

Oksana VIVCHAR

Doctor of Economic Sciences, Professor of the Department of Security and Law Enforcement,
West Ukrainian National University
ORCID ID: 0000-0001-9246-2226

Volodymyr GEVKO

Doctor of Economic Sciences, Professor of the Department of Security and Law Enforcement,
West Ukrainian National University
ORCID ID: 0000-0003-2716-8113

CONCEPTUAL AND PRACTICAL CONTEXTS OF THE STRATEGIC IMPERATIVES OF NETWORKING COMPANIES MANAGEMENT IN THE MODERN BUSINESS ENVIRONMENT

Vivchar O., Gevko V. Conceptual and practical contexts of the strategic imperatives of networking companies management in the modern business environment. *Ukrainian Journal of Applied Economics and Technology*. 2021. Volume 6. № 4, pp. 24-29.

Abstract

A comprehensive study of strategic imperatives of networking companies management in the context of theoretical aspects and adaptation of the practical component has been conducted. It has been proved that in the management mechanism of networking companies, the key functions are coordination, organization and planning, the function of motivation at the institutional level, which solves one of the most difficult issues - increasing productivity. It has been substantiated that the purpose of network structures functioning is considered to be the introduction of positive externalities and providing certain conditions for their reproduction on an expanded scale. It should be noted that there are three global directions of marketing strategy of networking companies: segmentation, diversification and internationalization. It is proved that the practical component of the functioning of network structures includes the introduction of positive externalities: acceleration which means the ability of a network participant to interact with other counterparties; standardization which means the association of entities experiencing the effects of external effects; internalization as the transformation of external costs into internal ones as a result of mergers; informatization as the ability to learn the subjects of the network organization quickly; intensification as the optimization of rising costs in order to increase their payback by products. It is substantiated that the process of strategy implementation can be divided into two stages: the process of strategic planning which includes developing a set of strategies, from the basic strategy of network enterprises to functional strategies and individual projects and the process of strategic management which means implementing a strategy in time, reformulating strategy in a new world. On this basis it is represented that the enterprises of network structures change the strategy in the following conditions of operation: for a long time it does not ensure the achievement of satisfactory performance; competing firms have dramatically changed their strategy; other external factors for the company's activities have changed; prospects have opened up for taking measures that can significantly increase the company's profits; whether new customer preferences have changed or emerged, or there are trends for possible changes in this area; the tasks set in the strategy have already been solved and fulfilled.

Keywords: *networking companies, strategic imperatives of management, network interaction, positive externalities, marketing strategy.*

Оксана Іванівна ВІВЧАР

доктор економічних наук, професор, професор кафедри безпеки
та правоохоронної діяльності, Західноукраїнський національний університет

Володимир Леонідович ГЕВКО

доктор економічних наук, доцент, професор кафедри безпеки
та правоохоронної діяльності, Західноукраїнський національний університет

**КОНЦЕПТУАЛЬНО-ПРАКТИЧНІ КОНТЕКСТИ СТРАТЕГІЧНИХ ІМПЕРАТИВІВ
УПРАВЛІННЯ ПІДПРИЄМСТВАМИ МЕРЕЖЕВИХ СТРУКТУР В СУЧАСНОМУ БІЗНЕС-
СЕРЕДОВИЩІ**

Вівчар О. І., Гевко В. Л. Концептуально-практичні контексти стратегічних імперативів управління підприємствами мережес-редовищ. *Український журнал прикладної економіки та техніки*. 2021. Том 6. № 4. С. 24-29.

