

# ECONOMICS AND BUSINESS MANAGEMENT

UDC 658.15

DOI <https://doi.org/10.26661/2414-0287-2019-2-42-01>

## FORMATION OF STRATEGY AND TACTICS FOR THE FINANCIAL DECISION-MAKING AT INDUSTRIAL ENTERPRISES OF UKRAINE

Androsova E.F., Shestopalova E.V., Cherviakova. V.V

*Zaporizhzhia National Technical University  
Ukraine, 69000, Zaporizhzhia, Zhukovsky str., 64*

AndrosovaEF@gmail.com, elenshk@gmail.com, vladochkach@gmail.com

### Key words:

enterprise, financial strategy, tactics, financial decisions, financial condition, management, financial management.

The article deals with the problem of choosing a financial strategy for an enterprise, which is very relevant, since the adoption of economic decisions takes place in a market environment. It is proved that the current market environment is characterized by the instability of economic processes, which causes rapid, often unpredictable changes in the economy. Market conditions of the economy stimulate the continuous improvement of the financial management of the enterprise, because this is the only way the subject of entrepreneurial activity can successfully operate in a competitive environment. It is revealed that strategic management of financial activity of an enterprise is necessary in modern economic conditions, since it is aimed at creating the preconditions for successful economic activity. The strategic financial management is based on the financial strategy of the company, which is a system of measures aimed at achieving the goals of strategic management of financial activity. It is proved that in order to ensure the life of the enterprise, it is necessary to develop a sound financial strategy that takes into account the influence of external and internal factors. For the successful work, it is necessary to clearly define the directions of activity and the mechanism for their implementation. It has been established that financial planning, being one of the ways of the effective work of an enterprise, is becoming a real necessity today. It is revealed that the practical use of financial planning at the enterprise will enable the management to receive operational information about the state of financial resources of the enterprise, the use of funds to significantly improve the efficiency of making managerial decisions. Ultimately, an effective strategy allows you to take a stronger position on the market, to function successfully despite unpredictable circumstances, competition and internal problems, and to ensure a sustainable development of the enterprise in the long run.

---

## ФОРМУВАННЯ СТРАТЕГІЇ Й ТАКТИКИ ДЛЯ ПРИЙНЯТТЯ ФІНАНСОВИХ РІШЕНЬ НА ПРОМИСЛОВИХ ПІДПРИЄМСТВАХ УКРАЇНИ

Андросова О.Ф., Шестопалова О.В., Червякова В.В.

*Запорізький національний технічний університет  
Україна, 69000, м.Запоріжжя, вул.Жуковського, 64*

### Ключові слова:

підприємство, фінансова стратегія, тактика, фінансові рішення, фінансовий стан, управління, фінансовий менеджмент.

Досліджено проблему вибору фінансової стратегії для підприємства, яка є досить актуальною, оскільки прийняття господарських рішень відбувається в ринковому середовищі. Доведено, що сучасне ринкове середовище характеризується нестабільністю економічних процесів, що спричиняє швидкі, часто непередбачувані зміни в економіці. Ринкові умови господарювання спонукають до безперервного вдосконалення системи управління фінансовою діяльністю підприємства, оскільки тільки так суб'єкт підприємницької діяльності може успішно функціонувати за умов жорсткого конкурентного середовища. Виявлено, що стратегічне управління фінансовою діяльністю підприємства є необхідним у сучасних умовах господарювання, оскільки спрямоване на створення передумов успішної економічної діяльності. Стратегічне фінансове управління ґрунтується на фінансовій стратегії підприємства, яка являє собою систему заходів, спрямованих на досягнення поставлених цілей у межах стратегічного управління фінансовою діяльністю. Доведено, що для забезпечення життєдіяльності підприємства необхідно є розробка обґрунтованої фінансової стратегії, яка б враховувала вплив зовнішніх та внутрішніх факторів. Для успішної роботи необхідно чітко визначити напрями

діяльності та механізм їх реалізації. Встановлено, що фінансове планування, будучи одним із способів ефективної роботи підприємства, стає сьогодні реальною необхідністю. З'ясовано, що практичне використання фінансового планування на підприємстві дасть змогу керівництву одержувати оперативну інформацію про стан фінансових ресурсів підприємства, напрямки використання коштів, щоб значно підвищити ефективність прийняття управлінських рішень. У результаті ефективна стратегія дає змогу зайняти сильніші позиції на ринку, успішно функціонувати, незважаючи на непередбачувані обставини, конкуренцію та внутрішні проблеми, і забезпечити стабільний розвиток підприємства в довгостроковій перспективі.

