

COMPETITIVE STRATEGY AS INSTRUMENT OF INCREASE OF BUSINESS ACTIVITY OF THE INDUSTRIAL ENTERPRISE

Dr Aleksandr Sergejevič Ljevčenko*

Belgorod State Technological University named after V.G. Shukhov

Anatolij Andrejevič Rudičev

Belgorod State Technological University named after V.G. Shukhov

Irina Anatoljevna Kuznecova

Belgorod State Technological University named after V.G. Shukhov

Jelena Aleksandrovna Nikitina

Belgorod State Technological University named after V.G. Shukhov

The achievement of stable economic development of an economic entity and growth of its competitiveness make it necessary to increase the level of its business activity on the basis of improvement of strategic management process. The mechanism of development of the competitive strategy of an economic entity providing transparency and predictability of its activity has been given in this article. Practical realization of the developed strategy is possible, first of all, due to determining of the priority directions of development of an enterprise on the basis of activization of key subsystems of business activity. It is caused, first of all, by the fact that it is almost impossible to provide simultaneous growth of all components of business activity of an enterprise, despite their close interrelation.

Key Words: competitive strategy, business activity, financial activity, mechanism, indicators of business activity.

INTRODUCTION

Relevance of a subject of research is caused by need of economic growth of the enterprise due to increase of its business activity on a basis improvement of strategic management by the managing subject. Development of effective strategy provides transparency and predictability of activity of the industrial enterprise. Set of approaches in definition of financial and economic strategy divides process of strategic planning into system of the interconnected chains of relationships of cause and effect. The system of strategic management is fully reflected in works of foreign and domestic authors. In a key of theoretical and methodological aspects of strategic planning monographs are submitted: I.M. Ansoff, A.M. Gershun, V.A. Goremykin, V.D. Gribov, I.B. Gurkov, Zh.Zh. Lamben, M. H. Meskon, P. M. Senge, A.D. Striklend, A. A. Thompson, F. S. Hedouri. Systematicity of process approach to strategic planning allows to characterize in a complex set of functional strategy of the organization, most to standardize processes of strategic planning at the industrial

enterprises, and also to establish control points on which it is necessary to pay special attention at management of their strategic activity. In turn, strategic management of the industrial enterprise is allocated with the whole complex of the rules characterizing extent of functional development of the organization. The complex of rules of strategic management allows to create sphere of action of functioning of the enterprise of that they carry, as a rule, restrictive and ordering character [1, p. 97].

The key moment at a choice of strategy is the assessment of alternative options. The essence of an assessment consists in choosing such strategy which could increase efficiency of functioning of the enterprise in the future. The choice of strategy has to correspond to the formulated direction of development of the company the Formulation has to be clear and unambiguous as the chosen strategy is capable to limit freedom of work of the top management of management and to have essential impact on all decisions applied by it.

The chosen alternative strategy as a whole has positive impact on increase of business activity of

* Belgorod State Technological University, Belgorod, Kostjukova 46, 308012 Russia
aleksandersl.03.03@gmail.com

the managing subject. As a part of business activity as systems can be allocated a number of subsystems, such as: production, economic, financial.

- Production activity is characterized by growth rates of outputs and degrees of utilization of capacity. As a result, one of the important and main indicators considered in dynamics, output is;
- Economic activity is a dynamic condition of the economic system, being characterized course of active processes of production on the basis of selection of the best methods, forms and the managing directions, and also search of new technologies, products and ways of the organization of production;
- The resulting effect of management of business activity is reflected by the financial activity directed on realization of financial and

economic capacity of the enterprise. Financial activity is a definition of the direction of change of rates of used financial resources for the purpose of efficiency increase under the influence of a complex of purposeful actions for achievement of financial stability of the enterprise. It should be noted that “financial activity” characterizes interrelation in business activity of all subsystems.

