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УДК 338.984

**THE ESSENCE OF STRATEGIC MANAGEMENT OF FOREIGN
ECONOMIC ACTIVITY OF THE ENTERPRISE**

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Annotation. The process of foreign economic activity is extremely difficult at any enterprise. Strategic management in the field of foreign economic relations contributes to the stabilization and strengthening of strategic positions of the enterprise, ensuring its long-term viability when changing the external operating conditions.

Key words. Strategic management, enterprise, foreign economic activity, strategic analysis, international operations.

International market is large and it provides lots of opportunities to development, but also creates new requirements for the company's management. The company's foreign economic activity strategy requires a specific approach to its planned development. As for Ukrainian enterprises, unfortunately, in most cases, at the beginning of the FEA, they rarely used strategic management methods, which allowed effective business development in foreign international markets. many companies do not consider strategic management as a separate type of management. Companies continue to exercise operational management and pay little attention to development strategies. As a result they have poor foreign economic activity. That's why it's necessary to look at the strategic management as the separate type of management that must be performed by the enterprise if they want to develop abroad.

There are many definitions of the concept of “strategic management” in the educational literature. Let's consider the most famous in the Table 1.

Table 1

The definition of the strategic management by different authors

The author	Definition
A.Thompson and A. Strickland	Strategic management is a process by which managers set the long-term direction of organizations, set specific performance goals, develop strategies to achieve those goals taking into account external and internal circumstances, and commit to implement selected action plans [1].
E. Sharshneva	Strategic management as the implementation of the concept, which combines targeted and integrated approaches to the enterprise, which allows you to set development goals, compare them with the existing (potential) capabilities of the enterprise and align with strategy development and implementation systems ("strategic set") [2].
O. Vikhansky	Strategic management is the management of the organization, which relies on human potential as the foundation of the organization, focuses production activities on consumer demand, responds flexibly and makes timely changes in the organization that respond to environmental challenges and create competitive advantages, which together allow the organization to survive in the long term, while achieving its goal [3].
M. Volodkin	Strategic management is a multifaceted behavioral process aimed at developing and implementing corporate strategy taking into account changes in the external environment [4].
S. Kozmenko, K. Bowman	Strategic management - the process of making and implementing strategic decisions, the central element of which is the choice based on the comparison of their own resource

	potential with the opportunities and threats of the external environment [5].
V. Markov, S. Kuznets	Strategic management is the management of competitive advantage [6].
S. Certo and P. Peter	Strategic management is a long, coherent and interconnected process aimed at supporting the activities of the company in accordance with its environment [7].
P. Zabelin	Strategic management is a technology 12 conditions of increased instability of environmental factors and their uncertainty over time [8].

So after analyzing all these definitions, we can make a conclusion that strategic management is a set of actions performed by the enterprise management directing to achieve long-term goals and plans of the enterprise.

In order to better understand the concept of strategic management we need to identify its subject, object and the purpose.

The subject of strategic management - theoretical and methodological foundations and aspects of the formation of corporate strategy as an open system.

The object of strategic management is an enterprise as an open, complex and dynamic system that develops and changes its parameters in time and space, is influenced by the external environment and affects this environment according to the principle of feedback.

The purpose of strategic management is to build a dynamic system that would ensure timely definition of mission, goals and strategies, development and implementation of a plan (as an implementation tool strategic orientations), the improvement of the company and its individual subsystems, which is the basis for increasing its competitiveness and sustainability.

The modern concept makes it possible to formulate the bases of strategic management. We can see them listed below:

- 1) analysis of the external environment of the organization;
- 2) internal diagnosis (assessment of strengths and weaknesses) of the organization;
- 3) define the mission and objectives of the organization;
- 4) development, evaluation and selection of alternative strategies for specific organizational subsystems;
- 5) elaboration and detailed definition of the corporate strategy as a program of action;
- 6) implementation of the strategy;
- 7) evaluation of results and feedback.

For the first time the concept of strategic management was presented by I. Ansoff in May 1973 at a conference organized by representatives of the Vanderbilt University Graduate School of Management. In 1979, the historical work of I. Ansoff "Strategic Management" was published. He paid a lot of attention not only to the development process, but also to the implementation of the strategy.

I. Ansoff clearly separated strategic management from long-term and operational planning. This is not only the detailing of the plan and the choice of the direction of development, but, above all, the vector of development. Strategic management proposes to base the planning vector not from the past to the future, but from the future to the present [9].

As part of strategic management, the development of new management methods and technologies has begun: building scenarios, using analysis models, developing plans for the situation, using expertise, building matrices of various management decisions, business, and much more. In order to better understand differences between strategic and other types of the management let's compare them. In the Table 2, we can see comparison of the strategic and operational management.

