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THE INTERNATIONAL JOURNAL OF PSYCHOLOGY AND STRATEGIC COMMUNICATION

THIS VOLUME 2, ISSUE 1 OF THE INTERNATIONAL JOURNAL OF PSYCHOLOGY AND STRATEGIC COMMUNICATION EXAMINES HOW ENTERPRISES, INSTITUTIONS, AND INTERNATIONAL ORGANISATIONS RESPOND TO STRATEGIC CHALLENGES IN TIMES OF CRISIS, GLOBAL COMPETITION, ECONOMIC INSTABILITY, AND TECHNOLOGICAL CHANGE.

THE CONTRIBUTIONS ADDRESS THEMES SUCH AS STRATEGIC ENTERPRISE MANAGEMENT, INTERNATIONAL MANAGEMENT, TRANSNATIONAL CORPORATIONS, MERGERS AND ACQUISITIONS, INNOVATION, PERSONNEL MANAGEMENT, RISK ASSESSMENT, CROSS CULTURAL TEAMWORK, SUSTAINABILITY, ENERGY SELF SUFFICIENCY, AND THE QUALITY OF MANAGEMENT DECISIONS.

WITH A STRONG FOCUS ON THE UKRAINIAN CONTEXT, THIS ISSUE HIGHLIGHTS MANAGEMENT UNDER WARTIME CONDITIONS, PERSONNEL AND EXPORT CHALLENGES DURING MILITARY CONFLICT, AND THE ROLE OF INTERNATIONAL COOPERATION IN SUPPORTING ECONOMIC RESILIENCE AND LONG TERM DEVELOPMENT.

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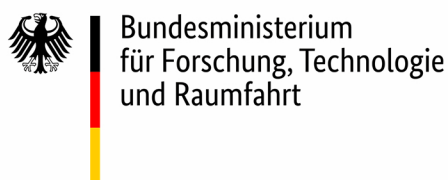
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VOLUME 02

ISSUE 01



International Journal of Psychology and Strategic Communication

Ukraine Digital - Enhancing Education through Digitalization

Volume 2, Issue 1 of the International Journal of Psychology and Strategic Communication brings together research that examines how enterprises, institutions, and international organizations respond to uncertainty, competition, and structural change. The contributions in this issue address strategic management, international business, innovation, personnel systems, corporate governance, financial markets, risk assessment, and cross-cultural cooperation. Together, they show how academic research can contribute to practical decision-making in times marked by economic pressure, military conflict, and global transformation.

A central theme of this issue is adaptability. The articles explore how enterprises can strengthen their strategic potential, manage innovation, enter international markets, and remain competitive despite instability. Several contributions focus on transnational corporations, international management, mergers and acquisitions, and global market strategies, highlighting that success in international business depends not only on financial and technological resources, but also on cultural awareness, effective communication, and the ability to coordinate people across borders.

This issue also pays particular attention to the Ukrainian context. Research on management under martial law, personnel management during military conflict, agricultural export management, and economic growth during the crisis reflects the concrete challenges faced by Ukrainian companies and institutions. These studies make clear that management today is inseparable from resilience, responsibility, and the capacity to act under difficult conditions. At the same time, contributions on sustainability, energy self-sufficiency, corporate development, and future management trends connect these regional challenges to broader global questions.

We hope that this issue encourages further academic exchange, practical reflection, and international cooperation. The work presented here shows that strategic communication and management research remain essential wherever organizations seek not only to survive change, but to understand it, shape it, and build more sustainable forms of collaboration.

Prof. Dr. Eckehard Krahn, Prof. Dr. Malte Albrecht, Prof. Dr. rer. oec. Serge Velesco

Editors-in-Chief:

Prof. Dr. Eckehard Krahn; Prof. Dr. Serge Velesco; Prof. Dr. Oleksii A. Dzhusov
Ms. Fatima Khalid; StR Alexander Stierl

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PREFACE

The publication of this issue of the International Journal of Psychology and Strategic Communication provides an excellent opportunity to reflect on the long-standing and successful academic partnerships between Mittweida University of Applied Sciences, Oles Honchar Dnipro National University, and the Odessa National Economic University (ONEU).

My personal connection with both Ukrainian partner universities dates back to 2006, when I participated in the first visit of a delegation of professors from Mittweida University of Applied Sciences to Dnipro and Odessa. From the very beginning, I had the privilege of contributing to the establishment and development of academic partnerships that have grown into some of the most successful and enduring international collaborations of our university.

A significant milestone was reached in 2007 with the signing of double-degree agreements in Business Administration with our Ukrainian partners. These agreements laid the foundation for close and sustainable academic cooperation. Since then, more than one hundred graduates have successfully completed the programs and have gone on to build successful careers in Ukraine, Germany, and many other countries. Their achievements demonstrate the lasting impact of international education and academic mobility.

Over the years, our institutions have established intensive academic ties through numerous joint research projects, scholarly publications, conferences, and exchanges between faculty members and students. These activities have not only strengthened scientific cooperation but have also fostered mutual understanding, intercultural competence, and lasting personal friendships.

I feel particularly honoured by the trust and recognition that I have received from our Ukrainian partners over the years. Dnipro National University awarded me an honorary doctorate, a distinction that I proudly carry as a symbol of our close academic friendship and cooperation. In addition, I have had the privilege of serving as an Honorary Professor at one of our Ukrainian partner universities, reflecting the deep and mutually beneficial nature of our long-standing collaboration.

Since the beginning of Russia's full-scale invasion of Ukraine in 2022, our partnerships have gained an additional dimension of solidarity and support. Together with our colleagues in Dnipro and Odessa, Mittweida University of Applied Sciences has initiated and participated in numerous activities and projects, many of them supported by the German Academic Exchange Service (DAAD), aimed at maintaining academic exchange and supporting our Ukrainian partners during these challenging times.

Among these initiatives is the joint scientific competition for students, encouraging young researchers to present their ideas and contribute to scholarly discourse despite difficult circumstances. The best contributions from this competition are now being published in this issue, demonstrating the resilience, creativity, and academic excellence of the next generation of scholars. The articles included in this volume originate from students and young researchers of both Dnipro National University and Odessa National Economic University, highlighting the breadth and vitality of our academic cooperation.

I would like to express my sincere appreciation to all colleagues, students, and partners who have contributed to the success of our cooperation over the past two decades. May this publication serve as another milestone in our shared commitment to international understanding, academic excellence, and the enduring power of education to build bridges across borders.

Prof. Dr. Dr. h.c. mult. Volker Tolkmitt
Rector
Mittweida University of Applied Sciences

PREFACE II

This latest issue of the International Journal of Psychology and Strategic Communication continues to advance academic discourse and provides a platform for the systematic presentation of contemporary research findings in psychology, management, and strategic communications. This issue focuses on reflecting current trends in the transformation of socioeconomic systems, educational environments, and professional environments, as well as on the analysis and theoretical understanding of key scientific and applied issues.

The publications included in this issue cover a wide range of theoretical, methodological, and applied aspects, demonstrating contemporary research approaches to the study of psychological processes, strategic management mechanisms, and communication practices. Particular attention is paid to interdisciplinary integration, enabling a deeper understanding of the relationships between psychological determinants, management decisions, and organizational performance.

The journal serves a significant scientific purpose by facilitating the consolidation of the academic and professional community, including researchers, faculty, graduate students, and practitioners, and by creating a space for critical discussion and the advancement of scientific knowledge. Its educational role is also significant: for students majoring in Psychology, Management, Marketing, Human Resources, Communications, and related disciplines, the journal's materials serve as a relevant source of current scientific data, contributing to the development of research competencies and the formation of a scientific worldview.

I am confident that this issue of the International Journal of Psychology and Strategic Communication will be of interest to a wide range of researchers and practitioners, as well as to students seeking an in-depth study of personality psychology, strategic management, and communication processes in the context of contemporary global challenges and uncertainty.

**Dean of the Faculty of Economics
Oles Honchar Dnipro National University
Professor Tetiana Grynko**

We present to you the latest issue of our journal, a significant part of which is devoted to current issues in economics and management. This issue features a special focus on student publications prepared under the guidance of their academic mentors.

Engaging students in research is an important component of training future specialists and researchers. Participation in research contributes to the development of analytical thinking, independent information search and processing skills, and the development of professional competencies in demand in economics and management.

During the preparation of this issue, I was, so to speak, "inside the process" and know how the preparation process unfolded. And I can confidently say that this issue would not have been possible without the meticulous, daily, high-quality, and responsible work of my colleagues. First and foremost, I am referring to Professor S. Velesco (University of Applied Sciences Mittweida) and Professor E. Krah (Innovation University of Cologne). I express my sincere gratitude to them on behalf of all the authors and co-authors of the articles included in this issue. I also express my gratitude to the reviewers and members of the editorial board for their contributions to this issue. I am confident that the published materials will be useful to the scientific community, teachers, students, and practitioners, and will contribute to the further development of scientific discussion.

I wish the readers fruitful work with the journal, and the young researchers - new achievements and professional success.

**Dr. of sciences (economics), professor Oleksii A. Dzhusov,
Dnipro National University, Ukraine,
Honorary Professor of International Finance and Investments
at Mittweida University of Applied Sciences**

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MODERN APPROACHES TO ENTERPRISE STRATEGIC MANAGEMENT BASED ON THE STRATEGIC POTENTIAL ASSESSMENT

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Abstract

The article demonstrates that in conditions of military and economic instability, the traditional paradigm of strategic management, based on long-term fixed planning, loses its effectiveness and requires transformation in the direction of adaptive management. The feasibility of transitioning from planning results to managing the development capabilities of the enterprise is substantiated, where the key element of strategy formation is strategic potential. The main components of the strategic potential of the enterprise are determined: financial and investment, production and technological, personnel and management and marketing and innovation, the coordinated interaction of which forms realistic boundaries of strategic development.

A scientific and methodological approach to choosing the type of enterprise development strategy based on the priority of the most developed components of strategic potential is developed, which allows to coordinate strategic decisions with the internal capabilities of the enterprise and reduce the risk of their non-implementation. A typology of enterprise development strategies and adaptive options for strategic planning are proposed, which provide for the possibility of transforming the trajectory of achieving a strategic goal in conditions of a sharp change in the external environment.

The practical significance of the results lies in increasing the validity of strategic decisions, reducing the level of strategic risks and ensuring the stability of enterprises in the war and post-war periods. It is substantiated that the strategic management of a modern enterprise should be based on continuous assessment and development of strategic potential, which ensures not only adaptation to changes in the external environment, but also the formation of prerequisites for long-term competitive development.

Keywords

Strategic management; strategic potential; enterprise development; adaptive management; strategic planning.

Problem statement

The current conditions for the functioning of Ukrainian enterprises are shaped by the unprecedented turbulence of the external environment caused by full-scale war, structural shifts in the national economy, disruption of logistics chains, relocation of production facilities, shortages of human and financial resources, and instability in demand. Under such circumstances, the level of uncertainty in economic activity increases sharply, the horizon of predictability shrinks, and traditional approaches to strategic management, focused on the relative stability of the market environment, lose their practical applicability.

The classic paradigm of strategic management, based on the formation of long term goals and their consistent implementation within a fixed strategic plan, does not provide the necessary level of adaptability of enterprises to rapid changes. The use of static planning models leads to an increase in strategic risks, loss of competitive position and inefficient use of resources, as decisions quickly become irrelevant. In a war economy, enterprises are forced to operate in a mode of constant transformation, where the decisive factor is not so much the achievement of pre-set targets as the ability to maintain viability and development under existing constraints.

Under such conditions, the concept of an enterprise's strategic potential becomes particularly important, allowing the focus of strategic management to shift from rigid planning of results to managing development opportunities. It is the level of formation and balance of the components of strategic potential - resource, competence, organisational, innovative and market - that determines the realism of the chosen strategy and the enterprise's ability to adapt to external shocks. At the same time, there is no agreed approach in the scientific literature to using strategic potential assessment as a basis for choosing the type of development strategy, and the mechanisms for transforming strategic plans in situations of radical change in operating conditions remain underdeveloped. Thus, there is a scientific and applied problem of forming a new paradigm of strategic enterprise management, within which the strategy development process is based on assessing and strengthening strategic potential, the choice of strategy type is consistent with its most developed components, and strategic planning becomes adaptive and provides for the possibility of timely transformation in conditions of uncertainty. Solving this problem is critically important for ensuring the sustainability and long-term development of Ukrainian enterprises during the war and post-war periods.

Relevance of the chosen topic

The relevance of researching modern approaches to strategic management based on assessing the strategic potential of an enterprise is due to the radical transformation of the conditions of the Ukrainian economy as a result of full-scale war and the associated macro- and microeconomic changes. The destruction of production and energy infrastructure, the relocation of enterprises, the instability of logistics, limited financial resources, the migration of labour capital and significant fluctuations in demand create an environment of increased uncertainty in which traditional long-term planning tools lose their effectiveness. In these conditions, enterprises need not so much rigidly fixed strategic plans as mechanisms for rapid reorientation and a well-founded choice of development directions. Practice shows that focusing exclusively on market forecasts or on achieving predetermined goals without taking into account the real potential of the enterprise leads to strategic mistakes, overuse of resources and loss of competitiveness. Instead, the key factor for survival and development is the ability of an enterprise to assess its own capabilities, strengthen them in a timely manner, and align them with external challenges. That is why the concept of strategic potential is becoming a central element of modern strategic management, as it allows combining the internal capabilities of an enterprise with the dynamics of the market environment. At the same time, scientific research has not sufficiently explored the use of approaches to assessing strategic potential as a basis for choosing the type of development strategy and forming adaptive models of strategic planning capable of ensuring the transformation of strategy in the event of a sharp change in operating conditions.

Therefore, research aimed at substantiating a new logic for forming an enterprise's development strategy based on assessing and strengthening its strategic potential and developing adaptive strategic planning options is timely and scientifically significant. Its results have both theoretical value for the development of the modern concept of strategic management and practical importance for ensuring the sustainability and recovery of Ukrainian enterprises in the war and post-war periods.

Analysis of recent research and publications

A huge number of economists have been and continue to be involved in strategic management theory, including I. Ansoff, H. Mintzberg, A. Chandler, A. Strickland, A. Thompson, J. Gamble, P. Doyle, P. Drucker, P. Kotler, M. Porter, P. Stern, R. Oldcorn, V. Moskalenko, M. Godlevsky, S. Dovbnaya, O. Pysmenna, O. Khomenko, T. Velychko, E. Yangulov, V. Artyushok, O. Grublyak, Yu. Kharchenko and others.

Contemporary scientific research considers the theoretical foundations of strategic management as an evolutionary concept that includes adaptation to a dynamic environment and modification of strategic decisions in accordance with external changes (Mann & Ogorodnikov, 2023; Kirichenko, 2024; Gryshko & Glazunova, 2024; Vasylenko, Stepurina & Mykhaylyova, 2025). The authors emphasise the need for continuous monitoring of the results of strategy implementation to ensure that it can be adjusted. Some works emphasise the importance of strategic potential as a key resource for the formation and implementation of an effective strategy. In particular,

authors present an algorithm for diagnosing the strategic potential of enterprises, the application of which increases the validity of management decisions at all stages of potential management - from assessment to decision-making (Bilyavska, 2023). Other scientific works also focus on the theoretical and methodological aspects of forming and assessing the strategic potential of an enterprise, reveal the role of the resource approach in the historical context of the development of the strategic management paradigm, and prove that potential is the subject of strategic planning, implementation, and control (Ladonko & Ganza, 2015; Vovk & Dudik, 2020; Ryabenko, 2014; Koval, 2025; Mokhonko & Trokhymchuk, 2024).

There is an ongoing discussion in scientific literature regarding methodological approaches to assessing strategic potential, with an emphasis on various diagnostic procedures that enhance the managerial quality of strategy. In particular, experts say that a methodological approach to assessing strategic potential should be based both on indicators of the financial and economic condition of the enterprise and on special characteristics (latent factors) that determine the level of its potential (Danevich & Kosharna, 2015). Another work states that the analysis of strategic potential should be carried out according to key components, in particular: managerial competence, flexibility of the organisational structure, the strategic position of the enterprise and its ability to ensure production and technological efficiency (Otenko & Danevich, 2014). Other expert formulates requirements for a mathematical model for assessing the strategic potential of an enterprise in accordance with the concept of the dynamic properties of a firm and the principles of modern strategic management (Patrashkov, 2016).

These studies provide a solid scientific basis for addressing issues related to assessing the strategic potential of an enterprise as a foundation for developing adaptive strategic management in modern conditions, confirming its relevance and practical significance. At the same time, there is a need for further development of methodological approaches to integrated assessment of strategic potential, adaptation of planning models to conditions of high turbulence and uncertainty, as well as the development of tools for forecasting the effectiveness of strategic decisions based on the dynamic characteristics of the enterprise. Further research in these areas will contribute to improving the accuracy of management decisions, reducing risks, and forming sustainable competitive advantages for enterprises in modern economic conditions, including crisis and war factors.

Purpose of the article

The purpose of the article is to develop the theoretical and methodological foundations of strategic enterprise management by substantiating an approach to developing a development strategy based on assessing and strengthening the strategic potential of an enterprise and developing adaptive options for strategic planning in conditions of increased uncertainty. To achieve this goal, the following tasks have been identified:

- analysis of the current conditions of Ukrainian enterprises and justification of the need to change the paradigm of strategic management;
- identifying and systematizing the key components of the strategic potential of an enterprise that have a decisive influence on the formation of a development strategy;
- development of a scientific and methodological approach to substantiating the choice of the type of enterprise development strategy in accordance with the most developed components of its strategic potential;
- forming adaptive options for strategic planning and mechanisms for transforming the enterprise's strategy in conditions of uncertainty in the external business environment.

Presentation of the main research material and results obtained

The deepening instability of the external environment significantly changes the logic of forming strategic decisions of the enterprise. Whereas previously strategy was viewed primarily as a long-term guideline with fixed development parameters, under current conditions it is transforming into a dynamic system of interrelated management decisions that requires constant review and coordination with the enterprise's actual capabilities. At the heart of this approach is not the predicted state of the market, but the internal capacity of the enterprise to respond to changes, i.e. its strategic potential.

It is the assessment of the level of formation and structure of strategic potential that allows the transition from reactive to proactive strategic management, when the enterprise not only adapts to the environment, but also forms its own development trajectory within the limits of available and potentially increasing opportunities. In this context, the formation of a development strategy should be carried out not as a one-time planning procedure, but as a continuous process of selecting and adjusting alternatives that ensure the long-term viability of the enterprise.

Strategic management helps to clearly define long-term priorities, shape the direction of development, and ensure a competitive position in the market. Without a clear idea of what the business is striving for, management loses focus and risks dispersing organisational efforts. Strategic management of enterprise development is based on setting goals and objectives for the future. A well-designed strategy promotes optimal resource allocation, cost minimisation, and business process improvement. Strategic management provides advantages over competitors in the market.

In today's uncertain environment, only with a well-thought-out development strategy, analysis of the competitive environment, and innovative approaches can you create unique offerings that make your product or service attractive and set your company apart in the market. Companies that are not ready to quickly adapt to new conditions lose their leading positions. Having a strategy helps not only to quickly adapt to changes that have already occurred, but also to predict future changes, whether in market technologies, consumer preferences, etc. Strategic business management includes feedback and monitoring mechanisms that allow you to assess the effectiveness of long-term policies, set key performance indicators (KPIs), make adjustments, and track progress.

Therefore, strategic enterprise management is a complex process aimed at achieving long-term business goals. It involves various levels of management, each of which performs its tasks to ensure the effectiveness of the process.

The paradigm shift in strategic enterprise management

When organising strategic management to ensure the independence of the enterprise from a single economic zone, as well as the ability of the enterprise to transfer resources from one economic zone to another, the company's management must have strategic flexibility in the external and internal environment and use a segmented approach in selecting the most promising strategic economic zones.

The prerequisites for changing strategic management concepts are related to economic development cycles, business globalisation processes, diversification, increased competition and uncertainty. Despite changes in modern management theory, the emergence of new features of strategic management and trends in theory under the influence of the growing importance of marketing, environmental factors in the macro environment, and corporate social responsibility have led to an update of the concept of strategic management.

Today, the main types of management include:

- corporate: decision-making at a level that affects the enterprise as a whole, including the definition of key strategic goals, mission and directions for action in the long term;
- business management: focus on individual products and segments, strategic decisions aimed at gaining and securing market share and increasing competitiveness;
- functional: includes strategic decisions regarding individual processes and functions of the enterprise: marketing, finance, production, HR, etc.;
- operational: focuses on the current activities of the enterprise and the implementation of its corporate strategy;
- strategic enterprise management is characterised by simultaneous rapid changes in methods and tools.

Under current conditions of enterprise operation, strategic management is characterised by an entrepreneurial, comprehensive and innovative nature.

