

AS FOR THE DEFINITION OF THE TERM "STRATEGY"

Lyudmila Nazarova,
Doctor of Economics, Assistant Professor
Head of the FEA Department
V.O.Sukhomlinskiy Mykolaiv National University,
Mykolaiv,
Ukraine

Alona Ohiienko,
Ph.D (Economics), Assistant Professor
FEA Department
V.O.Sukhomlinskiy Mykolaiv National University
Mykolaiv,
Ukraine



***Abstract.** In article aspects of reform of the agricultural sector in which there is a great opportunity to create a multidimensional strategic direction of foreign trade. Development and implementation strategies of foreign trade of agricultural enterprises has a positive impact on its efficiency and competitiveness. The environmental possibilities should be sought through the use of strong features of the resource potential. Formation of the economic development strategy of the agricultural requires the working out of the definite complex issues among which there are the validity of the mission, areas of motivation, determination of optimal variants of production, labor and management, the balance of payments to ensure proportionality as a primary component of the predicted producing process and its final result.*

***Key words:** strategy, globalization, management, agricultural enterprises.*

1. Introduction.

In the modern situation of globalization there is a strong necessity of efficient usage of different integrative forms into the global market. It is also necessary to determine the essence of strategy, its main courses, and as a result to make new relevant researches.

The concept of strategy is fundamental in the theory of strategic management, because it is a unifying mechanism of the purposes of potential (capacity) and conditions (the environment). Based on the business aims, it determines the means by which the enterprise can change their strategic expectancies to the market advantages with the help of cooperation with factors of external influence. It is important to understand that without all above mentioned the efficient adaptation to the strategic changes in the conditions of uncertainty and variability of the environment is impossible. The situation becomes more complicated because of the lack of processes of cooperation inside of the enterprises, and inadequate market's economic requirements as for the management.

2. Materials and Methods

The term "strategy" had appeared in the administrative terminology in the 50-ies of the XX century when the problem of timely response to sudden changes in the environment became very important. Firstly the term "strategy" was rather difficult to understand. The dictionaries were helpless because of the old traditions when the strategy was used only in the military practice. Strategy is a unifying mechanism of the potential purposes (capacity) and environmental conditions. Trends of modern economic situation's development are characterized by the high level of dynamism, the intensification of structural changes, increased competition. The environmental processed acquire definite features of complexity, complementarities and mutual causality. These phenomena determine the necessity of scientific search for new mechanisms and methods of

strategic management, the core of which is a strategy that should not only be correspondent with the national economy transformation but also harmonize the influence and relations between internal and external environmental factors.

3. Results

There are a lot of different approaches to the definition of the term "strategy" in the scientific literature. A. Chandler is the author of the first scientific work about strategic planning. He says that strategy is "the definition of the main long-term aims and missions of the enterprise, the adoption of the actions and facilities assignment for achievement of chief aims" [1]. This definition is classical in explanation of the strategy essence. According to Chandler's words, there can be nothing more destructive than the permanent change of development goals. The actions are specified in the form of some programs which often are targeted for the shorter period than long-term goals. They can be adjusted, which provides more efficient realization of strategic goals.

I. Ansoff is the famous specialists in the sphere of the strategic planning who had proposed his definition of the strategy and said that it is "a set of rules for decisions – making which are used by the enterprise in its activity" [2, 3]. According to the opinion of I. Ansoff there are four different groping strategies:

- the rules which are used in evaluating of the present results of the enterprise's activity and in its future. The qualitative aspect of evaluation criteria is called the reference point and quantify aspect is called the task;

- the rules according to which the relations between the enterprise and environment can be fixed (necessary types of products and technologies, sales channels etc.) This set of rules is the product-market strategy which is known as a business strategy;

- the rules which define the relations and procedures inside of the enterprise. These rules are known as organizational concept;

- the rules according to which the everyday activity of the enterprise is going on - the main operative motions.

Analysis of the literature [4, 5, 6, 7, 8, 9, 10] shows that in general, the strategic planning formation is the intersection of the identified opportunities and some threats from the side of the external environment, which are expressed in the form of key success factors as well as the strengths and weaknesses of resources, denominated in its distinctive abilities to development. The environmental possibilities should be sought through the use of strong features of the resource potential. In addition, the environmental threats should be detected and some weak sides of the resource potential of the enterprise should be minimized. The values of the senior management, ethical standards of the society such as social responsibility have a strong influence on the strategy formation, its evaluation and choice of the right strategic way.

