complex methods (economic and statistical, expert, modelling, stochastic programming, optimisation, analytical methods). In terms of the sign of the effectiveness obtained by means of economic analysis, managers characterise the processes and phenomena under study and identify deviations. By conducting diagnostics, managers determine the directions of improvement of the state of the enterprise's research objects (Lukianova, 2009).

The author believes that, unlike the analysis of financial and economic activity, diagnostics covers a larger number of research subjects, their interrelationships, and changes in the business environment should be taken into account. Accordingly, among the tasks of diagnostics at the stage of strategic changes in the enterprise's environment, the following should be distinguished:

- Conducting analytical and evaluation procedures of the research objects, namely, determining their retrospective state, current and future state;
- studying the prospective impact of internal and external factors;
- timely detection of the negative impact of external business factors, which allows to reduce (avoid) the negative impact or to adapt and facilitate the implementation of strategic development directions;
- collection and formation of a database of information and analytical data of a multi-vector nature for the development of current management decisions;
- searching for directions and mechanisms for improving the competitiveness of products and enterprises, which contributes to the development of strategic potential;
- review of the defined strategic goals, conditions, terms, and probability of their successful implementation;
- ensuring effective strategic management of the enterprise on the basis of a systematic approach to research and generalisation of parameters of all areas of financial and economic activity (Trukhan, 2011).

Mitcenko N.G., Kulay S.M. (2010) define the following diagnostic tasks: determination of the financial and economic state of the enterprise; analysis and evaluation of quantitative and qualitative parameters of doing business, their comparison with planned and regulatory values; identification of changes and reasons that led to significant deviations of the parameters of activity; search for directions of stabilisation of the state; forecasting the trend of development of the business entity.

To date, the concept of diagnostics of development of an economic entity has not been fully considered by scientists and scholars in the scientific literature. Usually, when diagnosing development, absolute and relative deviations are calculated on the basis of statistical data, and dynamics are modelled,

without using the relevant integral diagnostic parameters. To determine the conceptual foundations for the formation of diagnostics of the strategic development of enterprises, it is important to study the interpretation of the subject's development. The latter is characterised by a multi-vector definition, in particular, it can be considered as:

- Process (a change in the qualitative and quantitative indicators of financial and economic activity);
- result (data obtained in a certain period under the influence of environmental factors);
- dynamics (the absence of identical parameters in different periods, which produces positive or negative trends in doing business).

It should also be noted that there are natural changes in the activities of enterprises, which partly characterises development as a certain pattern (Kuzmin, Melnyk, Romanko, 2011).

Diagnostics at the stage of strategic changes in the environment of an enterprise should be carried out in all areas of its activity: organisational, managerial, financial, economic, production, labour, and it is also necessary to conduct a situational analysis and assessment of the value and property of the enterprise. The processes of diagnostic research of the state of the enterprise's objects in order to determine the possibilities of development should be characterised by the reliability of information data, objectivity and accuracy. The objectivity of the diagnostic study is to carry out the assessment and analysis in accordance with clearly defined stages, a plan and a detailed programme. Ensuring the accuracy of the diagnostic study of objects is to formulate the goals and objectives of diagnostic procedures, which should be linked to such management functions as organisation, planning, forecasting, monitoring and control.

Depending on the defined objects of research (the enterprise as a whole, individual structural units, areas of activity, management or production functions, etc.), tasks, availability of information sources, the following types of diagnostics can be carried out: express diagnostics, comprehensive (detailed diagnostics), diagnostics of problematic aspects of doing business, diagnostics of functional components of the management system, diagnostics of applied issues and diagnostics of organisational development (Hlukhariev, 2008).

In the information and analytical aspect, the strategic diagnostics of an enterprise is based on a number of information data of a multi-vector nature and evaluation parameters on the state of objects used by management personnel for the formation and implementation of strategic decisions. As an important function of the enterprise management system, the diagnostics helps to study the trends of selected objects and identify the reasons that led to changes in dynamics, especially of a negative nature.

Most of the literature suggests that the stages of strategic diagnostics are based on analysis, evaluation, diagnosis, decision-making and implementation of management decisions. Instead, the preparatory and organisational stages of the strategic diagnosis, forecasting and monitoring processes are partially ignored. Organisational preparation is an important and thorough diagnostic process in the strategic management of an enterprise, which involves the following:

- Searching for and determining methods of conducting evaluation and analytical procedures with the formation of conceptual approaches to this process;
- studying retrospective diagnostic parameters of the research objects and approaches to diagnostics in order to identify gaps in the organisation of the research;
- determination of the objectives of diagnostic testing of diagnostic objects;
- selection of tools, procedures, and a group of diagnostic parameters;
- formulation of a programme of diagnostic tests and procedures;
- creation of a group of specialists responsible for diagnostics;
- search for sources of information, grouping and systematisation of data.

After analysing and evaluating the information data, the diagnosis of the objects of diagnostics is established, weaknesses, risks, threats to operations and major problems in the implementation of strategic development directions are identified, and the causes of deviations of actual parameters from the planned ones are identified.

The chosen methods, tools of diagnostic procedures, and presentation of evaluation parameters depend on the goals and objectives of the diagnostics, as well as the identified objects. An effective approach is to involve specialists from various structural units of the enterprise, executives and responsible managers in strategic diagnostics. In practice, some enterprises may engage external specialists or use the services of third-party organisations to conduct strategic diagnostics.

