

ECONOMICS AND BUSINESS MANAGEMENT

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DOI <https://doi.org/10.26661/2414-0287-2020-1-45-01>**WORKING OUT THE ENFORCEMENT MECHANISM OF AN ENTERPRISE DEVELOPMENT****Babindra D.I., Khudoley L.V., Ivanova A.H.***Zaporizhzhia National University
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Key words:

economic development, enterprise, mechanism, stages, design, system.

It is proved that modern business conditions require enterprises to apply new methods and approaches of solving everyday problems in order to ensure the full functioning and strengthening of competitive positions in the market. It has been determined that the economic development of economic entities is the optimal process aimed to solve these problems. The essence of the mechanism of ensuring the economic development of the enterprise is investigated. Its constituent elements are characterized and analyzed. It is determined that the main tasks of ensuring economic development are stable functioning of enterprises, realization of its basic economic benefits, organize actions to prevent threats and risks of functioning and to reduce possible dangers. It is proved that an indicator of the successful functioning mechanism for ensuring economic development is highly efficient and uninterrupted economic activity, which causes a high level of competitiveness of enterprises in the market. The peculiarity of choosing the optimal strategy for managing the economic development of economic entities are investigated. In particular, there are three possible strategies: preservation, moderate growth and stabilization. The division of centers of responsibility of economic development management into production and functional units is substantiated. The first group includes the centers of the main, auxiliary production and service departments of the production process. The second group is appropriate to include administrative (management accounting, legal and financial department, etc.) and sales centers of responsibility (logistics, sales, advertising and marketing). The basic stages of ensuring the economic development of enterprises have been identified and characterized.

**РОЗРОБКА МЕХАНІЗМУ ЗАБЕЗПЕЧЕННЯ
ЕКОНОМІЧНОГО РОЗВИТКУ ПІДПРИЄМСТВА****Бабіндра Д.І., Худолей Л.В., Іванова А.Г.***Запорізький національний університет
Україна, 69600, м. Запоріжжя, вул. Жуковського, 66***Ключові слова:**

економічний розвиток, підприємство, механізм, етапи, проектування, система.

Доведено, що сучасні умови господарювання вимагають від підприємств застосування нових методів та підходів до вирішення повсякденних завдань для забезпечення повноцінного функціонування та зміцнення конкурентних позицій на ринку. Визначено, що оптимальним процесом, спрямованим на вирішення зазначених завдань, є економічний розвиток суб'єктів господарювання. Досліджено сутність механізму забезпечення економічного розвитку підприємства. Охарактеризовано та проаналізовано його елементи. Визначено, що основними завданнями забезпечення економічного розвитку є стійке функціонування підприємств, реалізація його основних господарських інтересів, організація превентивних заходів щодо запобігання загрозам і ризикам діяльності та нівелювання можливих небезпек. Установлено, що показником успішності функціонуючого механізму забезпечення економічного розвитку є високоефективна та безперервна господарська діяльність, яка зумовлює високий рівень конкурентоспроможності підприємств на ринку. Досліджено особливості вибору оптимальної стратегії управління економічним розвитком суб'єктів господарювання. Зокрема, виділено три можливі стратегії: виживання, помірною зростання та стабілізації. Обґрунтовано поділ центрів відповідальності управління

економічним розвитком на виробничі та функціональні підрозділи. До першої групи належать центри основного, допоміжного виробництва та відділи обслуговування виробничого процесу. До другої групи доцільно віднести адміністративні (управлінська бухгалтерія, юридичний та фінансовий відділ тощо) та збутові (відділ логістики, продажів, реклами та маркетингу) центри відповідальності. Визначено та охарактеризовано основні етапи забезпечення економічного розвитку підприємств.

Statement of the problem

Market fundamentals, increased competition, saturation of the informational flow, and the global financial crises make modern enterprises adopt new methods and approaches to solve the routine tasks of unimpaired operation, efficiency, and staying in business. The enterprise development is the optimal process aimed at solving the problems.

Analysis of recent studies and publications

Lots of foreign and domestic academic economists explore the enterprise development in their works. Among them are M.H. Mescon, F. Hedowry, D.M. Evdokimova, O.A. Voloshina, A.Y. Sirko, N.V. Afanasieva, I.V. Kononenko, V.P. Zalutsky et al.

For example, O.A. Voloshina considers economic development as a process including following elements: economic growth driven by structural changes in the economy and increasing in gross domestic product and per capita income and economic decline [1].

