

## **STRATEGIC BUSINESS MANAGEMENT IN THE DIGITAL ECONOMY**

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### **INTRODUCTION**

In the conditions of globalization processes in all spheres of social development, strategic management becomes especially relevant for Ukrainian enterprises. The digital economy makes significant adjustments to the management model of business structures. The formation of digital platforms based on cloud technologies requires deep changes in management systems at all levels, in particular, in the relationship between manufacturers, suppliers and consumers.

### **OBJECTIVE AND TASKS**

The theoretical foundations of strategic enterprise management are based on scientific research that was actively developed in the 1980s and 1990s. The terminology of this direction was known as early as the middle of the 20th century, when economic agents began to realize the problems of the influence of the external environment on their activities.

Methods and models of enterprise management were developed at the beginning of the last century as a result of the work of such scientists as F. Taylor, G. Gant, C. Bernard and others. In their studies, planning was seen as one of the main functions of management, mostly of a short-term nature, and was expressed in the form of budgeting and control. However, with the advent of the scientific and technological revolution and multinational companies, there was a need for long-term planning and future-oriented management. This led to an increase in the number of studies in this area, which determined the essence of strategic management. Among the first foreign researchers were A. Thompson, A.J. Strickland, M. Mescon, M. Albert, F. Hedoury, I. Ansoff, G. Mintzberg, P. Drucker, M. Porter, A. Chandler, K. Bowman. Ukrainian scientists also contributed to the development of this area, including I. Yepifanova, O. Vikhanskyi, N. Shershnyova, I. Teslenok, I. Otenko, O. Pashchenko, L. Zabrodska, O. Hudz, T. Gavrylenko, D. Gorelov, S. Dovbnya, A. Zub, Yu. Kostenyuk, I.

Romanova, M. Savchenko and others.

## **MATERIALS AND METHODS**

The significant scientific output of scientists gives reason to assert that the problem of implementation and realization of strategic management of the enterprise is relevant and transforming and needs further research. However, the influence of the digital economy on management processes and the role of a strategic approach in ensuring the successful development of an enterprise remain debatable, in particular, issues related to the development of new models and the construction of strategic scenarios of enterprise management in new economic realities, especially in the conditions of digital transformations.

## **RESULTS**

Strategic management ensures informed management decision-making, focuses on the development of strategic plans, their evaluation, and encourages business structures to use modern management methods and tools. In general, the strategic management model has a cyclical nature and includes the following five stages: defining the mission and goals of the enterprise; strategic analysis; choosing a development strategy; strategy implementation; control and assessment of strategy implementation results [6] (Fig. 1).

According to the results of an analytical review of scientific and professional literature on strategic management, it should be noted that today there are a large number of strategic management models, which mainly have the form of block diagrams or graphs and differ from each other in the number, sequence and content of stages.

In the conditions of the digital economy, the speed and flexibility of an economic entity's response to changes is increasing [3]. Therefore, none of the existing classic models can be used in their original form, because they do not always take into account the dynamics and complexity of the modern business environment. The digital economy requires enterprises to combine different approaches, flexibility in decision-making and constant adaptation to changes, which allows to ensure a competitive advantage in the market [2].

It should be noted that strategic management in itself does not guarantee success, since an enterprise that uses strategic management in its activities may fail. To make a decision, it is necessary to: have a clearly formulated goal or task; have alternative strategy options; take into account factors that differ for different alternatives when choosing one of the

alternatives [5]. In order to ensure the effectiveness of strategic management, a model of strategic management should be developed for each economic entity, which takes into account the peculiarities of functioning and strategic goals and development priorities.

