

UDC [65.01+338.432]

I. Boryshkevych

postgraduate student of the Department
of Accounting and Auditing
of the Vasyl Stefanyk Precarpathian
National University, Ivano-Frankivsk

STRATEGIC MANAGEMENT AT AGRICULTURAL ENTERPRISES AS AN ESSENTIAL TOOL ON THE WAY TO EUROPEAN INTEGRATION

The facts that agricultural production is aimed at the long-run efficiency and the strategic management is properly organized are the keys to business success. In other words, strategic management is an essential condition for the development of agricultural enterprises. The article analyzes the existing approaches to define the essence of the concept «strategic management». Having studied the main sources, the author has investigated the strategic management as one of the factors of effective agricultural enterprises under the current economic conditions. The interpretation of the term «strategic management» as well as a new approach to understanding it have been offered. The model of strategic management cycle in a shape of a pyramid has been created. The gained results of the research suppose the ground for explaining the further necessity for the formation of strategic management. This ensures the effective achievement of the goals and formed mission.

Keywords: stage, approach, agricultural enterprise, strategic management, strategy.

Боришкевич І. І. СТРАТЕГІЧНЕ УПРАВЛІННЯ НА СІЛЬСЬКОГОСПОДАРСЬКИХ ПІДПРИЄМСТВАХ ЯК НЕВІД'ЄМНИЙ ІНСТРУМЕНТ НА ШЛЯХУ ДО ЄВРОІНТЕГРАЦІЇ

Спрямованість виробників сільськогосподарської продукції на ефективність у довгостроковому періоді та правильно організоване стратегічне управління є запорукою успіху бізнесу. Інакше кажучи, стратегічне управління є невід'ємною умовою розвитку сільськогосподарського підприємства. У статті проаналізовано існуючі підходи до визначення сутності поняття «стратегічне управління». На основі опрацьованих джерел досліджено стратегічне управління як один із факторів ефективної роботи сільськогосподарських підприємств в сучасних умовах господарювання. Запропоновано інтерпретацію терміну «стратегічне управління», а також новий підхід до його розуміння. Побудовано авторську модель циклу стратегічного управління у вигляді піраміди. Отримані результати дослідження формують підґрунтя щодо подальшого обґрунтування необхідності формування стратегічного управління, яке забезпечує ефективне досягнення поставлених цілей та сформованої місії.

Ключові слова: етап, підхід, сільськогосподарське підприємство, стратегічне управління, стратегія.

Under conditions of European integration processes in Ukraine, an important tasks of agricultural enterprises are efficient adaptation of business in this sector with the requirements of the reformed Common Agricultural Policy of the European Union. The main factor in the development of the economy and individual businesses is the properly prepared plan for the agricultural enterprises management. The clearly defined strategic actions provide strategic leadership on the market. The probability of obtaining positive results depends on timely and comprehensive actions of the company management. Designated management system is a strategic direction that ensures the implementation of enterprise strategy, namely they reach the mission and strategic goals.

The agricultural sector in Ukraine using modern methods of strategic management, has to achieve such level of socio-economic development that meets the main European and international requirements. At the same time, using the results of joint work gained from integration processes will guarantee the best economic benefits in the agricultural sector.

Strategic management on farms is a very complex mechanism, since it is known that there is a relationship management system on the stage of the life cycle of the company. Therefore, Ukrainian farmers, based on the entire volatility and uncertainty of the business environment need much attention to the evolution of inside strategic management. An important contribution to the development and the development of theoretical and applied fundamentals

of management, including strategic was made by the following Ukrainian and foreign scientists: M. Albert, M. Meskon, F. Hedouri [1], Z. Buryk [2], O. Vihanskyy [3], A. Voronkova [4], R. Grant [5], T. Mulyar [6], M. Nebava, O. Ratushnyak [7], V. Sladkevych [8], Z. Shershneva [9], V. Yakubiv [10], Y. Yanyshyn [11], I. Yatsiv [12] and others. However, the problems of strategic management in agricultural enterprises under modern conditions require further study, taking into account the rapid market environment for economic subjects. Therefore, the research within this theme is very relevant.