V.P. Zalutsky interprets the social economic development of the enterprise as changes of indicators influenced by social and economic strength using [2].

D.M. Evdokimova understands by the term economic development a dynamic multivariate cyclic process, that has a spiral shape and manifests itself through quantitative and qualitative shifts in the system structure while maintaining its integrity, which is ensured by control from above only [3, p. 8].

A.Y. Sirko noted in his work, that the structure of economic performance is influenced by the development of all its elements: economic system, industry, enterprise, human, financial and property capital, innovation and investment processes, etc. [3, p. 8].

However, due attention is not paid to the mechanism of ensuring the economic development of the enterprise in the economic literature.

Objectives of the article

The purpose of the article is working out the enforcement mechanism of an enterprise development.

The main material of the research

When working out the enforcement mechanism of an enterprise development, it is necessary to pay attention to the essence of the mechanism itself and to analyze its elements that are directly interrelated. Indeed, every system must contain a set of interrelated tasks, functions, targets, principles, methods, levers and tools.

The possibility of two directions of enterprise growth should be taken into consideration while the enforcement mechanism of a modern enterprise is being worked out. The first guideline to be taken into account is the situation in the enterprise, to define the main goals. The policy of the enterprise should be formed to maintain and expand its living space. Second, the tools, levers, methods and principles of enterprise economic development are necessary to use in order to study situations that arise under the influence of other entities (competitors and the state). They may rein in the development and activity of the enterprise and adversely affect its life space.

To realize the first direction of development it is necessary to conduct an assessment of resources if they suit the overall priority development goals of the enterprise. To run the second direction of development, a complex of threats assessment and recognition is needed to be run to study those. It comes from external and internal environment of the enterprise. Also protection mechanisms are to be developed.

The mechanism of economic development of enterprises includes the actors of administration and management units, the main tasks and groups of priorities for economic growth, the design of the economic system, a number of stages determined by the sequence and completion and the main results of economic performance (Fig. 1). Let's take a closer look at each of the elements of the mechanism.

The actors for the economic development of the enterprise include people, services, boards, elements, departments and institutions directly related to economic growth of the enterprise.

Accordingly, the main financial benefits and processes for enforcing economic development can be the management units.

The main tasks and groups of priorities of economic development at the enterprise should cover ensuring the sustainable development of the enterprise and pursuing its basic economic benefits; organize actions to prevent potential threats and risks, and include the danger level possible increasing; ensure cost-effective economic activity through a high level of use of market opportunities and financial resources.

In today's market conditions of economic performance, special attention should be paid to working out the system of economic growth. Such a concept should be referred not to the ways of project executing, but to direct management activity at the enterprise.

