



KAPITEL 11 / CHAPTER 11 ¹¹
**STRATEGIC MANAGEMENT AS A BASIS FOR COMPETITIVE
DEVELOPMENT OF ENTERPRISES**

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Introduction

The current conditions for the formation of an effective business environment require enterprises to strategically search for and implement permanent adaptation strategies that are capable not only of functioning in the current conditions of uncertainty, but also of change. The use of strategic management tools in these areas will provide flexibility and enable companies to develop strategies that allow them to achieve their goals and at the same time gain the necessary level of competitiveness. Changing market conditions and the progressive development of economic systems also require enterprises not only to make operational but also managerial strategic decisions that will take into account both current threats to their operation in conditions of uncertainty and promising opportunities to improve the efficiency of their operation in selected market segments.

The strategic management system plays a key role in the management process. A well-established system is designed to help businesses define key goals and objectives, allocate resources more efficiently, develop systematic approaches to the formation of a management system, and help them make informed decisions across all components of this system. Strategic management is not limited to reactions to market changes, but is more focused on creating tools to mitigate and prevent potential risks and, thereby, create internal and external competitive advantages. By involving proactive planning mechanisms in the strategic management system, enterprises are able to formulate short- and long-term strategies that will ensure sustainable development for the enterprise for different periods, even taking into account all the threats to business operations in the face of economic uncertainty.

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In addition, the strategic management system takes into account a set of elements and components in the context of innovation and investment aspects of business environment development, which will create additional competitive advantages and opportunities for optimising business processes and maximising results. The effective implementation of modern approaches to strategic management will indirectly affect the increase in efficiency, strengthening of market positions of enterprises and increasing the sustainability of the enterprise, which will ensure the overall sustainable development. Thus, the purpose of this study is to analyse and elaborate on the theoretical foundations and practical aspects of the formation and functioning of strategic management systems, which are an effective mechanism for adapting business to constant market changes and obtaining results that are the basis for ensuring sustainable development of business entities in modern conditions.

11.1. Functional load of the strategic management system

Strategic management of an enterprise includes the entire range of management actions aimed at defining the mission, vision and strategic goals of the enterprise, as well as at selecting and implementing ways to achieve them. Strategic management is an integral part of the management system, as it ensures the company's adaptation to changes in the external environment and maintains its competitiveness. This allows the enterprise not only to use available resources efficiently, but also to create new opportunities for growth and development [1]. Important principles of strategic management are focus on achieving long-term results, continuous improvement and flexibility in responding to changes in the external and internal environment of the enterprise. The authors emphasise that strategic management should ensure that strategic goals are aligned with the real capabilities of the enterprise, which allows optimising the use of resources and achieving sustainable development [2].

In today's economy, innovation strategies are becoming increasingly important, as innovation is a key factor in increasing the competitiveness of enterprises. The



scientific literature notes that innovation and investment strategies should be integrated into the overall strategy of the enterprise, which allows not only to maintain but also to increase its market share [3]. The formation of innovative strategies of an enterprise based on the analysis of its innovation portfolio allows to identify the most promising areas for investment and maximise financial returns [4].

The effective functioning of enterprises in modern conditions largely depends on how systematically and effectively the functions of strategic management are implemented. They cover a set of tasks aimed at ensuring long-term development and adaptation to changes in the external environment. The main functions of strategic management are analysis, planning, implementation, control and correction of strategies. Their interconnection and sequence of execution are the basis for building a systematic approach to management.

11.2. Analytical research in strategic management

For effective strategic management of an enterprise, various tools are used, such as SWOT analysis, PEST analysis, as well as various methods of strategic planning and forecasting. By using these tools, enterprises can assess their strengths and weaknesses, as well as anticipate external opportunities and threats, which is the basis for choosing the most optimal strategies [5].

The first stage of implementing a strategic management system is to diagnose the external and internal environment of the enterprise. This process involves conducting a SWOT analysis to identify the strengths and weaknesses of the organisation, as well as threats and opportunities that are formed under the influence of market conditions. An important aspect is the assessment of the competitive environment, which allows us to identify key success factors in the chosen market. The diagnostic results form the basis for formulating the company's strategic goals. The second stage involves developing strategic alternatives and choosing the optimal strategy. In this context, it is important to use methods such as the BCG matrix, Porter's model and scenario



analysis. These tools help to take into account various scenarios and choose the one that best suits the company's potential and ensures sustainable development in the long term. The emphasis is on creating innovative solutions that take into account the dynamic nature of market changes. Implementation of the chosen strategy is the next stage, which requires clear resource planning and identification of those responsible for specific tasks. The effectiveness of this process depends on the level of communication within the organisation, employee motivation and the integration of strategic tasks into daily operations. Particular attention should be paid to adapting the organisational structure to the requirements of the new strategy, which may include reorganising departments, introducing new technologies and changing the corporate culture. Monitoring and evaluation of the strategy implementation is the final stage, which provides an opportunity to identify deviations from the planned results and make adjustments. For this purpose, performance indicators are used to assess the success of the implemented strategy in such aspects as financial stability, customer satisfaction, market share growth, etc. Prompt response to identified problems helps to maintain the flexibility of the management system and increase its efficiency. Thus, the functions and stages of implementation of the strategic management system are interdependent elements of a single process aimed at ensuring the sustainable development of the enterprise. The application of an integrated approach to their implementation creates conditions for business adaptation to modern challenges and the formation of competitive advantages in the long term.

11.3. Theoretical and practical aspects of the development of innovative strategies of enterprises

Innovative strategies of enterprises are an important tool for ensuring their competitiveness and sustainable development in the modern economy. The scientific literature [6] states that innovation strategies involve adaptation to a changing market environment and the use of the latest technologies and management methods to achieve



the long-term goals of the enterprise. The study examines the main approaches to the formulation of innovation strategies, in particular, diversification, integration and cost reduction strategies used by enterprises to ensure growth and development in competitive markets. The authors also emphasise the importance of balancing investment in innovation with the risks associated with innovation, which can significantly increase the effectiveness of an enterprise's strategy.

In the study of innovation strategies, it is important to pay attention to the study [7], which analyses the theoretical aspects of managing innovation and investment activities of enterprises. According to the authors, successful management of innovation and investment activities is one of the important factors that determine the potential of an enterprise for growth in the face of modern economic challenges. The authors emphasise that for effective management, it is necessary to combine strategic planning with a flexible approach to investment management, since innovations require significant investments and careful risk assessment.

Summary and conclusions.

Have been considered the role of strategic management in ensuring sustainable development of enterprises in the modern business environment is considered. It is noted that constant changes in market conditions, economic instability and technological innovations require enterprises to adopt adaptive strategies. These strategies not only ensure survival in the face of uncertainty, but also enable successful competition in dynamic market realities. It is emphasised that strategic management should be aimed at creating a system that allows enterprises to identify new growth opportunities, develop strategies that meet economic instability, and respond promptly to risks and threats. The functional aspects of strategic management are analysed and it is concluded that strategic management not only ensures the fulfilment of current tasks, but also requires a clearly developed system that aligns the goals of the enterprise with its real capabilities. To achieve sustainable development, systematic analysis of



the external environment, forecasting and planning of strategic actions, as well as the use of strategic planning tools. Issues related to innovation and investment are considered a key area of research. Successful innovation management allows businesses not only to maintain their market position but also to respond effectively to new technological and economic trends.