Strategic management can be viewed as an activity based on strategic orientation, which is an integral component of enterprise development and is aimed at achieving long-term goals, ensuring sustainable

development, competitiveness and long-term success of the enterprise. The principles of strategic management include: the principle of social responsibility for fulfilling the mission to society; the principle of integrating economic potential and staff capabilities for the effective use of resources in the process of achieving set goals; the principle of innovation, which involves the continuous improvement of technological processes and products.

However, the practical implementation of strategic management principles largely depends on the operating conditions of enterprises, the level of management maturity and the influence of the external environment, which determines the expediency of referring to the results of empirical research.

According to the survey, most modern Ukrainian enterprises use individual elements of strategic management, and the majority of managers (up to 78.5%) recognise the need to develop a strategy as the main tool for ensuring development. However, strategic decisions are most often made at enterprises in response to significant changes in the external environment, especially in cases of signs of a crisis, and only some enterprises (up to 11.5%) develop a strategic plan for their activities. Approximately 10% of enterprise managers identify the impossibility of using the principles of strategic management due to the volatility of the external environment.

Thus, three clusters of the surveyed enterprises can be identified, characterised by a certain degree of strategic orientation development. Cluster 1 (54.8% of enterprises recognised as conservative in the field of innovation), which is represented mainly by small enterprises, is characterised by the absence of a strategic approach, a focus on internal opportunities, the resolution of only current operational problems and the development of operational plans.

Cluster 2 (32.4% of enterprises recognised as followers of leaders in innovation), which is represented mainly by large and medium-sized enterprises in the manufacturing sector, is characterised by the non-systematic use of individual elements within the framework of strategic management.

Cluster 3 (12.8% of enterprises recognised as leaders in innovation), which consists mainly of large and medium-sized enterprises and is predominantly diversified, is characterised by the consideration of strategic management as a present-day imperative, the systematic use of individual elements, the resolution of strategic problems, and the development of strategic plans.

Ten established, albeit rather narrow, concepts prevail in modern scientific approaches to strategy definition: from early schools of design and planning to more modern schools of management that take into account factors such as learning, culture and the environment. The basis for the formation of any strategy is the analysis of the enterprise and the assessment of its potential. The content of the strategy is determined by the specific goals and priorities of the enterprise's development, while its resources and competitive advantages are a means of implementing strategically important tasks.

Currently, the prevailing theory is that business strategy should be formed taking into account the resources and strategic potential of the enterprise. The theory is based on the concept of economic rent and the view of the enterprise as a set of powers. This type of strategy is aimed at coordinating and combining efforts, which puts it significantly ahead of other mechanisms for making strategic decisions (Fig. 1).

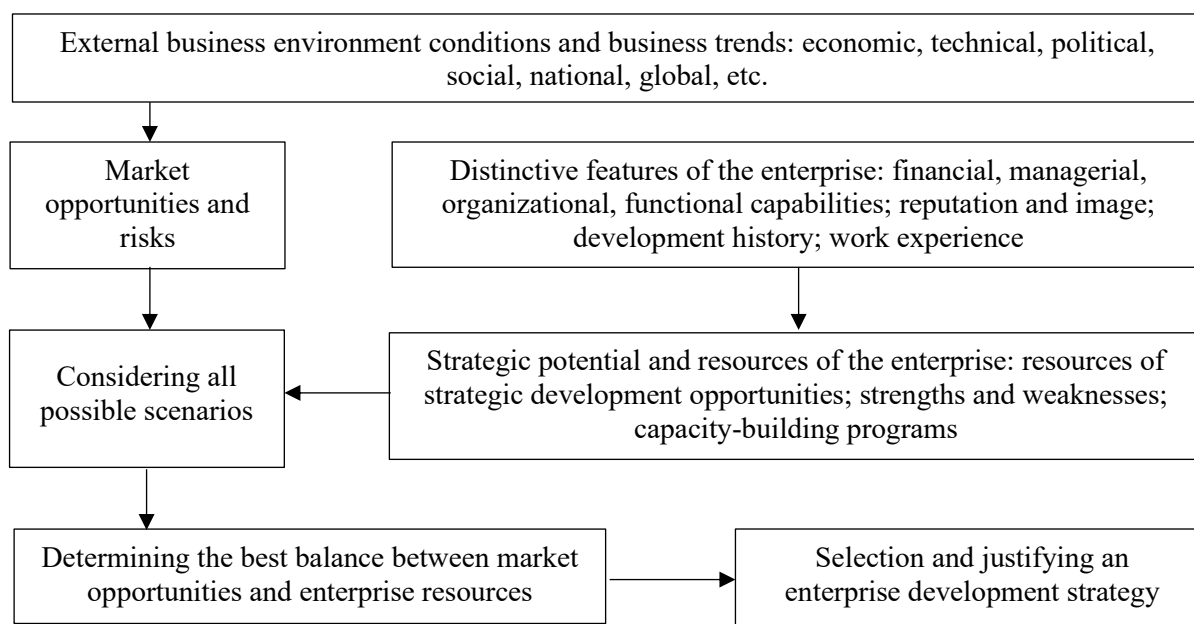


Fig. 1: Scheme for forming an enterprise development strategy
 Source: developed by the author

Modern approaches to strategic management are based on the development of a system of strategic changes for the optimal development of the enterprise and the achievement of its goals. In the future, any enterprise must create its own strategic potential, consisting of resources and competencies. Therefore, strategic resources are assets and capabilities that provide an enterprise with competitive advantages. Strategic resources are valuable to an enterprise, difficult to copy or replace, and rare among competitors. The realisation of strategic potential is characterised by the conditions, mechanisms and instruments of implementation, the degree of implementation and the result itself - the sustainable, competitive development of the enterprise, determined by the receipt of additional income and growth in marginal profit in the process of realising the innovative and entrepreneurial potential of the enterprise, which ultimately creates new opportunities for sustainable reproduction in general.

The strategic potential or development potential of production structures is formed by resources and competencies (primarily management competencies) that allow the transformation of the resources and advantages (including competitive advantages) or critical success factors available to a particular enterprise, ensuring high-quality strategic planning and effective implementation of the strategy. Resources and competencies can be defined as the basis of an enterprise's development capabilities.

Under current conditions of enterprise operation, several key factors can be identified in the formation and effective use of strategic potential, namely:

- the human factor, which initiates and ensures the movement of all enterprise development processes;
- the technological factor, which forms the basis or platform for the organisation and conduct of the enterprise's activities;
- the institutional factor, which determines the regulatory and legal basis for the organisation and conduct of the enterprise's activities;
- the organisational factor, which determines the structuring of the strategic management system for the enterprise's development;
- the information factor, which allows formalising the overall picture of economic development and the place of a particular enterprise in it.

Of course, all of the above factors are important not only for ensuring the development of the enterprise, but also for creating effective strategic plans for this development.

However, it should be noted that there are other important factors that must be taken into account in the strategic planning of an enterprise's development. In particular, these include factors of inter-company interaction, innovation factors, factors of state administration and state regulation of market relations, market and consumer factors, and many other factors.

Scientific and methodological approach to choosing a strategy based on assessing the strategic potential of an enterprise

Strategic potential can be defined as the suitability and sufficiency of an enterprise's resources and competencies for developing and implementing a strategy. Most scholars define the strategic potential of an enterprise as the level of provision of the necessary resources for the organisation's strategy in conditions of maximising performance results. The necessary resources are understood as a combination of promising tangible and intangible resources and technologies that will ensure the implementation of the organisation's strategy and a reasonable choice of strategic alternatives in conditions of uncertainty. Strategic potential can also be viewed as the sum of an organisation's reserves, its structure and capabilities in a strategic period. Thus, the strategic potential of an enterprise can be understood as the difference between its potential at the beginning and at the end of the strategy implementation, taking into account the measurement of average, normative and stage indicators.

The strategic potential of an enterprise, taking into account the elements, separately highlighting the management system, will consist of financial and investment, production and technological, human resources and management, marketing and innovation potentials (Fig. 2). The financial and investment potential of an enterprise should be interpreted as the integral ability of a business entity to form, accumulate and attract internal and external financial and investment resources, as well as to use them effectively in order to obtain economic results and ensure the achievement of strategic and tactical development goals. In terms of its structure, financial and investment potential combines the financial and investment potential of an enterprise. At the same time, financial potential reflects the level of financial independence, stability and solvency of an enterprise, while investment potential characterises the possibilities for accumulating and attracting investment resources, taking into account the factors that determine the volume and structure of the enterprise's investment needs (Dotsenko, 2023).

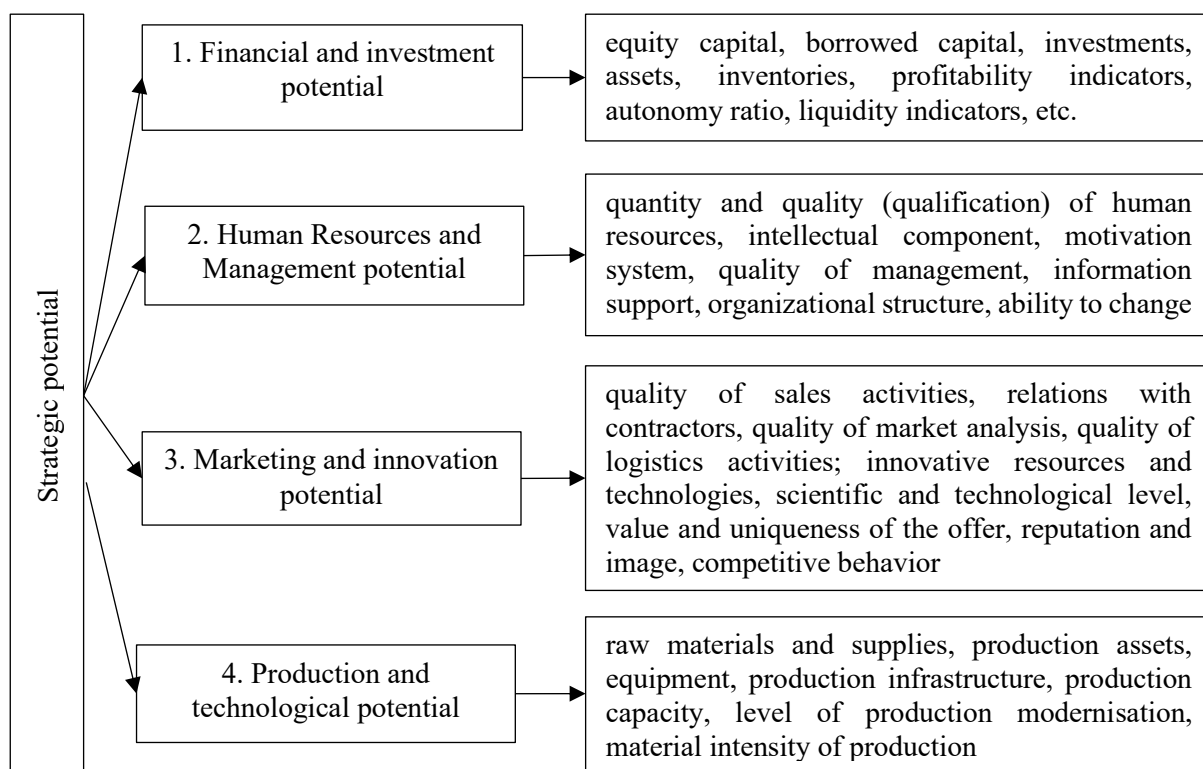


Fig. 2: Components of the strategic potential of an enterprise

Source: developed by the author

From the point of view of strategic management, human resources and management potential can be defined as the combined ability of the human resources and management system of an enterprise to form, adopt and implement effective management decisions, ensure the coordinated use of human resources and achieve the strategic and operational goals of the enterprise's development in a changing external environment.

Marketing and innovation potential is the integrated ability of an enterprise to identify and predict market needs, formulate and implement innovative marketing decisions, and effectively commercialise innovations in order to create sustainable competitive advantages and ensure the long-term development of the enterprise.

Production and technological potential is the aggregate ability of an enterprise, based on available and attracted production resources, technologies, and organisational and technical solutions, to ensure the effective, continuous, and flexible implementation of production processes, the development of new technologies, and the release of competitive products in accordance with the strategic development goals of the enterprise.

All the resources, competencies and capabilities of the organisation that constitute its strategic potential interact with each other through procurement, logistics and sales activities. All these elements are based on a well-designed system for managing customer relations across different organisations and enterprises.

Since the set goal can be achieved by implementing several alternative strategies, it is necessary to calculate the potential that the enterprise must have to implement each individual strategy, taking into account the priority of certain types of resources. The calculation will be carried out using weighting coefficients that reflect the priority of the resource. By comparing the potential required to implement each strategy with the existing potential of the enterprise, a strategy is selected based on the criterion of increasing the value of the enterprise, where the limitation is the amount of possible costs for implementing the strategy.

Another approach considers the strategic potential of an enterprise as the difference between the realised and potentially possible ability to transform the totality of available resources into factors of production in order to obtain goods that maximally satisfy solvent demand. It is advisable to determine the strategic potential of an enterprise as the difference between its potential at the beginning and end of strategy implementation using the formula:

$$SP = \sum_{i=1}^n (P_{i,t_1} - P_{i,t_0})$$

SP - strategic potential of the enterprise;

P_{i,t_0} - i-th component of the enterprise's potential at the start of strategy implementation;

P_{i,t_1} - i-th component of the enterprise's potential at the end of the strategy implementation.

Since each component of the strategic potential of the enterprise has its own indicators and units of measurement, it is advisable to evaluate it using an integral index and expert assessment method.

$$SP = \sum_{i=1}^n \frac{I_{FI}p_i}{n} \times \alpha_{FIp} + \sum_{m=1}^j \frac{I_{HRM}p_j}{nm} \times \alpha_{HRMp} + \sum_{r=1}^k \frac{I_{MI}p_k}{r} \times \alpha_{MIp} + \sum_{s=1}^h \frac{I_{PT}p_h}{s} \times \alpha_{PTp}$$

$I_{FI}p_i$ - assessment of the corresponding indicator of financial and investment potential by the i-th expert, $i=1, \dots, n$;
 $I_{HRM}p_j$ - assessment of the corresponding indicator of human resources and management potential by the j -th expert, $j=1, \dots, m$;

$I_{MI}p_k$ - assessment of the corresponding indicator of marketing and innovation potential by the k-th expert, $k=1, \dots, r$;

$I_{PT}p_l$ - assessment of the corresponding indicator of production and technological potential by the h-th expert, $h=1, \dots, s$;

α_{FIp} , α_{HRMp} , α_{MIp} , α_{PTp} – relative significance of integrated financial and investment, human resources and management, marketing and innovation, production and technological potentials, respectively, as part of the strategic potential of the enterprise.

Thus, the type of enterprise strategy is determined based on the principle of giving priority to the most developed components of its strategic potential, which form key competitive advantages and determine possible directions for strategic development (Table 1). This approach involves orienting strategic decisions towards those elements of potential that are characterised by the highest level of maturity, efficiency and scalability, ensuring consistency between the enterprise's internal capabilities and the chosen type of strategy (Fig. 3).

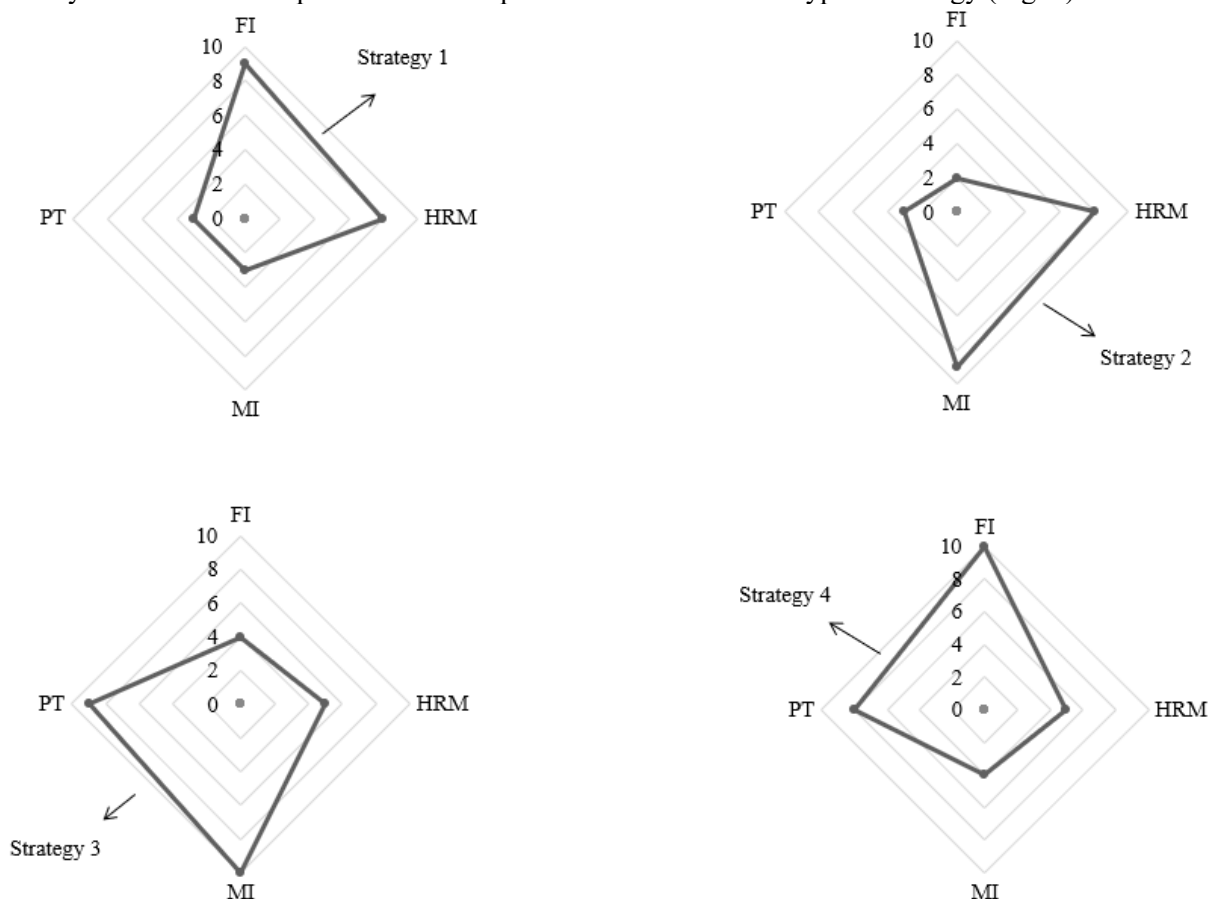


Fig. 3: Justification for choosing the type of enterprise strategy in accordance with the most developed components of its strategic potential

Source: developed by the author

Table 1: Typology of strategies according to the most developed components of the enterprise's strategic potential

| Strategy number | Most developed components of the enterprise's strategic potential | Strategy type |
|-----------------|---|--|
| 1 | Financial and investment, human resources and management components | Strategy for realising advantages and competencies |
| 2 | Human resources and management, marketing and innovation components | consumer-oriented strategy |
| 3 | Marketing and innovation, production and technology components | innovation and technology advantage strategy |
| 4 | Production and technological, financial and investment components | strategy of increased quality |

Source: compiled by the author based on his own research

Strategy 1. The strategy of realising advantages and competencies is appropriate for enterprises whose financial and investment and human resources and management components of economic potential have reached a high level of development and are key sources of competitive advantage. It is focused on the active use of accumulated financial resources, access to investment instruments and high-quality management decisions in order to ensure long-term growth in the value of the enterprise. The implementation of this strategy involves concentrating investments on priority areas of development that can ensure maximum multiplier effect, as well as forming an effective system of strategic and financial control. An important role is played by human resources and management potential, which ensures the enterprise's ability to develop and implement complex investment projects, manage risks, adapt the organisational structure to strategic changes and maintain high quality corporate governance. Within the strategy, the integration of financial and management competencies into a single strategic management system is of particular importance, as it allows investment decisions to be aligned with long-term development goals, ensures the effective allocation of resources and increases the investment attractiveness of the enterprise. As a result, the strategy contributes not only to the realisation of existing advantages, but also to their further growth and transformation into sustainable competitive positions in the market.

