SECTION 9. MANAGEMENT

9.1 Tactics and strategy as fundamental fundamentals of the enterprise

The concept of strategy is a fundamental basis in the theory of management and strategic management, because it is a mechanism that combines the goals, capabilities and external environment of the enterprise. The strategy identifies and develops the means or actions by which the entity is able to translate its intentions into market advantages, while interacting with all environmental factors, because without it its effective adaptation to strategic change is impossible, given the uncertainty and variability of the environment. Also, the situation may be aggravated by the fact that within the enterprise there is inconsistency of processes and do not meet market requirements for business management. For a comprehensive consideration of the topic, it is necessary to scientifically substantiate the issues of strategy in the enterprise.

We will analyze the content of the strategy in the professional and scientific literature. Currently, there are many interpretations of the definition of strategy in the enterprise. The concept of enterprise strategy was first used in the 1950s, and 30 years later this definition has become an integral part of the business entity. The classic approach to defining a strategy is to identify it with a means of achieving the goals of the enterprise, ie the strategy is a fundamental basis for defining goals in the enterprise and developing ways to achieve them. Scientist A. Chandler defined strategy as the definition of the main purpose and long-term goals of the enterprise, the development of a plan of action and the rational use of resources necessary for their implementation. He identified rational action planning as a key factor in developing and choosing a strategy. B. Karloff explains the definition of strategy as a generalized model of actions that are necessary to achieve the established benchmarks through the allocation of resources of economic entities. Mr. Quinn agreed with his colleagues that the essence of the strategy is a system of actions that integrates the main, selected by the company, tasks, policies and actions that can be combined into a single whole. But I. Ansof already used the concept of strategic management to determine the essence of strategy and explains this concept as a list of rules for decision-making in order to ensure effective and rapid growth and development of the enterprise. He identified 4 groups of rules for deciding on the behavior of the organization, these are: the rules for establishing relations between the company and the external environment; rules for establishing relationships and processes in the internal environment, rules for conducting daily affairs and means of measuring the results of modern enterprise activities. In his writings, M. Porter used the idea of a value chain and considered strategy as an analysis of internal processes and interactions between different components of the organization in order to determine how and where value is added. The main feature of this approach is the definition of strategy, its comprehensive nature, as the rules provide for solving problems in both external and internal environment of the enterprise. Mr. Drucker argues that each company has its own strategy theory, ie assumptions that serve as a fundamental basis for creating and managing strategies in the organization. But this requires components such as: assumptions about the environment in which the entity operates (mission and key competencies must be realistic); assumptions in all areas must correspond to each other; business theory should be known to the employees of the enterprise and should be subjected to regular testing. Researchers such as J. Johnson and K. Scholes define strategy as a specific direction and sequence of actions in the long run, which, ideally, brings the state of resources in line with the changing environment so that the company meets the expectations of shareholders. Thus, the difficulty of forming a development strategy is that with different theoretical and methodological approaches, this process is considered from a specific position, namely from the standpoint of strategy formation as a process of understanding, formal process, analytical, predictable and mental processes, and include collective, reactive and transformational processes.

The object of study is the phenomenon of strategy and tactics as an important component of any enterprise. The subject of the study are the main features of strategy and tactics in the enterprise and the factors that have a direct and indirect impact on them. To effectively solve the tasks identified in the study, modern and general scientific methods were used: a systematic approach to theoretically clarify the essence of the concept of strategy and tactics of the enterprise environment; deductions and inductions, which were used for in-depth analysis of the subject of research; analysis and synthesis; graphic and tabular methods to illustrate the results of the study and the method of generalization - to summarize the work.