On the basis of the further analyzing of the "strategy" structure we can make a conclusion that the authors give such variants of the term's definition:

- 1) the set of rules for decisions-making - I. Ansoff [2,3];
- 2) actions, model of actions, program of actions - B. Karloff, V. Vasilchenko, T. Tkachenko, V. Oberemchuk, M.Porter [5, 6];
- 4) detailed comprehensive integrated plan - M. Meskon, M. Albert, F. Hedoury, R. Fathutdinov, A. Strikland, A.Tompson[8];
- 5) the complex of decisions – P. Doyle [9];
- 6) system of issues and measure – N. Shehovtsova [10];
- 7) long-term course of actions, development in direction - O.Vihanskyy, Z. Shershneva, S. Oborska, V. Beloshapka, G. Zagornyy [6, 11];
- 8) set of activity directions - A. Nalivayko [12];
- 9) functional method - V. Kolpakov[13];
- 10) coordinating factor – N. Kudenko[14];
- 11) the system of long-term goals - I. Blank [15].

Basic action happens in the definitions of A.D. Chandler and C.R. Andrews in the early stages of strategic management theory development. It is formulated as "the process of long-term goals identifying" or "ideal setting of analytical goals".

Under the tools of strategy realization, the most authors understand the trends and adoption of action courses as for the location, distribution and coordination of enterprise's resources,

including its position in the environment. It should be noted that in a number of definitions, including M. Meskon, M. Albert, F. Hedoury, N. Shehovtsova, R. Fatkhutdinova, Z. Shershneva, S. Oborsky, A. Nalivaiko, V. Byeloshapka and G. Zagornyy the given structural element is missed.

As for the third element of the "strategy" structure - the result of the realization - the authors were divided into three groups according to their opinions. The first group of authors, including A. Chandler, A. Strickland, A. Thompson, M. Meskon, M. Albert, F. Hedoury, O. Vihanskyy, R. Fathutdinov, V. Kolpakov, N. Kudenko, V. Vasilchenko, T. Tkachenko, I. Blank, consider that it is achievement of goals. Other authors, including I. Ansoff, M. Porter, P. Doyle, N. Shehovtsova, A. Nalivayko, consider that the result of strategy realization is an optimization of the long-term income standards, strengthening of the enterprise's positions, promotion of the clients' needs, maximum return of financial capital or strengthening of enterprise's long-term competitive advantages on the target market.

The third group of authors, including Z. Shershneva, S. Oborska, V. Oberemchuk, V. Beloshapka, G. Zagornyy, formulate the definition of the term "strategy" as a result of the enterprise's development.

The author believes that this approach to the determination of the strategy should be considered as the most meaningful because the goals' achievement can be seen as a process of enterprise's development. And the results of the strategy realization which are outlined by the second group of the authors can be considered as specific features of that process.

4. Conclusions

Thus, we can conclude that, in spite of different result's formulation, any strategy of the enterprise is focused on its development. Formation of the economic development strategy of the agricultural requires the working out of the definite complex issues among which there are the validity of the mission, areas of motivation, determination of optimal variants of production, labor and management, the balance of payments to ensure proportionality as a primary component of the predicted producing process and its final results; right choice of investments and their sources; identifying of efficient business management at different periods of time etc. The strategy of foreign economic activity of the agricultural sector is formulated like a choice of the right purpose, directions, methods, mechanisms of transformation and system of justification measures to create and maintain the proportions between resources; improvement of the industrial cooperation to increase the production and profits volumes which would be enough to maintain the rhythm and steadiness of the expanded reproduction and realization of the economic activity.

The author believes that the development of the foreign trade strategy is important to ensure its adaptability to the constantly changeable conditions to ground the main directions of the economic activity of the enterprises. It is really difficult to take into account all of the strategy development factors due to inability to give an accurate quantitative assessment of future economic conditions in a specific period. That is why it is important to follow the sufficient principle of strategy grounding. It means that it is necessary to implement the factors which have an important influence on the management efficiency as a social and economic system and its structural components.

One of the major points of the strategy formulation and implementation of foreign economic activity of the agricultural enterprises is their balanced development with the accounting of needs in domestic production and in realization of the FEA. That is why the necessity of logistical and human resources for realization of different strategies should be defined on the base of the most progressive technologies and projects, but also it should be compared with real possibilities of the enterprise in different periods of times.