Анотація

Проведено комплексне дослідження стратегічних імперативів управління підприємств мережеских структур в контексті теоретичних аспектів та адаптації практичної компоненти. Доведено, що у механізмі управління підприємств мережеских структур ключовими є функції координації, організації та планування, функція мотивації на інституціональному рівні, що вирішує одну з найскладніших проблем – підвищення рівня продуктивності праці. Обґрунтовано, що метою функціонування мережеских структур вважають впровадження позитивних екстерналій і забезпечення умов їх відтворення в розширеному масштабі. Слід зазначити, що існує три глобальних напрями маркетингової стратегії підприємств мережеских структур: сегментація, диверсифікація та інтернаціоналізація. Доведено, що практична компонента функціонування мережеских структур включає впровадження позитивних екстерналій: акселерація – здатність учасника мережі, вступаючи у взаємодію з іншими контрагентами; стандартизація – об'єднання суб'єктів, що випробовують вплив зовнішніх ефектів; інтерналізація – це перетворення зовнішніх витрат на внутрішні в результаті об'єднання підприємств; інформатизація – можливість швидкого навчання суб'єктів мережескої організації; інтенсифікація – це оптимізація зростаючих витрат з метою підвищення рівня їх окупності продукцією. Обґрунтовано, що процес реалізації стратегії може бути розділений на два етапи: процес стратегічного планування – вироблення набору стратегій, від базової стратегії підприємств мережеских структур до функціональних стратегій та окремих проектів, та процес стратегічного управління – реалізація певної стратегії в часі, переформулювання стратегії в світі нових обставин. На даній основі представлено, що підприємства мережеских структур змінюють стратегію в таких умовах функціонування: протягом достатньо довгого часу вона не забезпечує досягнення задовільних показників; фірми-конкуренти різко змінили свою стратегію; змінилися інші зовнішні фактори для діяльності фірми; відкрилися перспективи для прийняття заходів, що в змозі значно підвищити прибутки фірми; змінилися чи виникли нові переваги покупців, чи з'явилися тенденції до можливих змін в цій галузі; поставлені в стратегії задачі вже вирішені та виконані.

Ключові слова: підприємства мережеских структур, стратегічні імперативи управління, мережева взаємодія, позитивні екстерналії, маркетингова стратегія.

JEL classification: L2; L53

Problem Formulation

International experience shows that the ability to form an effective mechanism for implementing strategy is a key factor in the effective functioning and sustainable development of modern network structures. At the same time, any changes contain contradictions between the desire of a networking company as an economic system to maintain stability, on the one hand, and the need for its constant development on the other hand. Therefore, in order to maintain a stable competitive advantage of networking companies it is necessary to take into account the imperatives of strategic management that are relevant to the studied enterprises. Thus, the scientific substantiation of the strategic management imperatives of networking companies, which will allow to generalize the main management emphases is an important issue that creates a broad scientific and discussion platform.

A significant contribution to the study of strategic imperatives of networking companies has been made by leading domestic scientists such as S. Hrytsenko, H. Dmytrenko, O. Vivchar, O. Yermakova, T. Zaslavska, H. Kolodko, V. Kyrychenko, T. Maksymenko, S. Oborska, Yu. Pakhomov, R. Ruykina, Z. Shershneva, E. Sharapova, V. Usacheva, K. Frankych, H. Hayet and others.

Setting Objectives

The purpose of the article is to substantiate the management strategic imperatives of networking companies in the context of theoretical aspects and adaptation of the practical component. On this basis, the differentiation of functioning strategies of the business structures system in the modern business environment has been studied.

Outline of the Main Research Material

On the basis of the conducted researches it has been established that in modern conditions of functioning it is possible to allocate two main accents which should become the relevant administrative reaction of networking companies to transformations in business environment. According to the conducted researches the following has been established. Firstly, modern conditions are characterized by a constant increase in the speed of change in business, namely: increasing the efficiency of business process management, increasing the dynamics of consumer lifestyle and their demands under the influence of increasing information availability. The rate of product quality growth and improvement of business processes will continue to grow, therefore, in addition to business reflexes, network structures need a progressive system of strategic change

management. Secondly, as the pace of change in business accelerates, the complexity of emerging problems increases: the complexity necessitates choice; in order to make a choice quickly and in favor of the best option among the many proposals, technology is stimulated; advanced technologies again increase complexity. To summarize, the success of networking companies depends on the ability to effectively use the differences that form the uniqueness, namely on a coherent system of strategic management of system development [7].

Thus, from a practical point of view, in the modern conditions, ideas related to difference management come to the fore, i.e. building a strategic management system that can recognize the values of differences and has the leverage to use these differences effectively to achieve goals of the enterprises with network structures. Obviously, the success of any of the surveyed enterprises is associated not only with a well-developed organizational structure, clear links of the management system, but also primarily with what extent the management of network structures is able to use effectively and transform those differences at the level of system elements that create uniqueness (i.e. individuals, groups of workers, business units, etc.) into a synergistic effect. Thus, a balanced strategic orientation becomes a necessary condition for the functioning of all network companies. This means that experience, of course, plays a key role in the formation of business reflexes, i.e. the established ways of responding to changes in the external environment. The strategic imperatives of managing network companies in key issues should be proactive and the success of such a bias, as argued, depends on its uniqueness and innovation, that is, such a difference that is difficult to be copied by competitors. As experience implies some traditionalism or the use of previously proven methods, this may constrain innovative intentions, which are usually riskier but strategically advantageous. Based on the conducted research, it is noteworthy that in the general sense, the imperative is defined as a generally significant rule that indicates the need to act in a certain way. Under the imperatives of strategic management, it is proposed to understand the requirements that should be considered by networking companies to achieve the established strategic goals. First of all, these requirements are formed under the influence of current trends in the business environment [3, p. 100].

