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PROBLEMS OF STRATEGIC MANAGEMENT OF LARGE AND MEDIUM BUSINESS IN UKRAINE

Abstract. In the article the key issues of strategic management of medium and large businesses in Ukraine. Typical methodological errors of strategic management indicated in the article. In the article there is scheme that showed connection and interplay of the resource potential of the company, its market strategy and sustainable competitive advantage. State of strategic planning in Ukraine is quite low for a number of barriers and error management, discrepancy management philosophy demands of today's market environment, and a lack of relevant experience in leadership. Today, the basic principles and approaches to strategic management of Ukrainian companies mostly borrowed from foreign scientists and development practices of American, Japanese and European corporations.

Keywords: strategic management, strategic planning, large and medium companies, corporate culture, market strategy

JEL classification: L19, M14, M21

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ПРОБЛЕМИ СТРАТЕГІЧНОГО МЕНЕДЖМЕНТУ ВЕЛИКОГО ТА СЕРЕДНЬОГО БІЗНЕСУ В УКРАЇНІ

Анотація. В статті визначено ключові проблеми стратегічного менеджменту середнього та великого підприємництва в Україні. Зазначено характерні методологічні помилки стратегічного управління. Також наведено схему зв'язку і взаємовпливу ресурсного потенціалу підприємства, його ринкової стратегії та стійких конкурентних переваг.

Ключові слова: стратегічний менеджмент, стратегічне планування, великі та середні підприємства, корпоративна культура, ринкова стратегія.

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ПРОБЛЕМЫ СТРАТЕГИЧЕСКОГО МЕНЕДЖМЕНТА БОЛЬШОГО И СРЕДНЕГО БИЗНЕСА В УКРАИНЕ

Аннотация. В статье определены ключевые проблемы стратегического менеджмента среднего и крупного предпринимательства в Украине. Указано характерные методологические ошибки стратегического управления. Также приведена схема связи и взаимовлияния ресурсного потенциала предприятия, его рыночной стратегии и устойчивых конкурентных преимуществ.

Ключевые слова: стратегический менеджмент, стратегическое планирование, крупные и средние предприятия, корпоративная культура, рыночная стратегия.

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Introduction. Strategic management is critical to the development and expansion of all organizations because development is a complex process and short and long-term initiatives to best achieve objectives. However, the strategic management of large and medium enterprises in Ukraine today is not only a properly formulated concept, but imperfect phenomenon, as evidenced by the results of about 80% of Ukrainian companies where managers failed to implement the strategy developed by them.

Imperfection of strategic management in Ukraine caused not only by the limited knowledge in the areas of planning policies and initial and current control, but false, distant from reality outdated approaches and tools, which today still use the local managers of medium and large enterprises.

The analysis of research and problem definition. Subject perspectives of strategic management of large and medium enterprises in Ukraine is extremely important in view of the integration processes in the economy and focusing management theorists and practitioners in areas of strategic management efficiency. Research issues and prospects of the development and implementation of strategies were highlighted in several publications of foreign scientists, managers and marketers. For example H. Mintzberg, K. Coyne, J. Kendall, Chan Kim, R. Moborn, as well as domestic scholars O. Yurchak, G. Kindratska, A. Volska and Mikhail Levitsky, I. Voronetskaya [1–3].

Considered scientific papers have fairly generalized issues of strategic management in Ukraine. Remain poorly understood ways for implementation of the environment close to the tools to conduct effective strategic management of large and medium-sized businesses, strategies and plans to develop detailed methods for their control.

The research objective of the article is to analyze of the current state of strategic management of large and medium-sized businesses in Ukraine, to identify constraints and problems and to develop proposals for improvement.