Strategy 2. A customer-oriented strategy is appropriate for enterprises in which the marketing, innovation, human resources and management components of economic potential are highly developed and determine the organisation's ability to deeply understand market needs and respond to them quickly. It aims to build sustainable competitive advantages by creating unique consumer value, increasing customer satisfaction and loyalty, and adapting products, services and business processes to dynamic changes in consumer demands. The implementation of this strategy is based on the active use of marketing tools for market analysis, digital technologies, innovative approaches to product development and promotion, as well as the introduction of customer-centric business models. An important prerequisite for its effectiveness is the availability of management and human resources' competencies that ensure coordination between functional departments, the development of a consumer-oriented corporate culture, and support for continuous innovation. Within the strategy, the integration of marketing and innovation potential with human resources and management capabilities is of particular importance, allowing the company not only to identify the needs of target segments in a timely manner, but also to transform the market insights gained into management decisions and practical innovations. As a result, a consumer-oriented strategy contributes to increasing the adaptability of the enterprise, strengthening its market position and ensuring sustainable development in conditions of high competitive and technological dynamics.

Strategy 3. The innovation and technological advantage strategy is appropriate for companies whose marketing and innovation and production and technological components of economic potential are highly developed and form the basis of longterm competitiveness. It aims to create and maintain stable market positions by introducing technological innovations, updating the product portfolio, and using advanced production solutions that ensure unique consumer characteristics and high product quality. The implementation of this strategy involves active interaction between the research and development, production and marketing subsystems, which allows innovative ideas to be transformed into technologically advanced products adapted to the needs of target markets. The marketing and innovation component ensures the identification of promising areas for innovative development, the formation of demand for new solutions and

the commercialisation of innovations, while the production and technological component determines the company's ability to effectively implement, scale and stably reproduce them. Within the strategy, constant updating of the technological base, investment in modern equipment, digital and automated production systems, as well as the development of the competencies of personnel involved in innovation and technological processes are of particular importance. Aligning the technological capabilities of the enterprise with market requirements allows for shorter product life cycles, faster time to market for innovations, and reduced technological risks. As a result, the implementation of an innovation and technology advantage strategy enables the enterprise to stay ahead of its competitors through technological leadership, develop unique offerings for consumers, and maintain a high level of adaptability to changes in the external environment in conditions of intense competition and technological dynamics.

Strategy 4. The strategy of increased quality is appropriate for companies whose financial, investment, production and technological components of economic potential are highly developed and ensure the ability to provide stable financing and technological improvement of activities. It aims to build sustainable competitive advantages by systematically improving the quality of products, works or services at all stages of their creation - from investing in modern technologies and equipment to implementing effective quality control and management systems. The implementation of this strategy involves the targeted use of financial resources to modernise production capacities, upgrade the technological base, and automate and digitise production processes, which makes it possible to ensure stable quality parameters, reduce the level of defects, and increase resource efficiency. The production and technological component is a key factor in the standardisation of processes, compliance with technological regulations and the implementation of international quality standards. Within the strategy, the integration of financial and investment opportunities with quality management systems is of particular importance, ensuring continuous improvement of products and processes, increasing production reliability and the ability of the enterprise to respond quickly to growing consumer demands. This approach allows not only to achieve a high level of quality, but also to maintain it in the long term.

As a result, the implementation of a strategy of enhanced quality contributes to strengthening the company's market reputation, increasing consumer confidence, growing the added value of products and ensuring stable competitiveness in the face of increasing market demands for quality and reliability

Enterprise's development strategy: opportunities for transformation in uncertain conditions

The implementation of the chosen strategic course of the enterprise takes place through a system of strategic planning, which appears as an integrated structure of coordinated long-term goals and development objectives. The central element of this structure is the general goal, which sets the parameters of the concept of the future state of the enterprise for making management decisions in terms of time and resources. The development of a strategic goal together with a system of key tasks is the initial phase of strategic management, since this is where the conceptual model of enterprise development is formed. In essence, the strategic goal reflects the controlled transition of the socio-economic system to a new level of functioning, which involves improving performance relative to past indicators or the competitive environment. With this approach, strategy becomes not so much a tool for achieving planned indicators as a mechanism for transforming the enterprise.

The set of tasks details the target benchmarks and defines the milestone results necessary to achieve the strategic vision. Together, they form a predictive model of the future state of the enterprise in terms of its main areas of activity. However, this model does not have a rigidly defined trajectory: strategic benchmarks are a theoretical construct formed in conditions of limited information and stochasticity of the external environment.

It is the uncertainty of the environment that necessitates the constant refinement of strategic decisions. Changes in the basic preconditions for functioning lead to a loss of some of the predictive value of the established benchmarks, so the strategic plan should be viewed not as a set of rules, but as a flexible management model capable of adaptation and revision. Accordingly, strategic management should be based on variability, i.e. the formation of alternative development scenarios, which reduces risks and increases the enterprise's ability to respond to environmental dynamics. The need for such an approach is exacerbated by the growing turbulence of the economic space and limited resources.

In practical terms, enterprises are constantly faced with a choice: to continue implementing an already funded strategic course or to reorient themselves towards a new development model with potentially greater effect but a higher level of uncertainty. Conservative management logic usually involves completing a preselected strategy through additional resource investments. However, such inertia often leads to a loss of innovative

momentum, the consolidation of outdated technologies, and a decrease in the efficiency of business processes.

The rigidity of the strategic course has a double effect: it maintains operational stability, but at the same time limits the adaptability of the system. Large companies partially compensate for these losses with the scale of their operations, while for small and medium-sized businesses, even minor changes can take on a strategic nature. In the event of significant disruptions, a company may abandon its current plan and switch to a different development strategy. Such a change is not a sign of mismanagement if it ensures the formation of new competitive advantages - resource, competence or market. The transformation of an enterprise's development strategy can be implemented according to two conceptually different scenarios, which differ in the depth of change and the nature of management decisions. In the first scenario, the strategic goal remains unchanged, while the method of achieving it undergoes modification (Fig. 4).

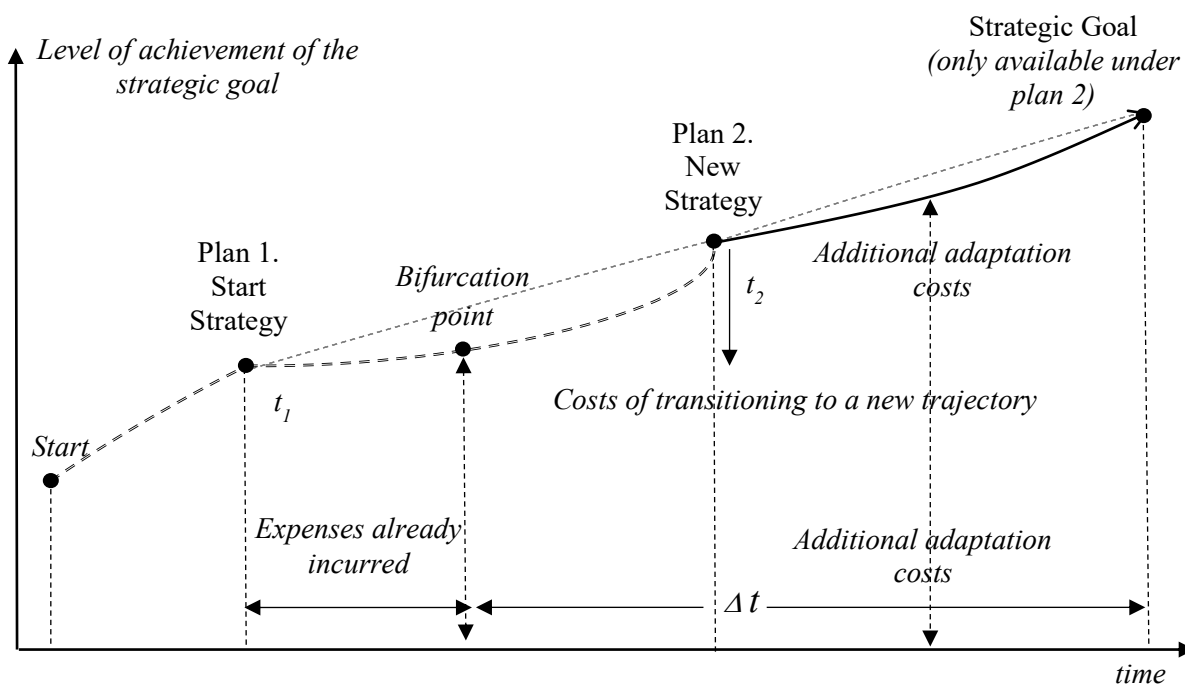


Fig. 4: Model of changes in the trajectory of a company's strategy implementation while maintaining its strategic goal
Source: developed by the author

Such a transformation involves a review of management tools and methods, technologies used, spatial parameters of implementation, task configuration, and the organisational architecture of the enterprise. The transition to an alternative development trajectory is usually accompanied by an increase in transaction, adaptation, and time costs due to the need to implement additional, previously unforeseen management actions. New costs are added to the investments already incurred after passing the critical point of strategic change, but their economic feasibility is justified by the possibility of achieving the target result, which was unattainable within the previous strategic configuration. Thus, the basic prerequisite for this type of strategic change is the recognition of the irreversibility of the influence of external determinants and the need for a timely and adequate management response.

The second scenario for strategy transformation involves a more radical review - changing the strategic goal itself when it becomes fundamentally impossible to achieve it due to changing external environment parameters. Under these conditions, the transformation goes beyond instrumental adjustments and affects the target model of the enterprise's development. This can manifest itself in a rethinking of the system of strategic guidelines, a change in the logic and direction of strategic movement, as well as in the adjustment of the time horizons for the implementation of planned results. In conditions of increased turbulence and uncertainty, the most relevant mechanism of strategic management is rolling planning (Fig. 5). Its concept is based on the formation of an iterative set of strategic plans, where each subsequent plan is based on the results of the previous one, ensuring the continuity of resource and organisational decisions, but at the same time preserving the possibility of operational adjustments under the influence of significant changes in the external environment. In essence, rolling planning functions as a continuous process of coordinating strategic and tactical decisions based on updated information. Unlike discrete approaches, which are primarily focused on fixed initial conditions, it ensures the constant relevance of strategic guidelines and maintains their adaptability in the long term.

Thus, with a five-year strategic horizon and an annual tactical planning cycle, an updated five-year strategy is formed each year, covering the next time interval and taking into account the transformations in the environment identified in the process of implementing the previous plan. This allows for the continuity of the strategic vision and avoids its conceptual obsolescence. When critical external factors come into play, key strategy parameters are adjusted and the company shifts to a different development trajectory. As a result, the configuration of the strategic plan changes: target benchmarks are refined, the system of performance indicators is revised, and the set of tactical tasks necessary to achieve the updated goals is modified.

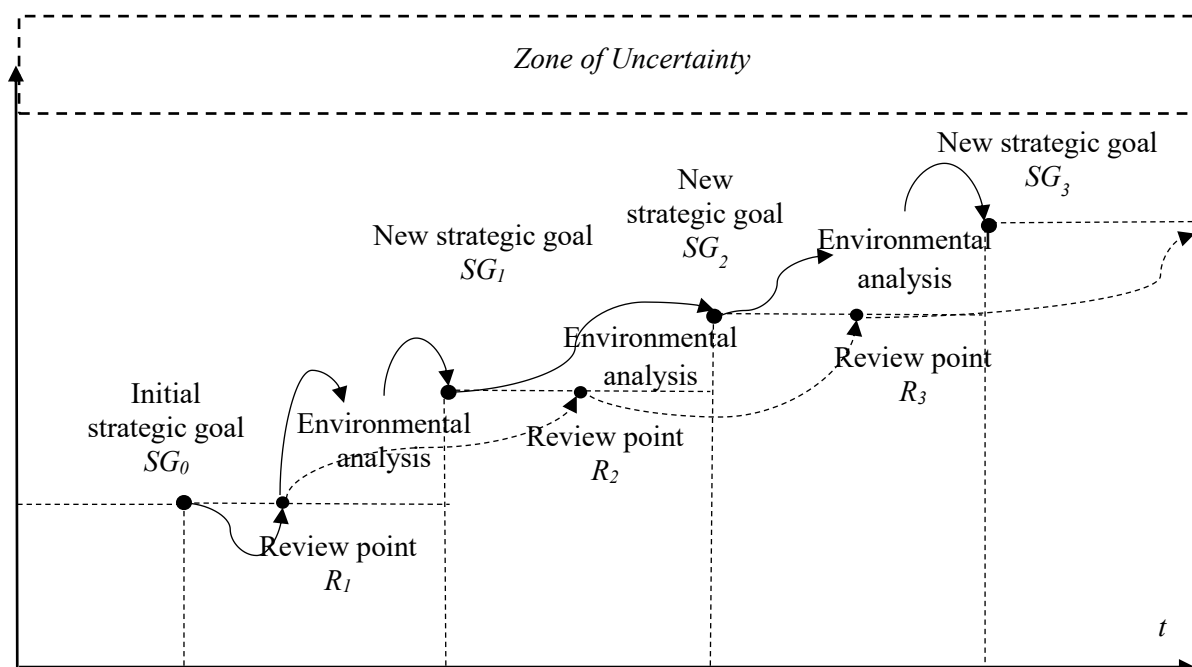


Fig. 5: Model of strategic enterprise management in the event of a change in strategic goal
Source: developed by the author

Although agile strategic management potentially requires more time and resources than linear planning models, it is characterised by higher target efficiency due to a reduced likelihood of strategic errors and the accumulation of management experience. As a result, the strategic process is transformed from linear and reactive- adaptive to spiral-shaped, forward-looking and proactive, creating sustainable organisational prerequisites for the long-term development of the enterprise.

Discussion

The results of the study confirm that in the current conditions of Ukrainian enterprises, strategic management ceases to be a tool for long-term forecasting and becomes a continuous process of adaptation. Unlike classical approaches, in which strategy is viewed as a sequence of planned actions to achieve specific goals, the proposed approach shifts the focus to managing development opportunities through strategic potential assessment. This logic corresponds to the realities of a war economy, where the determining factor is not the accuracy of the forecast, but the ability of the enterprise to quickly restructure its behaviour.

In scientific literature, strategic potential is mainly analysed as a resource base for strategy implementation, but the results of the study give grounds to consider it as a primary element in the formation of the strategy itself. This means a change in the cause-and-effect relationship: strategy no longer determines the need for resources, but rather the structure and level of potential development shape possible strategic alternatives. This approach reduces strategic risks, as the enterprise chooses a direction of development that is not desirable, but realistically achievable.

The proposed typology of strategies according to the dominant components of strategic potential demonstrates that there is no universal development strategy. Management effectiveness depends on the correspondence between the internal capabilities of the enterprise and the nature of strategic decisions. In this context, strategy is not a fixed plan, but a set of acceptable development trajectories that can be transformed depending on changes in the environment.

At the same time, the practical implementation of this approach is associated with a number of limitations. First, the complexity of an integrated assessment of strategic potential necessitates the use of expert methods, which increases the subjectivity of the results. Second, in military conditions, a significant part of the parameters of the external environment cannot be formalised, which limits the accuracy of strategic forecasting. Third, the transformation of strategy is accompanied by additional costs and organisational time losses, so management decisions must take into account the ratio of adaptation costs to the expected strategic effect.

Thus, the proposed approach to strategic management should be viewed as a concept of controlled flexibility: the enterprise does not abandon its strategic goals, but changes the ways of achieving them in accordance with the structure of its own potential and the level of uncertainty in the environment.

Conclusions

As a result of the study, theoretical provisions were summarised and scientific and methodological foundations for strategic enterprise management were developed, based on the assessment and development of its strategic potential in the conditions of a war and post-crisis economy. It has been established that the traditional model of strategic management, focused on the stability of the external environment and the long-term immutability of strategic guidelines, does not correspond to the current conditions of Ukrainian enterprises. A high level of uncertainty, the destruction of production links, logistical constraints, business relocation and unstable demand necessitate a transition from a predictive-planning paradigm to an adaptive-potential paradigm of development management.

It is reasonable to consider strategic potential not as a resource prerequisite for the implementation of an already formed strategy, but as a determining factor in its formation. In this approach, strategy is derived from the configuration of the enterprise's capabilities, and not vice versa. This avoids strategic unrealizability of decisions and ensures consistency between development goals and the enterprise's actual capabilities to achieve them.

The structure of the enterprise's strategic potential has been systematised and its key components have been identified:

- financial and investment (ability to ensure stability and reproduction of resources);
- production and technological (flexibility and renewability of operational activities);
- personnel and management (competence and adaptability of management decisions);
- marketing and innovation (ability to restructure market behaviour).

It has been proven that the dominance of individual components forms objective limitations and opportunities for strategic choice.

A scientific and methodological approach has been developed to justify the choice of the type of enterprise development strategy, which involves identifying the most developed components of strategic potential and aligning strategic decisions with them. This approach allows moving from the normative choice of a "desirable" strategy to the choice of a "realistically achievable" strategy, which reduces the level of strategic risk.

It has been established that strategy transformation can take two forms:

1. a change in the trajectory of achieving a strategic goal while maintaining it;
2. revision of the strategic goal itself if it becomes unattainable.

Both options are accompanied by additional costs, but their economic feasibility is determined by the ratio of adaptation costs to the expected strategic effect.

The use of rolling strategic planning as a basic mechanism for managing development in an unstable environment is proposed. Its application ensures the continuity of the strategic horizon, regular updating of goals and accumulation of management experience, which improves the quality of strategic decisions in the long term.

It has been proven that the adaptability of a strategy is a critical factor in the preservation and development of an enterprise in wartime conditions. Enterprises that are able to quickly change the configuration of their activities, even at the cost of additional short-term expenses, have an advantage, since strategic inertia leads to a loss of competitive position and degradation of potential.

The practical significance of the results lies in the possibility of using the proposed approach to:

- improving the soundness of strategic management decisions;
- reducing the risk of strategic errors;
- identifying realistic directions for enterprise development;
- ensuring sustainable operation during wartime and post-war periods.

Therefore, strategic management of an enterprise in modern conditions should be based on the principle of controlled adaptability: strategy should be formed taking into account the structure of strategic potential and constantly adjusted in accordance with changes in the environment. It is this model that ensures not only survival, but also the long-term competitiveness of enterprises.

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INSTRUMENTS OF INTERNATIONAL MANAGEMENT AS NECESSARY COMPONENTS OF TNC DEVELOPMENT

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Abstract

The article discusses the main tools of international management, which are important components of transnational corporations (TNC) development in globalization. Key instruments such as strategic planning, adaptation of business models to local markets, management of global supply chains, currency risk hedging, and use of modern technologies have been identified. Examples of well-known TNCs such as McDonald's, Toyota, and Unilever are given, successfully using these tools to strengthen their positions in the world market. The focus is on the importance of innovation and flexibility in international management to overcome global challenges and ensure sustainable growth. The article studies the challenges of transnational corporations in international operations management, including cultural, political, economic, and environmental factors. Particular attention is paid to the role of financial instruments, such as international financing, currency fluctuation management, and tax optimization, which allow TNCs to maintain financial stability in global markets. The prospects for further development of international management, including the latest digital technologies integration and environmental sustainability in TNCs' business strategies, are analyzed. It is proved that the successful use of international management is a key factor for ensuring the competitiveness and long-term development of transnational corporations in the modern global economy.

Keywords

Transnational corporation, International management, Management, Development, Analysis, Business.

Problem statement

International management tools play a crucial role in the formation and development of transnational corporations. Effective management is becoming a key factor in success in today's globalized world, where companies are increasingly expanding their activities beyond national markets. TNCs face numerous challenges, such as:

Cultural differences, economic risks, legal constraints, and changing market conditions require sound strategic tools to overcome them. The article considered the main instruments of international management, their importance for the TNC's development, and ways to increase their efficiency in a constantly changing global environment. In the current conditions of globalization, transnational corporations are faced with the need to manage their activities at the international level effectively. International management tools are becoming critical to ensuring success in different economic, cultural, and political settings. The work considers the main instruments

of international management that help TNCs overcome challenges and contribute to their sustainable development and global growth (Bolgarova & Panevnyk, 2011).

Relevance of the chosen topic

According to (UNIAN) Today, out of the 500 most powerful international multinational companies, 85 control 70% of all foreign investments. TNCs do not function in all sectors. These 500 most powerful TNCs sell 95% of pharmaceuticals, 80% of all industrial electronics and chemistry, and 76% of engineering products. More than half, namely 60% of international companies are employed in the production sector, 37% in the service sector, and 3% in the extractive industry and agriculture. TNCs are the main subject of world economic relations and a form that embodies, as a rule, all types of modern international business. All these processes are influenced by international management.