Table 2**The comparison of strategic and operating management of the enterprise**

Characteristic	Strategic management	Operational management
The Object of the management	Looking from an external organization, finding new opportunities in competition, tracking and adapting to changes in the environment	Inside the organization, finding ways to use resources more efficiently
Approach to personnel management	Worker as the basis of the organization, its main value and source of well-being	Worker as a resource organization, as a performer of individual works and functions
Accounting for the time factor	Orientation in the long term	Orientation in the short and medium term
Criterion of management efficiency	Timeliness and accuracy of the organization's response to new market demands and changes due to changes in the environment	Profitability and rational use of production potential
The basis for building a management system	People, information systems of maternal support, market	Functions and organizational structures, procedures, equipment and technology

Summarizing the considered features, we can note the prerequisites for the formation of a strategic management system:

- a clear definition of what the organization wants to achieve in the future;
- awareness that the main source of problems lies outside the organization (in the external environment and the industry environment);
- the ability to recognize problems in time and have a mechanism to solve them or reduce their negative impact;

- make management decisions taking into account the correspondence of opportunities outside the organization and its strengths;
- Creation of current guidelines to clarify strategic directions.

The model of the strategical management consist of several phases: strategy formation, strategy implementation and strategy evaluation. It continious process and it never stops as long as the company continues its development. Strategy formation phase is the first and very important phase of strategic management and it consists of the 3 steps. First one is the development of the vision, mission and goals. The good formated mission and vision are essential for formulating, implementing and evaluating strategy. It also provides lots of benefits to the company. For example, provide standards for allocating organizational resources, facilitite the translation of the objectives into a work sructure involving the assignment of tasks to responsible elements within the organization and etc. Second step is to perform strategical analysis. This steps consist of the audit of the internal and external envioment of the company. Obtained results of this step will influence the third step – generation, evaluaction and selection of strategies. The management of the company shouldn't wait till the strategic managemnt process goes throuhg all phases. It should goest according to Agile. Agile methedology is a methodology used in the software development, but the main idea of it can be also be implemented in the strategic management – being quick and adaptive to the changes. Agile give an upportunity to come back to any step when it's needed. So company doesn't need to wait the last phase of stategy evaluation to evaluate the results and make changes, management can do it any moment, so basically the process has some specific structure, but you can adjust it to the current situation. On the Fig.1., we can see graphical vision the strategic managemnt process created by the author.