The results of the research. Development strategies should be carried out on the territory of the evolution of the organization through the understanding and fixing elements of "where are we?" And "where do we go?". In practice, this process often coincides with (or caused by) the desire of owners and top managers of the business to increase the security of their business through the introduction of common "rules" – are topical issue of formalizing business processes, procedures, decision making and so on. This is true for strategies that would ensure the continued success and growth. Typically, the result of the development strategy should be clear provisions on target segments and unique value proposition, business objectives, competitive strategy, growth strategy, the elements of the marketing mix, sales goals and more. Without detailing these provisions, we note in the development of these strategic elements, there are many barriers. Some of them are well known to most experts, others are not investigated, but these barriers are many, and it should not ignore.

Today, strategic planning and management of the Ukrainian enterprises is imperfect and insufficiently balanced. This is due to the presence of numerous barriers and common mistakes companies and through the increasing challenges of internal and external factors the market. Among public issues and barriers there are several essentials, they are discussed below.

First, the management of most companies has a very superficial understanding of the strategy or does not give its planning and implementation of good value. In particular, work to

develop a strategy for the company as of conceptual comprehensive program of long-term behavior in the external market environment often involves multi-market research, new models of influence on him, study and development of investment projects and related business plans ("start-ups") risk assessment and formation of appropriate management system. Unfortunately, very few managers Ukrainian large and medium-sized companies can be considered experts in business intelligence and controlling of audit, corporate, financial, tax and patent law, and have experience in planning, implementing and monitoring strategic development. Therefore, investments in the order of professional services consulting firms will certainly bring dividends. But managers also should deep knowledge in the above areas, namely to improve competence by attending business workshops, learn from the experience of foreign companies and divisions of strategic management and implement this knowledge in the management and organization of the company. The second problem is that in companies where strategic management still has a place in this process involved only a narrow range of development strategies. Obviously, the strategy is under development and, in particular, to implement, will largely depend on whether it is supported by the entire team of key managers, including middle managers who, in fact, responsible for the operational work. In reality it is very difficult to do because of a lack those of knowledge, skills and competencies relevant managers and through their absolute load operating processes. However, they are necessary in order to key enterprise market strategy did not remain just on paper. Complementing the above, it is logical to mention the fact that when one plan, and implement other necessary, the chances of success through this separation quite a bit. This challenge is complicated and serious, especially in major changes in the organization [4].

In the course of further development strategy managers also need to balance control of the fulfillment of the strict discipline and thus create space for creativity and making modifications. To do this, many companies use formal models and approaches to management. In fact, excessive formalization is inefficient in terms of the rapidly changing environment, as Henry Mintzberg writes in his book [4], emphasizing the success it is flexible, reactive and situational-project approach to strategic management. H. Mintzberg warns many flaws inherent in formalized strategic planning process, such as the dangers of excessive formalization, the gap between planning several categories (financial, strategic, operational), the gap between planning and implementation and more. He notes that strategic thinking and strategic planning – are different things and this is the reason many facts low output and efficiency strategies organizations. Obsolescence of many approaches and tools, immature and unprofessional teams, ignoring current trends and a combination of factors, a significant predominance of operational and financial planning, and perhaps most importantly – the lack of strategic thinking – these flaws are traditional for many years and they are inherent in all links of Ukrainian management [4].

The above barriers and problems are not the only ones facing towards quality strategic planning in Ukraine. Many companies do not able to implement it. The reason – the assumption is methodological errors (Fig. 1).

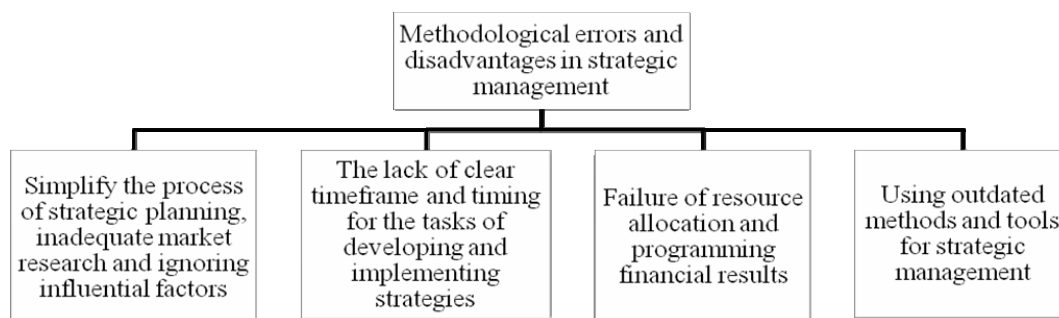


Fig. 1. Methodological mistakes and disadvantages in strategic management
Source: Compiled by authors on the base of [2]