The attention should be drawn to the fact that in the mechanism of networking companies' management, the key functions are coordination, organization and planning, the function of motivation at the institutional level, which solves one of the most difficult problems that is increasing productivity. From the perspective of motivation, network enterprises have the main feature that is self-improvement.

The purpose of network structures functioning is considered to be the introduction of positive externalities and providing conditions for their reproduction on an expanded scale. The positive externalities of a network structure include the following: *acceleration* - the ability of a network participant to obtain a multiplier effect on the entire network through synergistic influence and experience the network effect simultaneously while interacting with other counterparties; *standardization* - the association of entities experiencing the effects of external effects contributes to the formation of harmonized requirements and approaches to assessing the impact of effects and opportunities for their use; *internalization* - the transformation of external costs into internal as a result of merging enterprises that produce certain goods; *informatization* - the ability to study the subjects of the network organization quickly, which in the management of economic development is an important factor in maximizing the use and wide dissemination of positive effects; *intensification* - the optimization of rising costs in order to increase the level of their payback with products.

The modern organizational approach to the formation of networking companies that goes beyond the industry or functional area, has long been tested in the framework of its adaptation in the activities of not only international but also domestic enterprises. However, networking companies violate a number of established management principles, which have not yet been clarified and tested for new organizational structures to a sufficient extent and, therefore, require further research as a foundation for the development of this organizational form [3, p. 225].

On the basis of the conducted researches, it has been established that the strategic purpose of formation and functioning of networking companies is the assistance of transferring the economy to an innovative way of development. It should be noted that the secondary goals are: 1) to fit into the context of global trends in science and technology; 2) to rely on institutional and legal decisions that raise the relationship of science, education, industry and market to a

fundamentally new level; 3) to include the institute of intellectual property developed according to the basic parameters, modern systems of management, marketing and commercialization of innovations; 4) requirements for the innovation network: its work should be based on modern methodology and tools in the European network of innovation relay centers (IRC) [4, p. 34].

In today's business environment, the main goal is to justify the strategic development of networking companies. A strategy can be considered as a comprehensive plan for completing the mission of the enterprise. In form, the strategy is one of the management documents that can be presented in the form of graphs, tables, descriptions, etc. In essence, the strategy is a set of actions to achieve the goals of the organization. When formulating the strategy, first and foremost, it is necessary to take into account the following: at what stage of the life cycle the industry is; industry structure; the nature and power of the five competitive forces (suppliers of the most important resources, buyers, competition between sellers within the industry, substitutes, potential sellers of this product), the scale of competitors. The choice of marketing strategy is made in several stages. First of all, the competitive advantages of networking companies are revealed. In order to assess the company's successful entry into the market, the analysis data of the external and internal environment are compared and being based on them, the characteristics of the data of business structures are compared, as well as with the expectations of consumers and partners [2]. Networking companies identify strengths and weaknesses, which helps them identify areas where they can succeed; assess the opportunities and threats of potential markets, which helps identify factors that are necessary for market success. Comparison of potentially successful areas and factors important for success gives networking companies an idea of their own competitive advantages and makes it possible to develop the strategies. Next, a basic marketing strategy is developed, a long-term plan of a networking company, which must be described in detail, because at any time it can be refuted by any unforeseen events in the external environment. Therefore, a basic long-term strategy is not something that is determined once and for all and never changes. It should be regularly adjusted and updated depending on changes in the market and the performance of surveyed companies.

It is noteworthy that there are three global areas of marketing strategy used in the activities of networking companies, namely: segmentation, diversification and internationalization.

Segmentation strategy is deepening the degree of saturation of goods and services offered to all groups of consumers, the choice of the maximum depth of market demand, the study of its smallest nuances [8]. Due to segmentation, networking companies focus on a narrow field of activity, and achieve cost reduction, which contributes to the expansion of production and increases the cost of advertising and promotion activities. In addition, occupying a leading position in the selected segment, the company reduces the payback period. It should be noted that there is no single method of market segmentation. Networking companies need to test segmentation options based on different variables, one or more at a time, in order to find the most useful innovative approach to the market structure. Usually consumer goods markets are divided according to: geographical principle, which includes such variables as region, city, climate, etc.; psychographic principle including lifestyle, social class, personality type, etc.; behavioral principle (benefits received, the reason for the purchase, the intensity of consumption, the degree of commitment, etc.); demographic principle (age, sex, education, income level, family size, etc.).