Each managing subject not to remain at a former stage of development and in the future not to become a bankrupt, has to aspire constantly to growth of a level of business and find reserves of her increase. From the point of view of function-oriented approach reserves of increase of a level of business can be illustrated visually in the form of the scheme (Figure 1).

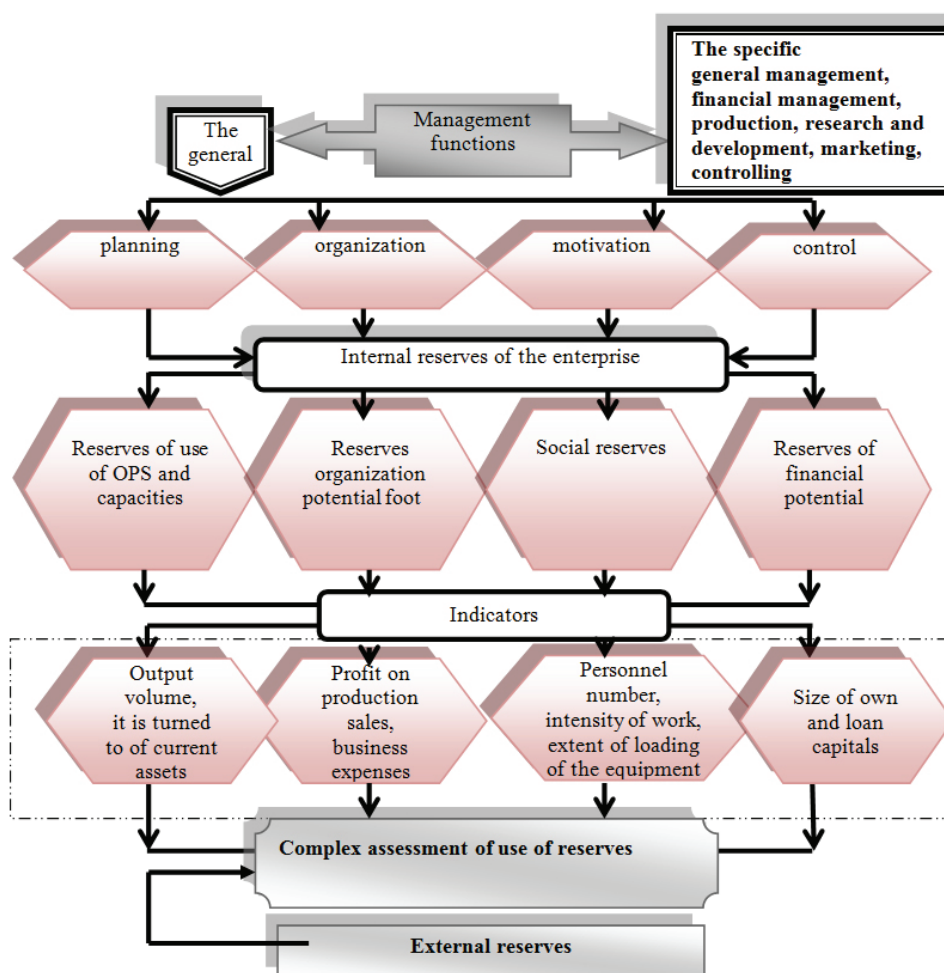


Figure 1: Function-oriented approach of systematization of reserves of effective functioning of the managing subject

Indicators which can be used for an assessment of a level of business on a functional sign, are presented in Table 1.

The analysis of the offered system of indicators allows to reveal the main reserves of increase

of effective management of the industrial enterprise having direct impact on increase of a level of business of the managing subject as a whole.

The high level of business of the managing subject allows to realize in practice strategic inter-

ests for performance of certain results of commercial activity. Business activity is capable to have essential impact on investment appeal of the company, and also on its financial stability.

Change of a level of business depends not only on use of internal reserves (capacity) of the company, but also on environment that has to be considered when planning long-term goals and problems of managing subject and when developing strategy of its further development.

