STRATEGIC MANAGEMENT AT AGRICULTURAL ENTERPRISES AS AN ESSENTIAL TOOL ON THE WAY TO EUROPEAN INTEGRATION

The facts that agricultural production is aimed at the long-run efficiency and the strategic management is properly organized are the keys to business success. In other words, strategic management is an essential condition for the development of agricultural enterprises. The article analyzes the existing approaches to define the essence of the concept «strategic management». Having studied the main sources, the author has investigated the strategic management as one of the factors of effective agricultural enterprises under the current economic conditions. The interpretation of the term «strategic management» as well as a new approach to understanding it have been offered. The model of strategic management cycle in a shape of a pyramid has been created. The gained results of the research suppose the ground for explaining the further necessity for the formation of strategic management. This ensures the effective achievement of the goals and formed mission.

Keywords: stage, approach, agricultural enterprise, strategic management, strategy.

Under conditions of European integration processes in Ukraine, an important tasks of agricultural enterprises are efficient adaptation of business in this sector with the requirements of the reformed Common Agricultural Policy of the European Union. The main factor in the development of the economy and individual businesses is the properly prepared plan for the agricultural enterprises management. The clearly defined strategic actions provide strategic leadership on the market. The probability of obtaining positive results depends on timely and comprehensive actions of the company management. Designated management system is a strategic direction that ensures the implementation of enterprise strategy, namely they reach the mission and strategic goals.

The agricultural sector in Ukraine using modern methods of strategic management, has to achieve such level of socioeconomic development that meets the main European and international requirements. At the same time, using the results of joint work gained from integration processes will guarantee the best economic benefits in the agricultural sector.

Strategic management on farms is a very complex mechanism, since it is known that there is a relationship management system on the stage of the life cycle of the company. Therefore, Ukrainian farmers, based on the entire volatility and uncertainty of the business environment need much attention to the evolution of inside strategic management. An important contribution to the development and the development of theoretical and applied fundamentals of management, including strategic was made by the following Ukrainian and foreign scientists: M. Albert, M. Meskon, F. Hedouri [1], Z. Buryk [2], O. Vihanskyy [3], A. Voronkova [4], R. Grant [5], T. Mulyar [6], M. Nebava, O. Ratushnyak [7], V. Sladkevych [8], Z. Shershneva [9], V. Yakubiv [10], Y. Yanysyn [11], I. Yatsiv [12] and others. However, the problems of strategic management in agricultural enterprises under modern conditions require further study, taking into account the rapid market environment for economic subjects. Therefore, the research within this theme is very relevant.

The article is aimed at the a theoretical study of the essence of strategic management by examining different approaches to the term, defining the characteristics within each approach, as well as research and study of the life cycle stages of strategic management.

Developing the most effective and deliberate strategy is an essential condition for achieving long-term goals now. In the modern system of management of strategic economic objectives of the enterprise is not only satisfying the interests of the owners of capital, but also consumers. According to R. Grant: «Profit for business is the same as breathing for life. Without the breath of life is impossible, but it is not the ultimate goal. Profit is important for the corporation, but not a way of existence» [5].

As Y. Yanysyn says: «The root cause of prosperity, or vice versa, decline of the state in general and in particu
Strategic management is a set of high-quality, innovative solutions, including the mechanism of formation, implementation of strategies based on the introduction of new innovative techniques and technologies, analysis of external and internal environment, identifying strengths and weaknesses of the enterprise through the use of such methods of analysis as SWOT-analysis, ETOP-analysis, SPACE-analysis matrix GE / McKinsey and Shell / DPM, monitoring and evaluation of implemented strategies and the use of innovative approaches in quality management staff («Total Quality Management»), aimed at creating and maintaining competitive advantages, which ultimately achieve the mission of the enterprise and the long-term goals.

The proposed definition, different from all previous ones, comprehensively and systematically describes the process of strategic management under modern conditions, using innovative technologies and innovative techniques to manage.

Despite the various definitions of strategic management in the scientific literature, several approaches to understanding it have been highlighted (Table 1). Proponents of each approach interpret the essence and meaning of strategic management in different ways.