### Statement of the problem

The problems of determining the financial decisions of the enterprise, the formation of strategies and tactics, which determine the unsatisfactory financial condition of the enterprise in the general system of financial management, require: development and implementation of the analysis system; assessment of the financial situation, adapted to the peculiarities of the operation of this enterprise in the market; the tasks of his financial strategy and policy; the financial mentality of the owners, so this issue is very relevant and requires further scientific research.

### Analysis of recent studies and publications

The significant contribution to the study of the development of theoretical and methodological foundations for the formation of financial strategies has been made by such domestic and foreign scientists as: O.S. Vykhansky, L.S. Martuyusheva [8], A.P. Nalivayko [7], G.V. Osovska, V.S. Ponomarenko [6], A.J. Strekland [5], A.A. Thompson [5] and V.G. Shynkarenko.

In recent years, the number of scientific works devoted to overcoming of financial and economic problems at the enterprise has also increased. Scientists who studied this problem are: I.A. Blank [1], I.N. Gerchikova, I.V. Zhuravleva [2], L.O. Ligonenko and S.V. Telin.

The development of management strategies has been carried out by the following scientists: E.I. Altman, I. Ansoff, V.A. Vasilenko [4], V.M. Kolpakov [3], B.I. Kuzin, E.N. Korotkov, D.J. Mayers, T.S. Peter, T. Tuffler, L.I. Fedulova, A.V. Cherep and O.F. Androsova.

The works of these scientists reveal the peculiarities of the financial decision-making strategy, general approaches to the analysis and assessment of the financial condition of the enterprise, but many issues need further development.

### Objectives of the article

The purpose of the article is to review the main theoretical issues related to the definition of the essence

and the formation of enterprise financial decisions, strategies and tactics. It is necessary to identify the main approaches to the development of the strategy, the main strategic alternatives, consider the classification of the strategy of the enterprise by individual groups, identify the main directions of strategy development, the main measures to reduce costs, outline the basic strategies for enterprise development. Develop criteria for the successful implementation of industrial enterprises.

### The main material of the research

The current definition of a strategy is difficult to formulate in one sentence. Many authoritative scientists have offered their own vision of the content of the strategy, but their definitions have different meanings.

Different companies and managers in different ways form and perform tasks related to the development of strategy. The main approaches to strategy development are those that [3] :

- are developed taking into account the prospects of enterprise, region, industry development;

- are substantiated by numerous special studies and factual data;

- add to the company the certainty, individuality, which allows it to attract highly skilled professionals to participate in the development of the strategy;

- the strategy presented in the form of a strategic plan must be flexible so that the necessary adjustments can be made through changes in the external environment;

- strategy development ends with the establishment of general directions of development of the company;

- the strategy is subject to correction or refuses at all on achievement of the set goals;

- ongoing control over the implementation of the developed strategy.

Strategies from enterprises can be numerous, but they all are based mainly on four strategic alternatives (Fig. 1).

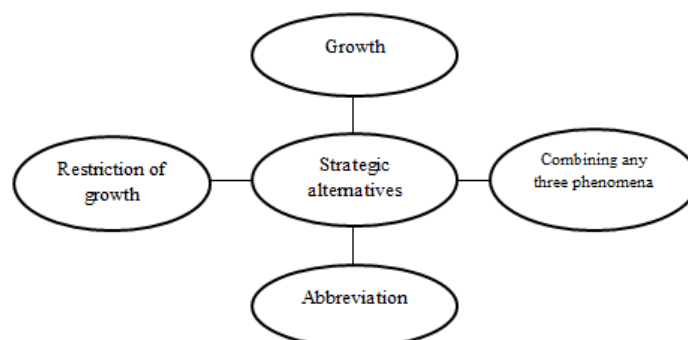


Fig. 1. Strategic alternatives (created by authors for [7])

Any company that is competitive in the market, uses a certain strategy (obvious or not obvious). Such a strategy can be developed explicitly through the planning process or deployed secretly through the activities of the various divisions and departments.

