

INTRODUCTION OF STRATEGIC MANAGEMENT TECHNOLOGY INTO THE EXISTING ORGANIZATIONAL AND ECONOMIC MECHANISM OF THE ENTERPRISE

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ABSTRACT

The article deals with the scientific question of the development of the existing organizational and economic mechanism of the enterprise based on the introduction of a set of strategic management tools. The structural design of the integral organizational and economic mechanism of the enterprise and the points of growth of its efficiency on the basis of strategic management technology are determined. The basic tools of effective organizational and economic mechanism of enterprise management are defined and characterized.

Keywords: Strategic Management, Strategic Tools, Strategic Objectives, Organizational and Economic Mechanism of Management, Transformation Economy.

JEL Classifications: M21

INTRODUCTION

Dynamic changes of the environment, its turbulence require constant development and improvement of the system of strategic management of the enterprise, development of new progressive methods and mechanisms that can reduce the impact of negative factors on the overall performance of the enterprise. In such circumstances, new requirements are set for the formation of an enterprise management mechanism on the basis of strategic management technologies, the effectiveness of which must be ensured both under the influence of improving the system of organization of commercial activity and the ability to adapt it to modern conditions of international business.

LITERATURE REVIEW

The issues of determining the nature and structure and strategic foundations of managing modern enterprises and companies are presented in the works of David & David (2013); Lynch (2006), at the same time, the factors of structuring and formation of organizational and economic mechanism of enterprise management are studied by such scientists as Glaister et al. (2008); Keller (2007); Preda (2013). This forms the scientific theoretical and research basis for consideration of strategic management issues for enterprises. The purpose of the article is to

study the possibility of introducing strategic management technology into the existing organizational and economic mechanism (Drobnyazko et al., 2019a & b).

METHODOLOGY

The management mechanism is the driving force of the management system, which provides an effective influence on the factors, the condition of which determines the result of the activity of a management object consisting of certain elements. Organizational and economic mechanism is interpreted as a system of formation of objectives and incentives allowing transforming in the process of work the movement (dynamics) of material and spiritual needs of members of society into the movement of means of production and its final results aimed at satisfying the effective demand of consumers.

Organizational and economic mechanism of enterprise management is considered as one of the main elements of the system of adaptation of business entities to the environment focused on finding and realizing the capabilities of enterprises that will ensure the sustainable development and survival of enterprises in the period of transformation economy (Markina et al., 2018).

RESULT AND DISCUSSION

Organizational and economic mechanism of enterprise management should be considered as a set of organizational and economic levers (each of which has its own forms of managerial influence) influencing the economic and organizational parameters of the enterprise management system, which contributes to the formation and strengthening of organizational and economic potential, gaining competitive advantages and the effectiveness of the enterprise as a whole (Figure 1).

In the structure of the organizational and economic mechanism there are three systems: support system, functional system and target system. The support system of organizational and economic mechanism consists of subsystems of legal, resource, regulatory and methodological, scientific, technical, information support of enterprise management (Johnson et al., 2008).

Organizational and economic mechanism of enterprise management includes the following basic functional subsystems: planning, organization, motivation, control and regulation.

The target system of the organizational and economic mechanism contains the objectives and main results of the enterprise activity, as well as the criteria for selecting and evaluating the achievement of certain objectives and results of the enterprise activity (Volberda et al., 2010).

To ensure competitiveness and consolidation in the market, an enterprise must constantly work towards ensuring effective management of the enterprise, which should be based on ensuring a dialectical combination of external and internal management effectiveness. External management effectiveness is characterized by the degree of achievement of objectives and the degree of implementation of plans of the enterprise activity. Internal effectiveness can be characterized by indicators of economic, financial, resource efficiency, as well as indicators that characterize the social, scientific, technical and environmental impact of enterprise management (Dibrell et al., 2007).

Therefore, management effectiveness is the ability of the organization to ensure the profitability and duration of successful activity and development of the enterprise based on the

selection and implementation of optimal strategies, which should provide not only a certain effect, result, but also the adaptability and flexibility of the management system, competitiveness of the enterprise as a whole (Makedon et al., 2019).