Each company is an open system and with its own strategy and developed tactics. The activities of any enterprise are influenced by the subjects of market relations, certain external factors and, in general, the chosen strategies and tactics of the organization. They are sources of new opportunities, and at the same time, serve as threats, they need to know, be able to predict the pace of development, constantly study these factors. To achieve its goals, the company must be able to rationally implement development strategies. The concept of strategy is a more global meaning, it can be called a specific goal that the company is trying to achieve. Tactics have a narrower meaning - in fact, a set of consistent and effective actions to implement the strategy. Due attention should be paid to the study of this issue, as it determines the level of certainty in which management decisions are made. In general, the strategy can be explained as a systematic plan of potential behavior in the absence of information about future development of the environment and enterprise, including long-term goals, goals, and finding ways and rules of decision-making for the most favorable and effective use of strategic resources and opportunities, as well as eliminating weaknesses and protecting against threats to the environment for future financial profitability. We can conclude that the need for enterprises to develop a strategy is due to market instability and incomplete information about the future state of the enterprise and the direct impact of various factors on it. Under such conditions the strategic context in activity of the enterprise which is carried out in two directions is considered: - current operating activities, which are aimed at current profitability; - strategic activities aimed at future profitability. The construction of modern strategic management in enterprises involves, first of all, the orientation of producers to the

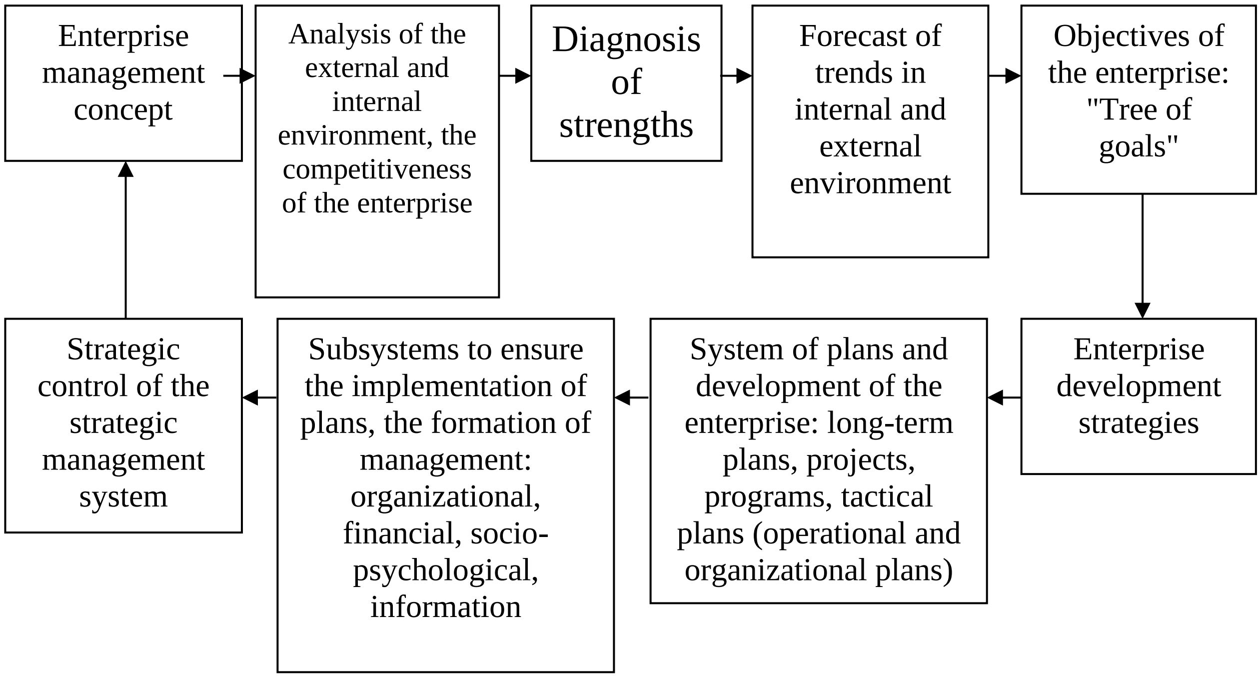

Figure 1 - Conceptual scheme of strategic enterprise management

market, and not just the need to comply with the technological process of production.