The choice of strategy has to correspond to the formulated direction of development of the company, and the formulation has to be clear and unambiguous as the chosen strategy is capable to limit freedom of work of the top management

of management and to have essential impact on all decisions applied by it.

The essence of realization of the developed strategy consists in understanding of what actions need to be made first of all that strategy functioned in practice and established periods of its execution were observed strictly, and, as a result, positive results were received.

The developed strategy is a basis of ensuring the effective financial activity as which main objective attraction and use of financial resources, coordination of their stream, and also development of sequence of schemes of financing, proceeding from specifics of activity of the managing subject and the factors having on it essential impact acts.

Table 1: The indicators characterizing business activity on a functional sign

Gradation	Functions	Function management	Management classification	Reserves on
General functions	Planning	Reserves of use of fixed assets and capacities	Indicators uses production potential	<ul style="list-style-type: none"> - output of products; - material capacity of production; - turnover of current assets; - work fondovooruzhennost; - capital productivity; - coefficient of updating of fixed assets.
	Organization	Reserves of use of innovative resources	Indicators of use of institutional capacity	<ul style="list-style-type: none"> - costs of introduction of IT technologies - duration of processes of decision-making and conclusion of the contract for delivery - expenses on advertizing - level of the organization of production - share of expenses on inventions - share of administrative expenses
	Motivation	Reserves of use of a manpower	Indicators of use of social potential	<ul style="list-style-type: none"> - indicators of the quantitative and qualitative completeness of personnel structure; - coefficient of turnover of staff; - labor productivity; - labor organization level; - zarplatoyemkost; - standards of controllability; - share of expenses on personnel training; - coefficient of safety of work; - coefficient of labor discipline.
	Control	Reserves of use of financial resources	Indicators of use of financial potential	<ul style="list-style-type: none"> - revenue; - product cost; - profit on production sales; - profitability of production; - size of own and loan capital; - size creditor and receivables
Specific (concrete) functions	General management, financial management, production, research and development, marketing, controlling, etc.			

Result of studying of a number of existing approaches to development of strategy as instrument of increase of business activity of the industrial enterprise is the offered scheme (Figure 2).

Main development stages of strategy:

I. At an early development stage of strategy to management companies, it is necessary to cre-

ate the direction of its development, first of all. Well formulated ideology of the organization can concentrate efforts of the company on the direction determined by the management. At this stage strategic objectives turn firm mission into a specific task for further execution. The developed strategic objectives of the company have to

be really achievable, have deadlines and methods of their execution.

II. At a stage of elaboration of strategy for the achievement of the objectives, put in each area of functioning of the managing subject, the strategic development plan of the organization represents the aggregated model of the interconnected and unified strategy, such as:

- corporate strategy (it is used for achievement of goals at the level of corporation);
- business strategy (it is applied at the level of economic division of the company);

- functional strategy (define the tasks necessary for execution by each functional division of the enterprise);
- operational strategy (are necessary for achievement of the planned purposes facing separate operational unit).

Often development of strategy is a task from top to down, i.e. from the top management of management to the lowest. Strategy of the bottom level supplements and supports strategy at higher level and makes the contribution in achievement of the planned purposes.