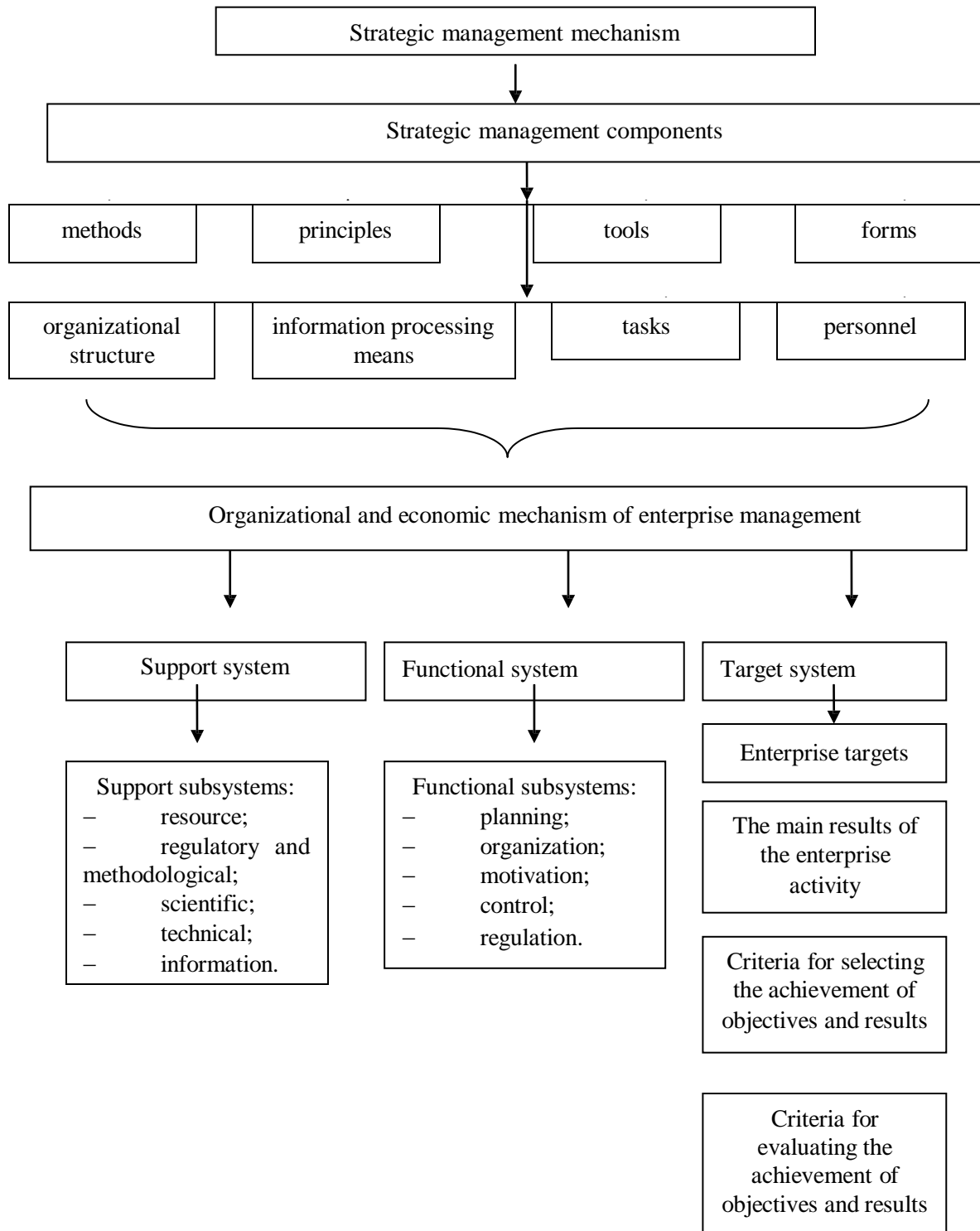


FIGURE 1
IMPLEMENTATION OF STRATEGIC MANAGEMENT TECHNOLOGY IN THE ORGANIZATIONAL AND ECONOMIC MECHANISM OF THE ENTERPRISE

Accordingly, to form a mechanism of effective enterprise management, we propose to identify the following basic tools: economic, organizational, socio-psychological, technical and technological, marketing, environmental, legal, and use indicators allowing evaluation of each tool (Table 1).