Analysis of recent research and publications

Scientists and experts are constantly investigating strategies effectiveness which transnational corporations (TNCs) use to adapt to various market conditions. Many publications emphasize integrating digital technologies importance and sustainable development into international management. The work, in particular, by Barney (2020) and Peng (2019), focuses on a resource-oriented approach in which TNCs should focus on unique internal resources, such as innovation and human capital, to maintain competitive advantages. This is the general trend towards more flexible management and innovation in the face of rapidly changing global markets. Studies by Hill and Jones (2021) confirm that globalization requires TNCs to effectively manage supply chains and financial flows, where modern technologies and forecasting systems play a significant role. They also note the importance of adapting to regional conditions through EPRG-like models (ethnocentric, polycentric, regiocentric, and geocentric) that help TNCs balance between local needs and global goals. In the field of sustainable development, significant contributions were made by Porter and Kramer (2020), which emphasize the importance of corporate social responsibility as part of TNC strategy. They argue that environmental and social sustainability are becoming integral elements of international management, which is especially important for companies such as Unilever and Nestlé, which are actively implementing the principles of "green" business. It is also worth noting publications on risk management in the global environment, in particular the work of Doh and Luthans (2019), which emphasizes the importance of managing currency risks and economic instability for TNCs. They note that the use of hedging, investment diversification, and financial strategies helps to reduce risks associated with instability in the markets (Iryna O., Yu. Velychko, & I. Pechenka, 2018; p. 9).

Purpose of the article

The article is aimed at analyzing the key instruments of international management and their role in the development of transnational corporations (TNCs), studying the impact of these instruments on the efficiency of global operations management, as well as determining their importance for ensuring the sustainability and competitiveness of TNCs in the context of globalization.

Presentation of the main research material and results obtained

International management is a complex of management methods, strategies and practices used by companies to conduct business at the international level. It covers the planning, organization, motivation and control of the activities of organizations operating in different countries and integrating their activities into the global environment. The main goal of international management is to create competitive advantages for the company in world markets by adapting to local conditions and cultural characteristics, using resources from different countries, as well as optimizing processes and reducing costs. International management is not limited to managing operations outside the country where the parent company is located. It also includes strategic planning and decision-making taking into account global trends, international political and economic factors, as well as regulatory conditions that affect the company's activities in various markets.

At the same time, world economic power is concentrated in the "hands" of the 100 largest TNCs such as (Microsoft, General Electric, Exxon Mobil, Wai Mart Stores, Citigroup, Johnson & Johnson, Royal Dutch/Shell, BP, IBM, Ford, Nestle, Phillip Morris). The market capitalization of individual TNCs exceeds \$500 billion, and their annual sales amount to \$150-200 billion. The net profit of any of the largest TNCs is adequate to the annual budget of Ukraine, and the volume of their commodity-money turnover often exceeds the GDP of several countries combined. In the ranking of the 500 largest multinational companies in the world in 2009, the highest

place was taken by Royal Dutch Shell. Despite the crisis, it increased its revenues by a third over the year - to \$458.4 billion (Ministry of Finance, 2020).

It is necessary to separate the key differences between international and national management. They influence the methods and approaches used in these two types of management:

1. Cultural differences - in international management, an important role is played by understanding the cultural characteristics of different countries. Managers should consider differences in language, behavior, traditions, religious beliefs, and social norms when making management decisions, as this affects communication, staff motivation, and interaction with clients.
2. Legal and regulatory aspects - in international business, companies must take into account the different legal systems, norms, and rules that operate in the countries where they operate. It can be different laws on taxation, consumer protection, labor relations, environmental standards, and other aspects of regulation.
3. Economic conditions - international management requires a deeper understanding of the economic situation in different countries, such as exchange rates, inflation rate, cost of resources, and supply and demand for goods and services. Economic instability and fluctuations in national currencies can significantly affect the activities of companies.
4. Competitive environment - in international management, competition is often more fierce, as companies compete not only with local firms but also with international players with access to resources and technologies from around the world.
5. Scale of activity - international corporations often operate with significantly greater resources and financial capabilities compared to national companies. This requires more complex management strategies and coordination between units that can be located in different parts of the world.

International management plays a crucial role in the development of TNCs. Its main goal is to ensure the effective company's operation at the international level and create conditions for its sustainable growth and further development.

The advantages and necessity of using international management tools are as follows:

1. Adaptation to local conditions, as international management helps companies to adapt their products, marketing strategies, and operational processes following the requirements of local markets, which contributes to increasing market share and strengthening competitive positions.
2. Attracting global resources. For effective management, TNCs are able to attract resources from different countries, including financial resources, skilled labor, technology and innovation, which helps to increase productivity and reduce costs.
3. Innovation and technological development. International management creates conditions for the dissemination of advanced technologies and knowledge between different divisions of the company, which allows TNCs to be more flexible and innovative in their activities.
4. Building a global brand is due to international management. TNCs can create strong global brands. Customers will be more loyal to the brand, as they will already have associations with quality, reliability and safety. Thus, companies provide themselves with a stable income.

In international management for the development of TNCs can apply different models that allow you to effectively organize business processes, adapt to the external environment and manage global operations.

The Porter's Five Forces model is used to analyze the competitive environment in international markets. It allows TNCs to understand what factors affect their competitiveness and how they can be managed:

Competition among existing players; The threat of new competitors; Strength of suppliers; Power of consumers; Threat of substitutes for products or services.

A prime example is Coca-Cola; the company uses this model to assess competition in global beverage markets by analyzing threats from new players and finding substitutes such as healthy alternatives to sugary sodas (Velesco C; p. 156).

Global Value Chain Model - focuses on supply chain management and value addition processes at the global level. TNCs strive to maximize the efficiency of production and logistics processes by optimally placing production facilities and suppliers in different countries. For example, Toyota uses this model to optimize its global supply and production system, which allows the company to minimize costs and improve product quality in different markets.

Model Uppsala (Model of gradual internationalization) - describes the process of international expansion of the company through a gradual increase in market presence. It assumes that companies first start with exports to the nearest markets with minimal risks and gradually move to the creation of subsidiaries or production facilities in more remote countries. As an example, we can cite IKEA, which first exported its products to neighboring

countries in Europe, and then began to open stores in Asia and America, gradually increasing its presence in the world market.

Resource-Based View (RBV) theory argues that TNCs' competitive advantage depends on its unique internal resources and capabilities. Therefore, TNCs should focus on developing their strengths such as technology, human resources, know-how, innovation and brand. So Google uses its unique technological resources and innovations to develop new products and services, such as artificial intelligence, which allows the company to remain a leader in the technology field.

Model PESTEL (Political, Economic, Social, Technological, Environmental and Legal Factors) - used to analyze the external environment of TNCs in international markets. It helps companies understand how external factors can affect their operations and strategies. Tesla uses PESTEL analysis to assess factors such as government subsidies for electric vehicles (political factor), prices for battery materials (economic factor) and public demand for environmentally friendly vehicles (social and environmental factors) (Pronoza, 2020).

Integration-Responsibility Model - This model defines how TNCs should be globally integrated and at the same time localize their products and services for different markets. Companies can choose between global integration, local adaptation, or a combination of these approaches. A striking example of the application of this model is Starbucks, supporting a global brand, maintaining uniform standards of quality and service, but at the same time localizing the menu and design of the cafe by the cultural characteristics of individual countries (Bakertilly, 2020).

Another one of the working tools in international management is strategic planning and development of international strategies. Strategic planning in international management includes the development and implementation of strategies aimed at achieving the company's long-term goals in global markets. Key strategies include:

Strategies for penetrating new markets - analyzing the new market and identifying the best ways to enter, such as exporting, joint ventures, or establishing subsidiaries. Assessment of the competitive environment and cultural characteristics of the market. The company offers a product with unique characteristics that distinguish it from competitors. It can be an innovative design, new features, or a special service.

For example, Apple uses the differentiation of its products, such as the iPhone, to offer a premium design and a unique ecosystem of applications ("iPhone," 2025).

Product adaptation strategies - modifying products and services according to the specific needs and preferences of local consumers depending on nationality, religion, and mentality Using flexible marketing strategies to support demand in new markets. Maintaining a balance between standardization and product adaptation. As an example, we can cite McDonald's modifying its menu in different countries to local culinary traditions.

Marketing strategies: Develop a global marketing strategy that takes into account the cultural characteristics and local traditions of each country. Using digital channels to promote products and brands internationally. Create effective communication campaigns to attract a wide audience. For example, the Coca-Cola Share Happiness campaign, where people's names were on the bottles, made consumers want to buy a drink as a personal gift for friends. Thus Coca-Cola, increased sales in all (Verloka, Konovalenko, & Sivolvovska, 2007, p. 121).

International management in TNCs concerns not only the target audience, but primarily the staff. Human resources management tools in the international context play a critical role in the activities of transnational corporations. In TNCs, management activities have certain features compared to national companies, the basis of which is the establishment of effective cooperation between the company's employees. However, problems arise in relation to personnel management, this is due to linguistic and cultural and religious barriers, national orientation, etc. Similar problems arise in the process of implementing management functions, namely planning, organization, management, control. These factors affect how well the staff will cope with their duties. Verbal and non-verbal features of communication, the level of directness in communication and contextuality play a significant role in mutual understanding between workers from different countries. The motivation of employees also depends on cultural characteristics and varies depending on what the representatives of a particular culture are focused on: teamwork or personal achievements. Methods of recruitment and development in international organizations should take into account the peculiarities of the global labor market and ensure the effective adaptation of new employees to a multicultural environment. Global recruiting, assessing the cultural compatibility of candidates, as well as the development of personnel through advanced training programs, language courses and training in intercultural communication are key aspects of the successful activities of TNCs. Effective personnel management at the international level is an important tool for TNCs. Companies must consider the cultural differences, labor laws and traditions of each country where they operate. Unilever, a global

consumer goods corporation, uses a decentralized human resource management system to adapt to local conditions and needs. The company actively engages local employees in the management of its divisions, which helps to increase the efficiency and cultural conformity of the business. This approach allows Unilever to ensure stable development of its operations in different regions of the world (Mazur, 2016).

Then you can go to financial instruments. To finance their international operations, TNCs often raise capital in global markets through the issuance of shares or bonds. This allows access to financial resources in different countries where there may be more favorable conditions. For example, Apple Corporation issues bonds not only in the US but also in the European and Asian markets, which allows diversifying sources of financing and obtaining more favorable conditions for raising capital. TNCs also face problems of tax optimization in different jurisdictions. Tax management tools and transfer pricing allow corporations to effectively distribute profits between divisions in different countries, minimizing tax liabilities. For example, Google actively uses transfer pricing strategies to reduce tax payments, moving profits to jurisdictions with lower tax rates, which allows you to optimize the tax burden. For further development and growth, TNCs use a variety of investment tools, such as venture capital investments, company acquisitions or strategic alliances. These tools allow corporations to expand their activities in new markets or strengthen their positions in existing ones. For example, Facebook (Meta) has invested heavily in acquiring companies such as Instagram and WhatsApp, allowing it to expand its presence in the global digital communications market. Financial planning is one of the key tools of international management, which allows TNCs to effectively predict costs, revenues and investments in international markets. Budgeting and financial planning help corporations manage their resources and control financial flows. Procter & Gamble actively uses the planning system to forecast its financial results in different regions and make strategic decisions on business expansion (Godovanets, 2012).

Next and among the most influential are marketing tools. International management is important for the effective promotion of products and services of transnational corporations in different markets of the world. Adaptation of the marketing strategy to local market conditions includes modification of products, pricing policies, advertising messages and distribution channels, taking into account the cultural, social and economic characteristics of each region. TNCs must understand the cultural, economic and legal characteristics of each country in which they operate, and adjust their activities accordingly. For example, McDonald's, one of the largest fast-food chains in the world, adapts the menu according to national tastes and traditions. In India, the company does not offer beef dishes due to religious restrictions, and in Japan fish-based products are included on the menu. This flexibility allows the company to operate successfully in different markets while maintaining common corporate quality standards. This allows companies to better meet the needs of local consumers and increase their loyalty. Global branding and reputation management are key aspects to building a positive image of the company internationally. Companies must ensure the integrity of the brand, while taking into account the cultural characteristics of different markets, in order to maintain their identity and enhance recognition. Reputation management requires rapid response to crises and effective communication with consumers to maintain trust. The use of digital technologies in international marketing opens up new opportunities for promoting products and interacting with consumers in real time, so we will be closer with our consumer and based on this interaction, loyalty to the brand or product will be formed (Prokhorenko, 2022).

Social media, content marketing, influencer engagement, big data analytics and personalized advertising campaigns help companies reach target audiences in different countries with minimal cost. Digital tools allow you to accurately track the effectiveness of marketing efforts and adapt strategies to meet changing market conditions.

Logistics tools and supply chain management are key elements to ensure the effective operation of transnational corporations (TNCs) in the global market. Optimization of logistics processes at the international level includes the development of strategies to reduce costs, reduce delivery time and improve the quality of customer service. This is achieved by integrating transport networks, selecting the most efficient routes and carriers, and implementing quality control standards at every stage of the supply chain. Inventory management and cost reduction are important aspects that allow TNCs to reduce storage costs and minimize risks associated with excess or insufficient inventory. Using Just-in-Time (JIT) methods, automatic replenishment systems and demand forecasting helps to ensure continuity of supply and avoid surpluses. TNCs must ensure the continuity of production and supply of goods on different continents, which requires careful planning and management. Toyota, a leading car manufacturer, uses a just-in-time system that minimizes inventory and streamlines delivery processes. This system helps to reduce costs and improve efficiency, but at the same time requires the company to quickly adapt to any disruptions in the supply chain. Through effective international management, Toyota successfully manages its global operations and reduces logistics risks. Logistics and logistics processes by increasing the impact on the economic sphere accompany a person at every stage of its development (Toyota, 2025).

Innovative instruments of international management play a crucial role in ensuring the competitiveness and long-term success of transnational corporations in the global market. The role of innovation in the development of TNCs lies in the ability of companies to adapt to rapidly changing market conditions, create new products and services, improve the efficiency of production processes and meet the needs of consumers in different regions. Investment in research and development is one of the main factors that ensure the company's innovative potential, allowing it to generate new ideas, technologies and solutions that contribute to the development of business and create added value. Strategies for introducing innovations in the global market include assessing potential markets, developing adapted products and services, and selecting the most effective methods of entering the market. For successful innovation, it is important to take into account the cultural, economic and social characteristics of target markets, as well as to use modern digital technologies and flexible business models that allow you to quickly respond to changes in demand and competitive environment. In today's world, digital technologies have become an integral part of international management. They allow TNCs to automate processes, improve communication between different departments and respond faster to changes in market conditions. For example, Amazon Corporation uses advanced information systems to manage its global logistics, which allows for the rapid delivery of goods to consumers in different parts of the world. Thanks to this, Amazon maintains high competitiveness and the ability to scale its business internationally (Amazon, 2025).

Risks and their management tools in international business are critical aspects for ensuring the stable operation and growth of transnational corporations (TNCs) in the global market. Political risks may arise from changes in legislation, political instability or nationalization of assets, which may adversely affect the company's operations in certain countries. Economic fluctuations such as inflation, currency fluctuations and changes in trading conditions can also significantly affect business profitability. Risk management and insurance instruments in international business include currency risk hedging, political risk insurance, asset diversification and the use of financial instruments to minimize possible losses.

International management plays a key role in the development of transnational corporations, contributing to their growth and stability. Thanks to global strategies, resource planning, risk management and effective coordination between different units, TNCs can successfully operate in different markets. One of the main tools is the adaptation of business models to local markets, which allows corporations to adapt their products and strategies to the cultural, economic and legal characteristics of different countries. The successful application of international management tools can be seen in the example of McDonald's Corporation, which, despite global standards, adapts the menu to local tastes in different countries, in particular, offering vegetarian products in India or special options for dishes in Japan. Another example is Toyota, which, thanks to an integrated approach to supply chain management, was able to minimize the impact of global crises on production processes. Among the major challenges facing TNCs are cultural differences, political instability, economic fluctuations and legal barriers. International management helps TNCs overcome these challenges by building flexible business models, diversifying risks and effective communication between different branches. For example, Unilever Corporation, thanks to a decentralized management structure, is able to quickly respond to market changes in different regions, adapting its activities to local conditions. In general, international management tools allow TNCs not only to survive in the conditions of global competition, but also to grow steadily, finding new opportunities for expansion in international markets.

Conclusions

International management is an important element of the successful activities of transnational corporations (TNCs). International management tools such as strategic planning, adaptation of business models to local markets, effective supply chain and risk management contribute to the growth, stability and competitiveness of TNCs in the global market. The significance of these tools lies in the ability of companies to adapt to diverse cultural, economic and legal environments, allowing them to expand activities and reduce the impact of risks. Prospects for the further development of international management are associated with the increasing role of digital technologies, increased attention to environmental sustainability and innovation, as well as the need for more effective coordination of global operations. As globalization continues to evolve, international management will play a key role in ensuring the sustainability and adaptability of TNCs to new challenges and opportunities on the world stage. International management tools are essential components of the development of transnational corporations. They allow companies to effectively adapt to different market conditions, manage global supply chains, personnel and risks, and use the latest technologies to achieve their strategic goals. Examples of companies such as McDonald's, Toyota, Unilever, Coca-Cola and Amazon demonstrate the successful use of these tools to ensure stable growth and competitiveness in the global market. In the future, the role of international management will grow as companies continue to seek opportunities to expand their activities and overcome global challenges.

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INTERNATIONAL M&A STRATEGIES AS A FACTOR IN STRENGTHENING THE COMPETITIVENESS OF TNC

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Abstract

In today's globalized economy, international mergers and acquisitions (M&A) have become an essential strategic tool for transnational corporations (TNCs) seeking to strengthen their competitiveness. These deals allow companies to quickly expand their presence in new markets, gain access to new technologies, reduce costs through economies of scale, and integrate supply chains. This article will examine successful merger cases of giant companies that confirm how mergers enhance market competitiveness.

Keywords

International mergers and acquisitions (M&A), Transnational corporations (TNC), Horizontal mergers, Vertical mergers, Conglomerate mergers, Competitive advantages, Diversification.

Problem statement

Transnational corporations face significant challenges in today's globalized and highly competitive world. They constantly need to improve and strengthen their positions in international markets. The growing global competition forces TNCs to seek effective ways to maintain and expand their market share, increase operational efficiency, and reduce costs. In this context, international mergers and acquisitions play an essential role as powerful tools for achieving companies' strategic goals.

International mergers and acquisitions are vital tools in addressing these challenges. They enable TNCs to quickly and efficiently expand their presence in new markets, integrate new technologies and knowledge, increase production scales, and reduce costs. M&A also contributes to increasing TNCs' competitiveness by allowing them to access new resources, expand their customer base, and strengthen their market position. Thus, M&A becomes crucial in ensuring sustainable development and growth for TNCs in the global economy.

Relevance of the chosen topic

The modern international mergers and acquisitions market demonstrates a high level of activity and dynamism. Significant growth in M&A deals is observed across various economic sectors, such as technology, healthcare,

and financial services. Mergers and acquisitions are becoming increasingly complex and large-scale, requiring companies to engage in detailed planning and adopt a strategic approach to implementing these deals. International M&A plays an essential role in developing the global economy, contributing to increased business process efficiency and integrating new technologies. For TNCs, M&A becomes a key factor in enhancing competitiveness, enabling them to strengthen their market positions, optimize costs, and expand their product and service offerings. Mergers and acquisitions also foster the formation of new business models, enhancing companies' flexibility and adaptability to changing market conditions.

Analysis of recent research and publications

The issues of evaluating the effectiveness of merger and acquisition processes and their nature have been explored in the works of foreign scholars such as T. Copeland, J. Murin, J. Sinkey, R. Shamgunov, A. Berger, S. Timme, D. Humphrey, A. Berley, R. Brealey, S. Myers, T. Grandi, S. Valdaytsev, A. Damodaran, and D. Yendovetsky. The processes of mergers and acquisitions as a factor in enhancing the competitiveness of TNCs have been highlighted in the works of domestic scholars such as Z. Vasylenko, O. Vasyurenko, S. Voitko, V. G. Herasymchuk, I. Ivasiv, H. Karcheva, O. Korenieva, I. Liutyi, O. Okhrimenko, N. Tkachuk, V. Zelnuik, N. Shulha, O. Chub, and others.

Purpose of the article

The primary goal of this research is to analyze various strategies for international mergers and acquisitions (M&A) and their impact on the competitiveness of transnational corporations (TNCs). The research aims to identify the key factors influencing the success of M&A deals and assess how these deals can contribute to strengthening the market positions of TNCs.

Presentation of the main research material and results obtained

Mergers and acquisitions are important economic processes that include the transfer of corporate control through the purchase or exchange of assets. This mechanism of asset consolidation allows companies to enlarge their business, creating larger and more competitive organizations. (Kozlova, 2021) Today, mergers and acquisitions are one of the most common development strategies used even by successful companies. A striking example is the acquisition of Pixar Animation by The Walt Disney Company.

Scientists identify several key factors contributing to modern mergers and acquisitions.

First, the globalization of economic relations has been reflected in international and national law. In particular, the liberalization of trade regimes and foreign direct investment, economic integration at the regional and state levels, the activities of the World Trade Organization (WTO), and privatization processes contribute to the activation of M&A deals.