It is impossible to ignore the fact that these are just some of the criteria by which market segmentation is carried out; for each market, there is a set of variables that may differ dramatically from sets for other consumer goods markets, not to mention markets for industrial purposes. Diversification strategy is the development of new products, product markets and services, which includes not only the diversification of product groups, but also the expansion of business activities to new and unrelated to the main activities of networking companies [9]. In other cases, a diversification strategy is a system of measures used to ensure that network structures do not become too dependent on one strategic business unit or one product group. They involve the development of new products while entering new markets.

The main diversification strategies are:

- the strategy of concentrated diversification, which is based on finding and using additional opportunities for the production of new products, concluded in the existing business; that is, the

existing production remains at the core of the business, and the new one arises based on the opportunities inherent in the entered market, the technology used or other strengths of the firm;

- the strategy of horizontal diversification involves finding opportunities for growth in the existing market through new products that require new technology other than the one used; under this strategy, the firm should focus on the production of such technologically unrelated products that would use the existing capabilities of the firm; because a new product must be focused on the consumer of the main product, in its qualities it must be related to products already produced;

- the strategy of conglomerate diversification consists of the firm expanding through the production of technologically unrelated goods sold in new markets; this is one of the most difficult development strategies to implement; very often this strategy is implemented by acquiring companies, rather than creating new ones to operate in a new market.

The strategy of internationalization is the development of new, foreign markets, using not only the expansion of exports of goods, but also the export of capital, when abroad networking companies are created that produce goods in former importing countries, bypassing trade barriers and taking advantage of cheap labor and rich local raw materials. The organization of international activities of networking companies involves the choice of how to enter international markets. They can focus on exports, joint ventures or direct investment abroad. Each subsequent strategic approach requires more commitment and more risk, but it also promises higher returns [5].

It should be noted that the process of strategy implementation can be divided into two stages: the process of strategic planning - developing a set of strategies, from the basic strategy of networking companies to functional strategies and individual projects; the process of strategic management - the implementation of a certain strategy in time, reformulating the strategy in a world of new circumstances. At the stage of strategic planning, the strategies of networking companies are determined by establishing its mission, analysis of strategic positions, study of external and internal factors and actions that may lead to the achievement, maintenance, development and capitalization of competitive advantages.

It is noteworthy that networking companies change the strategy in the following cases: for a long time it does not ensure the achievement of satisfactory performance; competing firms have dramatically changed their strategy; other external factors for the company's activities have changed; prospects have opened up for taking measures that can significantly increase the company's profits; new customer preferences have changed or emerged, or trends for possible changes in this area have emerged; the tasks set in the strategy have already been solved and fulfilled.

Modern managers need to analyze the external environment carefully for timely changes in the chosen direction of networking company activity. They need to be well aware of the features of their network structure, its strengths and weaknesses and to predict what changes will bring success to the network. For the last few years, domestic companies has experienced a critical situation because of the market dynamics, which is difficult to predict, many new policy decisions and legislation, and the growing aggressiveness of the external environment, especially in the financial sector. It is impossible to develop an effective marketing strategy for networking companies that do not recognize strategic planning at all. After all, strategically oriented enterprises of network structures have significant advantages which, when used correctly, can drive to leading positions in the industry. Such benefits include: minimizing the negative consequences of the current changes, as well as the factors of «uncertainty of the future»; the ability to take into account the objective factors that shape changes and focus on the study of these factors; to form appropriate information files; the ability to obtain the necessary basis for strategic and tactical decisions; the ability to facilitate the work to ensure long- and short-term efficiency and profitability; the ability to make the organization more manageable, because when there is a system of strategic plans, it is possible to compare the results achieved with the goals, specified in the form of planned tasks; the possibility of establishing an incentive system for the development of flexibility and adaptability of the organization and its individual subsystems to changes; ensuring the dynamism of change through the acceleration of practical actions for the implementation of strategic plans based on an appropriate system of regulation, control and analysis; the creation of production capacity and a system of external relations that are receptive to changes and allow to achieve further goals; the implementation of these

principles allows to build a reasonable sequence of actions for the implementation of the concept and formation of a strategic management system [1, pp. 185-187].