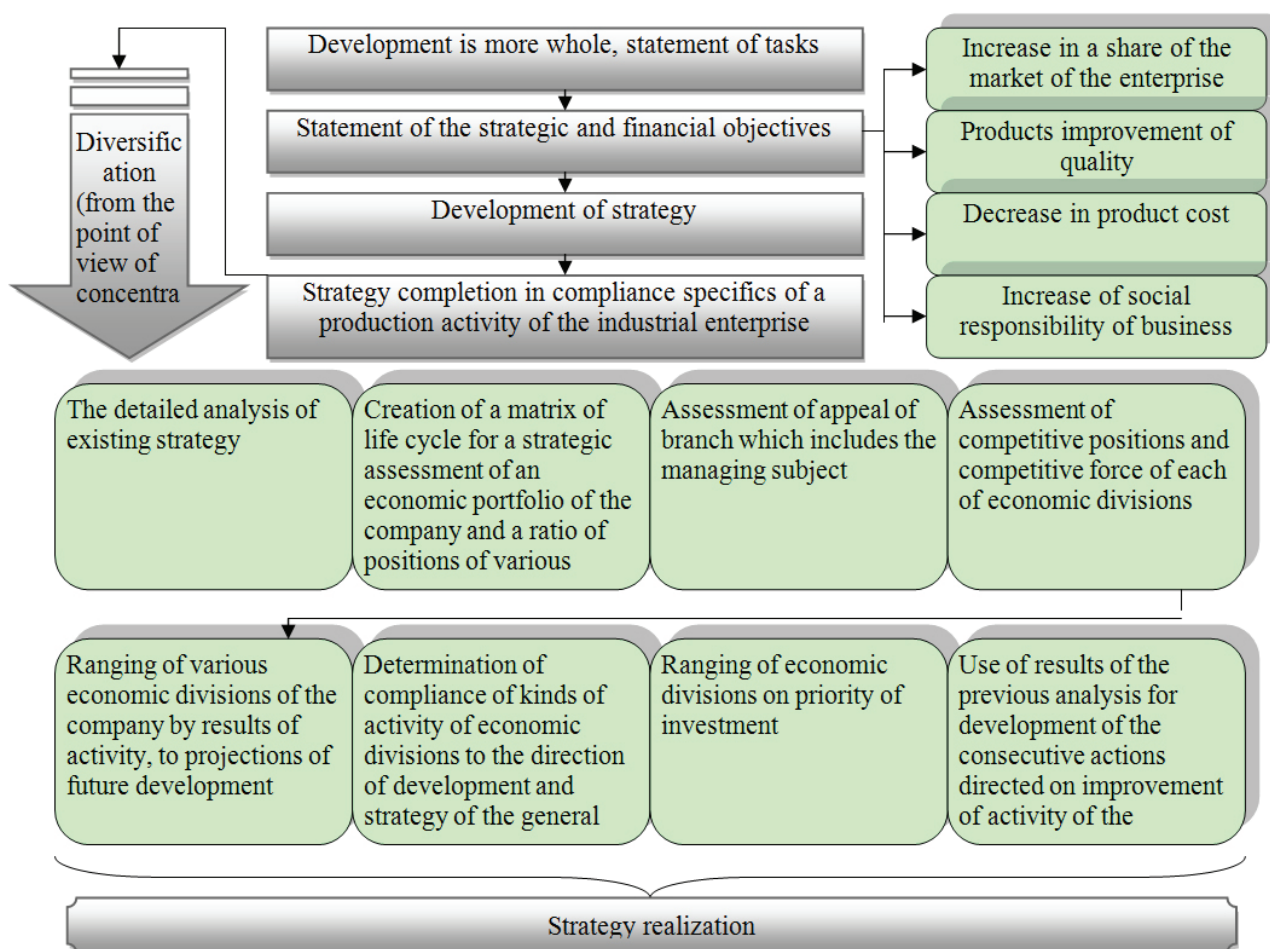


Figure 2: The scheme of development and the realization of strategy of financial security necessary for increase of business activity of the managing subject

The choice of concrete strategy for the enterprise in certain time of its development depends on the developed economic situation. There are general approaches of formation of strategy. The whole complex of the strategic decisions supporting legal, economic, production, social and other components is their cornerstone. Such decisions are innovative by the nature and provide the long-term organizational goals, tasks, the principles, the actions, capable to strengthen

competitiveness of the enterprise on a commodity market during any period of time. On the basis of the above it is representable in Figure 3 the scheme of formation of the mechanism of strategy of the managing subject developed during conducted research.