Second, the liberalization of cross-border capital movement has opened up opportunities for foreign investors to acquire securities. This stimulated the financing of international mergers and acquisitions, mainly through share exchanges. The activation of market intermediaries and new financial instruments has created fundamentally new opportunities for cross-border loans, credits, and investments.

Third, the importance of research and development activities and increased risks in the field of research and development stimulate companies to merge and acquire. Reduced transportation and communication costs contribute to expanding companies' markets beyond national boundaries, ensuring access to international markets. (Kozlova, 2021)

Let us consider in more detail the strategies of international M&A. International mergers and acquisitions (M&A) are essential for transnational corporations (TNCs) in strengthening their competitiveness in the global market. There are several main M&A strategies, each with unique characteristics and goals.

Horizontal mergers and acquisitions. Horizontal mergers occur between companies operating in the same industry and at the same level of the production chain. This strategy allows companies to increase market share, reduce competition, and achieve economies of scale. An example of this strategy is the 2015 merger of Kraft Foods and Heinz, which created one of the world's largest food companies, allowing them to jointly benefit from synergistic effects and reduce costs.

Vertical mergers and acquisitions. Vertical mergers occur between companies at different levels of the same production chain. This can be a merger with a supplier or distributor. Such a strategy helps improve control over the supply chain and reduces production and logistics costs. For example, Amazon's acquisition of Whole Foods in 2017 allowed Amazon to integrate its online platforms with physical stores, improving logistics efficiency and expanding its influence in the food market.

Conglomerate mergers and acquisitions. Conglomerate mergers occur between companies operating in different industries. The main goal of such a strategy is to diversify the business and reduce risks associated with market fluctuations in one industry.

Each strategy has its own key success factors.

Horizontal mergers and acquisitions:

- Increased production volumes allow for reducing average costs.
- Growing market share allows for setting more favorable prices and reducing competition.
- Process optimization and resource pooling allow for achieving higher efficiency.

Vertical mergers and acquisitions:

- Improved coordination between different stages of production and supply.
- Reduced logistics and transportation costs, lower raw material costs.
- Increased control over product and service quality.

Conglomerate mergers and acquisitions:

- Reduced dependence on a single industry and distribution of risks across different sectors.
- A balanced portfolio of assets ensures stable income and increases investment attractiveness.
- Mutual exchange of technologies and innovations between different industries.

Territorial analysis of transnational corporations' (TNCs) activities in the M&A market shows that companies from North America and Europe are the most active in this segment. These regions are leaders among sellers of their assets and buyers of foreign companies.

North America, particularly the United States, is leading in the M&A market. In 2015, American companies accounted for half of the total volume of merger and acquisition deals, amounting to 2.5 trillion US dollars. Some of the largest deals were Charter's acquisition of cable companies Time Warner Cable and Bright House for \$90 billion and mergers in the high-tech sector, where semiconductor manufacturer Avago bought Broadcom for \$37 billion. The activity of American TNCs can be explained by their significant capital investments, global presence, and specialization in innovative activities.

In second place in terms of the number of M&A deals are companies from European countries, which account for 27% of the total volume of mergers and acquisitions. One of the largest deals was the British company BG Group's acquisition of \$74 billion by the European Royal Dutch Shell. Despite some economic weakness in the Eurozone, which prompts some companies to engage in less risky and smaller deals, countries such as Germany and the United Kingdom remain leaders in the M&A market. A revival in the European mergers and acquisitions market is expected thanks to significant private and public companies seeking expansion and foreign investors with unrestricted funds to invest in healthy assets. (Levkivskyi, 2016)

Since 2000, about 790,000 M&A deals have been concluded, with a total estimated value exceeding \$57 trillion. In 2018, deals decreased by 8% (about 49,000 transactions) compared to 2017, but the total value of deals increased by 4%, reaching approximately \$3.8 trillion. (Institute for Mergers, Acquisitions, and Alliances [IMAA], n.d.)

The content of the deal between Walt Disney and 21st Century Fox in 2017 is one of the most significant examples of successful mergers and acquisitions in the last twenty years. Thanks to this deal, the Walt Disney Company significantly strengthened its market position.

After completing the deal, Disney gained control over the 20th Century Fox film studio, FX and National Geographic cable channels, and international assets such as Star India. In addition, Disney strengthened its influence in the streaming video service Hulu, increasing its stake in this company. The acquired assets and content of 21st Century Fox had a strategic goal of strengthening Disney's position against the streaming service Netflix and creating advantages over competitors such as Warner Media and Apple.

As can be seen from the graph (see Fig. 1), the deal became a crucial factor in increasing the competitiveness of The Walt Disney Company. After a slight decrease in profit in 2017 (by \$495 million), the company's profit grew by almost \$14.5 billion over the next two years. This demonstrates the synergy effect and increased shareholder confidence in the company.

According to Comscore data, Disney and Fox controlled about 51.54% of the international market share in 2019, of which Fox accounted for 8.58%, and 38% of the American film market. This gave The Walt Disney Company a significant advantage over competitors. It is worth noting that M&A deals are part of the company's constant development strategy, and in this area, Disney is considered one of the most aggressive buyers.

For example, in 2006, Walt Disney Pictures acquired Pixar Animation Studios for \$7.4 billion. This allowed the company to eliminate a severe competitor and increase profit opportunities. Pixar Studio continued its activities but now has more significant resources. At the same time, the market maintained the illusion of a wide choice, and the conglomerate received maximum benefit from the diversity of offered products.

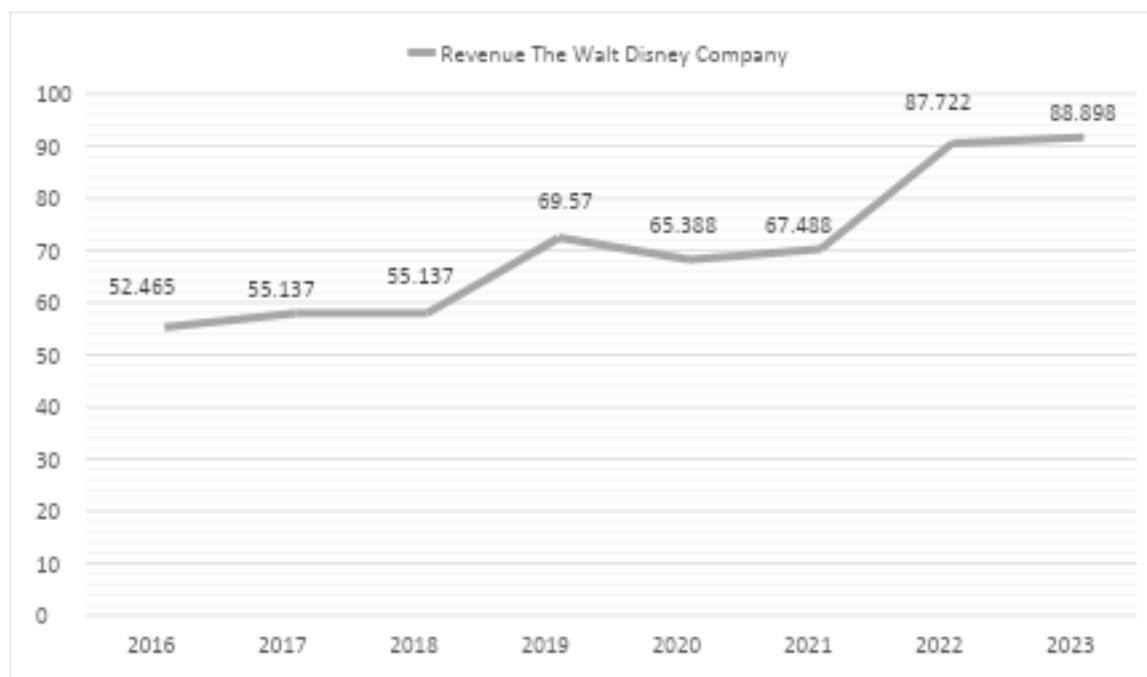


Fig. 1: How The Walt Disney Company's profit changed in the period 2016-2023 (billion USD)
 Source: (The Walt Disney Company, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023)

In 2009, Disney acquired Marvel Studios for \$4.24 billion. By 2010, the company had occupied about 50% of the comics market, and according to the Statista portal, films with Marvel characters had brought Disney \$4.42 billion in 2019. Marvel's profit accounted for 15% of The Walt Disney Company's total profit in 2019.

Additionally, in 2012, Disney concluded a deal worth \$4 billion to acquire the film company Lucasfilm, which gave the conglomerate rights to about 17,000 characters.

The merger and acquisition strategy implemented by The Walt Disney Company is a vivid example of successful corporate growth and business diversification. The company's consistent acquisition of leading studios - Pixar Animation Studios (2006), Marvel Studios (2009), and Lucasfilm (2012) - demonstrates a balanced approach to expanding the media empire. It is particularly noteworthy how Disney managed not just to absorb these companies, but to multiply their value through brand synergy and production scaling. For example, the \$4.24 billion investment in Marvel Studios brought significant dividends - in 2019 alone, Marvel films generated \$4.42 billion in revenue, which accounted for 15% of Disney's total profit. This strategy allowed the company not only to expand its portfolio of intellectual property to thousands of characters but also to create a powerful entertainment ecosystem where each acquired asset strengthens the conglomerate's overall market position. The success of these mergers is confirmed by both financial indicators and the strengthening of Disney's position as a global leader in the entertainment industry.

Analyzing the mechanisms of crisis management through the prism of corporate mergers and acquisitions, I consider it appropriate to examine in detail the unique case of cooperation between automotive giants Daewoo and General Motors, which became a striking example of effective restructuring in conditions of deep financial crisis.

In the late 1990s, the South Korean conglomerate Daewoo, one of Asia's most powerful industrial holdings, faced an unprecedented crisis caused by a complex of macroeconomic and management factors. The Asian financial crisis of 1997-1998, which provoked a large-scale devaluation of the region's national currencies and a fall in consumer demand, became a catalyst for revealing systemic problems in the company's business model. According to financial analysts of that period, Daewoo's aggressive expansion policy, based on attracting significant credit resources, proved to be particularly vulnerable in conditions of sharp changes in the macroeconomic environment. The company's accumulated debt reached a critical level of \$80 billion, which virtually paralyzed the conglomerate's operational activities. (Ostapenko, 2018)

The subsequent process of Daewoo's restructuring is of particular scientific interest, which demonstrates the effectiveness of a selective approach to corporate acquisitions.

The American automotive giant, guided by economic efficiency and strategic planning principles, developed an innovative model of partial acquisition, which envisaged careful auditing and selection of Daewoo's

most promising production capacities. The creation of the new business unit GM-DAT resulted from a deep analysis of the operational efficiency of various divisions of the South Korean company. The new enterprise included three of the most modern production complexes - two in South Korea and one in Vietnam- and an extensive network of nine regional distribution centres in Western Europe and Puerto Rico.

It is worth noting that the success of this restructuring is confirmed not only by financial indicators but also by long-term strategic advantages that both parties received. General Motors significantly strengthened its position in the Asian market, gaining access to developed production infrastructure and established distribution channels. At the same time, the preserved Daewoo assets received new life thanks to integration into GM's global production network, which allowed the preservation of thousands of jobs and production potential.

From the perspective of crisis management theory, this example illustrates the effectiveness of the "controlled disintegration" strategy, where a financially unstable company, instead of complete liquidation, undergoes a restructuring process through partial acquisition of the most viable assets by a strategic investor. This approach allows for minimizing the adverse socio-economic consequences of corporate bankruptcies and creates prerequisites for restoring business activity at a qualitatively new level.

An additional argument in favour of the effectiveness of such a restructuring model is that it allows for preserving accumulated technological competencies and human capital, which would be irretrievably lost in the case of complete liquidation of the company. Harvard Business School research shows that preserving key competencies in corporate restructurings is critical for the industry's long-term competitiveness.

Thus, the Daewoo-General Motors case represents a complex example of successful crisis management through selective acquisition, demonstrating the effectiveness of a balanced approach to corporate restructuring in conditions of deep financial crisis. This experience is precious for developing strategies for managing crises in the corporate sector and can be adapted to various industry contexts.

Conclusions

The conducted research on international mergers and acquisitions (M&A) strategies and their impact on the competitiveness of transnational corporations allows us to draw important theoretical and practical conclusions. Analysis of global trends in the M&A market indicates a steady growth in both quantitative and value indicators of deals, demonstrating the growing role of M&A as a vital tool for corporate development in the modern business environment. This emphasizes the importance of integration processes for ensuring the long-term success of corporations in the global economy.

The modern market for corporate mergers and acquisitions is characterized by a qualitative transformation of approaches to deal implementation. While mechanical asset consolidation previously prevailed, there is now a tendency towards the formation of complex strategic alliances with deep integration of business processes and corporate cultures. The technological factor is also gaining increasing importance in M&A deals, especially in the context of the digital transformation of traditional economic sectors, which increases the requirements for market participants regarding flexibility and adaptation to new realities.

The experience of companies such as The Walt Disney Company and Daewoo demonstrates that the success of modern M&A deals increasingly depends on qualitative indicators of integration and the ability to develop acquired assets effectively. At the same time, the cultural compatibility of merging companies, as well as the ability to harmoniously integrate corporate values and practices, gains particular importance. This emphasizes the importance of financial benefits, human capital management, and corporate cultures.

Moreover, in the long term, we can predict further evolution of forms and methods of M&A deals. In particular, the development of innovative financial instruments, the growing role of ESG factors in assessing potential acquisition targets, and the formation of new models of corporate integration are expected. The ability of companies to effectively manage not only the financial aspects of deals but also technological resources, human capital, and reputational assets will become critically important for successful development in the global economy.

A key challenge in the future will remain the management of post-integration processes, which often determine the long-term success of the deal. Successful implementation of M&A strategies will require companies to take a comprehensive approach to evaluating potential acquisition targets, creating effective integration management mechanisms, and implementing systems for early detection and prevention of risks. An important factor will also be balancing all stakeholders' interests, ensuring the merged companies' sustainable development.

Additionally, the M&A market is increasingly influenced by the regulatory environment and geopolitical factors. Many countries are introducing stricter checks on deals involving strategic industries or international transactions involving large transnational corporations. This requires a deeper analysis of regulatory requirements and legal risk management.

In addition to financial results, companies must consider environmental, social, and governance (ESG)

factors when carrying out M&A deals. Investors and stakeholders are paying more attention to how companies involved in M&A adhere to the principles of sustainable development and corporate social responsibility. This confirms the importance of integrating financial and operational aspects and social and environmental factors that ensure sustainable business development in the future.

Thus, the further development of the M&A market will require corporations to take a more balanced and strategic approach to mergers and acquisitions and continuously improve integration process management tools. Success in this path will largely depend on the ability of companies to combine financial, operational, technological, and human aspects into a single balanced corporate development strategy, ensuring long-term competitiveness in the global market.

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USING THE FEATURES OF THE PRESIDENTIAL ELECTION CYCLE TO IDENTIFY THE DOMINANT TREND IN GLOBAL STOCK MARKETS

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Abstract

The article is devoted to the study of the socio-political cyclical pattern "Presidential Election Cycle" in economics and its practical application for forecasting the dynamics of stock markets.

The methodology is based on a statistical analysis of the US stock market, which is a key component of the global financial market. The study used statistical data on the value of the Dow Jones Industrial Average from 1897 to 2025. Characteristic patterns that determine the behavior of the stock market in different phases of the "Presidential Election Cycle" in modern economic conditions were identified. It was found that within this cycle, only the pre-election year is of practical interest, in which the average increase in the Dow Jones Industrial Average is 2–4 times higher than the increase in other years of the cycle. It was established that the thesis about the higher dynamics of the stock market during the rule of the Democratic Party is confirmed in modern conditions.

Keywords

Presidential election cycle, stock market, prevailing trend, Dow Jones Industrial Average, forecasting.

Problem statement

The stock market has a pronounced cyclical nature, which is confirmed by numerous studies by scientists. For the first time, the hypothesis of the possible recurrence of economic processes was put forward in 1801 by William Herschel. He suggested the existence of a relationship between the cycles of sunspots and weather, which, in turn, could affect productivity and, as a result, the economy (Schwager, 2001). A few decades later, in 1870, W.S. Jevons and S. Benner drew attention to the recurrence of economic data. In 1875, S. Benner published a graph on which economic changes were predicted up to 1895. This graph turned out to be quite accurate in predicting peaks and declines in economic development.

Over time, the issue of cyclicity in the economy has become the subject of study by many researchers, which has led to the emergence of a significant number of scientific works devoted to this topic (Afonin, Bandurka, and Martynov, 2008, Amadeo and Berry-Johnson, 2020, Benenson, Velesco, and Dzhusov, 2021, Dzhusov, 2013 Dzhusov, Smerichevskiy, Sardak, and Benenson, 2019). However, despite the accumulated scientific material, today the theory of economic cycles remains mainly conceptual and insufficiently developed for its practical application.

Relevance of the chosen topic

Since the stock market is an integral part of the global socio-economic system, it is also prone to cyclical fluctuations. Understanding the patterns of these fluctuations and their use in forecasting market movements opens up opportunities for increasing the efficiency of investment activities and obtaining significant profits. In this regard, research aimed at the practical application of the theory of cycles in global stock markets is a promising direction in economic science and finance.

Analysis of recent research and publications

One of the most significant works devoted to the study of the cyclical nature of the economy is the book by E. Dewey and O. Mandino "Cycles: The Mysterious Forces That Trigger Events" (Dewey and Mandino, 1973). In this work, the authors studied the cycles observed in nature and society from 1415 to 1930, and discovered patterns in various areas, such as:

- 22,2-year cycle of military conflicts,
- 11,11-year cycle of solar activity,
- 18,33-year cycle in real estate trading and a number of others.

A significant contribution to the study of stock market cyclicity was made by W.L. Crum and D. Kitchin, who discovered a repeating cycle with a duration of 40 months when analyzing commercial paper quotations in New York (Colby and Meyers, 2000), as well as the work of C. Dow and his follower W.P. Hamilton, who actually described the principles of cyclical movement of financial markets.

Another important milestone in the study of cycles was the work of J.M. Hurst, in which he presented the stock market as a set of waves that overlap and create repeating cycles of a certain duration (Hurst, 1970). In 1990, D. Katz and D. McCormick published the Calendar Effects Chart, which contained tables and graphs that demonstrated the relationship between the dynamics of the Standard & Poor's - 500 index and calendar dates (Katz and McCormick, 1990, 1997, 2002). The research of J. M. Hurst, D. Katz, and D. McCormick was continued and expanded by a number of Ukrainian scientists (Dzhusov, 2013, 2019, Apalkov, Benenson, et al. 2021, etc.).

Of considerable practical interest are also the studies of A. Merrill, who, analyzing data on the US stock market for the period from 1886 to 1983, discovered a stable pattern, which was called the "Presidential Election Cycle". According to his observations, a month before the presidential election, the stock market showed growth that lasted until the end of January of the following year (Merrill, 1984). After the inauguration of the new president, a decline in quotes began, which usually lasted until June of the second year of the presidential term. Then the market again entered a phase of growth that lasted until the next presidential election.

The identified cyclicity of market dynamics, according to A. Merrill's studies, allows it to be used as a tool for predicting the trends of the prevailing trend in the stock market for the coming years. But almost fifty years have passed since the publication of the research results, and therefore the hypothesis requires updating based on modern financial data and in the conditions of the modern economic environment.

Purpose of the article

The purpose of this work is to establish the features of the manifestation of the pattern "Presidential Election Cycle" (hereinafter referred to as PEC) on global stock markets in modern conditions and to develop recommendations for the practical application of this pattern when carrying out investment activities.

Presentation of the main research material and results obtained

The PEC cycle lasts four years and has been observed in the US stock market since 1832. According to the theory of this phenomenon, the current administration, in order to secure re-election for a new term, uses various economic incentives to support the economy in the pre-election period. Historically, it is believed that a similar strategy was used by all presidents, starting with Herbert Clark Hoover (1929–1933) (Dzhusov, 2013).

The mechanism of this cycle is that in the first two years after the election, the ruling party, as a rule,

adheres to a tough economic policy, creating the foundation for the possibility of maneuvering in the future. As a result, the stock market during this period demonstrates more restrained dynamics. However, in the last two years of the presidential term, especially in the pre-election year, economic policy becomes softer, which leads to a significant increase in stock prices.

Statistical data confirm the existence of the presidential cycle. According to studies conducted from 1833 to 2004, the total growth of the Dow Jones Industrial Average index during the two years preceding the elections was 746%, while during the first two years after the elections it was only 228%, which is three times less (Shabanov and Kalachev, 2008). The most pronounced and stable growth was observed during the pre-election year.