In the process of the strategic planning the potential success and its components are defined with accounting of all possible variants and methods of production. In other words, strategic planning is aimed at successful tasks' realization which is defined by the chief-goal of the enterprise. That is why it takes into account the influence of different factors and conditions but also creates them when it is necessary. It should be underlined that each subject of economic activity is a unique participant of the strategy realization which depends on the dynamic direction of its development, its potential, features of products (services), economy situation and many other factors.

As a result of the agricultural sector's reform there is a great possibility to create the multivariate strategic development directions. According to the opinion of the authors the most common areas are:

1. The implementation of the rational technologies and usage of the equipment of high level which allow applying the scientifically grounded system of agricultural farming.
2. The providing of the agricultural sector with the appropriate range of necessary material resources, collecting all means in a special fund of economic development; targeted usage of the technical means, involving depreciation fund and profits deductions to expand the production and subsidies.
3. Upgrading of the organizational, productive and management structure in order to rational land use, means of production and labor resources.
4. The optimization of the specialties and rationalization of production sizes with the improvement of the in economic relations on the basis of the horizontal and vertical integration cooperative relations formation.
5. The improvement of the economic mechanism on the basis of motivational resources aging and rational use of productive resources management.
6. The expansion of the marketing activities.

In that way, the development and implementation of the foreign trade activity strategies of the agricultural enterprises can have a positive influence on its efficiency and competitiveness.

References

- [1]. Chandler A. (1961) "Strategy and Structure". – Boston.
- [2]. Ansoff I. (1999) "Novaja korporativnaja strategija", SPb.: Piter, 416 p.
- [3]. Ansoff I. (2004) "Strategicheskoe upravlenie", M.: Jekonomika, 519 p.
- [4]. Bielov B. O. (2011) "Orhanizatsiino–ekonomichniy mekhanizm rozrobky i realizatsii pidpriemstvamy APK marketynhovyykh stratehii vzaємodii", Ekonomika APK, № 10, pp. 124–129.
- [5]. Vasylchenko V.A. (2003) "Stratehichne upravlinnia", K.: TsUL, 246 p.
- [6]. Vihanskij O.S. (1999) "Strategicheskoeupravlenie", M.: Gardariki, 296 p.
- [7]. Zub A.T. (2002) "Strategicheskij menedzhment: Teorija i praktika", M.: Aspekt Press, 415 p.
- [8]. Fathutdinov R.A. (1998) "Strategicheskij menedzhment", M.: Banki i birzhi, JuNITI, 456 p.
- [9]. Dojl' P. (1999) "Menedzhment: strategija i taktika", SPb.: Piter, 560 p.
- [10]. Shehovceva L.S. (2002) "O nekotoryh ponjatijah strategicheskogo upravlenija", Menedzhment v Rossii i za rubezhom, № 6, pp. 34–41.
- [11]. Beloshapka V.A., Zagornyj G.V. (1998) "Strategicheskoe upravlenie: principy i mezhdunarodnaja praktika", K.: Absoljut–V, 369 p.
- [12]. Nalyvaiko A. (2001) "Teoriia stratehii pidpriemstva. Suchasnyi stan ta perspektyvy rozvytku", K.: KNEU, 227 p.
- [13]. Kolpakov V. (2002) "Konceptual'nye osnovy strategii upravlenija", Personal, № 3, pp. 38–44
- [14]. Kudenko N.V. (2002) "Marketynhovi stratehii firmy: monohrafiia", K.: KNEU, 245 p.
- [15]. Blank I.A. (1997) "Torgovyj menedzhment", K.: Ukrainsko–Finskij institut menedzhmenta i biznesa, 408 p.

Information about authors

Lyudmila Nazarova, Doctor of Economics, Assistant Professor, Head of the FEA Department, V.O.Sukhomlinskiy Mykolaiv National University; 24 Nikolska St, Mykolayiv, 54030, Ukraine; e-mail for correspondence: ogienkoalena@rambler.ru

Alona Ohiienko, Ph.D (Economics), Assistant Professor, Head of the FEA Department, V.O.Sukhomlinskiy Mykolaiv National University; 24 Nikolska St, Mykolayiv, 54030, Ukraine; e-mail for correspondence: ogienkoalena@rambler.ru