The article is aimed at the a theoretical study of the essence of strategic management by examining different approaches to the term, defining the characteristics within each approach, as well as research and study of the life cycle stages of strategic management.

Developing the most effective and deliberate strategy is an essential condition for achieving long-term goals now. In the modern system of management of strategic economic objectives of the enterprise is not only satisfying the interests of the owners of capital, but also consumers. According to R. Grant: «Profit for business is the same as breathing for life. Without the breath of life is impossible, but it is not the ultimate goal. Profit is important for the corporation, but not a way of existence» [5].

As Y. Yanyshyn says: «The root cause of prosperity, or vice versa, decline of the state in general and in particu-

lar of each organization are, respectively, skillful or inept management» [11]. This means that the success of the enterprise at the consumers' market and its profits depends on how proper and correct the strategic management is.

The term «strategic management» was put into use on the verge of 60-70's. XX century to emphasize the difference between the current management at the level of production and control that was performed at the highest level to predict the future [2]. From that moment a direction of management, whose main objective is to prevent making «myopic» management decisions and ensure the strategic objectives of the company began to develop.

Subdivision of management into operational and strategic ones enabled managers to define the right and clear objectives for each stage of the company, giving the time to implement them. Understanding this classification clearly illustrates the definition of Karl von Clausewitz: «The best strategy is always to be strong; first in general, then – in the defining things» [13].

In order to better understand the term «strategic management» it is necessary to consider the genesis of this concept, based on different interpretations of scholars.

Z. Shershneva treats strategic management «as the process that helps managers to provide long-term management of the organization, define specific goals, develop strategies to achieve these objectives, taking into account all relevant (most significant) external and internal conditions, and ensure the fulfilment of the relevant developed plans that are constantly evolving and changing» [9].

According to M. Nebava and O. Ratushniak «strategic management is the realization of the concept, which combines targeted and integrated approach to the organization, which makes it possible to set development goals, compare them with the available capacity (potential) of the organization and lead them into compliance through the development and implementation of strategies («strategic set») [7].

The Russian scientist A. Vihanskyy proposes to consider the strategic management «as a dynamic set of five interrelated management processes: analysis of business environment; definition of the mission and goals; selection strategy; implementation strategies; evaluation and control» [3].

M. Meskon, M. Albert and F. Hedouri believe that the strategic management has to consist of nine stages: selecting mission; formulation of objectives; business environmental analysis; administrative examination of internal strengths and weaknesses; analysis of strategic alternatives; selection strategy; implementation strategies; management and planning, implementation of the strategic plan and monitoring the implementation; evaluation strategy [1]. We absolutely agree with the scientists, because the consistent implementation of these nine steps ensure the success of the enterprise market and achieve positive results in its work, including the ultimate goal of its existence.

According to economic dictionary, «strategic management is preparing and implementing general, the main program aimed at achieving the goal in any field of activity. Strategic management provides methods and forms of planning and preparation and methods of administrative influence on facility management to achieve this goal» [14].

Having studied the theoretical foundations of strategic management, we can offer the following definition for strategic management. Strategic management is a set

of high-quality, innovative solutions, including the mechanism of formation, implementation of strategies based on the introduction of new innovative techniques and technologies, analysis of external and internal environment, identifying strengths and weaknesses of the enterprise through the use of such methods of analysis as SWOT- analysis, ETOP-analysis, SPACE-analysis matrix GE / McKinsey and Shell / DPM, monitoring and evaluation of implemented strategies and the use of innovative approaches in quality management staff («Total Quality Management»), aimed at creating and maintaining competitive advantages, which ultimately achieve the mission of the enterprise and the long-term goals.

The proposed definition, different from all previous ones, comprehensively and systematically describes the process of strategic management under modern conditions, using innovative technologies and innovative techniques to manage.

Despite the various definitions of strategic management in the scientific literature, several approaches to understanding it have been highlighted (Table 1). Proponents of each approach interpretive the essence and meaning of strategic management in different ways.

