



## **KAPITEL 12 / CHAPTER 12<sup>12</sup>**

### **DIRECTIONS OF DEVELOPMENT OF STRATEGIC MANAGEMENT SYSTEMS IN THE CONTEXT OF DIGITAL TRANSFORMATION OF BUSINESS PROCESSES**

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## **Introduction**

Strategic management plays an important role in ensuring sustainable development of enterprises in a dynamic environment. Today, businesses must not only adapt to changes, but also anticipate them by creating strategic plans based on predictive market development strategies, technological trends and other important factors. Innovation management strategies help enterprises to be prepared for any changes in the external environment and minimise the risks associated with economic instability. Existing studies emphasise that strategic management that integrates innovation strategies provides enterprises with the ability to respond quickly to new challenges and find optimal ways for development. Despite the results achieved in the theory and practice of strategic management, the ever-increasing requirements for the adaptation of enterprises to a changing environment require further improvement of theoretical approaches and tools. Therefore, it is necessary to develop new concepts of strategic management that would take into account the challenges of the fourth industrial revolution, including digitalisation.

### **12.1. The importance of strategic management in the digital transformation**

Digital transformation has become one of the fundamental directions for implementing changes in the modern business environment. It is not merely the introduction of advanced information systems and technologies but also involves more profound transformations in various components of an enterprise's functional system.

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These transformations range from changes in operational processes to the development of strategic management systems. With the shift to a digital economy, enterprises are forced to update their strategies to remain competitive and effectively leverage the opportunities presented by digitalization. The correct integration of traditional management principles with digital innovations enables enterprises to adapt more quickly to changing conditions and achieve better results. According to Orlova V. [1], in order to achieve effective development under conditions of digital transformation, enterprises must actively use innovations and enhance the role of information technologies in their business processes. This approach not only involves using technologies to improve operational activities but, more importantly, focuses on adapting existing business models to the digital realities and business conduct rules. Digital technologies, such as artificial intelligence, big data, blockchain, and others, not only optimize business processes but also transform the very foundations of strategic management. As a result, enterprises must not only implement existing technologies in individual processes but also understand how the external environment and, in general, consumer behavior in the market will evolve. Such understanding simultaneously opens up new opportunities for enterprises within the framework of strategic management. Aspect of ensuring effective digital transformation is the ability of enterprises to respond quickly to changes and adapt existing strategies. In the context of digital changes, enterprises must be prepared for constant and dynamic adjustments to their strategies due to the continuous improvement of available technologies on the market and the faster pace at which the demands of existing and potential consumers evolve, compared to traditional "non-digital" economies. These changes may lead to the emergence of opportunities that should be seized, while also presenting new challenges and threats that require rapid responses. The need to effectively manage such changes demands flexibility, adaptability, and strategic thinking from enterprises. At the same time, considering the necessity of adapting to the latest digital technologies, it is important to note that digital tools (such as process automation, data analytics, artificial intelligence-based interfaces, and others) create conditions for enhancing the effectiveness of managerial decisions. As emphasized by Taran-Lala O.



and Sukhoruk K. [2], one of the aspects of strategic management in the digital transformation is the ability of organizations to forecast future technological changes and identify promising investment directions. This enables not only the optimization of existing processes but also the development of new strategies focused on the implementation of innovations.

It is important to highlight the fact that for effective strategic management in the context of digital transformation, the influence of the external environment must be considered. Changes in the economic situation, political factors, as well as social and technological trends, can significantly affect the choice of strategies. Enterprises must be prepared for the fact that, in the digital economy, traditional strategies based solely on resource management will not always be effective. Strategic management in the context of digital transformation must take into account the economic dynamics of the market, the constant shift in economic levers, and changes in consumer economic behavior. The latter requires enterprises to use digital technologies to form new business models, implement innovations, and adapt to new conditions. Strategies that fail to consider technological factors of digital influence may lead to the loss of competitive advantages and a reduction in market share. For this reason, maximizing the use of digital strategies within the system of strategic management is essential for enterprises to remain competitive amid global digital changes, as modern strategic management models will allow them to effectively utilize cutting-edge technologies and maximize digital potential during business process reengineering.

## **12.2. Strategic management in the context of digital innovations and technological changes**

Digital transformation not only alters internal processes but also changes the existing concept of strategic management. The latest digital tools, technologies, and platforms provide enterprises with the opportunity to manage strategy at a fundamentally new level. They facilitate quick responses to changes in market



conditions, improve analytical capabilities, and enable more informed management decisions based on big data, artificial intelligence (AI), and other innovative technologies. Digital innovations, which are already present in all sectors of the economy, require enterprises to have a clearly formulated digital transformation strategy. As Panychuk A. and Malkova K. [3] note, having such a strategy is a necessary condition for the effective use of new technologies, as without a clear vision and implementation plan, enterprises risk failing to realize the potential of digital solutions. Strategic management should not only focus on adapting to technological changes but also on integrating these changes into business models in a way that aligns with digital business objectives and ensures continuous economic growth. Despite the wide range of digital platforms, a key aspect of strategic management in the context of digital transformation is the enterprise's ability to effectively manage innovation processes. Buzhimska K. and Zhelikhovska M. [4] demonstrate in their research that digitalization should be an organic part of the enterprise's strategy, rather than just an additional tool. Digital transformation must interact with other strategies, such as innovation or investment strategies, to form a comprehensive solution for ensuring the sustainable development of the enterprise.