Realization in practice of the developed strategy is possible, first of all, by definition of the priority directions of development of the company on the basis of activation of key subsystems of busi-

ness activity. It is caused, first of all, by that it is almost impossible to provide at the same time growth of all components of business activity, despite their close interrelation among themselves. Thus, at strategy justification as instrument of increase of business activity of the industrial enterprise it is necessary:

1. to establish interrelation between processes of development and deployment of strategy in area of functioning of the managing subject;

2. to create the scheme of development and realization of strategy of financial security;
3. to consider that process of development, introduction and realization of effective steady competitive strategy consists of ranks of independent stages;
4. to remember multicomplexity of the administrative process connected with implementation of the strategic plan.

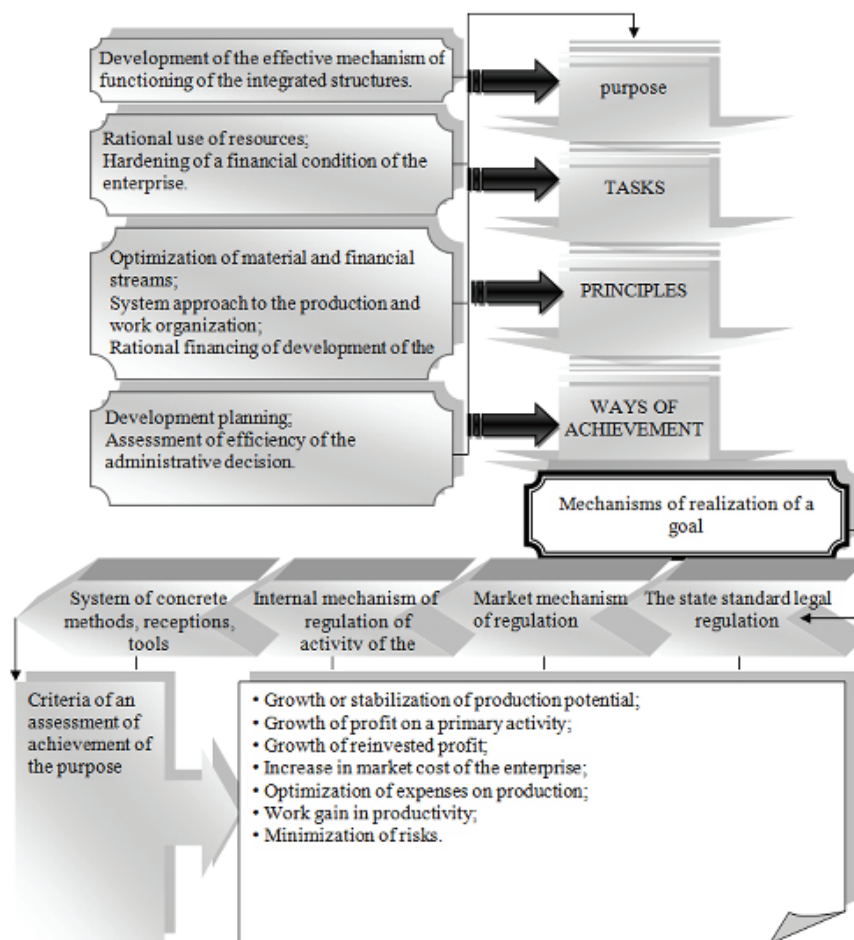


Figure 3: Scheme of formation of the mechanism of development of strategy of the industrial enterprise

CONCLUSION

In our opinion, to provide strategy justification as an instrument of increase of business activity of an industrial enterprise it is necessary:

1. to establish interrelation between processes of development and deployment of strategy in the area of functioning of an economic entity;
2. to create the scheme of development and realization of strategy of financial security;
3. to take into account that the process of development, introduction and realization of effective sustainable competitive strategy consists of a number of independent stages;

4. to remember that the administrative process connected with implementation of the strategic plan is multicomplex.