After analyzing all these approaches it is advisable to offer another new approach – architectural. In our opinion, the original ideas of this approach should be the following:

1) strategy developers made their own ideas, and then they made the final selection. Such ideas are imported in tables and «sketches» that reflect the strategy of the company and are mathematically calculated. That means that the strategy formation process is quite complex and should be calculated;

2) strategy development should be based on the use of various tools of strategic analysis: ETOP-analysis (analysis of threats to the external environment and profile capabilities), SWOT-analysis (strengths, weaknesses, opportunities and threats), SPACE-analysis (evaluation of the strategic position and actions) matrix GE / McKinsey (matrix «attractive industry / position in the competition»), the matrix Shell / DPM (directional policy matrix), PIMS-analysis (analysis of the impact of market strategy for profit), etc;

3) the main executives in the development strategy are enterprise analytics unified in a specialized service. Company executives and managers control and regulate the service, and control the execution of the strategy;

4) the process of creating strategies involves the external experts and organizations in order to avoid subjectivity in making decisions;

5) an important and integral part of the architectural approach is to conduct training and vocational training, that improve and provide knowledge of workers and increase production capacity in the future;

6) implementation of the strategy should be carried out with the use of innovative approaches and advanced solutions and possible use of new technologies. According to I. Yatsiv: «Improvement of technological and organizational measures are essential for local farms, most of which show a relatively low operational and financial results of operation». [12] Therefore, such element of this approach is vital for agricultural enterprises under modern conditions.

Thus, the mechanical approach, different from the others, allows to predict effectively the future state of the company, using all possible tools for prediction and creating different combinations of the possible chain of events.
Having analyzed the above statement of scientists, according to whom the strategic management consists of coherent and integral stages, let us present our own vision of strategic management of agro-cycle (Fig. 1). Accordingly, executives, managers and specialized service businesses manage each of these stages. We called the combination of these steps the pyramid of strategic management on farms as consistent implementation of each stage achieves the mission of the enterprise, which is the base of the pyramid and is the purpose of existence of the company.

Originally, the task of strategic management in this model is the determination of the mission of the company. The mission of the company is the main purpose of the enterprise activity, which can be corrected in subsequent stages of management, that is, during the life cycle of the company. In addition, the mission should provide a picture of what the company wants to be in the future and what it needs and how much and in what time this goal will be achieved. Only in this case, the planned long-term goal will be the most effective and successfully reached in the future.

The purposes of defining the mission of the enterprise are:
1) the target orientation in the enterprise;
2) defining the long-term direction;
3) the ability to decide where we are now, what we are doing and where we are going to?

The mission of the enterprise should reflect:
1) objectives of the enterprise in terms of its basic services or products, its major markets and key technologies;
2) the environment around the company;
3) the culture of the organization, what type of working climate exists within the enterprise, what type of people does this climate attract? [6].

The next stage of strategic management is to establish long-term goals of the company. Goals should be clear, determined in terms and they should be measured quantitatively. For example, if the long-term aim is to capture a new market segment, you need to determine what resources it needs and how much and in what time this goal will be achieved. Only in this case, the planned long-term goal will be the most effective and successfully reached in the future.

In general, setting goals involves four compulsory stages:
1) to identify and analyze trends, that can be observed in the environment;
2) establishing the general purpose of the enterprise;
3) building a hierarchy of objectives («objectives tree»);
4) establishment of individual goals and objectives as a tool for ensuring their implementation [6].

The next step is to analyze the internal and external environment. The best tool for this is a SWOT-analysis. This