After analyzing all these approaches it is advisable to offer another new approach – architectural. In our opinion, the original ideas of this approach should be the following:

1) strategy developers made their own ideas, and then they made the final selection. Such ideas are imported in tables and «sketches» that reflect the strategy of the company and are mathematically calculated. That means that the strategy formation process is quite complex and should be calculated;

2) strategy development should be based on the use of various tools of strategic analysis: ETOP-analysis (analysis of threats to the external environment and profile capabilities), SWOT-analysis (strengths, weaknesses, opportunities and threats), SPACE-analysis (evaluation of the strategic position and actions) matrix GE / McKinsey (matrix «attractive industry / position in the competition»), the matrix Shell / DPM (directional policy matrix), PIMS-analysis (analysis of the impact of market strategy for profit), etc;

3) the main executives in the development strategy are enterprise analytics unified in a specialized service. Company executives and managers control and regulate the service, and control the execution of the strategy;

4) the process of creating strategies involves the external experts and organizations in order to avoid subjectivity in making decisions;

5) an important and integral part of the architectural approach is to conduct training and vocational training, that improve and provide knowledge of workers and increase production capacity in the future;

6) implementation of the strategy should be carried out with the use of innovative approaches and advanced solutions and possible use of new technologies. According to I. Yatsiv: «Improvement of technological and organizational measures are essential for local farms, most of which show a relatively low operational and financial results of operation». [12] Therefore, such element of this approach is vital for agricultural enterprises under modern conditions.

Thus, the mechanical approach, different from the others, allows to predict effectively the future state of the company, using all possible tools for prediction and creating different combinations of the possible chain of events.

Approaches to determine the nature and content of the strategic management

Approach name	Representatives	Approach key statements
<i>Design</i>	P. Selznick, A. Uandler, K. Andrews	Strategy development is an attempt to achieve consistency between the performance capabilities of the organization and its external environment.
<i>Formal</i>	I. Ansoff, J. Steiner, P. Wack, M. Gould, E. Campbell	Strategy creation is a relatively isolated systematic process of formal planning.
<i>Analytical</i>	M. Porter, D. Shendell, C. Hatten	The process of forming a strategy – a selection of key strategic position of the company, based on analytical calculations, depending on the branch structure of the market.
<i>Entrepreneurial</i>	Y. Schumpeter, A. Cole, D. Collins, D. Moore	The formation of strategies based on life experience, intuition and vision of the entrepreneur – manager.
<i>Educational</i>	Ch. Lindblom, J. Quinn, G. Hemel, K. Prahalad, C. Adzhiris	In today's complex and dynamic environment one should not stick to the designed strategy; it should be developed gradually, with the development of the organization.
<i>Political</i>	G. Allison, J. Pfeffer, H. Salansik, V. Astley	Strategy development is the process of struggle for influence in the organization and the industry market.
<i>Transformation</i>	A. Chandler, H. Mintzberg, D. Miller, R. Miles, K. Smou	Strategic management is reduced to an appropriate response to changes in the external environment by means of transforming the organization.
<i>*Architectural</i>	Author's approach	Strategy development is a «creative activity», an attempt to predict the future by designing possible «sketches» of future state of the enterprise, development of technological process in the form of tables, the design of the company's activity.

Generalized and improved by the author on the base of [8].

Having analyzed the above statement of scientists, according to whom the strategic management consists of coherent and integral stages, let us present our own vision of strategic management of agro-cycle (Fig. 1). Accordingly, executives, managers and specialized service businesses manage each of these stages. We called the combination of these steps the pyramid of strategic management on farms as consistent implementation of each stage achieves the mission of the enterprise, which is the base of the pyramid and is the purpose of existence of the company.