Open sources contain research results on the manifestation of PEC in the US stock market, which include analysis of various time intervals. In particular, they provide the results of studying the dynamics of the US stock market from 1832 to 1904 and from 1904 to 1986 (Meladze, 2023). In the course of these studies, the profitability of each year of the cycle was calculated, after which the results were summed up for the two specified time periods. The final data demonstrating the patterns inherent in different historical periods are presented in Table 1.

Table 1: Total changes in the US stock market for each year of the presidential cycle

| | Cumulative change between 1832 and 1986, % | Cumulative change over the period from 1904 to 1986, % |
|--------------------|--|--|
| Election year | 235 | 197 |
| Post-election year | -37 | -38 |
| Midterm year | 89 | 70 |
| Pre-election year | 280 | 202 |

Source: compiled by the author

As can be seen from the data presented in Table 1, despite some differences in the calculation periods, the general trends in stock market dynamics within each of the four years of the presidential cycle demonstrate similarity. In particular, the pre-election year and the election year are characterized by higher profitability compared to the other two years of the cycle.

In 1973, David MacNeil (D. MacNeil) developed an investment strategy based on the identified seasonal component of the presidential cycle. According to his approach, in the pre-election and election years one should invest in stocks, while in the following two years one should transfer funds to government bonds. The application of this strategy during the period from 1962 to 1984 would have yielded a return of 1860%, while the alternative “Buy and hold” strategy (long-term asset holding strategy) would have yielded only 518% profit over the same period (Colby and Meyers, 2000).

In order to study the phenomenon of the presidential cycle in more detail, the first intention of the authors of this work was to compile a summary table of annual changes in the US stock market for the entire period of historical observations of the dynamics of the US stock market, that is, from 1833 to the current, 2025. But this approach faced a significant problem, namely: the Dow Jones Industrial Average was first calculated and published only on May 26, 1896, which made it impossible to use it for earlier periods of time.

An alternative solution could be to borrow data from the research of D. Hirsch and T. Brown, who developed their own methodology for calculating the so-called «composite index of the 19th century stock market». Their approach was based on the share prices of leading companies of that time (mainly railway and industrial) (Hirsch, 2006). However, using a different calculation methodology compared to the original methodology of C. Dow would potentially introduce a significant error in the results of the analysis. In this regard, it was decided to limit the period under study to the beginning of the publication of the actual values of the Dow Jones Industrial Average, that is, the last trading day of December 1896.

An additional complication was the fact that 1896 was the final year of the presidential cycle, which fell on the second term of Stephen Grover Cleveland (03.03.1893 – 04.03.1897). In this regard, the starting point of the study was chosen as the first year of the new four-year presidential cycle, namely 1897.

The information basis of the study was the statistical data presented in the works of R. Colby and T. Meyers (Colby and Meyers, 2000), D. Hirsch and T. Brown (Hirsch, 2006), as well as D. Hirsch and J. Hirsch (Hirsch, 2017-2019) and D. Kaepfel (Kaepfel, 2009), as well as data presented on the Internet resources: <https://investing.com/indices/us-30-historical-data> and <https://index.minfin.com.ua/markets/stock/dji/>. As a result of processing the listed sources of information, data were collected on annual changes in the leading US stock

index - the Dow Jones Industrial Average in each of the four years of the presidential cycle, which are presented in Table 2.

The second column of the table indicates the name of the president who was in power during the calculated four-year cycle. The third column contains the letter designations of the party that was in power during the corresponding period: D - Democratic Party, R - Republican Party. Columns 5-8 show changes in the Dow Jones index in percentage terms relative to the previous year. For example, the 32nd row of the table corresponds to the four-year cycle of the presidency of D. Biden. The number 18,73 in the 5th column of this row means that the Dow Jones Index increased by 18,73% in 2021 compared to the index value on the last trading day of December 2020. The number -8,78 in the 6th column of this row means that the Dow Jones Index decreased by 8,78% in 2022 compared to its value on the last trading day of 2021, etc.

Table 1: Annual changes of the Dow Jones Industrial Average (%) by year of the four-year presidential cycle from 1897 to 2025

| No. | President | Party | Cycle Beginning | Post-election year | Midterm year | Pre-election year | Election year |
|--------------------------------------|--------------|-------|-----------------|--------------------|--------------|-------------------|---------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 1 | McKinley | R*) | 1897 | 21,3 | 22,5 | 9,2 | 7,0 |
| 2 | McKinley | R | 1901 | -8,7 | -0,4 | -23,6 | 41,7 |
| 3 | T. Roosevelt | R | 1905 | 38,2 | -1,9 | -37,7 | 46,6 |
| 4 | Taft | R | 1909 | 15,0 | -17,9 | 0,4 | 7,6 |
| 5 | Wilson | D | 1913 | -10,3 | -5,4 | 81,7 | -4,2 |
| 6 | Wilson | D | 1917 | -21,7 | 10,5 | 30,5 | -32,9 |
| 7 | Harding | R | 1921 | 12,7 | 21,7 | -3,3 | 26,2 |
| 8 | Coolidge | R | 1925 | 30,0 | 0,3 | 28,8 | 48,2 |
| 9 | Hoover | R | 1929 | -17,2 | -33,8 | -52,7 | -23,1 |
| 10 | F. Roosevelt | D | 1933 | 66,7 | 4,1 | 38,5 | 24,8 |
| 11 | F. Roosevelt | D | 1937 | -32,8 | 28,1 | -2,9 | -12,7 |
| 12 | F. Roosevelt | D | 1941 | -15,4 | 7,8 | 13,8 | 12,1 |
| 13 | F. Roosevelt | D | 1945 | 26,6 | -8,1 | 2,2 | -2,1 |
| 14 | Truman | D | 1949 | 12,8 | 17,6 | 14,4 | 8,4 |
| 15 | Eisenhower | R | 1953 | -3,8 | 44,0 | 20,8 | 2,3 |
| 16 | Eisenhower | R | 1957 | -12,8 | 34,0 | 16,4 | -9,3 |
| 17 | Kennedy | D | 1961 | 18,7 | -10,8 | 17,0 | 14,6 |
| 18 | Johnson | D | 1965 | 10,9 | -18,9 | 15,2 | 4,3 |
| 19 | Nixon | R | 1969 | -15,2 | 4,8 | 6,1 | 14,6 |
| 20 | Nixon | R | 1973 | -16,6 | -27,6 | 38,3 | 17,9 |
| 21 | Carter | D | 1977 | -17,3 | -3,1 | 4,2 | 14,9 |
| 22 | Reagan | R | 1981 | -9,2 | 19,6 | 20,3 | -3,7 |
| 23 | Reagan | R | 1985 | 27,7 | 22,6 | 2,3 | 11,8 |
| 24 | G.H.W. Bush | R | 1989 | 27,0 | -4,3 | 20,3 | 4,2 |
| 25 | Clinton | D | 1993 | 13,0 | 2,1 | 33,5 | 26,0 |
| 26 | Clinton | D | 1997 | 22,6 | 16,1 | 25,2 | -6,2 |
| 27 | G.W. Bush | R | 2001 | -7,1 | -16,8 | 25,3 | 3,1 |
| 28 | G.W. Bush | R | 2005 | -0,6 | 16,3 | 6,4 | -33,8 |
| 29 | Obama | D | 2009 | 18,8 | 11,0 | 5,5 | 7,3 |
| 30 | Obama | D | 2013 | 26,5 | 7,5 | -2,2 | 13,4 |
| 31 | Trump | R | 2017 | 24,1 | 5,64 | 22,34 | 7,2 |
| 32 | Biden | D | 2021 | 18,7 | -8,78 | 13,7 | 12,88 |
| 33 | Trump | R | 2025 | | | | |
| Total index change | | | | 242,63 | 138,46 | 389,94 | 249,13 |
| Average growth over the whole period | | | | 7,58 | 4,20 | 12,19 | 7,79 |

| | | | | |
|--|------|------|-------|-------|
| The total change in the index for the period from 1897 to 1944 | 77,8 | 35,6 | 82,7 | 141,3 |
| Average growth for the period from 1897 to 1944 | 6,48 | 2,97 | 6,9 | 11,78 |
| The total change in the index for the period from 1945 to 1992 | 48,8 | 69,8 | 177,5 | 77,9 |

Continuation of table 1

| | | | | |
|--|--------|-------|--------|-------|
| Average growth for the period from 1945 to 1992 | 4,1 | 5,82 | 14,8 | 6,49 |
| The total change in the index for the period from 1993 to 2025 | 116,03 | 33,06 | 130,34 | 29,88 |
| Average growth for the period from 1993 to 2025 | 14,50 | 4,13 | 16,30 | 3,73 |

*) The letters R and D stand for the Republican Party and the Democratic Party, respectively

Source: compiled based on statistical material contained in the works (Hirsch, 2017-2019 Colby and Meyers, 2000; Hirsch, 2006; Kaepfel, 2009) and on the authors' calculations

The entire volume of data was structured and divided into three periods, reflecting the key stages of the evolution of the stock market and the world economy:

1. The period of the "old economy" (1887-1944). This time period is characterized by the dominance of enterprises that had significant fixed assets. This was due to the specifics of industrial development at that time. The leading positions in the stock market were occupied by enterprises of the railway industry, metallurgy and other capital-intensive sectors. The economy of this period was built on material-intensive production, and stock markets mainly reflected the dynamics of traditional industrial sectors.
2. The period of recovery and industrial development (1945-1991). This period covers the post-war recovery of the world economy and further industrial development, which led to structural changes in the economic system. The development of the stock market during this period was associated with the growth of industrial production, the strengthening of the role of transnational corporations and the formation of a modern financial system.
3. The period of globalization and information technologies (from 1993 to the present). The allocation of this time interval into a separate period is due to a number of significant socio-economic and technological changes that determined the further development of the world economy.

First, the beginning of the 1990s was marked by the collapse of the socialist bloc and the Soviet Union, which led to a fundamental change in the geopolitical balance. The United States became the only world superpower, which contributed to the strengthening of its financial markets and the global spread of market economic models.

Secondly, during this period the transition from an industrial to an information economy began. The mass spread of the Internet and the rapid development of digital technologies have radically changed the structure of financial markets, contributing to the emergence of new technological sectors and companies focused on intangible assets.

Perhaps it would be more correct to start the specified period not from 1993, but from 1991 or 1992, when the above-mentioned socio-political and economic changes began to occur in the world, but 1991 and 1992 correspond to the end of the next PEC cycle - the period of the reign of D. Bush. Therefore, we decided to start a new calculation period from the beginning of the new presidential cycle, that is, from 1993. The results of the calculations are presented in graphic form in Figure 1.

Analysis of the graph presented in Figure 1 shows that the PEC cycle, which was in the original form proposed by Arthur Merrill, is clearly traced only in the period 1897–1944. In the following time periods, a different dynamic is observed: the largest increase in the Dow Jones index is recorded mainly in the pre-election year, after which it is followed by a significant decrease. At the same time, the election year itself demonstrates a significantly smaller increase of the index compared to the previous year.

When considering the dynamics of the PEC in two annual intervals (dividing them into the two most favorable and two least favorable years), the following pattern can be identified: the cumulative increase in the Dow Jones index for the entire observation period (from 1897 to the present) in the first year after the election

was 242,63%, and in the intermediate year: 242,63%. At the same time, the increase in the index in the year before the election was 389,94%, and in the election year itself: 236,20%. Thus, in the last two years of the PEC presidential cycle (pre-election year and election year), the stock market showed a cumulative growth of 639,07%, which corresponds to an average annual growth of 9,99% (or rounded to 10%). However, in the first two years of the cycle (the year after the election and the interim year), growth was only 381,09%, which is equivalent to 5,95% per year. Thus, the second half of the presidential cycle provided a 1,68-fold increase in stock market growth compared to the first half of the cycle.

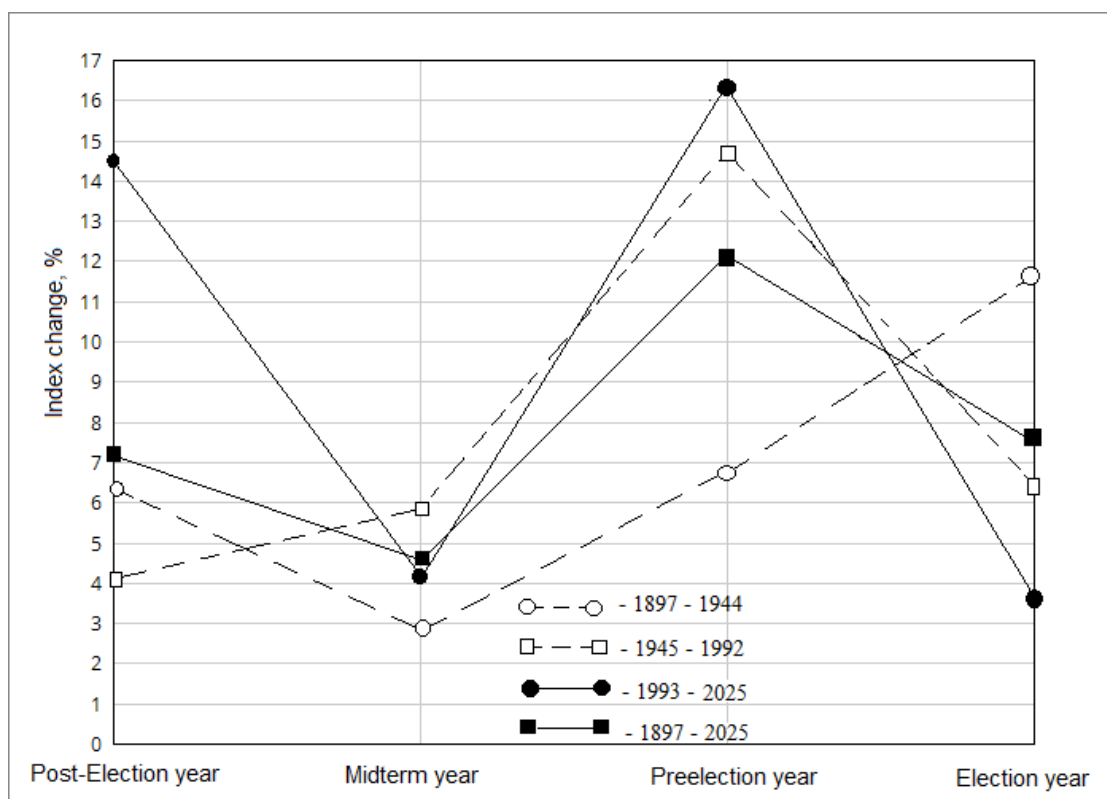


Fig. 1: Dynamics of the average annual growth rate of the Dow Jones Industrial Average by years of the presidential election cycle in different periods of economic development and for the entire observation period (from 1897 to 2025).

Source: conducted on the base of the authors' research.

Considering two other time periods – 1945–1992 and from 1993 to the present, the following features can be identified:

- In 1945–1992, the average increase in the Dow Jones Industrial Average in the election cycle became 10,65%, while in the first two years of the cycle it was significantly lower: 4,96%, so the size is 2,15 times less.
- In 1993–2025 the dynamics of the market have changed: the average increase in the index in the pre-election year and the election year became 10,01%, and in the first two days of the cycle: 9,32%, which indicates a decrease in the impact of the previously identified pattern of PEC on market dynamics.

Thus, we can formulate a thesis that in modern economic conditions there is only one stable trend remains: the greatest increase in the value of the Dow Jones Industrial Average is observed in the year, that is ahead of the elections. Starting from 1943 (the administration of Franklin Roosevelt) to the present day, this phenomenon is clearly manifested in the US stock market. The established pattern has only one exception: in 2015, a slight decrease in the index of 2,2% was recorded. In the last 20 cycles, this year was characterized by an increasing index (from 2,3% in 1987 to 38,3% in 1975), with the average increase during this period becoming 16,2% per year.

Specialized literature contains data on the influence of the party power of the administration that is in power on the dynamics of the stock market. Based on research (Hirsch, 2006), the 10'000 USD invested in the market during the Democratic Party would have increased to 279'705 USD over the period 1901–2004. The similar investment made during periods when the Republican Party was in power would have increased to 80'466 USD. Based on these studies, the average increase of the Dow Jones Industrial Average under the Democrats was

13,3%, while for the Republicans it was only 6,9%.

Later studies (Dzhusov, 2013), covering the period 1913–2011, confirm this trend: during the Democratic rule, the Dow Jones Industrial Average grew by 176,1% (6,8% per year), and during the Republican rule – by 172,4% (4,8% per year). However, the author emphasizes the gradual smoothing of the difference in the growth rates of the stock market under different administrations. Thus, if in 1901–2004 the growth rates under the Democrats exceeded the similar indicator under the Republicans by 1,9 times, then in 1949–2011 this ratio decreased to 1,4 times.

Analysis of data corresponding to the period of development of the modern economy (1993-2025, Table 2, rows 25-32) shows that the growth of the Dow Jones Industrial Average during the Democratic presidential administration was 256,63% (12,8% per year), and during the Republican administration – 52,13% (4,3% per year). Thus, the pattern of faster growth of the stock market during periods of Democratic party rule, revealed in the old economy, not only persists, but also becomes even more pronounced in the conditions of the modern economy. The results obtained may be of considerable interest in developing forecasts and forming long-term investment strategies that take into account the influence of political factors on the stock market.

Conclusions

Changing patterns in the presidential cycle: The patterns of the average annual growth of the Dow Jones Industrial Average in different years of the presidential cycle in the modern economy differ significantly from those observed before 1993. In modern conditions, only the year preceding the elections is of practical interest, since in this year the average growth of the index is 2–4 times higher than its growth in other years of the cycle. Thus, for predicting the prevailing trend in the stock market based on the presidential cycle, the pre-election year is of the greatest importance.

The influence of the party affiliation of the president on the market: The thesis that when the Democratic Party is in power, the US stock market grows faster is also confirmed in the conditions of the modern economy. At the same time, this pattern, which was discovered in the conditions of the old economy, becomes even more pronounced in modern conditions.

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THE USE OF INNOVATION MANAGEMENT AT THE ENTERPRISE

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Abstract

The article examines the theoretical and applied principles of innovation management as an important component of modern enterprises. Given the current trends in economic development, innovation is seen as a necessary tool for competitiveness and economic growth. The purpose of the study is to highlight the key aspects of managing innovation processes in organisations, in particular in the context of international economic activity. The main objectives of the study are to analyse innovation as an economic phenomenon, study the functions of innovation management and determine its impact on the productivity and competitiveness of enterprises. The research methods used include systematic analysis, analysis of scientific sources, and a comparative approach to the study of international experience. The paper emphasises the importance of introducing innovation management into the Ukrainian economy and provides examples of countries that have successfully implemented innovation strategies. The structure of the paper includes an analysis of the basic concepts of innovation management, a study of modern innovation processes and proposals for improving the management of innovation projects at enterprises.

Keywords

Innovation management, innovation processes, competitiveness, innovation management, international economy, technological innovations.

Problem statement

Historically speaking, it should be noted that the understanding of innovation activity as an object of managerial thought is relatively new, and, accordingly, the need to manage such activity has arisen not so long ago. For a long time, the innovation process of development was seen only as an opportunity to compete in the market and was implemented from time to time, and not because of the social need to modernise a particular industry. Therefore, since the 1920s, the dominant view has been that the development and implementation of new technologies, both in terms of technology and in terms of management, organisation and control of the company's personnel, can have undeniable advantages in the market.

Over time, scientific approaches to managing such activities were also developed. Today, the relevance of the issue of managing innovation processes in an organisation remains high due to the growing pace of innovation and the need to continuously improve the management of such activities.

It is worth noting that innovation management is a set of scientifically based principles, forms, methods, techniques and means of managing innovations in the field of their creation, development, production and promotion to the market for profit.

Therefore, innovation management should focus on the development, implementation and continuous improvement of the innovation strategy. The enterprise should constantly monitor and promote the development and creation of new products, as the innovation process affects all areas of the business process.

Innovative activities should be aimed at constant renewal, not at achieving a certain final level of development. Such a dynamic system requires constant development of theoretical and practical approaches to management. The experience of the last century shows that for the development of society it is possible and necessary to manage the innovation process and the means of managing economic processes.

Relevance of the chosen topic

First of all, it is due to the fact that support for innovation management should be one of the priority areas of state policy in all countries with developed economies. This is how sustainable development of a company is supported. The analysis of scientific opinions on this term highlights different approaches to understanding the concept of innovation management.

Analysis of recent research and publications

The issue of innovation management is being actively studied by domestic and foreign scholars. A significant contribution to the development of the theory of innovation was made by J. Schumpeter and N. Kondratiev, who considered innovation as one of the key factors of economic development. Modern research is focused on finding effective methods of innovation management, as well as on optimising innovation processes in business. Ukrainian scientists, in particular O.A. Havrysh and V.V. Dergachova, study the problems of implementing innovations in the context of the national economy and infrastructure development.