<table>
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<tr>
<th>Approach name</th>
<th>Representatives</th>
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<tr>
<td>Design</td>
<td>P. Selznič, A. Vandler, K. Andrews</td>
<td>Strategy development is an attempt to achieve consistency between the performance capabilities of the organization and its external environment.</td>
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<tr>
<td>Formal</td>
<td>I. Ansoff, J. Steiner, P. Wack, M. Gould, E. Campbell</td>
<td>Strategy creation is a relatively isolated systematic process of formal planning.</td>
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<tr>
<td>Analytical</td>
<td>M. Porter, D. Shendell, C. Hatten</td>
<td>The process of forming a strategy – a selection of key strategic position of the company, based on analytical calculations, depending on the branch structure of the market.</td>
</tr>
<tr>
<td>Educational</td>
<td>Ch. Lindblom, J. Quinn, G. Hemel, K. Prahalad, C. Adzhiris</td>
<td>In today's complex and dynamic environment one should not stick to the designed strategy; it should be developed gradually, with the development of the organization.</td>
</tr>
<tr>
<td>Political</td>
<td>G. Allison, J. Pfefler, H. Salansik, V. Astley</td>
<td>Strategic development is the process of struggle for influence in the organization and the industry market.</td>
</tr>
<tr>
<td>Transformation</td>
<td>A. Chandler, H. Mintzberg, D. Miller, R. Miles, K. Smou</td>
<td>Strategic management is reduced to an appropriate response to changes in the external environment by means of transforming the organization.</td>
</tr>
<tr>
<td>*Architectural</td>
<td>Author’s approach</td>
<td>Strategy development is a «creative activity», an attempt to predict the future by designing possible «sketches» of future state of the enterprise, development of technological process in the form of tables, the design of the company’s activity.</td>
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![Fig. 1. Pyramid of strategic management in agribusiness](image)

*Authors’ elaboration.*
analysis is performed in order to identify and eliminate the weak points of the enterprise, increase production capacity, using all available opportunities and avoid threats to the existing environment.

After a SWOT-analysis of the company, we can get relevant information about existing weaknesses, ways to avoid possible threats of industrial and financial activity, identify internal capabilities, capacities and resources of the enterprise and the impact of environmental factors, their strength, scale and significance. This information should be used while evaluating and selecting strategic areas of management and development of strategies of a particular company [4].

So we came to the comparison of strategic activities and choice of basic strategy. Basic strategy should be chosen taking into account many factors – economic sector, the nature of the objectives of the internal structure and so on. To study the basic strategies one should use tools for matrix analysis indicating the placement of local companies concerning major products, major markets, competitors and others. Further, competitive strategy should be formed. Based on the chosen competitive strategy we can form functional business strategy: innovation, production, marketing, social, organizational and financial [6].

Having formed and chosen the strategies it is necessary to predict the parameters of the company. The prediction is performed to:

1) assess the social, economic, scientific, technical and environmental effects of each of the options of the company;
2) determine the content of measures to implement the existing business opportunities and reducing possible threats;
3) assess of required resources: labour, financial, material and time required for implementation of the chosen strategy.

The predicted future makes it possible to prepare both the positive and negative trends, maximize profits and minimize losses.

After selecting the strategies and prediction of parameters, proceed directly to implementation of strategies. The implementation of the chosen strategy provides management activity that is aimed to achieve long-term goals, modernization of production, personnel training, improvement of working conditions, the development of innovation, investment and so on.

The next step is to synchronize the strategic management of the results. This step is performed in order to compile data that are the results of the realized strategy.

The final stage is the analysis of strategic management in achieving the mission of the company. This process is to evaluate the results and determine the level of achievement of the mission, that is, if the mission or businesses was achieved fully or partially.

Control, adjustment and regulation are carried out at all stages of the strategic cycle. Important indicators of strategic control should be timeliness and accuracy of data that adequately reflect the state-controlled processes. The company’s management should also regulate activities that make appropriate adjustments to the strategic plan as needed. Control and regulation are very important for the company as improperly organized and uncontrolled work can cause great harm to the company and lose the success in achieving the mission of the company.

Today’s managers have to carefully analyze all factors of external and internal environment for timely changes to the chosen course of business. Using the integrated approach to strategic management, which involves performing each of these stages, the implementation of the strategy will be successful and effective. According to T. Mulyar: «The task of implementing the strategy is to ensure the creation of strategic potential for success on the one hand and turning it into a strategic success factors – on the other» [6]. Accordingly, transformation of the strategic potential of the success into strategic factors is the main task of strategic management.

The article analyzes different perspectives and approaches to understanding the essence of the concept of «strategic management» offering the author’s own interpretation of the term and a new approach to understanding. It is established that under conditions of creating the high-level strategic management of the company, following each stage of the proposed management model, the implementation of the strategy will be successful and effective. It is known, that the strategy is necessary for any company that claims to success. As a result, Ukrainian agricultural enterprises can achieve European standards of functioning of the agricultural sector and firmly fix the vector in the direction to European integration. Therefore, managers and businesses need to form new thinking and use new approaches to develop and implement business strategies, that are basic for strategic management.


References