In order to properly formulate a strategy through an explicit process or to identify a hidden strategy, it is necessary to know what kinds of strategies exist at all and which ones can be chosen for a specific enterprise in certain circumstances. The system of classification of enterprise strategies includes a number of features on which strategies are divided into separate groups (Tab. 1).

According to the hierarchy in the management system, there are four types of strategies that correspond to

different organizational levels. Such a classification in the literature was called “strategic pyramid” by A.A. Thompson and J. Strickland (Fig. 2) [1].

The corporate strategy is a general management plan for the company. It applies to the entire company, covering all areas of activity that it deals with and consists of actions taken to consolidate their positions in various industries, and approaches used to manage company affairs. The choice of a general (corporate) strategy depends on the characteristics of the industry, the overall competitive position of the firm and the characteristics of the enterprise itself (in particular, the stage of the life cycle).

Table 1 - Classification of enterprise strategies [1]

By the hierarchy in the control system	Corporate strategy
	Business strategy
	Functional strategy
	Operational strategy
By functional criterion	Marketing strategy
	Production strategy
	Financial strategy
	Organizational strategy
	Social strategy
By the stages of the business life cycle	Growth strategy
	Content strategy
	Strategy of reduction
A competitive position in the market	Leader's strategy
	The applicant's strategy
	Follower strategy
	Strategy is a beginner
By way of achieving competitive advantages	Minimal cost strategy
	Strategy of differentiation
	Focusing strategy
	Strategy is a beginner
By the level of business globalization	Strategy of narrow specialization
	Strategy of differentiation

For a narrow-profile enterprise, corporate and business strategies coincide.

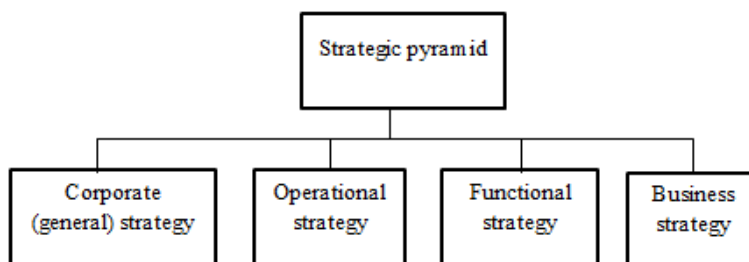


Fig. 2. “Strategic Pyramid” by A.A. Thompson and J. Strickland [1]

The modern concept of a business strategy is based on the idea of it as one of the processes of managing the organization, taking into account the prospects for the development of events and the adequate behaviour of the organization itself.

According to A.A. Thompson and J. Strickland, the term “business strategy” denotes the plan for managing a particular sphere of companies. The business strategy is aimed at establishing and strengthening the long-term competitive position of the company in the market. To

achieve this goal, the business strategy is developed in the following main directions [2] :

- responding to changes occurring in this field, in the economy as a whole, in politics and in other significant areas;
- development of competitive measures and actions, market approaches that can give a significant advantage over competitors;
- unification of strategic initiatives of functional departments;

– solving specific strategic issues that are relevant at the moment.

A functional strategy is used for each area of activity. It is aimed at supporting business strategy and achieving the goal.

The operating strategy is developed for individual structural units, and individual departments within the functional areas, solves specific problems that are associated with the achievement of the goal set before them.

Concrete business strategies differ in variety, but in the theory of strategic management they have been reduced to a limited number of typical options (Tab. 2).