Purpose of the article

The purpose of the study is to highlight and substantiate the theoretical and applied principles of innovation management in the activities of enterprises, in particular, in the context of international economic activity.

To achieve this goal, the main objectives of the study are to clarify the essence of innovation and the importance and features of innovation management in the activities of organisations, as well as to take into account the experience of various companies in this area.

Presentation of the main research material and results obtained

In the broadest sense, innovation is the beneficial use of ideas and inventions in the form of new products, services, organisational, technical, socio-economic, financial and commercial solutions.

This category is characteristic of human intellectual and production practice and is a process activity:

- New phenomena, products and services are created and commercialised in economic activity;
- Improvement of the objects of the material sphere already created by man;
- Methods, means, forms of organisational, economic, social and legal nature are developed.

Innovations are seen as a tool for influencing the socio-economic development of society. Therefore, innovations need to be managed. This process is called innovation management (Mykytyuk, 2007).

Innovation management is a set of economic, motivational, organisational and legal means, methods and forms of managing the innovation activities of a particular management object in order to achieve the economic results of this activity in the most optimal way.

Many authors pay attention to innovation management as a functional management system and consider it as one of the types of functional management, the direct purpose of which is innovation processes in all spheres of the economy.

Functional innovation management is aimed at effective management of the process of development, implementation, production and commercialisation of innovations, with an important point being the improvement of Coordination of the production operating system, personnel management and control over the innovation process.

Innovation management as a mechanism for managing innovations involves the creation of a certain hierarchical organisational structure, which includes special management units, managers of different levels who are authorised to make and implement relevant management decisions and are responsible for their results (Denysenko, 2008).

Innovation management creates conditions for the survival and growth of economic organisations, the formation of knowledge-intensive industries, which leads to fundamental changes in the choice of markets for products, to the growth of labour productivity, to the competitiveness of enterprises and the state.

It should be noted that today, valuable inventions and the creation of prototypes based on them require enormous efforts of many teams and financial costs. Often, the initial cost of an innovation project increases many times over, especially when several ideas need to be combined into one viable innovation.

In addition, introducing innovations to the market involves a great deal of risk. According to the American economist E. Mansfield, the results of about 60% of the research and development conducted by 120 American industrial companies did not reach the market. Out of every ten products whose production was monitored, five failed market tests, and of the five that remained competitive, only two proved to be competitive (i.e. 8% of 100% of R&D). All this determines the details of innovation management (Bagrova & Cherevko, 2010).

Innovation management should coordinate and harmonise the function and interaction of internal and external structural components of the innovation process, and create a certain coherence of work. Harmonious development of the innovation process, according to scientists, is the main goal of innovation management.

The main objectives of innovation management are:

1. Ensuring the long-term functioning of the innovation process based on the effective organisation of all components and systems that make up the process;
2. Creating competitive innovative products and technologies in the most efficient and optimal way.

In accordance with the goals set, innovation management tasks are created, the main ones being:

- Formulation of strategic, long-term and short-term goals of innovation activities;
- Development of plans, programmes, projects and their implementation;
- Creating an organisational structure and production and management structure of innovation activities;
- Observation (control) over the implementation of stages, stages of the innovation process in time and synchronisation of all activities;
- Selection and placement of personnel, creation of a creative and motivational atmosphere for intellectual work;
- Comprehensive formation and use of the innovative potential of the enterprise;
- Observation and assessment of global trends in scientific and technological development (Ilyashenko, 2010).

Innovation is an economic phenomenon. Schumpeter believed that technological progress is a powerful factor, as it allows an entrepreneur to temporarily earn profits that are significantly higher than the industry norm. Data characterising the economic development of highly developed countries confirmed his opinion. As is well known, the share of new or improved technologies, products, equipment containing knowledge or new solutions in developed countries is between 70 and 85% of gross domestic product growth.

The first innovative observation was made by N. Kondratiev in the 1920s. He noted that the global economy goes through cyclical fluctuations for 44-55 years. Kondratiev's 'long waves' are associated with changes in basic technologies, which is a clear confirmation of the crucial role of innovation in economic development cycles. Schumpeter came up with the idea of 'Kondratieff's Galileo' in his theory of cyclical processes of business activity, which links cycles to innovation. He argued that the emergence of a group of new technologies leads to an economic boom, which in turn leads to market saturation. In his opinion, each basic innovation produces long waves, which are a large number of innovations of an improving nature (Vasylenko & Shmatko, n.d.).

The scientist interpreted innovations as a deviation from routine behaviour and argued that they always lead to a disturbance in equilibrium. In other words, the imbalance of neoclassicism is considered undesirable and must be overcome. Schumpeter, as the founder of the theory of evolution, valued the lack of equilibrium as one of the main conditions for development. That is why an economic boom is followed by a recession, during which the structure of prices, costs and mass production is restructured. The dynamics of the recession often reveal the dynamics of its development. As J. Schumpeter put it, 'depression is the response of an economic system to a boom or an adjustment to the situation in which the system finds itself as a result of a boom'.

In the work of the famous German economist J. Mensch 'Technological Stagnation: Innovations Overcome Depression', it was concluded that a high concentration of basic innovations allows overcoming 'technological stagnation' and drives economic growth on a qualitatively new basis.

The introduction of basic innovations turns out to be the only opportunity for profitable investment during the depression phase, which J. Mensch sees as creating the conditions for the emergence of new products.

Scholars emphasise that innovations contribute to the competitiveness of companies, as there is a strong correlation between market activity and new products. Product and technological innovations help to win and retain market share and increase profitability in these markets.

The experience of economic development in leading countries confirms that the evolutionary process in the economy is driven by innovations. Like a train, they drive the modernisation and restructuring of the entire economy. Innovation is the main criterion for a company's development. Therefore, a country that stands aside from the 'innovation competition' remains the last in the hierarchy of the global community's development (Zablotskyi, 2007).

The United States is the undisputed leader in this competition at this stage, as more than 60% of all technical innovations have occurred in the last half century. The United States has become one of the richest countries in the world mainly due to the best organisation of the innovation process and the effective use of technological innovations in production.

The formation and development of an innovative type of economic growth is accompanied by significant activation and transformation of the entrepreneur, according to G. Nevit, into a 'hero of our time'. This is due, firstly, to the unprecedented popularity of entrepreneurship, the growth of its scale (for example, in the USA and other developed Western countries tens of thousands of organisations are created annually), and secondly, to its spread to all Western countries. neoconservative reforms of the economic apparatus, most of which result in an increase in the degree of economic freedom of entrepreneurship, deregulation of the economy, abandonment of many administrative and legislative restrictions), policy of promoting the development of small and medium-sized businesses, encouraging scientific and

Thirdly, the emergence of qualitatively new areas of integration of science and production (innovative entrepreneurship). One of the most important conditions for the success of innovations is the presence of an innovative entrepreneur who is passionate about a new idea and is ready to make every effort to implement it in production practice.

For a long time, the object of management was a stable production process, unchanged production and technical base, and a relatively stable product range with a high level of standardisation. The innovation process was of a short-term local nature and was implemented thanks to the knowledge of experts and managers, using resources and methods designed for stable processes. However, the new economic conditions that have developed today require intensive innovation activity, increased attention to the efficiency of research and development, organisation of innovations at all stages of the product life cycle, and reduction and mitigation of innovation risks. conditions for entering into innovations.

When deciding on the production of a new product, introduction of a new technology, technical or other organisational innovations, it is necessary to take into account their potential, i.e. the amount of benefit that the organisation will receive from the implementation of the innovation. The potential of an innovation, in turn, depends on the phase of its life cycle at which the organisation decides to involve it in its activities.

The innovation life cycle is the period from the birth of an idea, creation of a new product and its practical use to the moment of its withdrawal from production.

The innovation life cycle by its nature corresponds to the typical product life cycle and goes through the stages of development, market promotion, growth, maturity and decline, which are characterised by a different ratio of costs associated with the development and launch of a new product and revenues from its sale, the development phase. It includes the stages of generating an idea, performing research and development work to transform the idea into a product suitable for industrial production and developing its production technology (Bagrova & Cherevko, 2010).

The first stage of the life cycle of an innovative product involves scientific and technical research, as well as scientific and technical preparation of production. The sequence of application of scientific and technical preparation of production:

1. Basic research aimed at studying the theoretical foundations of the problem. Their result is a revelation.
2. Applied research. Identify areas of practical application of knowledge acquired in the process of basic research. Their result is new technologies, materials, systems.

Technical preparation.

At this stage, the technical characteristics of the new product are determined, engineering and technical documentation is developed, prototypes are created and pilot production begins.

Technology is the final link and form of implementation of fundamental research. An important characteristic of modern technologies is their ability to change. For example, in the field of information technology, changes occur even within a few months.

However, some technologies are conservative in terms of change. Egor Ansoff, a well-known American expert in strategic management, distinguished three types of technologies by the degree of variation:

1. Stable technology, which remains almost unchanged throughout the life cycle of demand;
2. Fertile technology, which allows changing the products manufactured with its help, constantly improving their ability to meet the needs of consumers;
3. A changing technology, in which new underlying technologies are used for its production throughout the life cycle of product demand (for example, TV sets, which remain an integral part of housing, have survived several generations of underlying technologies - from tube to digital) (Vasylenko & Shmatko, n.d.). The choice of technology type depends on the area in which the organisation operates.

The risk of innovation can be significantly reduced through a detailed study and preliminary assessment of the effectiveness of innovations, especially those with a multi-level content (Kukurudza, 2012).

The first stage of such work should be the creation of a feedback system for timely assessment of the actual and expected results of the approved innovation project. The second is a critical analysis of all innovative actions, their design, results and effectiveness. At the third stage, conclusions are drawn on the overall results of innovation activities for a certain period.

Partial reduction of risks in the company's innovation activities can be achieved by creating strategic alliances with industrial, commercial and research organisations or by redistributing risks to competitors.

The following methods of risk reduction are used in the practice of innovation project management:

1. Distribution of risks between project participants (transfer of part of the risk to implementation partners);
2. Insurance against road accidents;
3. Saving money to cover unexpected expenses. Risk allocation is carried out during the development of the project's financial plan and contractual documentation. At the same time, project participants decide to increase or decrease the number of potential investors. This is where negotiations need to be flexible.

Insurance against road accidents means the transfer of certain risks to insurance companies. This is done when a large project is likely to experience delays in execution, which leads to an increase in the cost of work and, consequently, a deviation from the original project cost (Vasylenko & Shmatko, n.d.).

Setting aside funds to cover unexpected expenses involves establishing a link between potential risks that affect the project cost and the costs required to overcome obstacles in project implementation. The accuracy of the initial project cost and its components should be taken into account. Estimating unexpected costs helps to minimise cost overruns.

The experience of industrialised countries is an example of how their organisations implement an innovative strategy, increasing production, sales and profits, increasing labour productivity, accelerating the turnover of invested capital, controlling and supplying high-quality new products to the market in order to increase profit margins. The need to constantly update the variety of products and their production technology makes it necessary to introduce research and development into the organisational system, which is aimed at accelerating innovation processes.

In this way, science, technology and production merge into a single entity, which generates innovations and accelerates them. A timely approved innovation strategy, promotion of science and technology as an organic part of the technological and innovation process, and prioritisation of technology development and improvement have made Japan one of the most developed countries in the world (Zablotskyi, 2007).

The functioning of the system of state funding without payment does not require return of the funds invested in R&D, and this, in turn, does not allow the country to experience revolutionary technological changes in production. Statistics for 1999-2009 show that the tendency of lagging behind the technical level of new types of equipment and technologies from the world level, lagging behind in the field of introduction of the latest technologies and management of production on their basis of fundamentally new types of knowledge-intensive products, reduction of the level of implementation of scientific achievements and technology in the foreign market

In 1999, only 13.5% of industrial enterprises in Ukraine were engaged in innovation. In 2008, this share slightly increased to 16.8%, and in 2009 it decreased to 10%. Most Ukrainian enterprises are aware of the need to implement innovation policy, but its successful implementation should be based on an appropriate legal and

regulatory framework.

The strategy of innovation infrastructure development in Ukraine should be aimed at

- strengthening the role of the regional aspect in the creation of innovative territorial structures
- development and implementation of an economic mechanism
- state financial support for innovation infrastructure at the first stages of its creation
- attraction of extra-budgetary sources of financing, in particular venture capital funds, provision of services on favourable terms to enterprises that are part of technology parks and technopolises
- Organisational support by improving the management bodies of these buildings
- providing legislative, regulatory and legal support for the effective functioning of innovation infrastructures (Ilyashenko, 2010).

In a market economy, the effective development of enterprises in the long term is possible only if the achievements of scientific and technological progress are taken into account. Therefore, the development of the innovation sphere, through which innovative achievements are promoted in production, is particularly relevant, as it requires serious attention and study. Without flexible innovation management, which is the driving force behind its development, long-term stability of efficient production is impossible.

In this regard, the problem of timely promotion of innovation opportunities, concentration of resources, and operational management of the innovation process with minimal risk from the wrong choice of innovation direction is quite acute. The strategy of innovation management should be a component of the overall strategy of enterprise development management, and the issue of selection and evaluation of innovation strategies should be central to the long-term problem of enterprise development (Kukurudza, 2012).

The success of product innovation activities is largely determined by the level of technological support for product production. Therefore, the sale of technology is one of the main tools for penetrating the modern market and consolidating its position.

It is worth noting that joint ventures, in addition to technology transfer, combine efforts, knowledge and experience in the production of new products for a given market, and distribute possible economic risk. Obtaining a new technology at the beginning of a joint venture contributes to significant cost savings in the process of implementing product innovation projects (Dergachova & Perminova, 2015).

Savings in the procurement of necessary technologies are also achieved through the conclusion of agreements and contracts for technical assistance. In this case, the object of the contractual relationship is technical services, research, training and education. In this case, the contracts should contain elements of engineering services, subcontracting, and lease of tools and equipment. A separate clause in the contracts sets out an agreement on the transfer of technology or the supply of technological equipment.

One of the most important factors in global economic development in recent years has been the widespread use of innovation. The modern economy is characterised by a focus on intellectual resources rather than raw materials, as they will ensure high rates of economic development, reduce emissions from production, reduce labour costs, and thanks to these resources, local factories will be able to upgrade their production cycle and means of production.

Innovations are needed at the organisational, scientific and financial levels, as they combine to produce the most effective results. That is why today the entire enterprise is faced with the task of developing an effective system for managing the company's innovation activities.

Despite the large number of works related to the study of the essence of innovation management, none of the scientists has focused on the process of managing innovation activities as one of the components of the organisation's management as a whole. In general, innovation management is a complex operating mechanism of the management system that creates favourable conditions and opportunities for the development and achievement of an effective result of the innovation process and innovation activities.

As a type of activity and a process of management decision-making, innovation management is a set of procedures that constitute a general plan for managing the innovation process. This system consists of the relevant management functions, each of which is divided into separate types of work (phases) related to the multifaceted activities of the enterprise and performed in the appropriate sequence (Mykytyuk, 2007).

Conclusions

In the conditions of our country, when property relations are being reformed and entrepreneurship development is being stimulated, when innovations have become a necessary element in all structures, from public authorities to medium and small businesses, the use of scientific methods of innovation management is becoming relevant. an important factor in the development of the country, its survival, competitiveness and commercial success of any organisation and at the global level. We are talking about innovation management as a management system

designed to address unsatisfactory situations in change management, which is focused on the development of the company and meeting its needs.

Innovative management creates conditions for the survival and growth of economic organisations, the formation of knowledge-intensive industries, which leads to fundamental changes in the choice of markets for products, to the growth of labour productivity, and to the competitiveness of enterprises and the state.

The foregoing gives grounds to conclude that innovations are of great importance for the economy of an enterprise. They are seen as a factor of product competitiveness that ensures the efficient use of production resources, increases the degree of adaptation of the enterprise to the external environment, expands the enterprise's ability to enter new product markets, and creates conditions for long-term stability. The pace of life is the determining factor of innovation in the modern world. Those companies that have managed to include the pace of life of a modern person in the list of parameters most important for innovation have won and received millions and billions of dollars in profits.

The organisation of the process of managing it is very important for the success of innovation. Only by building a clear process for transforming ideas into practical developments can interesting ideas be turned into systemic innovations. Therefore, innovation management is the core of entrepreneurial activity, a prerequisite for successful business, because it is innovations that improve the quality and reduce the cost of products, ensure their competitiveness, and hence the effective presence of enterprises and organisations in society.

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FEATURES OF STRATEGIC ENTERPRISE MANAGEMENT UNDER THE CONDITIONS OF MARITAL STATE

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Abstract

The article examines the peculiarities of strategic management of an enterprise under martial law. The purpose of the article is to identify the main challenges faced by enterprises in such conditions as instability, scarcity of resources, changes in market conditions, and increased risks. The task of the article is to develop a strategy for overcoming such challenges, taking into account the relevant principles of strategic management, in particular, flexibility, adaptability, focusing on key competencies, cooperation with partners and the state. Special attention is paid to the role of the human factor and the importance of staff support in difficult conditions.

Keywords

Strategic management, war, crisis, adaptability, sustainability, business, management, risks.

Problem statement

Strategic management is an important component of the successful functioning of any organization, as it determines development directions, mechanisms for achieving goals and methods of adapting to changes. In a state of war, when the environment becomes unstable and risks increase, the importance of effective strategic management becomes especially important. The article identifies the key issues and challenges faced by organizations during martial law and develops appropriate strategies to overcome them.

Relevance of the chosen topic

As a result of the full-scale invasion of the territory of Ukraine, unprecedented threats arose for Ukrainian business. Instability, destruction, economic crisis and other factors force companies to rethink their strategies and look for new ways of survival. In such extreme conditions, strategic management becomes a vital skill for managers.

Analysis of recent research and publications

Many prominent scientists, both Ukrainian and foreign, conducted research in this area. According to Inna Dotsenko (Dotsenko, 2022, p. 93), strategic management is a general concept of achieving the main goal of the

enterprise and skillfully solving the problems set before it, taking into account the rational distribution of the limited resources necessary for this. Kenneth Clough (Clough, 2021) argues that the use and benefits of strategic management in organizations are widely recognized as an important management practice.

Oksana Feier, Kseniia Khaustova and Serhii Husti (Feier, Haustova, & Husti, 2023, p. 96) believe that the development of enterprises in Ukraine under martial law requires fundamentally new approaches to building business processes.

In turn, Inna Kozlova, Olena Velyka and Nikita Kozlov (Kozlova, Velyka, & Kozlov, 2023, p. 139) assure that the key to the success of the strategic development of enterprises is the development of a clear and flexible strategic plan that defines key priorities and goals, while providing flexibility to adapt to changing circumstances.

Purpose of the article

The purpose of the article is to determine the features of strategic management of the enterprise and to develop a strategy for the development of Ukrainian business structures in the conditions of martial law.

The realization of the set goal led to the emergence of new tasks:

- analysis of the main concepts of strategic management;
- determination of the specifics of strategic management in the conditions of martial law;
- identification of the main challenges faced by Ukrainian business during the war;
- analysis of approaches to strategic planning.

Presentation of the main research material and results obtained

Strategic management is a managerial activity aimed at achieving long-term goals of the organization. It is based on human potential, orients production activities to the needs of consumers, flexibly responds to changes in the organization and allows you to achieve competitive advantages. This contributes to the survival of enterprises in difficult conditions in the long term.

Strategic management is also called strategic management, because it provides the overall management of the company within the framework of the implementation of the strategy (Nesterenko, 2023).

Although the concept of "strategic management" appeared only in 1965, thanks to Ihor Ansoff, the principles of strategic management have been used in business since the 1920s. Companies like General Motors already understood the importance of long-term planning and adapting to market changes. However, a systematic approach to strategic management and its scientific justification became possible only with the development of technology and the complication of the business environment.

There is a range of strategies that organizations can use to achieve their goals. Some of them are presented in Figure 1.