The essence of modern strategic management is a clear focus of the developed plan on market needs and consideration of the market as the main factor of the external environment on which the future of the enterprise depends. Strategic management can be defined as the management of an organization based on human potential, as the basis of the organization, focuses production activities on customer demand. The urgency of using strategic management in enterprises as the main tool for determining the main course of the enterprise depending on the external environment, is determined by the need for constant monitoring of objectives, adherence to the chosen general strategy, functional strategies of the enterprise, constant updating and monitoring. An important component of strategic management is strategy. In a simple sense, strategy is a plan of action for the future. However, this plan is not just a recalculation of possible production processes, but also an algorithm that must be acted upon to maintain the growth of the enterprise or decide on a way out of crisis situations. The strategy determines the behavior of the enterprise and the direction of its development. In business life, strategy is understood as a general concept of achieving the goal of the organization, solving problems and allocating the necessary limited resources. This concept contains several elements. First of all, they include a system of goals that covers the mission. The second element of the strategy is the priority areas of distribution of available resources. Resources can be directed to solve the most important, pressing problems, divided in proportion to needs, and ideally - to allocate resources in full accordance with the needs of the unit or equally, if they are close in size and engaged in similar activities. Strategy is a concept of an integrated approach to the enterprise and is a combination (compliance) of resources and skills of the organization, on the one hand, and opportunities and risks arising from the environment, on the other hand, current and future, in which the organization hopes to achieve its main goal.

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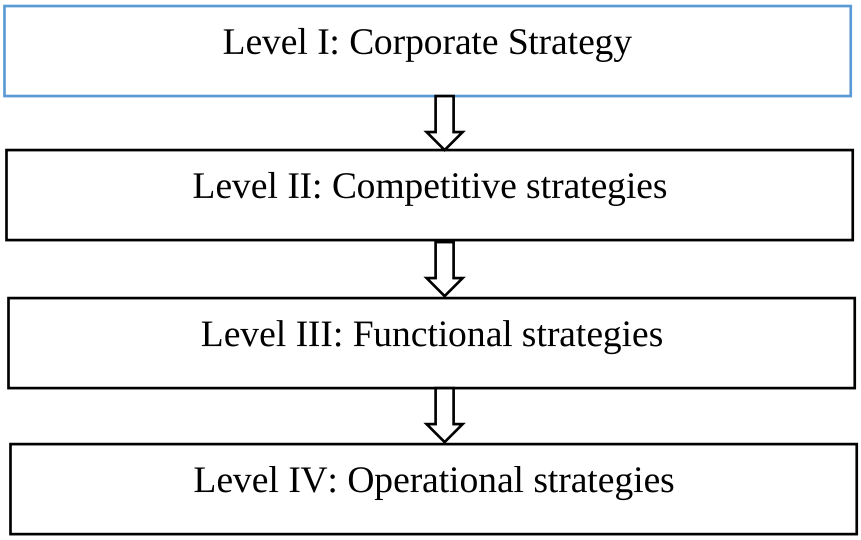

Figure 2 - Hierarchical structure of diversified enterprise strategies

The highest level is the corporate strategy, which determines the general direction of the enterprise. This is the main strategy that serves to increase the profitability of the enterprise, or stabilize or reduce its activities.

The next level is competitive strategies, which are subordinated to the highest level, ie corporate. Their main task is to highlight ways to achieve the chosen direction of the company and gain long-term competitive position in the market. These strategies are also called business strategies or competitiveness.

Functional strategies are defined as models that are developed for each functional unit of the enterprise. These include: production strategy, financial strategy, marketing strategy, personnel management strategy and others. In general, it can be argued that these strategies specify and bring competitive and corporate strategies to the functional units of the enterprise, as well as have no effect on them.