For industrial enterprises, it is expedient to implement a reduction strategy, the main purpose of which is

Table 2 – Basic strategies for enterprise development [4]

Type of basic strategy	Name	Purpose
Strategies for concentrated growth	Capture the market	The desire to increase the share of its product in traditional markets
	Market development	Output your product to the market in new geographic areas
	Product development	The desire to increase the volume of sales through the improvement or modification of its product
Integrated growth strategies	Direct integration	Acquisition of ownership of a distribution network or establishment of full control over it
	Reverse integration	The desire to get raw material suppliers to the property or under full control
	Horizontal integration	The desire to get their competitors in the ownership or under full control
Diversified growth strategies	Concentric diversification	Creation of new production that coincides with the profile of the enterprise
	Conglomerate diversification	Mastering the release of new products, which does not coincide with the traditional enterprise profile
Reducing strategies	Horizontal diversification	Mastering the release of new non-core products, but for traditional consumers
	Joint venture	Association with another company for carrying out works on a special project
	Abbreviation	Restructuring to reduce costs to stop the process of falling sales
	Rejection	Sale of a department or part of an enterprise
	Liquidation	Sale of all assets of the enterprise

– the sale of part of the property of the enterprise, if there are fixed assets that are mothballed and not used for several years, their realization can provide additional profit;

– timely inspection of the equipment for the purpose of carrying out preventive maintenance, which will allow reducing expenses for capital repairs in the future;

– more rigid energy saving due to its rational use by creating a timetable for the release of products;

– consider the possibility of transferring the workers directly involved in the production process to the share payroll.

The result of this strategy should be reflected in the increase of the market value of the organization and the achievement of the break-even activity.

The functional strategy is narrower in comparison with business strategy, but its role is to specify the particular details of the latter and to create managerial guidelines to achieve the company's functional goals. Among the main functional strategies are:

- organizational strategy;
- strategy of marketing activity;
- innovative strategy;
- production strategy;
- financial strategy;

restructuring in order to reduce costs to stop the process of the drop in sales.

The main measures that an entity can use to reduce costs is expedient to include:

– acceleration of the cycle of incoming and outgoing cash flows at the expense of rapid receipt of proceeds from sales of products (incoming cash flow) and the use of funds received to ensure the rhythmic and uniform operation of the enterprise (output cash flow);

– within the framework of asset restructuring, to optimize their structure by reducing the value of non-current assets and increasing the specific weight of working capital, especially its working capital;

– a social strategy [6].

For an enterprise, marketing strategy is the most important functional strategy, since it provides justification for the market orientation of the enterprise. Therefore, it is expedient to include (in the absence of an enterprise) in the state of a specialist-marketer for the following functions [5]:

– conducting research of the market environment in order to timely identify changes and respond effectively to them;

– preparation and constant updating of the data bank of potential clients;

– implementation of the company's advertising strategy.

One of the most important subsystems of the business strategy is the production strategy, which is a long-term program of concrete actions in the creation and sales of the enterprise's products. The production strategy is aimed at the use and development of all production capacities to achieve strategic competitive advantage. The basis of the formation of a production strategy, given the unsatisfactory financial situation, should be extended to the existing production potential through the modernization of production, the elimination of bottlenecks, the introduction of new technologies.

An unconditional factor in ensuring the operation of an enterprise is the involvement of staff with certain quantitative, structural and qualitative characteristics. Therefore, the staffing strategy should be based on the introduction of a flexible system of remuneration and compensation through the development of a method of "profit participation" in accordance with the positions and performance of production tasks.

The financial strategy is the basis for choosing an alternative that determines the nature and direction of the financial relations organization, both inside and outside the enterprise. In order to optimize the financial condition of an enterprise, it is necessary to develop a system for monitoring current financial activity, the main purpose of which is to timely identify the deviations of the actual results of the activity from the foreseen, causing deterioration of the financial state of the enterprise; determining the causes of these deviations and development measures to adjust, normalize and improve the efficiency of financial activities. The developed system of monitoring of current financial activity should be adjusted for changes in the strategic objectives of the enterprise, the types of its production and financial activities, and the system of indicators of current and operational financial plans.