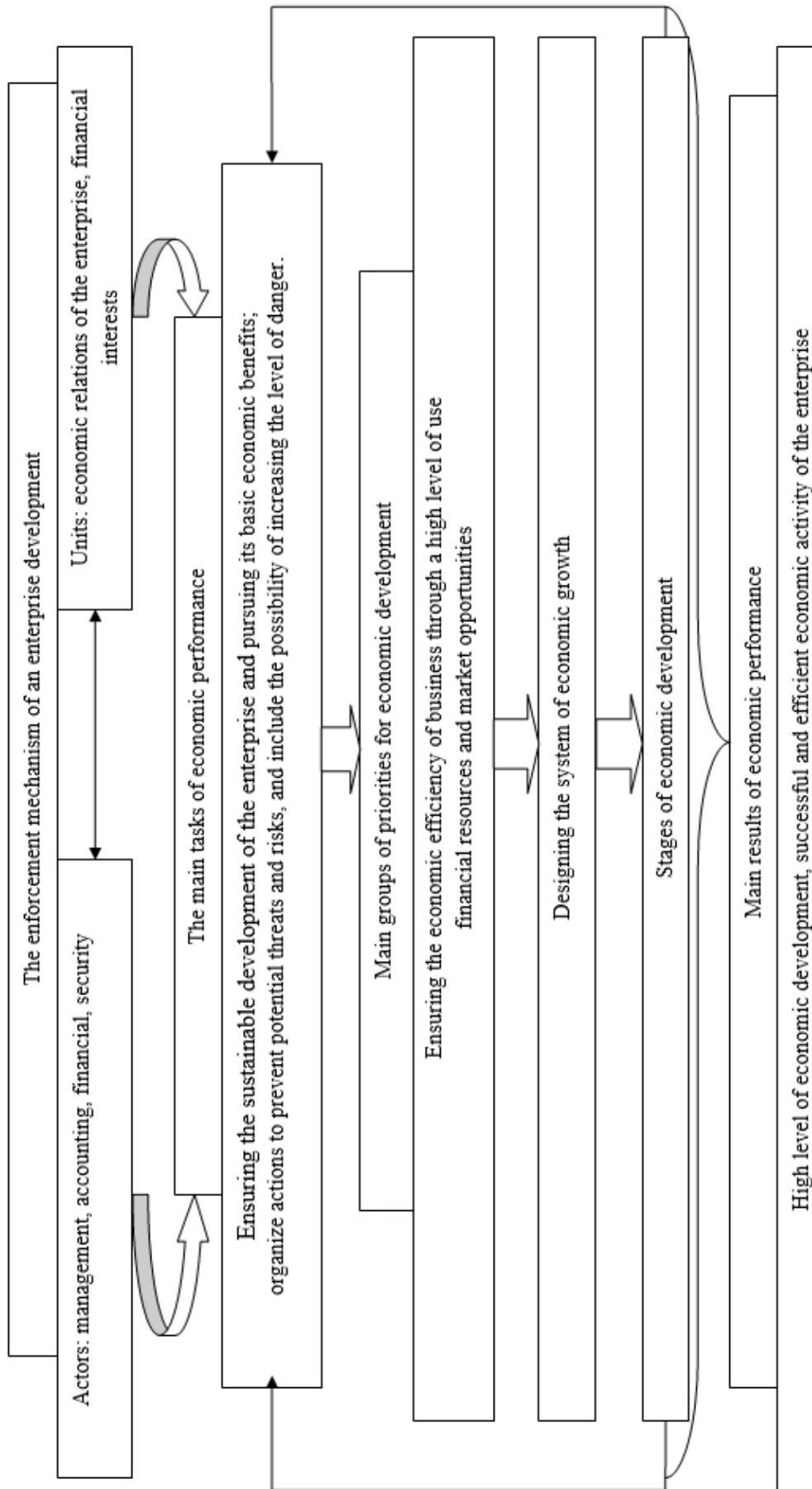


Fig. 1. The mechanism of ensuring the economic development of the enterprise

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Working out the system of economic development can be understood as the interaction of creative efforts of workers of existing methodological tools, the capabilities of computer technology and the accumulated data to form a

holistic system of economic development. The result of the activity of such a system is the constant development and growth of ownership of the enterprise. The algorithm for designing and implementing the system of economic development in enterprises is presented in Fig. 2.