The last level is operational strategies, which are narrow-profile for the main divisions of the enterprise and not independent, ie these are the strategies used in the shop, subordinate plant, in teams and so on. The implementation of the company's strategy is reflected in the established tactics, which are being developed for the near future. The issue of strategy development has been widely discussed in the scientific literature, but the situation with tactics is worse. In general, there are two main approaches to defining the concept of "tactics". On the one hand, tactics are understood as current plans for the implementation of strategies, on the other hand - a set of methods, techniques and means to achieve goals in specific conditions, ie how strategies are implemented, with which methods they are implemented. These approaches are important and integral elements when considering tactics. It is necessary to distinguish between strategy and tactics at different levels of enterprise management. For example, what looks like tactics to the top management of a company may seem like a strategy to the head of the finance department, as the success of the department will depend on these actions.

Tactical decisions are made at all levels. An important role is played by the differences that exist between the tactics and strategy of the enterprise: - strategy is more global and deals with more important issues, and tactics - details; - strategy determines the general direction of enterprise development, and tactics distribute the actions necessary to achieve goals and implement strategies; - the strategy of the enterprise is conceptual, and tactical measures for its implementation - organizational; - strategy reflects the achievement of enterprise goals, and tactics show the use of enterprise forces, its potential in the implementation of strategies. According to most researchers, the relationship between the company and its external environment is the main characteristic of the strategy. Defining and forming a strategy includes interpreting the environment and developing organizational decision models. We agree with the opinion of researchers on the concept of enterprise strategy, we want to add that the strategy is a product of strategic management, which aims to optimize the activities of the enterprise with maximum consideration of the external environment.

The very concept of "strategy" has a large number of meanings. The strategy is a general comprehensive program of action that identifies priority issues for the company, its mission, main goals and allocation of resources to achieve them. The strategy forms the goals and the main ways to achieve them in such a way that the company has a common (one that unites all departments) direction of work. Therefore, in the process of strategic planning in commercial enterprises, it should be borne in mind that economic strategy is key in shaping the objectives of the enterprise. Economic strategy is a holistic system of actions of the subject aimed at achieving the goals, objectives and priorities of its economic reproduction, taking into account the complex of influences of endogenous and exogenous factors, designed for a long period. Strategies are tools for achieving goals in strategic management. Therefore, for the successful implementation of the chosen strategic set, it is necessary that the company operates in accordance with the chosen management concept. The strategy is the basis of the corporate culture of the enterprise, which is aimed not only at achieving certain goals, but also maintaining the management structure, production and social ties in the enterprise, which are determined by the achievement of strategic goals of the enterprise see Figure 3.