In particular facilitate the strategic planning, inadequate market research and ignoring influential factors leading to the creation of unrealistic, even utopian future plans. In fact, strategic planning as one of the most important components of the strategic management process is complicated and responsible. Planning development strategy with a generalized prediction makes it

impossible to respond to changes in the environment, often only supplying information on trends extrapolation of past periods. If the forecasts are wrong, and all activities of the company entirely subordinate to them, the real damages and losses from missed opportunities can be significant. On the other hand, if they are correct, it will provide significant profit only if competitors do not apply a similar strategy planning [6].

Temporal development strategies should be limited – it is an axiom for any development, otherwise lost its relevance. Clearly defined performance time frames should match the performance of detailed financial calculations of costs of operating, marketing and other related project strategies, involving competitive company resources. Using organizational resources are divided into tangible (financial, technological and industrial, physical and human) and intangible (brand, reputation and image of the company, goodwill, know-how, etc.), strategic management is necessary to choose those that are unique to certain indicators and carrying value. It should focus on developing organizational capabilities of strategic management, that the ability to effectively use available resources not only in the domestic financial and operational planning, but also taking into account external factors and market variables varied demands and trends.

Thus many scholars have repeatedly stressed the detailed study and research internal competitive advantages on the criteria value, rarity, uniqueness and indispensability for efficient resource strategic models [5]. With this in mind, the management of large and medium-sized companies should pay attention to the relationship and mutual resource potential of the company, its key market strategy and a sustainable competitive advantage (Fig. 2).

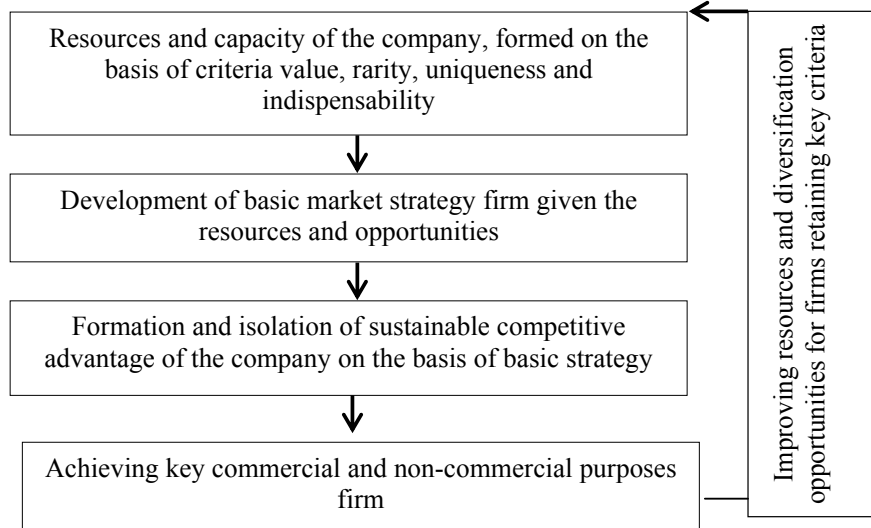


Fig. 2. Scheme of the relationship between resource potential, strategy and sustainable competitive advantages of the company
Source: Compiled by authors on the base of [1]

Equally significant mistake of managers who oversees the strategic development of the company is to use irrelevant in the current development of management science concepts, methods, approaches and tools. For example, a classic pyramid strategic planning is now regarded as outdated by many experts, but still used the guidance of many companies. Usually the company environment as unpredictable and the risks of incorrect forecasts so high that success factor is making timely and rapid changes in strategy and vision. So classic pyramid with its annual planning cycle, all attempts to predict and plan in an environment that is increasingly unpredictable, it is common methodological mistake, that is, in most cases, the wrong approach.