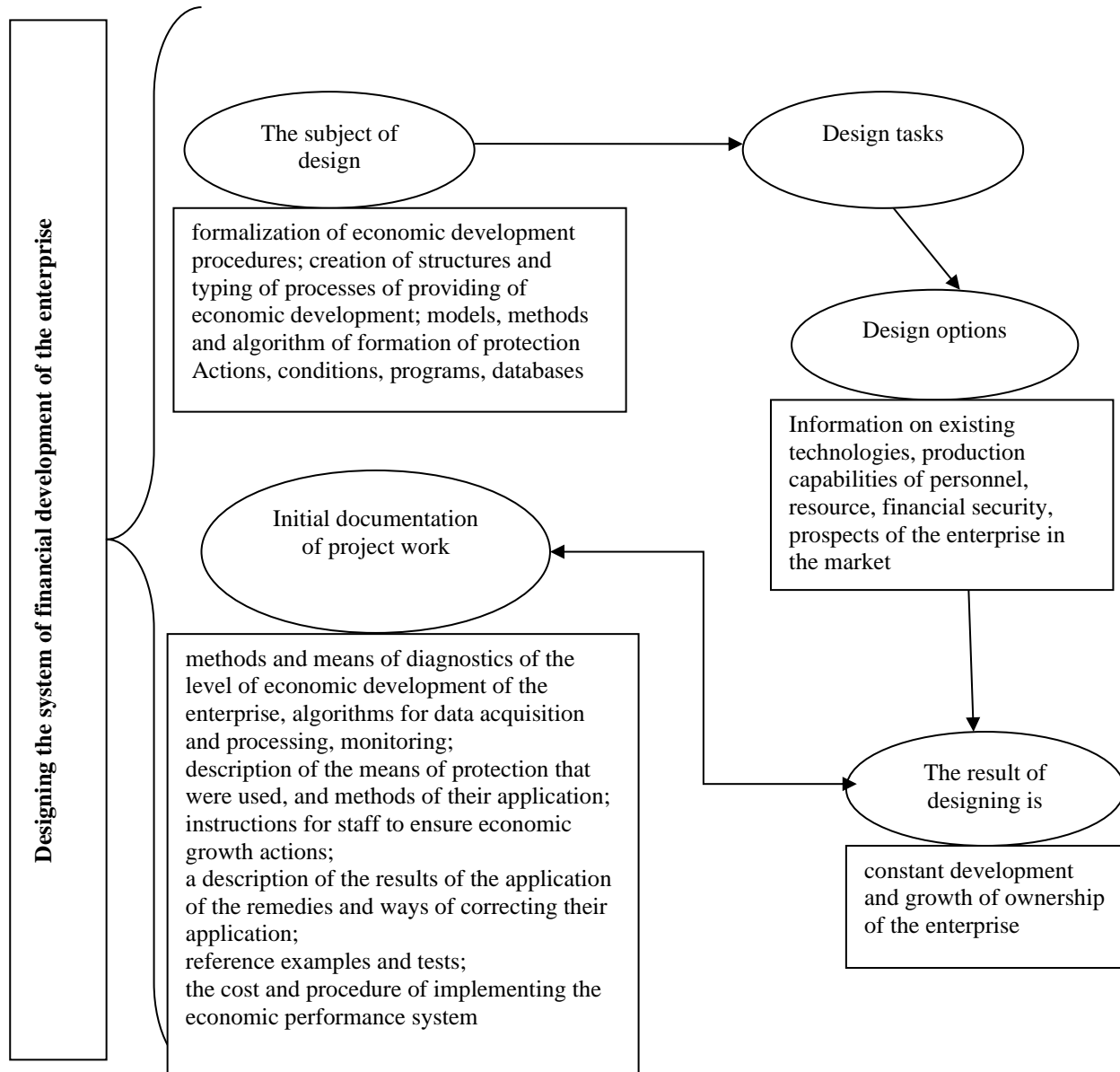


Fig. 2. The algorithm of designing the system of economic development of the enterprise

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Working out the economic development system is the process of creating a description that is required to build a pre-existing economic mechanism, based on the initial formalization of the state of the managed unit. Thus, the starting point of designing the system of economic growth is its description, presented in the appropriate form, the task of designing, firstly. The task of designing the system of economic development must contain the parameters that determine the functioning of the system of economic performance of the enterprise.

Working out the projects of the system of economic development should be carried out by qualified specialists not only in economics and finance, but also in the field of marketing, management, sociology, collective psychology, and law.

Now it is necessary to consider in more details the stages of economic growth enforcement in enterprises. The first stage involves defining the main enterprise goals and mission, and its priority financial benefits. The mission is essential, because it is the basis for developing and assertion goals, planning the enterprise plans, forming relationships with external market participants.

The necessity definition of management of economic development at the enterprise takes place at the second stage.

The third stage's purpose is choosing a strategy of economic performance. That should be based on the actual level of the enterprise. Fig. 3 shows the strategies of economic development management in the enterprise and the compliance with its level.