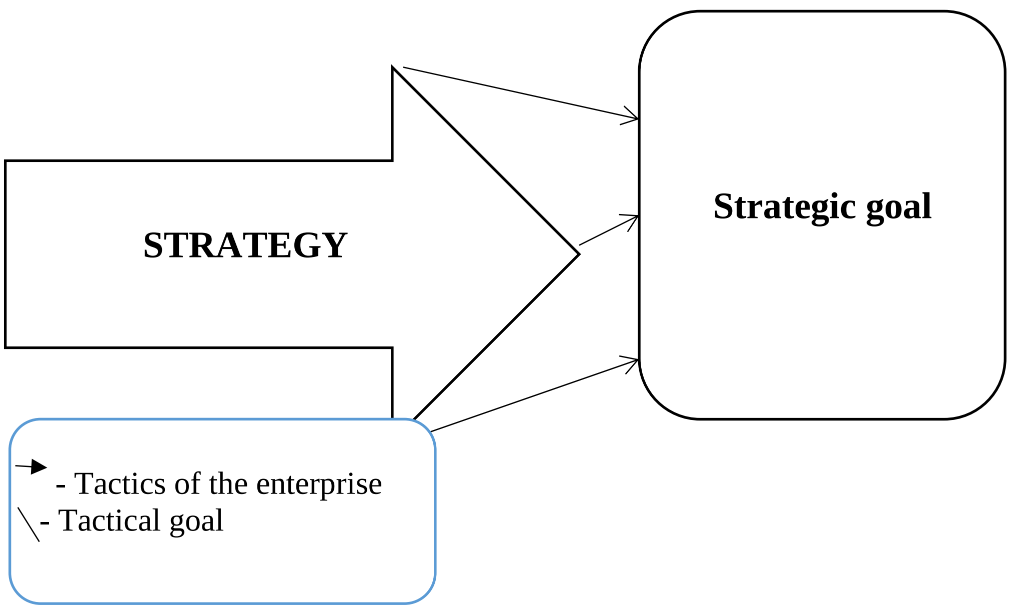

Figure 1.3. Dependence of tactics and strategy of the enterprise

Thus, tactics are a set of short-term actions, practical methods and techniques of management used to implement enterprise strategies. That is, it can be argued that tactics are defined as the means and methods of implementing enterprise strategies, the implementation of which leads to the goals, in general, this relationship can be represented by the scheme. The main properties of tactics can be identified: - short-term nature - the action is planned for the short term, but their results can be felt in the planning period; - relativity - functional level strategies are tactics in relation to higher level strategies; - practical orientation - tactics aimed at achieving real results; - adaptability of methods and techniques of management - the means by which the strategy of the enterprise is realized; - reactivity - tracking changes in the environment of its activities. Thus, strategy is more global than tactics. The classic definition of modern strategy is its understanding as a certain direction of action aimed at effective and rapid development of the enterprise in terms of profitability and competitive advantage. Quite important attention is paid to such features of the strategy as: duration of action, reactions to unforeseen events, the company's unique position in the market of goods and services and priority areas of resource use. And tactics serve all those with which the company's strategy is implemented. Tactics are developed by middle managers based on the chosen strategy of the enterprise. A strategic plan only makes sense when it is successful. As is already known, managers develop short-term goals and based on them current plans, which are called enterprise tactics. Tactics are characterized by the following factors about the development: - tactics are developed on the basis of the chosen strategy of the enterprise; - if the strategy is developed at the highest level of the enterprise, the tactics are formed at the middle level; - tactics are designed for the short term, and strategy for the long term. The strategy of the enterprise is the process of forming a general promising direction of development of the organization on the basis of defined goals. Modern approaches to strategy development are based on certain principles: 1. Focus on long-term global goals of the enterprise as an economic system and the economic interests of its owners; 2. Variety of options for possible directions of development, which is due to the dynamic activities of the external environment; 3. Continuity of strategy development, constant adaptation to changes that occur both in the internal and external environment of the enterprise; 4. Complexity of strategy development, coherence of strategic decisions in certain areas of the enterprise, types of resources, functions, etc. Before starting to develop tactics and strategies, the company needs to determine the goal, ie the goal it seeks to achieve. The goal contributes to the main function of the enterprise, which is expressed in its mission. This goal should clearly define the future position of the company on such aspects as: - ensuring the liquidity of the financial enterprise; - ensuring that the owners receive high profits in maintaining the profitability of the organization; - guaranteeing labor safety and development of the company's staff. Each entity has not a single goal, but a system of goals that it seeks to achieve and is determined by its position in the internal potential of the enterprise and its external environment. In the modern system of strategy and tactics, the main areas of activity are identified, within which each business unit tries to determine the main directions of setting the goals of the enterprise, they include: - level of productivity; - the company's position in the market of goods and services; - profit of the enterprise; - financial stability; - work with potential clients; - management; - modern innovation activity; - high qualification of the staff; - the needs and well-being of their own team; - social responsibility. Then there are certain stages of modern strategy and tactics in the enterprise, they are consistent and interrelated: Stage 1 is the awareness of the main task of the enterprise. That is, finding out the main purpose of the establishment and operation of the enterprise. Stage 2 - study and coverage of the main details of the external environment and determine the level of impact on the enterprise. Stage 3 is to analyze the strengths and weaknesses of the enterprise, by assessing: the effectiveness of the business entity, competitiveness in the market of goods and services, as well as determining the competitive status. Stage 4 forms a system of strategic goals of enterprise development. This process consists of two interrelated stages of work: - quality and effective goal setting; - clarification, harmonization and quantitative