Many of the world's well known scientific of management said today that flexible approach that go beyond the annual plans, forecasts and tough scenarios, but instead allow you to quickly respond to new developments and business opportunities, generate new ideas faster and attract managers from the bottom. The same applies to modern tools and techniques such as cluster analysis, core competencies, formation of adequate business models, analysis of the chain of added value, balanced scorecard, which owns and uses an extremely limited number of local organizations [2].

It should also be noted that improper and irrational use of approaches and tools of strategic management leads to perfectly reasonable development strategy. This is confirmed by a study conducted by economist Vladimir Pastukhov [7, p. 38–41]. Particularly in the Ukrainian survey of large and medium enterprises to the question "Select the most appropriate strategy for your business' most of the respondents (35.7 ... 65.5%) as the most appropriate questionnaire in the proposed basic strategies defined growth strategy, which is more risky compared the rest (Table. 1). it is evidence that the managers of these companies in the future to expand the scope of its activities.

Table 1

The answers to the question "Select the most appropriate strategy for your company", (%)

Replies	Kyiv	Vinnytsia	Chernivtsi	Khmelnitsky	Kharkiv
1.Growth strategy	35.7	65.5	64.7	47.4	60.0
2.The strategy of limited growth	35.7	13.8	11.8	47.4	12.5
3.Elimination strategy	–	3.5	–	5.2	–
4.The strategy of combining the three basic strategies	28.6	17.2	23.5	–	27.5
Total	100	100	100	100	100

Source: authorial calculation

Given that the basis of strategic planning is to analyze the external and internal environment of the enterprise, provided in the questionnaire were questions regarding this strategic element planning. The survey results showed that most businesses, particularly in Kiev 85.7% and 79.3% of enterprises Vinnitsa analyzes the internal environment.

Analysis of the survey, conducted by Vladimir Pastukhov, enables us to identify factors that prevent the use of strategic planning in the practice of domestic enterprises. According to respondents' answers prominent among these factors took unstable external environment (Table. 2).

Table 2

The answers to the question "Indicate possible causes that prevent the use of strategic planning of the company", (%)

Replies	Kyiv	Vinnytsia	Chernivtsi	Khmelnitsky	Kharkiv
1. Failure by the variability of the environment	71.4	34.45	47.1	57.9	40.9
2. The feasibility under current conditions	7.1	41.4	23.5	21.1	26.8
3. Lack of appropriate specialists	21.4	24.1	17.6	5.2	12.2
4. The lack of guidelines and manuals	7.1	–	11.8	15.8	27.3

Source: authorial calculation

Thus, a survey can draw another conclusion. Inability to use strategic planning in domestic large and medium-sized enterprises in terms of instability is caused not only by changes in legislation, but the disparity business philosophy to market conditions.

Conclusion. Consequently, strategic planning and management allows you to define the vector of movement to create a sustainable competitive advantage, achieve within the mission of the tasks and success in the market. State of strategic planning in Ukraine is quite low for a number of barriers and error management, discrepancy management philosophy demands of today's market environment, and a lack of relevant experience in leadership.

In this connection, the priorities improve the strategic management in large and medium-sized enterprises should be:

- The use of professional consulting services in strategy development, creating competitive advantages etc.
- quality of industry analysts and market research not only in the primary, but also on the current stage of strategic management;
- establishing clear timelines, deadlines for the implementation of strategic and tactical objectives;
- Strengthening of control over resource allocation even in the early stages of strategy development;
- The use of modern tools and approaches to strategy and its implementation.

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