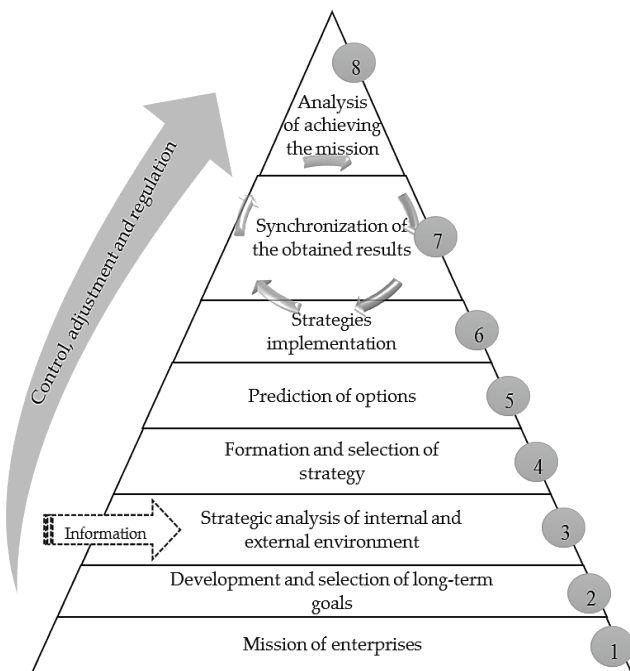


Fig. 1. Pyramid of strategic management in agribusiness

Authors' elaboration.

Originally, the task of strategic management in this model is the determination of the mission of the company. The mission of the company is the main purpose of the enterprise activity, which can be corrected in subsequent stages of management, that is, during the life cycle of the company. In addition, the mission should provide a picture of what the company wants to be in the future and what production it wants to offer its consumers.

The purposes of defining the mission of the enterprise are:

- 1) the target orientation in the enterprise;
- 2) defining the long-term direction;
- 3) the ability to decide where we are now, what we are doing and where we are going to?

The mission of the enterprise should reflect:

- 1) objectives of the enterprise in terms of its basic services or products, its major markets and key technologies;
- 2) the environment around the company;
- 3) the culture of the organization, what type of working climate exists within the enterprise, what type of people does this climate attract? [6].

The next stage of strategic management is to establish long-term goals of the company. Goals should be clear, determined in terms and they should be measured quantitatively. For example, if the long-term aim is to capture a new market segment, you need to determine what resources it needs and how much and in what time this goal will be achieved. Only in this case, the planned long-term goal will be the most effective and successfully reached in the future.

In general, setting goals involves four compulsory stages:

- 1) to identify and analyze trends, that can be observed in the environment;
- 2) establishing the general purpose of the enterprise;
- 3) building a hierarchy of objectives («objectives tree»);
- 4) establishment of individual goals and objectives as a tool for ensuring their implementation [6].

The next step is to analyze the internal and external environment. The best tool for this is a SWOT-analysis. This

analysis is performed in order to identify and eliminate the weak points of the enterprise, increase production capacity, using all available opportunities and avoid threats to the existing environment.

After a SWOT-analysis of the company, we can get relevant information about existing weaknesses, ways to avoid possible threats of industrial and financial activity, identify internal capabilities, capacities and resources of the enterprise and the impact of environmental factors, their strength, scale and significance. This information should be used while evaluating and selecting strategic areas of management and development of strategies of a particular company [4].

So we came to the comparison of strategic activities and choice of basic strategy. Basic strategy should be chosen taking into account many factors – economic sector, the nature of the objectives of the internal structure and so on. To study the basic strategies one should use tools for matrix analysis indicating the placement of local companies concerning major products, major markets, competitors and others. Further, competitive strategy should be formed. Based on the chosen competitive strategy we can form functional business strategy: innovation, production, marketing, social, organizational and financial [6].

Having formed and chosen the strategies it is necessary to predict the parameters of the company. The prediction is performed to:

- 1) assess the social, economic, scientific, technical and environmental effects of each of the options of the company;
- 2) determine the content of measures to implement the existing business opportunities and reducing possible threats;
- 3) assess of required resources: labour, financial, material and time required for implementation of the chosen strategy.

The predicted future makes it possible to prepare both the positive and negative trends, maximize profits and minimize losses.

After selecting the strategies and prediction of parameters, proceed directly to implementation of strategies. The implementation of the chosen strategy provides management activity that is aimed to achieve long-term goals, modernization of production, personnel training, improvement of working conditions, the development of innovation, investment and so on.

The next step is to synchronize the strategic management of the results. This step is performed in order to compile data that are the results of the realized strategy.

The final stage is the analysis of strategic management in achieving the mission of the company. This process is to evaluate the results and determine the level of achievement of the mission, that is, if the mission or businesses was achieved fully or partially.