Conclusions

Summarizing the above, it has been found that the existing systems of strategic management of networking companies are not characterized by a clear strategic focus, flexibility and adaptability. Therefore, in order to create effective systems of strategic management of enterprises, it is necessary to take into account the identified development imperatives and on this basis to develop mechanisms for implementing the strategy. Prospects for further research include improving the methodology for quantitative forecasting of trends in the transformation of the modern business environment and plans for strategic development of networking companies. It is noteworthy that from a practical perspective, a network structure has the following positive characteristics: decentralization and a minimum number of management levels; lack of hierarchical principle; dynamism of internal interactions; dissemination of strategic partnerships and contractual frameworks in horizontal links within the network; growth of production volumes; expense savings. Networking companies provide completeness of actions necessary for the achievement of set purposes and coherence of communications between all subjects of network interaction; implement a differentiated approach to work, according to which networks act as a mechanism of integration policy. All this determines the prospects of this form of business organization for domestic enterprises.

Список літератури

1. Вівчар О. І. Особливості інноваційного маркетингу в Україні. *Вісник Дніпропетровського університету*. Науковий журнал. № 10/1. Том 19. Дніпропетровськ, 2011. С. 185–190.
2. Вівчар О. І., Колесніков А. П. Соціальна безпека. *Навчальний посібник*. Тернопіль: ФО-П Шпак В. Б., 2015. 146 с.
3. Гусева О. Ю. Імперативи стратегічного управління торговельними підприємствами з урахуванням макротрендів бізнесу. *Теоретичні і практичні аспекти економіки та інтелектуальної власності*. 2015. Випуск 2(12). Том 1. С. 99-105.
4. Ліщук В. І. Міжнародна передача технологій як інноваційний фактор економічного зростання. *Економічна теорія та економічна історія*. ЛДТУ. 2007. №4. С. 32–39.
5. Питер Р. Диксон. Управление маркетингом. Навчальний посібник. Пер. с англ. М.: ЗАЩ "Издательство БИНОМ". 1998. 232с.
6. Стельмашук А. М., Стельмашук Ю. А. Розвиток мережевих економічних систем як сервісний захід зростання масштабів ефективності виробництва інформаційні технології та економічна безпека. *Науково-виробничий журнал «Інноваційна економіка»*. 3-4'2016 [62]. С. 222-229
7. Шервуд Д. Системный подход для совершенствования бизнес-модели: *Практика решения бизнеспроблем*; Пер. с англ. – М.: Альпина Пабlisher, 2016. 341 с.
8. <http://www.expert.ua/articles/16/0/2130/>.
9. <http://www.ConsultMarketing.ru>.

References

1. Vivchar, O. I. (2011). «Features of Innovation Marketing in Ukraine». *Visnyk Dnipropetrovskoho universytetu. Naukovyi zhurnal*. № 10/1. Vol. 19, pp. 185–190.
2. Vivchar, O. I. & Kolesnikov, A. P. (2015). *Sotsialna bezpeka*. [Social security]. FO-P Shpak V. B. 146. Ternopil. Ukraine.
3. Husieva, O. Yu. (2015). «Imperatives of strategic management of trading enterprises taking into account business macro business». *Teoretychni i praktychni aspekty ekonomiky ta intelektualnoi vlasnosti*. Issue 2(12). Vol. 1, pp. 99-105.
4. Lishchuk, V. I. (2007). «International transfer of technologies as an innovative factor of economic growth». *Ekonomichna teoriia ta ekonomichna istoriia*. LDTU. №4, pp. 32–39.
5. Pyter, R. Dykson, (1998). «Upravlenye marketynhom». [Marketing management]. Trans. From English. ZAShch "Yzdatelstvo BYNOM". Moscow. Russia.
6. Stelmashchuk, A. M., & Stelmashchuk, Yu. A. (2016). «Development of network economic systems as a service measure to increase the scale of production efficiency of information technology and economic security». *Naukovo-vyrobnychiy zhurnal «Innovatsiina ekonomika»*. №3-4' [62], pp. 222-229.
7. Shervud, D. (2016). *Systemni podkhod dlia sovershenstvovaniya byznes-modely*. [Systematic Approach to Improve Business Model]. *Praktyka resheniya byznesproblem* – The Practice of Business Problem Solving. Trans. From English. Alpyna Pablysher. Moscow. Russia.
8. URL: <http://www.expert.ua/articles/16/0/2130/>.
9. URL: <http://www.ConsultMarketing.ru>.

Стаття надійшла до редакції 25.10.2021 р.