The integration of digital technologies into the strategic management system is not limited to automating individual processes or resources but also includes the development of strategic management models for the business, the use of intelligent technologies, and the adaptation of organizational structures to new "digital" demands. Digital transformation entails not only technical changes but also shifts in corporate governance. This is because for the effective implementation of digital strategies, there is also a need to change approaches to human resource management, labor organization in general, and interaction with consumers in the market. One of the threats facing enterprises in the context of digital transformation is the need to ensure data security and the protection of information systems. Strategies aimed at digital transformation must not only include technical solutions for automating business processes but also implement measures for data protection. Ensuring confidentiality and security of consumers in the context of digital commerce, as well as ensuring the digital resilience



of enterprises amid growing cyber threats, is also one of the areas of development for certain models within the strategic management system.

### **12.3. Models and tools of strategic management in the digital economy**

With the development of digital technologies, not only the process of strategic management is changing, but also the models and tools used to achieve the goals of enterprises. Digitalization of business requires the adaptation of traditional strategic approaches, including the development of technologies. Strategic management in the digital economy is the ability of enterprises to adapt strategies to technological changes. As Taran-Lala O. and Sukhoruk K. [2] point out, strategic management for enterprises undergoing digital transformation should be based on flexible and adaptive approaches that allow for a quick response to changes in the technological environment. To achieve this, it is important not only to implement new digital tools but also to consider their impact on the competitiveness of the enterprise, as well as on the organizational structure of the enterprise. Among the basic models of strategic management used in the digital economy, one can highlight the digital transformation model, which enterprises use to adapt to changes in technologies and market needs. It includes three main stages: the integration of digital technologies into business processes, their scaling, and continuous improvement. Each of these stages requires a clear strategy and the definition of goals that allow the enterprise not only to adapt to new conditions but also to use technological innovations to create competitive advantages. One of the concepts of strategic management during digital transformation is also the concept of the digital platform, which enables enterprises not only to automate their business processes but also to change their model by transitioning to new forms of interaction with other market participants. Furthermore, digital platforms help enterprises create new business models by focusing on innovative approaches and technologies. Tools of strategic management in the digital economy include big data and data analytics, which allow enterprises to conduct in-depth market analysis,



understand consumer preferences, and identify trends. The use of analytics enables enterprises to forecast future changes and improve the effectiveness of strategic decision-making. Modern technologies also allow for the automation of numerous processes at various stages of strategic planning, combining automation results to enhance decision-making speed and efficiency. Enterprises using data analytics can respond more quickly to changes in market conditions and optimize strategies based on the results obtained. Another important tool is artificial intelligence (AI), which can significantly improve strategic management processes. AI enables enterprises to create new business models, automate decision-making processes, and monitor and control the effectiveness of strategy implementation in real time. As emphasized by Panchuk A. and Malkova K. [3], artificial intelligence is capable of not only automating individual stages of strategic management but also providing a deeper understanding of the market, allowing enterprises to develop more accurate and effective strategies.

#### **12.4. The impact of digital transformation on the competitiveness of enterprises**

The changes occurring in the business environment due to digital transformation have a significant impact on the competitive strategies of enterprises. Enterprises that implement digital solutions are able to significantly increase flexibility, optimize internal business processes, allowing them to respond quickly to market changes. The ability to integrate new technologies into existing business models is also an important factor that determines the competitiveness of an enterprise in the context of digital transformation. Digital transformation allows enterprises not only to automate traditional processes but also to change the business model itself. According to Buhymyska K. and Zhelikhovska M. [4], enterprises capable of creating business models focused on technological innovations can significantly strengthen their competitiveness and ensure sustainable growth in the digital economy. As noted by Hrynko T. and others [7], strategic management in the digital economy should focus on leveraging technologies to create new business opportunities and ensure long-term



growth of the enterprise. The advantages of digital transformation include increased efficiency of business processes through automation and technology integration. Enterprises can reduce costs, shorten operation times, and improve customer service quality. This creates strong competitive advantages and strengthens market success factors by enabling quick responses to changes in demand and reducing production and service costs.

### **Summary and conclusions.**

Have been considered strategic management in the context of digital transformation as important for enterprises to remain competitive in a rapidly changing business environment. The integration of digital innovations into strategic management practice is necessary to enhance efficiency and competitiveness. Traditional models do not address the challenges arising from digitalization, thus enterprises must implement flexible, adaptive strategies, which is the prospect for further research.

Enterprises must incorporate digital tools into strategic models to respond to market changes and technological disruptions. Data analytics and artificial intelligence enable more informed decision-making, while digital platforms open new opportunities for business collaboration. Furthermore, when formulating strategies, it is essential to consider external factors such as economic and technological trends.

During the digital transformation, it is also important for enterprises to consider external factors when formulating strategies. Economic conditions, technological trends, and social changes play a decisive role in shaping the business environment. Enterprises that fail to take external market factors into account may find themselves unprepared for unforeseen challenges or miss existing market opportunities. Therefore, it is crucial for enterprises to carefully study these factors, analyze them, and integrate them into the strategic planning process so that their strategies are not only predictive but also align with the realities of the external market environment. The continuous integration of digital technologies into business practices is, given current development





trends, a fundamental basis for approaches to strategic management. This transformation is likely to continue with the emergence of new technological innovations and digital tools. As a result, the development of more adaptive, data-driven, and flexible strategic models will be necessary for enterprises seeking to maximize business performance in the digitalized market dimension. Despite its years of existence, digital transformation remains an important area for research and development in strategic management, with the potential to provide proposals and recommendations on business process orientation and reengineering in the context of technological digital changes.