At the planning stage of strategic diagnostics, a programme for the implementation of these processes and relevant research and evaluation plans are formed. The latter define the timing of the start and completion of the diagnostics, the required information base, methods of data collection and processing, the nature of analytical processes, specialists responsible for the research, methodological approaches, and tools. The strategic diagnostics programme is broader than the plan, as it includes defined research objects, objectives, information sources, describes the level of detail of analytical procedures, defines the scope of activities of each specialist involved, the nature of grouping and

presentation of the results, etc. When processing information data using the selected methods, it is important not only to identify problematic aspects of financial and economic activity but also the factors that led to them (Trukhan, 2011).

3. Diagnostics as a Foundation for Strategic Development of an Enterprise

In the strategic management of any enterprise, the most important thing in the diagnostic process is to resolve problematic aspects of financial and economic activities, ensure that the state of the objects meets the predicted parameters, and identify and search for new business development opportunities. According to the author, it is impossible to formulate and successfully implement an enterprise development strategy and make effective management decisions without using diagnostic, evaluation, analysis and forecasting methods. Analytical studies should be conducted on the basis of reliable information data, be linked to planning, forecasting and monitoring processes with reasonable stages and areas of evaluation, in accordance with the tasks set.

Diagnostics of the strategic development of an enterprise should be based on a combination of systemic and integrated approaches. At the same time, it should be noted that the systemic approach is based on the fact that an enterprise is an integral system formed of interacting subsystems that are in continuous interconnection with the external business environment. An integrated approach involves diagnostic procedures for all subsystems of the enterprise without exception. In addition to the defined approaches to diagnosing the strategic development of an enterprise, important conditions for obtaining objective analytical data are as follows:

- Combining quantitative and qualitative assessment methods, which will ultimately affect the effectiveness of management decisions;
- consideration of the trend of existing parameters, their dynamics in combination with statistical and comparative assessment data;
- use of express diagnostics, analytical approach, comparison of data for the previous period with current data;
- determination of the specifics of the business entity and consideration of industry affiliation (Kryvoviazuk, Bozhydarnik, 2012).

Strategic diagnostics is based on the processes of searching for and researching indicators of long-term development of all objects and areas of activity of a business entity. Only a combination of evaluation, analytical and research procedures in strategic diagnostics makes it possible to identify problematic aspects of activities and identify reserves, which in general affects the increase of strategic potential.

When determining the level of development of an enterprise, managers take into account a fairly significant amount of qualitative and quantitative parameters of activity, factors of influence, potential financial and resource capabilities, etc. The main purpose of diagnostics is to assess and identify areas for improving the organisational, technical, production, financial and managerial areas of the enterprise. The diagnostic data obtained is used not only by the company's managers, but also by external users, such as suppliers, creditors, investors (existing and potential), consumers and other organisations and institutions that have a vested interest in its condition and capabilities.

When diagnosing the company's activities, the main important information sources are financial statements, which should be analysed by the principle of deduction (analysis from the whole to the component parts). For example, if the balance sheet total increases, it can be concluded that production volumes have increased. At the same time, for the purpose of a detailed study, it is necessary to assess changes in the components of the balance sheet and the sequential causes of their appearance. Horizontal, vertical, trend and ratio analyses are used to analyse the company's financial statements. Horizontal analysis makes it possible to identify trends in changes in balance sheet and statement items (absolute deviations, growth rates) by comparing the base period with the previous one. Managers can obtain more detailed information about the state of financial parameters by means of vertical (structural) analysis, which determines the share of each indicator and analyses the level of its impact on financial and economic activities. For example, based on the growth of inventories in the total assets of an enterprise, an analyst can conclude that assets turnover is accelerating, their structure is improving, production potential is increasing, etc.

Trend analysis is used to determine a positive or negative trend in changes in performance parameters. The use of a system of coefficients is quite informative when conducting diagnostics, which compares the indicators of all forms of reporting, determines their trends, financial stability, profitability, liquidity of the enterprise, and so forth (Kostenko, Pidhora, Ryzhykov, 2007).

4. Conclusions

The use of diagnostics at the stage of strategic changes in the enterprise's environment is an important management process that should have its own conceptually formed system. In the process of strategic planning for enterprise development, difficulties arise due to the diversity of specialists' visions of solving certain problems, the presence of different

competencies and qualification abilities, sometimes incompatible values and different approaches to solving management tasks. Diagnostics of strategic development of each enterprise should be characterised by complexity, i.e., based on analytical research and evaluation of both qualitative and quantitative parameters, organisational and methodological improvement of diagnostic procedures.

The enterprise development strategy is formed with the aim of determining the basic directions of ensuring efficient financial and economic activity, maximising the potential, taking into account existing resources, production reserves and the most significant

factors of influence. Therefore, the management should be interested in improving the processes of enterprise diagnostics both at the stage of forming the development strategy and at the stage of its implementation, which makes it possible to increase the efficiency of management decisions. Prospects for further research in this area are based on the need to improve the organisational diagnostics of enterprise, form an appropriate system of evaluation parameters, methodological approaches to the implementation of diagnostic procedures and search for ways to improve the efficiency of management decisions on strategic development.

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