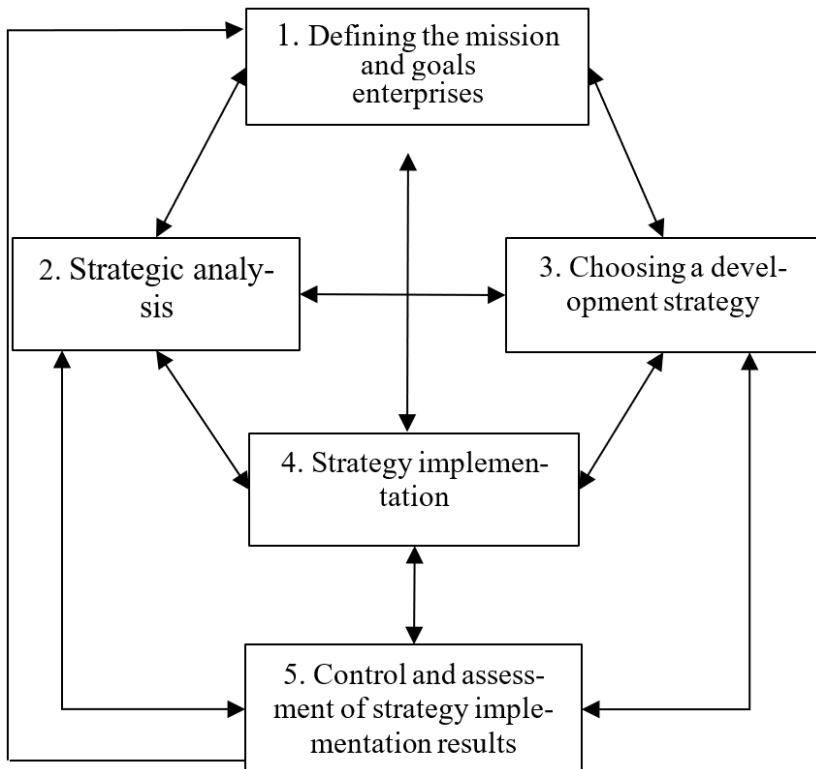


Figure 1 – Model of strategic enterprise management [6]

Since any enterprise functions as an open system and interacts with the external environment, any management actions aimed at changing the situation in the desired direction can change both the resource state of the enterprise internally and the external environment. Accordingly, achieving strategic goals and solving management tasks can be considered as a way of obtaining the desired result and minimizing undesirable situations. The management subsystem must rationally use a set of resources in order to achieve development goals. The value of resources at a certain time  $t$  is determined by the vector  $r(t)$ . By allocating appropriate types of resources, including financial, material, human, informational,  $r(t)$  changes. But the

use of resources within a certain organization usually has its limitations, which is caused, first of all, by the insufficient amount of appropriate types of resources and the basic economic law of the development of any system. Therefore, the volume  $r_i$  is limited and can change during the entire process of management influence, i.e.  $r_i(t) \in R_i(t)$ ,  $t \in [t_0, t_1]$ . The method of using or distributing resources during the entire management process is a functional strategy (resource), that is, a segment of the vector function  $r[t_0, t_1] \in R[r]$ , where  $R[r]$  is determined by the constraints  $R_i(t)$ .

Management influence from the management subject is a sequence of signals, commands, instructions, etc., which lead to a strategy or allocation of resources  $r[t_0, t_1] \in R[r]$ . The influence of environmental factors  $w(t)$  of the enterprise also changes the state of the system  $x(t)$  during  $[t_0, t_1]$ . Accordingly,  $w(t)$  is also bounded and these bounds are determined by the space  $R[w]$ . The system state parameters or the phase coordinates of the operation  $x(t)$  are related by some formal or informal operator to the strategies  $r$  and  $w$ :

$$x(t) = F(x_0; t; r[t_0, t_1]; w[t_0, t_1]).$$

In this case, the effectiveness of the strategy is evaluated by the finite set of goals achieved with the given parameters  $r_i(t)$  and  $w(t)$  on the interval  $[t_0, t_1]$ . Such assessment takes into account various aspects, such as the implementation of set strategic guidelines, use of resources, compliance with market conditions of operation and achievement of desired results. The finite set of objectives means the set of objectives that have been achieved or can be achieved thanks to the implementation of a certain strategy. These goals can be different: increasing profitability, market growth, increasing competitiveness, improving reputation, etc. Given the given parameters, it means that the evaluation of the effectiveness of the strategy takes into account the conditions and circumstances under which it was developed and implemented. These parameters may include financial constraints, competitive market conditions, political and legal conditions, technological progress, etc.

## CONCLUSIONS

Therefore, in the conditions of globalization and digital transformation of society, strategic management becomes a key element of successful activity of Ukrainian enterprises. Considering the high turbulence and complexity of the modern business environment, as well as the conditions of the digital economy, traditional models of strategic management need to be adapted and combined with new approaches in order to ensure the competitiveness of enterprises on the market. The conditions of the digital economy require enterprises to quickly respond to changes and be flexible

in management. Thus, strategic management should be able to combine different approaches, as well as ensure constant adaptation to new market conditions and requirements. In addition, in the conditions of limited resources and constant changes in the external business environment, an important aspect of strategic management is the effective use of limited resources of the enterprise, which determines the special features of the enterprise management strategy.

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