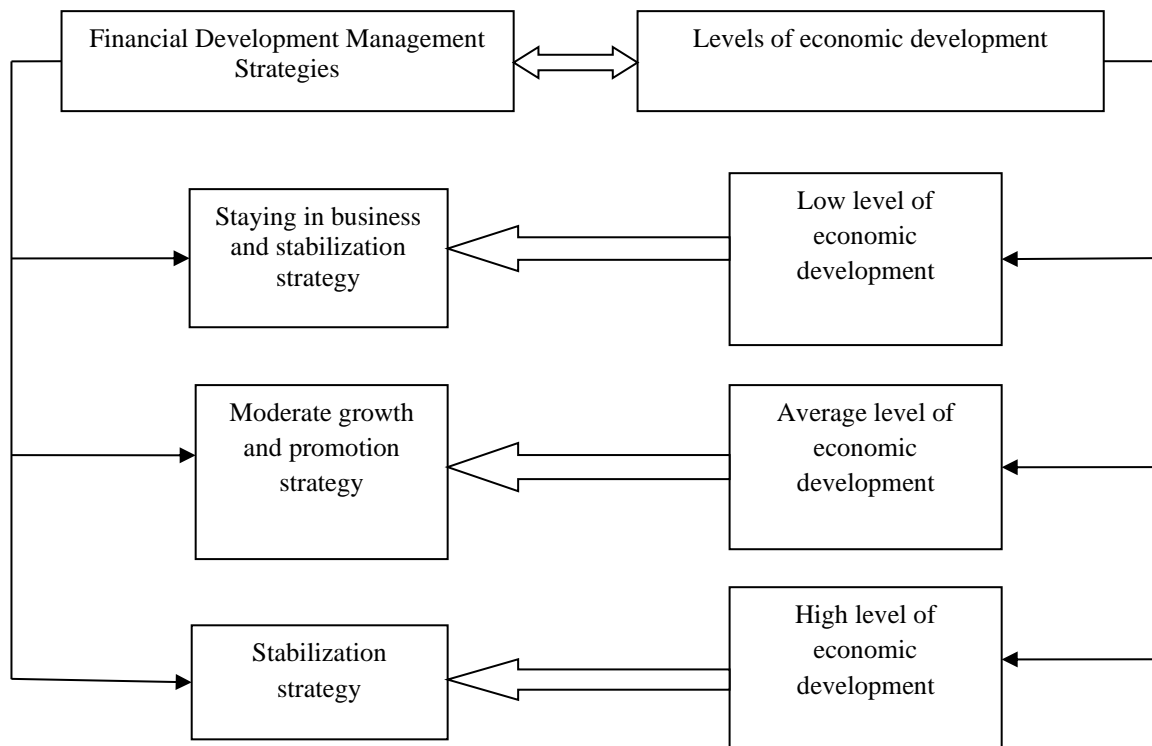


Fig. 3. Choosing a strategy for managing economic development in the enterprise

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On this basis, we propose to identify the following strategies for managing economic development in the enterprise:

- staying in business and stabilization strategy that should be applied within a context of the economic downturn. The actions to be taken when choosing the strategy include are reducing production costs, reduction of administrative expenses, financing activities aimed at expanding the range of products and increasing their value, search for new markets, updating of fixed assets of the enterprise;
- a moderate growth and promotion strategy that should be used at an average level of economic development. The actions of this strategy should aim stabilization the economic status of the enterprise at the moment. The conditions needed to increase the enterprise economic level are formed under its influence. Thus, administrative costs have to be reduced through their audit; financial resources go to the expense of training the staff and improving the skills; new (unique) types of products have to be created; the research in the field of marketing have to be funded; market power that have already been mastered have to be consolidated;
- stabilization strategy is meant to be played under the condition of intensive economic growth in order to consolidate the mastered level. The performance test of capital funds and equipment is necessary; ensure efficient

use and distribution of financial resources at the enterprise; ensuring continuation of signed contracts with suppliers of stuff and raw materials.

The next stage defines the authorities and centers of responsibility for ensuring economic development in the enterprise. The system of responsibility centers should include:

- establishment of responsible centers by type;
- planning system at each center;
- systematic report preparation on performance of works and comparison of the received results with the planned indicators of activity in the responsible centers;
- establishing relationships of organizational structure with the responsible centers of the enterprise;
- appointment of a manager at each center who will be responsible for the results of the activity of his unit and to compare the results with the planned indicators;
- division of responsibilities and competences of management for achievement of results of activity of each such center;
- providing a system for monitoring the performance of the centers of responsibility. Consider schematically all the centers of responsibility for economic development management in the enterprise (Fig. 4).