Control, adjustment and regulation are carried out at all stages of the strategic cycle. Important indicators of strategic control should be timeliness and accuracy of data that adequately reflect the state-controlled processes. The company's management should also regulate activities that make appropriate adjustments to the strategic plan as needed. Control and regulation are very important for the company as improperly organized and uncontrolled work can cause great harm to the company and lose the success in achieving the mission of the company.

Today's managers have to carefully analyze all factors of external and internal environment for timely changes to the chosen course of business. Using the integrated ap-

proach to strategic management, which involves performing each of these stages, the implementation of the strategy will be successful and effective. According to T. Mulyar: «The task of implementing the strategy is to ensure the creation of strategic potential for success on the one hand and turning it into a strategic success factors – on the other» [6]. Accordingly, transformation of the strategic potential of the success into strategic factors is the main task of strategic management.

The article analyzes different perspectives and approaches to understanding the essence of the concept of «strategic management» offering the author's own interpretation of the term and a new approach to understanding. It is established that under conditions of creating the high-level strategic management of the company, following each stage of the proposed management model, the implementation of the strategy will be successful and effective. It is known, that the strategy is necessary for any company that claims to success. As a result, Ukrainian agricultural enterprises can achieve European standards of functioning of the agricultural sector and firmly fix the vector in the direction to European integration. Therefore, managers and businesses need to form new thinking and use new approaches to develop and implement business strategies, that are basic for strategic management.

Список використаних джерел

1. Мескон М. Х. Основы менеджмента / М. Х. Мескон, М. Альберт, Ф. Хедоури; пер. с англ. – М. : Дело, 1992. – 702 с.
2. Бурик З. М. Генеза понятійно-категоріального апарату стратегічного управління / З. М. Бурик // Публічне адміністрування: теорія та практика. – 2014. – Вип. 1. [Електронний ресурс]. – Режим доступу: http://nbuv.gov.ua/UJRN/Patp_2014_1_2
3. Виханский О. С. Стратегическое управление: учебноеиздание / О. С. Виханский. – М.: Гардарики, 1999. – 296 с.
4. Воронкова А. А. Обґрунтування стратегії розвитку аграрних підприємств в сучасних умовах господарювання / А. А. Воронкова, А. В. Воронкова // Вісник Харківського національного технічного університету сільського господарства: Економічні науки. – 2013. – № 137. – С. 75-81.
5. Грант Р. М. Современный стратегический анализ. 5-е изд. / Р. М. Грант; пер. с англ. под ред. В. Н. Фунтова. – СПб. : Питер, 2008. – 560 с.
6. Муляр Т. С. Формування і реалізація стратегії підприємств / Т. С. Муляр // Збірник наукових праць Таврійського державного агротехнологічного університету (економічні науки). – 2013. – № 2(6). – С. 289-300.
7. Небава М. І. Менеджмент організацій і адміністрування. Частина 1: навчальний посібник / М. І. Небава, О. Г. Рагушняк. – Вінниця: ВНТУ, 2012. – 105 с.
8. Сладкевич В. П. Стратегічний менеджмент організацій: підруч. для студ. вищ. навч. закл. / В. П. Сладкевич – К.: ДП «Видавничий дім «Персонал», 2008. – 496 с.
9. Шершньова З. Є. Стратегічне управління / З. Є. Шершньова; 2-ге вид., перероб. і доп. – К.: КНЕУ, 2004. – 699 с.
10. Якубів В. М. Збалансований розвиток аграрних підприємств у сільському зростанні / В. М. Якубів. – Івано-Франківськ: Видавництво Прикарпатського на-

ціонального університету імені Василя Стефаника, 2011. – 320 с.

11. Янишин Я. С. Необхідність та особливості адаптації молодих фахівців до управлінської діяльності / Я. С. Янишин, С. В. Квасній // Науковий вісник ЛНУ-ВМБТ імені С.З. Гжицького. – 2010. – Т. 12. № 3 (45). Ч. 5. – С. 312-316.

12. Яців І. Б. Прийняття інноваційних рішень менеджментом сільськогосподарських підприємств / І. Б. Яців // Формування ринкових відносин в Україні: Інноваційно-інвестиційна політика. – 2012. – № 2 (129). – С. 81-85.

13. Карл фон Клаузевиц – афоризмы // Сайт «Мудрослов» [Електронний ресурс]. – Режим доступу: <http://mudroslov.ru/quotes?author=163&filter=author&page=2>.