TABLE 1 BASIC TOOLS FOR STRATEGIC MANAGEMENT TO INCREASE THE EFFECTIVENESS OF THE ORGANIZATION AND ECONOMIC MECHANISM OF THE ENTERPRISE			
No	Tools	Characteristic	Indicators
1	economic	<ul style="list-style-type: none"> – financial stabilization of the enterprise; – well-informed choice of sources of financing costs for production preparation and output of products; – increasing the level of labor productivity; – availability of spare funds for assimilation of new products; – Reducing the payback period of capital investments. 	<ul style="list-style-type: none"> – Coefficient of rhythmical production; <ul style="list-style-type: none"> – Labor productivity; – Production profitability, %; – Margin of financial firmness.
2	organizational	<ul style="list-style-type: none"> – improving organization of production process, level of flexibility of production; – development of standby capacity; – Availability of all kinds of resources. 	<ul style="list-style-type: none"> – The level of automated production management system; – The effectiveness of decision-making;
3	socio-psychological	<ul style="list-style-type: none"> – skill improvement of employees of an enterprise; <ul style="list-style-type: none"> – professional staffing of units; – personnel motivation; – collective decision-making; – age and gender structure of production teams; – adjustment of the psychological climate in a team; – Improvement of moral and material incentives for employees (labor motivation). 	<ul style="list-style-type: none"> – Turnover rate of personnel; – Loyalty rate of personnel; – The growth rate of effective incentive payment systems, %; – The level of provision of employees with a social package.
4	Technical and technological	<ul style="list-style-type: none"> – increasing the level of progressiveness of the equipment used; – mechanization and automation of production; – increasing the level of technological progressiveness; 	<ul style="list-style-type: none"> – Return on investment, %; – The level of investment activity, %; – The share of enterprise costs for innovation and informatization in investments.
5	Marketing	<ul style="list-style-type: none"> – research of demand for manufactured products; – organization of search for new markets, promotion of goods in the selected market segment; <ul style="list-style-type: none"> – effective enterprise advertising policy; – rational organization of enterprise pricing policy; <ul style="list-style-type: none"> – Providing maintenance services. 	<ul style="list-style-type: none"> – Sales coefficient of commodity products; – Market development rate growth, %; <ul style="list-style-type: none"> – Growth rate of sales, %; – Growth rate of commodity output, %; – Profit on business per 1 euro of profit.

Organizational and economic mechanism of effective management of the enterprise is determined not only by factors of the external environment of the enterprise, first of all effectiveness depends on the actions of the personnel in the process of organization activity, implementation of the developed plans and programs of enterprise development, achieving certain objectives (Pathak, 2005). That is, management effectiveness depends on the adequacy of the selected strategies to the objectives of the company, the optimality of the processes of

strategy implementation, staff motivation to achieve objectives, staff skills, technology and management style.

RECOMMENDATIONS

To ensure competitiveness and consolidate its position in market, the company must constantly work towards the introduction of strategic management technology in the existing organizational and economic mechanism, in the future this will ensure effective long-term management of the enterprise and will allow taking into account the external and internal environment factors in a prompt and quality manner. The organizational and economic mechanism itself has to become a leader in the adaptation of the enterprise to the external environment. It forms the potential of finding and realizing the business opportunities of the enterprise, which will provide for it a sustainable development during the periods of transformation in the economy.

CONCLUSION

It was determined that when forming the effective management mechanism it is advisable to introduce strategic management technology, which should include the following tools: economic, organizational, socio-psychological, technical and technological, marketing, and use indicators allowing evaluation of each tool. The above tools are the fundamental basis for ensuring effective management of the enterprise, and the formation of organizational and economic mechanism should be aimed at improving its prospective strategic stability. The scientific novelty of the obtained results consists in the complex development of scientific and theoretical substantiation and practical approaches to the formation of organizational and economic mechanism of enterprise management in market conditions.

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