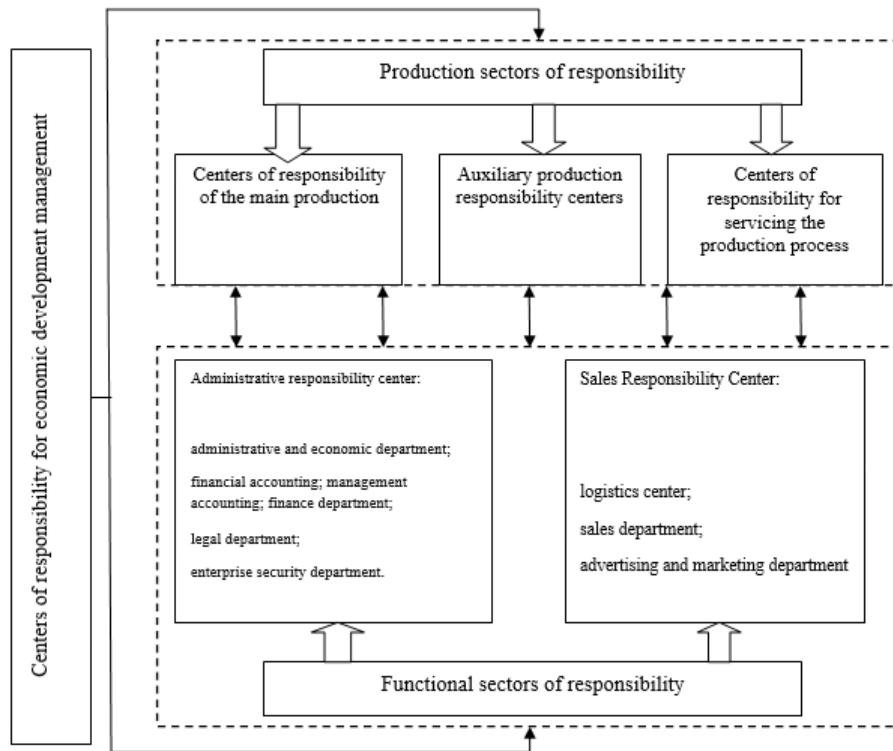


Fig. 4. Responsible Centers for Economic Development Management at the Enterprise
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The fifth stage involves assessing the effectiveness of managing the economic development of the enterprise. Here, the economic state of the enterprise is assessed using a number of indicators; assessment of the level of economic development. Based on the results of the analysis of indicators: business activity, profitability, financial stability, solvency, investment attractiveness and innovative

development, the calculation of economic development indicators is carried out.

At the last sixth stage the conclusions about the level of economic development of the studied enterprise are formulated. The sequence and the substantive content of the stages of ensuring the economic performance of the enterprise, which was described above, is shown in Fig. 5.

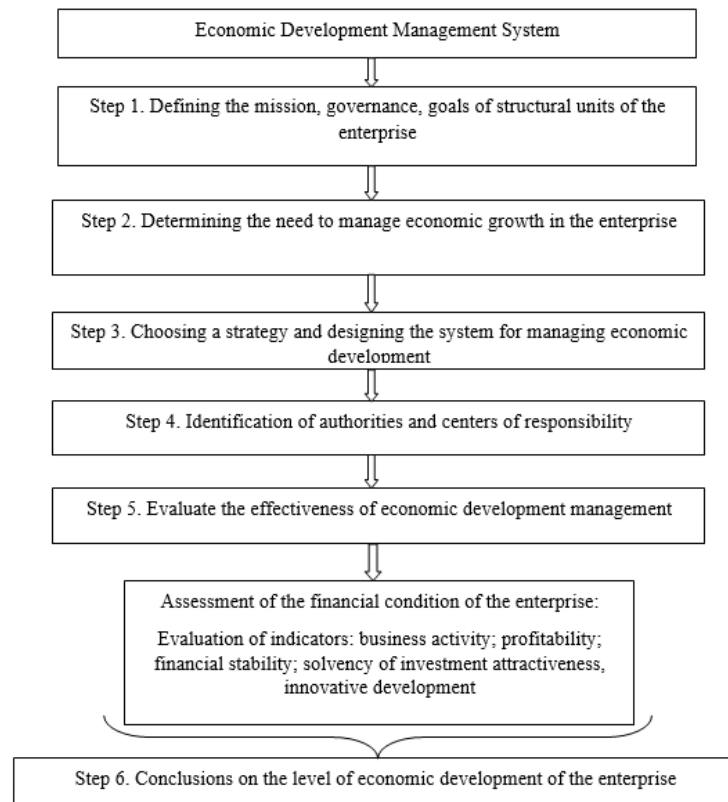


Fig. 5. Stages of economic development
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Conclusions

The authors have built a mechanism for ensuring the economic development of the enterprise, its effective functioning will allow to solve the following problems:

The high economic efficiency of the enterprise and its financial stability and independence is enforced;

The technological independence of the enterprise and achieving high competitiveness of its technological potential is ensured;

A system of measures to eliminate threats of the economic benefits of the entity and to avoid possible financial losses is developed and implemented;

The efficiency of enterprise management, optimality and efficiency of its organizational structure reach the high level;

The qualification of the personnel of the enterprise and its intellectual potential are increased;

All aspects of the enterprise are legally protected;

The protection of the enterprise's information environment, trade secrets and achieve a high level of information support for the work of all services is ensured;

An effective financial management system for the enterprise is ensured;

The threats to the economic development of the enterprise, causes and conditions that contribute to financial and material damage, violation of their normal functioning and development before-the-fact are identified and eliminated;

The security of the commercial interests of the enterprise is ensured.

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