It is quite obvious that selected strategies must change and adapt to changing conditions. They form the basis for strategic plans, the main purpose of which is to choose the means and tools to achieve the goals of the enterprise – both promising and current – taking into account possible plans and risks.

#### Conclusions

Summing up, there are many business strategies, but they all are based on four strategic alternatives: growth, growth limitation, reduction, combination of any three phenomena.

The choice of a general strategy depends on the characteristics of the industry, the overall competitive position of the firm and the characteristics of the enterprise itself.

Therefore, for industrial enterprises, it is expedient to implement a reduction strategy, the main purpose of which is restructuring in order to reduce costs to stop the process of the drop in sales.

The main measures that an entity can use to reduce costs is expedient to include:

- acceleration of the cycle of incoming and outgoing cash flows at the expense of the rapid receipt of proceeds from sales of products (incoming cash flow) and the use of funds received to ensure the rhythmic and equitable workload of the enterprise (output cash flow);
- within the framework of asset restructuring, to optimize their structure by reducing the value of non-current assets and increasing the specific weight of working capital, especially its working capital;
- the sale of part of the property of the enterprise, if there are fixed assets that are mothballed and not used for several years, their realization can provide additional profit;
- timely inspection of the equipment for the purpose of carrying out preventive maintenance, which will allow reducing expenses for capital repairs in the future;
- more rigid energy saving due to its rational use by creating a timetable for the release of products;
- to remove the equipment from the rent for the purpose of its further use in its own activities;
- consider the possibility of transferring the workers directly involved in the production process to the share payroll.

The result of this strategy should be reflected in the increase of the market value of the organization and the achievement of the break-even activity.

Strategies need to change and adapt to changing conditions. They form the basis for strategic plans, the main purpose of which is to choose the means and tools to achieve the goals of the enterprise – both promising and current – taking into account possible plans and risks.

#### References

1. Blank, I.A. (2006). *Finansovyj menedzhment* [Financial Management]. Kyiv: Nika-Centr: Elga [in Ukrainian].
2. Zhuravlova, I.V. (2010). *Finansi pidpriemstv: teoretiko-metodichne zabezpechennya formuvannya ta vidtvorennya* [Finances of enterprises: theoretical and methodological support for the formation and reproduction]. Kharkiv: HNEU [in Ukrainian].
3. Kolpakov, V.M. (2000). *Teoriya i praktika prinyatiya upravlencheskih reshenij* [Theory and practice of making managerial decisions]. Kyiv: MAUP [in Ukrainian].
4. Vasilenko, V.O. & Tkachenko, T.I. (2004). *Strategichne upravlinnya pidpriemstvom* [Strategic enterprise management]. Kyiv: Centr navchalnoyi literaturi [in Ukrainian].
5. Tompson, A.A. & Striklend, A.J. (1998). *Strategicheskij menedzhment. Iskustvo razrabotki i realizacii* [Strategic management. The art of developing and implementing a strateg]. (L.G. Zajceva, M.I. Sokolovoj, Trans). Moscow: Banki i birzhi, YuNITI [in Russian].
6. Ponomarenko, V.S., Tridid, O.M. & Kizim, M.O. (2003). *Strategiya rozvitku pidpriemstva v umovah krizi* [Strategy of enterprise development in the conditions of crisis]. Kharkiv: INZhEK [in Ukrainian].
7. Nalivajko, A.P., Grebeshkova, O.M. & Reshetnyak, T.I. (2017). *Strategiya pidpriemstva u postindustrialnij ekonomici* [The strategy of the enterprise in the post-industrial economy]. Kyiv: KNEU [in Ukrainian].
8. Martysheva, L.S. (2011). *Rol i misce finansovoyi strategiyi v sistemi bazovih ta funkcionalnih strategij* [The role and place of a financial strategy in the system of basic and functional strategies]. *Visnik Universitetu bankivskoyi spravi Nacionalnogo banku Ukrayini - Bulletin of the University of Banking of the National Bank of Ukraine*, 3. Retrieved from <http://nbuv.gov.ua>. [in Ukrainian].