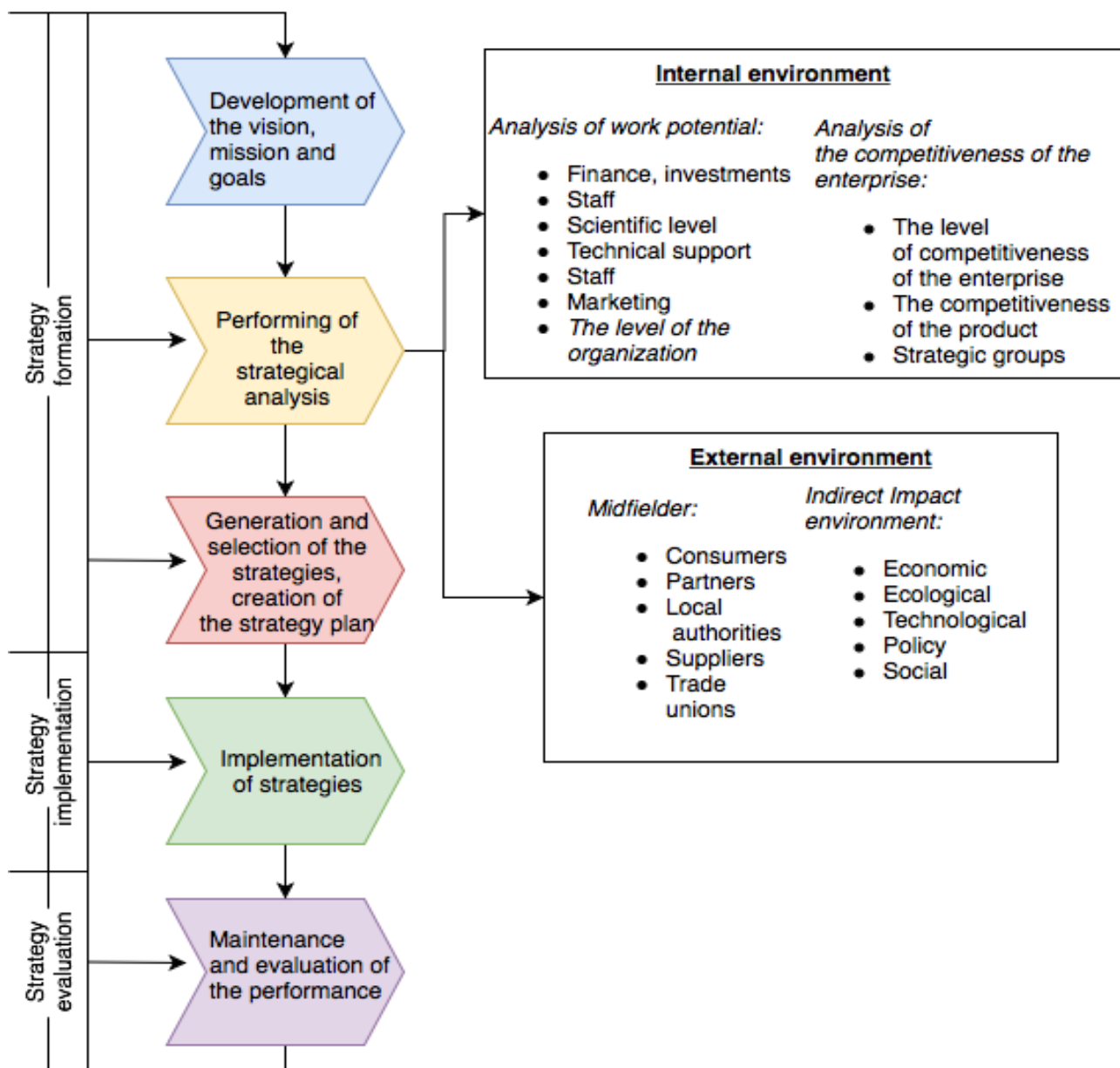


Fig. 1. Authors's strategic management process

It is not enough to analyze the impact of the external and internal environment, to diagnose the competitiveness of the company - it is necessary to justify the importance and the level of influence of these factors on the development of the organization in as a whole and individual factors. It is possible to allocate and classify a number of methods directed to studying of separate components of an environment of the organisation [10].

Is a special foreign trade strategy needed or can international operations be planned as part of a global strategy? Does the term "strategic management" refer to

the management of foreign economic activity? There is no single correct answer to these and other questions for all cases of working life. However, there is logic in finding the right answers for every situation and business. And they are connected, first of all, with the role and scale of foreign economic activity for a particular company. If foreign economic activity occupies a small place in the overall results, it is hardly worth spending a lot of effort on developing this or that international strategy. Conversely, with increasing the scale of foreign trade, as well as in the face of increased competition in international markets, it is necessary not only to have special strategies, but also to create an international strategic management system. This includes not only the development of a strategy (strategic planning), but also the implementation of the strategy, as well as strategic control [11].

Company's foreign economic activity can be utilised as one of the alternative growth strategies. The level of the possible risk differs this strategy from the intensification of work on the internal market. There are lots of advantages of performing economic activity abroad, some of them we can see below:

- Search for the new technologies that are not frequently used on the domestic market and search for the lowcost products produced with the existing know-how and new technologies;
- Participation in commodity market's extraction, exploration and production on the basis of the competitive production in order to protect the commodity market;
- Increase sales and profits by entering new markets.
- However, the foreign economic activity of the enterprise is associated with certain difficulties, among which are the following:
 - The presence of greater competition than in domestic, domestic and foreign markets;
 - The action of foreign economic factors which determine the characteristics of foreign economic activity (other legislation, nature of consumption, cultural environment, protectionism, etc.).

From the above, we can identify the following main forms of corporate participation in foreign economic activity:

- Export. It is the easiest and cheapest way of foreign trade, but also the least reliable. It can be part of a company's strategic plan based on careful international marketing. It should be noted that the products of Ukrainian enterprises (with the exception of the sale of raw materials and some goods) are sold abroad at prices lower than world prices, since they face strong competition from enterprises Western.

- Foreign license. It includes permission to use its know-how, brand and other attributes.

- Direct investment. They result in the creation of their branches, joint ventures, acquisitions and acquisitions recently authorized by law.

The company's foreign economic activity strategy requires a specific approach to its planned development. The strategy of foreign economic activity of the enterprise characterizes the economic and financial aspects of its operation, gives a feasibility study of specific measures to improve performance, which indicates the difficulty of forming such a planned and effective mechanism in an economy competitive. In the context of globalization, foreign economic activity is the main component of voluntary enterprise development.

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