SUMMARY

To analyze problems of increase of business activity of an enterprise, it is necessary to pay attention to the following aspects:

1. Ensuring economic growth of an enterprise demands increase of its business activity on the basis of improvement of strategic management process.
2. Strategic management of an industrial enterprise has the whole complex of the rules char-

acterizing the extent of its functional development and defining the sphere of activity.

3. The indicators offered in the article characterizing business activity according to the functional sign can be used for the identification of the main reserves of effective management improvement of an industrial enterprise.
4. Choosing competitive strategy as an instrument of increase of business activity of an enterprise it is necessary to take into account that it has to correspond to the formulated direction of its development. The formulation has to be clear and unambiguous as the chosen strategy is capable to limit freedom of the work of the top management and to have essential impact on all decisions made by it.
5. The scheme of formation of the mechanism of strategy development of an industrial enterprise has been given in the article. Practical realization of the developed strategy assumes determination of the priority directions of development of an enterprise on the basis of activation of key subsystems of business activity.
6. Justification of competitive strategy as an instrument of increase of business activity of an industrial enterprise requires:
 - establishing the interrelation between processes of development and realization of strategy in the sphere of functioning of an economic entity;
 - creating the scheme of development and realization of strategy;
 - taking into account that the process of development, introduction and realization of effective sustainable competitive strategy consists of a number of independent stages;
 - understanding that the administrative process connected with implementation of the strategic plan is multicomplex.

ACKNOWLEDGEMENTS

The authors extend acknowledgements to the rector of BSTU, prof. Sergei Nikolaevich Glagolev for their assistance in organizing the study and publication of the results. Work has been performed in the framework of Strategic Development Program at BSTU for 2012-2016. The article was published with the financial support from Ministry of Education and Science of the Russian Federation within the framework of

state assignment to the project #26.1511.2014K "Theory and methodology of managing innovative and investment processes in small business enterprises."

REFERENCES

- 1) Arkatov A.Ya., Glagolev S.N. (2011) Strategic management at the enterprise of the industry of construction materials: the education guidance with UMO signature stamp. Belgorod: BGTU publishing house.
- 2) Bendery O.B., Chernykh A.V. (2005) Complex economic analysis of economic activity: education guidance. Belgorod: BGTU publishing house. 357 p.
- 3) Bendery O.B., Slabinskaya I.A. (2011) Analysis and diagnostics of financial and economic activity: the education guidance with a signature stamp of the UMO. Belgorod: BGTU publishing house.
- 4) Vinogradova Z. I., Scherbakova V. E. (2004) Strategic management. The matrix of modules, "tree" is more whole. Moscow: Academic Project: Mir fund. 304 p.
- 5) Doroshenko Yu.A., Somin I. V. (2011) Management of innovations: the education guidance with UMO signature stamp. Belgorod: BGTU publishing house.
- 6) Kogdenko V. G. (2011) Ekonomicheskyy analysis: 2nd prod. reslave. and add. Moscow. 399 p.
- 7) Nikitina E.A., Vybornova V.V. (2011) Management of competitiveness of the enterprise: education guidance. Belgorod: BGTU publishing house.
- 8) Prokopchuk L. O. (2004) Strategic management: textbook. SPb.: Mikhaylov V. publishing house. 511p.
- 9) Rudychev A.A., Kuznetsova I.A., Nikitina E.A., Demura E.A., Yarmolenko I.V. (2011) Ekonomika of branch: education guidance. Belgorod: BGTU publishing house.
- 10) Rudychev A. A. (2009) Organization Economy: Educational grant / Under edition of the prof., the Dr. the house-keeper. Rudychev A. A. sciences. prof., edging. house-keeper. Kuznetsova I. A. sciences. - Belgorod: BGTU publishing house of V. G. Shukhov. 455 p.

Paper sent to revision: 02.02.2015.

Paper ready for publication: 10.03.2015.