14. Завадський Й. С. Економічний словник / Й. С. Завадський, Т. В. Осовська, О. О. Юшкевич. – К.: Кондор, 2006. – 355 с.

References

1. Meskon, M. H., Albert, M. & Hedouri, F. (1992). *Osnovy menedzhmenta [Fundamentals of Management]*. Moscow, Delo. [in Russian].

2. Buryk, Z. M. (2014). Heneza ponyatiyno-katehoriálníhoo aparatu stratehichnoho upravlinnya [Genesis conceptual-categorical apparatus Strategic Management]. Retrieved from http://nbuv.gov.ua/UJRN/Patp_2014_1_2 [in Ukrainian].

3. Vihansky, O. S. (1999). *Strategicheskoye upravleniye [Strategic Management]*. Moscow, Gardariki. [in Russian].

4. Voronkova, A. A. & Voronkova, A. V. (2013). Obgruntuvannya stratehiyi rozvytku ahrarnykh pidpryyemstv v suchasnykh umovakh hospodaryuvannya [Justification of the strategy of agricultural enterprises in the contemporary economy]. *Visnyk Kharkivs'koho natsional'noho tekhnichnoho universytetu sil's'koho hospodarstva – Bulletin of Kharkiv National Technical University of Agriculture: Economic Sciences*, 137, 75-81. [in Ukrainian].

5. Grant, R. M. (2008). *Sovremennyy strategicheskyy analiz [Modern Strategic Analysis]*. Petersburg, Peter. [In Russian].

6. Mulyar, T. S. (2013). Formuvannya i realizatsiya stratehiyi pidpryyemstv [Formation and implementation strategies of enterprises]. *Zbirnyk naukovykh prats' Tavriys'koho derzhavnogo ahrotekhnolohichnoho universytetu (ekonomichni nauky) – Collection of scientific works of the Tavria State Agrotechnological University (economic sciences)*, 2 (6), 289-300. [in Ukrainian].

7. Nebava, M. I. (2012). *Menedzhment orhanizatsiy i administruvannya [Management of Organization and Administration]*. Vinnitsa, VNTU. [in Ukrainian].

8. Sladkevych, V. P. (2008). *Stratehichnyy menedzhment orhanizatsiy [Strategic Management of Organizations]*. Kyiv, SE «Publishing house» Staff» [in Ukrainian].

9. Shershynova, Z. E. (2004). *Stratehichne upravlinnya [Strategic Management]*, Kyiv, KNEU. [in Ukrainian].

10. Yakubiv, V. M. (2011). *Zbalansovanyy rozvytok ahrarnykh pidpryyemstv u sil's'komu zrostanni [Balanced Development of Agriculture in the Rural Growth]*. Ivano-Frankivsk, Vydavnytstvo Prykarpat's'koho natsional'noho universytetu imeni Vasylya Stefanyka. [in Ukrainian].

11. Yanyshyn, J. S. & Kvasnij, S. V. (2010). Neobkhidnist' ta osoblyvosti adaptatsiyi molodykh fakhivtsiv do upravlins'koyi diyal'nosti [Necessity and features of adaptation of young specialists to management activities]. *Naukovyy visnyk LNUVMBT imeni S.Z. Gzhyts'koho – Scientific herald of LNUWMBT named after S.Z. Gzhytsky*, 3 (45), 312-316. [in Ukrainian].

12. Yatsiv, I. B. (2012). *Prynyattya innovatsiynykh rishen' menedzhmentom sil's'kohospodars'kykh pidpryyemstv [Adoption of innovative solutions to farm management] Formuvannyarynkovykhvidnosyn v Ukrayini*, 2 (129), 81-85. [in Ukrainian].

13. Mudroslov (2014). Karl fon Klauzevits [Carl von Clausewitz – aphorisms – aforizmy] Retrieved from <http://mudroslov.ru/quotes?author=163&filter=author&page=2> [in Russian].

14. Zavadsky, J. S., Osovskaya, T. V. & Yushkevich, O. O. (2006). *Ekonomichnyy slovnyk [Economic Dictionary]*. Kyiv, Kondor. [in Ukrainian].