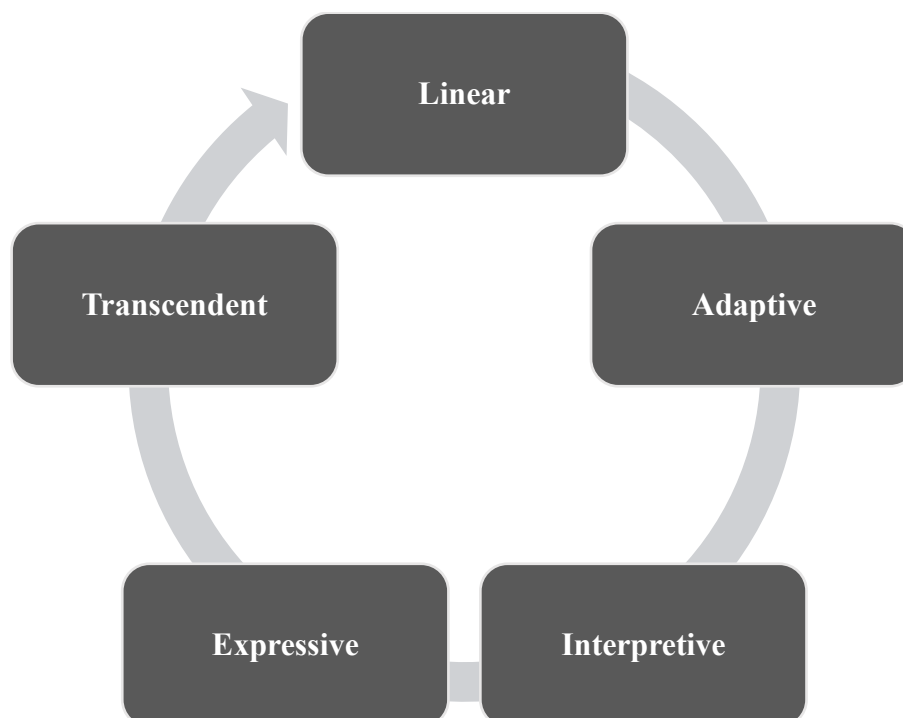


Fig. 1: Five types of strategic management

Source: Compiled by authors based on (Clough, 2021)

Analyzing each type of management separately, the main aspects can be identified:

1. Linear strategic management: this is a simple approach where the organization develops plans and executes them consistently. It is aimed at achieving specific goals.
2. Adaptive strategic management: the organization adapts to changes in the external environment, revising its strategies and plans in accordance with new conditions.
3. Interpretive strategic management: this approach takes into account the diversity of viewpoints and interpretations, promoting more flexible planning.
4. Expressive strategic management: the organization expresses its values and vision through strategic decisions. This may include open communication and interaction with employees and customers.
5. Transcendent strategic management: this is a higher level where the organization seeks to achieve higher goals that exceed its current state.

These approaches may vary depending on the context and needs of the organization. Regardless of the approach chosen, strategic management helps management plan future goals and achieve them.

Strategic management is a complex process that includes the analysis, formation, implementation and evaluation of the organization's strategy. The main stages and elements of the strategic management structure are presented in Figure 2.

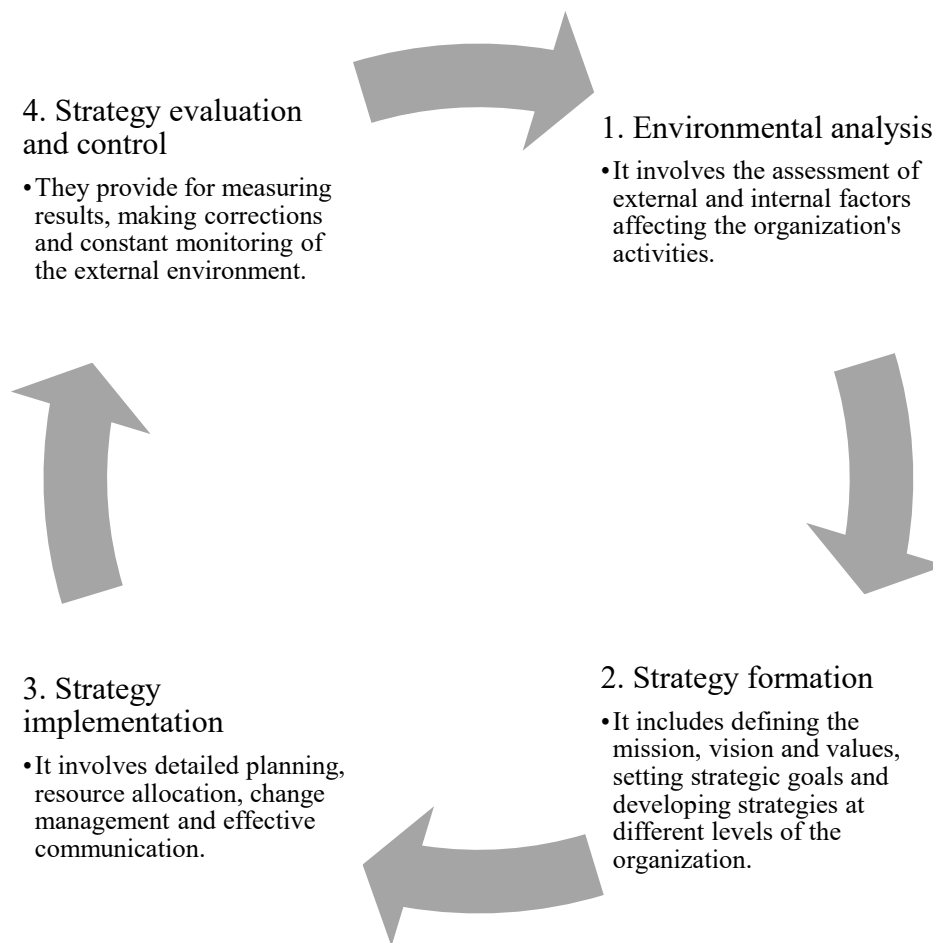


Fig. 2: Stages of strategic management

Source: Compiled by the authors

Since February 2022, Ukraine has been waging a fierce struggle for its freedom and independence. The country's economy suffered enormous losses. However, Ukrainian business shows indomitable spirit and continues to work, helping to bring our victory closer.

The war emphasized the importance of strategic management for Ukrainian business. Companies that can effectively analyze risks and opportunities, develop long-term plans and flexibly respond to changes will have a better chance of success.

The main goal of strategic management is the need to ensure continuous and sustainable development of

the enterprise (Dotsenko, 2022, p. 93). The transition to strategic management will provide the enterprise with a reasonable approach to management decisions, reducing risks and increasing efficiency.

As a result of the implementation of the legal regime of martial law, managers faced unprecedented challenges: from the unpredictability of the situation to the need to maintain team morale in extreme conditions.

Unlike other crises, war is characterized by high dynamics and unpredictability. Traditional methods of long-term planning are ineffective in such conditions. Managers need to constantly monitor the situation and promptly adjust their strategies. During the war, communication in the team undergoes a deep transformation (Kopchak et al., 2023, p. 2). War affects everyone differently. An effective manager must understand that his team is not just a group of people, but individuals with their own unique needs and experiences.

War turns the decision-making process into a real test. Limited resources, constantly changing situations and a high level of uncertainty require managers to have analytical skills and the ability to quickly adapt. The lack of reliable information, misinformation and constant change in the situation create conditions of high uncertainty. Managers are forced to make decisions in a "war fog", relying on their analytical skills and experience. To survive in a war, businesses need to constantly review their processes and strategies. This may include changing supply chains, repurposing production and finding new markets. An effective team is the key to business success in wartime. Flexibility, coherence and the ability to adapt are key qualities that employees should possess.

Despite the differences between crisis and war, the psychological aspects of the impact on business and its employees have much in common. This means that management approaches can be similar. Managing a company during a war is similar to crisis management with one "but" – you need to think more broadly and focus more on the interests of the team (Kucher, 2023).

Although business goals remain important, in war conditions priorities shift towards social responsibility and care for people. An effective manager at this time must combine business interests with humanitarian values.

In unstable, martial law conditions, managers must take into account complex organizational and social aspects, such as the emotional state of the team, dynamic redistribution of responsibilities and constant readiness for change. Crisis management in this context consists in establishing clear priorities, ensuring effective communication and quick adaptation to new realities. In crisis situations, managers are often tempted to act intuitively instead of analyzing the situation. Ill-advised decisions, such as trying to work according to old rules or applying harsh measures, can lead to negative consequences. An effective leader knows how to keep calm and see prospects for development despite difficult conditions.

Mistakes are not failures, but opportunities for growth. Easier attitude to them will help to recover faster and move on. It is important to remember that the work process is no less important than the result. The key to successfully overcoming business challenges is about proactive risk management and smart planning. Crisis situations, despite all the difficulties, can become an impetus for innovation and the introduction of new approaches. For example, the pandemic has demonstrated the effectiveness of remote working. The "Remote First" principle surpasses traditional and even flexible working models, as it provides full adaptation to any environment, allowing companies to work continuously, attract and retain the best specialists, and optimize costs.

Remote First in HR refers to a culture or policy where remote work is the default for employees, even if there are offices or physical workspaces. It prioritizes remote work as the primary mode of collaboration and communication within the organization, regardless of the geographic location of employees. This approach allows companies to work effectively in conditions of uncertainty, such as war or pandemic (Koziumentko, 2023).

The rapid and large-scale changes caused by the pandemic and war underscore the critical role of HR in ensuring business continuity. Effective interaction with other departments and skillful personnel management help organizations minimize the negative consequences of these events and successfully adapt to new conditions. The issue of protecting people while ensuring business sustainability is one of the priority tasks of every organization on the planet (Zhosan & Kyrchenko, 2022, p. 47).

The speed of decision-making is one of the key skills of a crisis manager. However, it is important to understand that decisions should not only be quick, but also well-founded.

In order to develop an effective strategy in the conditions of martial law, it is necessary to conduct a detailed analysis of the external environment, determine the level of risk, as well as identify potential threats and opportunities that may arise as a result of the crisis. Flexibility is the key to business success in wartime. Adapting quickly to change is a necessity, not a choice.

In wartime, information control can make doing business much more difficult. Therefore, establishing reliable and secure communication channels is one of the key tasks for any company. Effective communication in the face of uncertainty is a key factor in successful strategic management of an enterprise during wartime.

The main problems faced by enterprises today are shown in Figure 3.

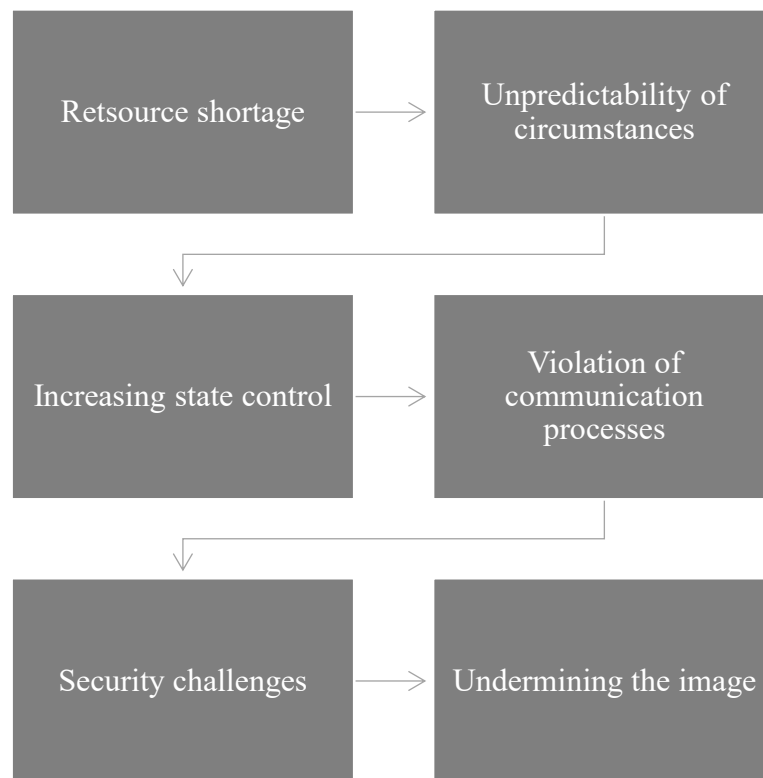


Fig. 3. The main problems faced by enterprises during martial law

Source: compiled by the authors based on (Kozlova, Velyka, & Kozlov, 2023, p. 135-138)

The following points assess the scale of the challenges facing the business in this difficult period.

1. Resource shortage.

Martial law is accompanied by a shortage of resources due to the introduction of government restrictions on their movement, which negatively affects the activities of companies, complicating their work. A resource deficit is a condition when the available means (money, time, materials, human resources, knowledge, etc.) are insufficient to fully satisfy needs or achieve set goals. The budget deficit requires people to clearly define their priorities. When every hryvnia counts, people are forced to carefully plan their expenses and refuse unnecessary purchases. This helps to focus on the most important things, such as food, shelter and health. The scarcity of resources in business requires careful planning and budgeting from companies. Every decision in the distribution of funds must be justified and correspond to the strategic goals of the company. The shortage of public resources forces the government to constantly make difficult choices. Every hryvnia spent on one program is a hryvnia subtracted from another program. This means that policymakers must carefully weigh priorities when choosing which public services will be fully funded. Limited resources are a fundamental problem of the economy, which requires us to constantly search for new solutions and technologies.

2. Unpredictability of circumstances.

Martial law presents business with serious challenges related to the unpredictability of circumstances, which can lead to a review of strategies and even changes in the business model. When the world around us is constantly changing and the future remains unknown, we face uncertainty and instability. These concepts imply a lack of guarantees and predictability, which is especially acute in areas such as the economy, where market fluctuations, changes in politics and unpredictable events can lead to significant difficulties for businesses and society as a whole. In wartime conditions, it is critical for businesses to formulate clear goals that will help them flexibly respond to changes. The leadership approach to strategic planning during wartime is shown in Figure 4. Frequent changes in government leadership, political conflicts, and geopolitical tensions lead to an unstable political situation characterized by unpredictability and increased risk for the economy. When people face changes in personal circumstances, conflicts with their surroundings, and uncertainty about the future, this can lead to instability and tension in their social interactions. The unpredictability of circumstances can create significant difficulties in various areas of life. Therefore, it is important to develop strategies that will help reduce the level of uncertainty and increase resistance to change.

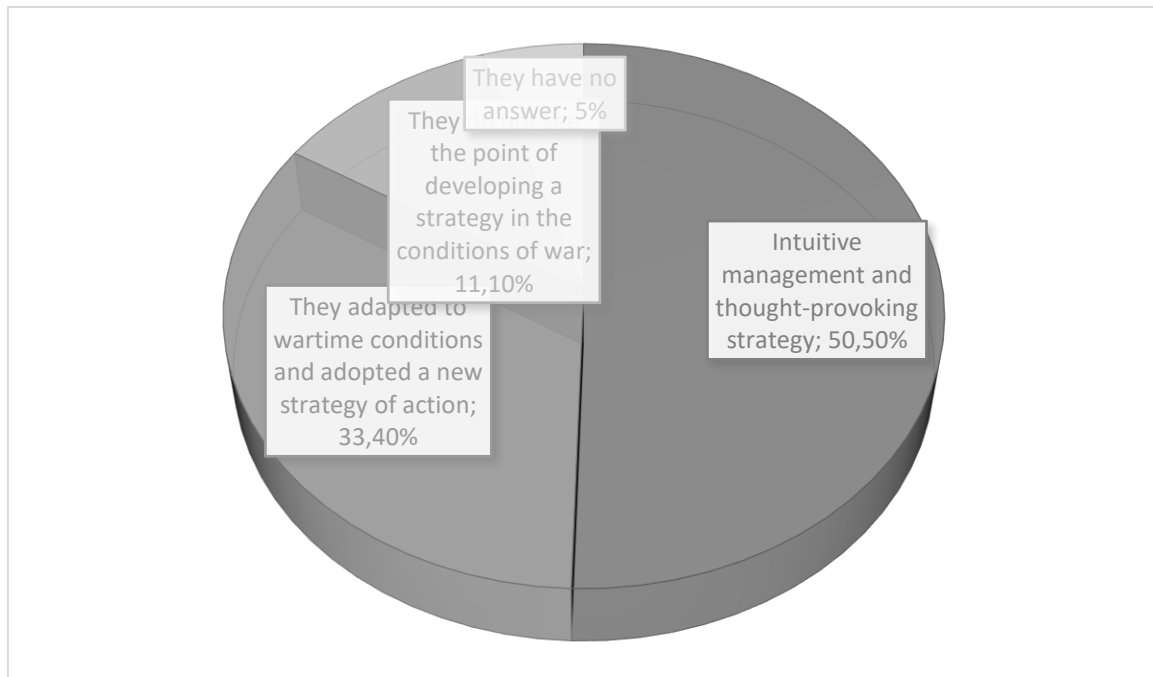


Fig. 4. The approach of leadership in strategic planning during the war

Source: *Analysis of the current situation and proposals for improving conditions for entrepreneurship in Ukraine – (Career Hub, 2022)*

3. Increasing state control.

The government, in order to ensure stability and public order in the conditions of martial law, may introduce additional regulatory requirements for business activities. This will lead to the complication of companies' operational activities and the need to review their business strategies in accordance with the new regulations.

Increased regulation means that the state or other regulatory authorities establish a more stringent framework for the activities of business entities, public organizations and individuals. This may be due to the need to ensure safety, protect consumer rights, preserve the environment or achieve other public goals.

Any increased regulation carries both potential benefits and risks. Increased bureaucracy can deter innovation and raise costs for businesses, which in turn can negatively affect consumers. Therefore, the introduction of new norms requires a detailed analysis and justification.

4. Violation of communication processes.

Martial law can create significant obstacles to the smooth operation of communications. This makes it difficult for businesses to keep track of relevant information, as well as effective interaction with staff, customers and partners.

As we have already found out, communication problems are obstacles that arise during the transfer and reception of information between people. They can be minor or serious and have a significant impact on our personal and professional relationships.

Differences in communication styles, values, and expectations are a common cause of conflict in couples. For example, if one partner prefers indirect expression of feelings, and the other - direct and open, misunderstandings may arise between them.

Language barriers, different levels in the organizational structure and differences in priorities often make it difficult for employees to interact. For example, a manager may have difficulty communicating his or her expectations to subordinates who have a different skill level or belong to a different cultural group.

Different languages, gestures and cultural norms can lead to serious misunderstandings in intercultural communication, which can negatively affect business negotiations, international relations and personal relationships. For example, a misinterpreted gesture can lead to a conflict or a breakdown in a relationship.

Effective communication is a key factor in building strong relationships, achieving organizational goals, and resolving conflicts. To overcome communication barriers, both individuals and organizations

should apply strategies such as active listening, clarifying messages and adapting communication style to different situations and audiences.

5. Security challenges.

Martial law leads to destabilization of the situation and increased threats to business security. Companies have to adapt to new conditions and bear additional costs to ensure the safety of their employees and assets.

Security challenges cover a wide range of threats that can endanger life, health, property or other important values of both individuals and society as a whole. They can arise in a variety of areas, including physical security, cyberspace, economic security, and many others.

Fear of crime, terrorist acts, and natural disasters is a common reason people worry about their personal safety. These fears can arise both in relation to the safety of one's own home and while being away from home.

Cybersecurity threats such as hacking, viruses, and phishing can cause significant damage to organizations, causing disruptions, financial loss, and reputational risks. Therefore, cybersecurity is one of the priorities for any company.

Threats to national security can arise from both outside and inside the country. Terrorist organizations, foreign states, and other hostile forces can use a variety of methods to undermine the stability of a state, including terrorist attacks, cyberattacks, disinformation, and interference in domestic affairs.

The risk of outbreaks of infectious diseases, bioterrorist attacks and pandemics forces the health care system to be constantly on alert. Health workers develop emergency response plans and train staff to ensure effective response to any threat to public health.

Ensuring security requires a comprehensive approach that includes not only prevention measures, but also the development of effective incident response and recovery strategies. Only under the condition of clear coordination of all interested parties, it is possible to ensure effective counteraction to various challenges in the field of security.

6. Undermining the image.

Any connection with the government that caused the declaration of martial law can create a negative image of the company. This can lead to difficulties in maintaining consumer confidence and, as a result, to a decrease in sales volumes.

The undermining of the company's image occurs when customers and partners begin to doubt its reliability and product quality due to negative reviews or scandals.

In business, image is a valuable asset. However, it is easy to lose it due to factors such as non-compliance of products with declared quality standards, violation of ethical standards in business or inability to promptly solve customer problems. For example, if a company produces products that do not meet safety requirements, it can lead to large-scale scandals and lawsuits, which in turn will cause significant financial losses and destroy consumer confidence.

In politics, image is one of the most important assets. However, it is easy to lose it due to various scandals, corrupt practices or failure to fulfill pre-election promises. For example, if a politician is seen in corrupt activities, it can lead to a loss of confidence of voters, a boycott of his initiatives and, as a result, to political isolation.

In personal relationships, image is a valuable asset that is built over years. However, it is easy to destroy it with one careless act. Dishonesty, betrayal, or disrespect for others can lead to a loss of trust, the breakdown of friendships or romantic relationships, and, as a result, feelings of loneliness and isolation.

A damaged reputation is not just an image problem, but a serious threat to business and personal reputation. To restore trust, it is necessary to take a set of measures, such as openness, responsibility and active communication.

Strategic planning of business in war conditions must take into account many unpredictable factors and requires companies to be constantly ready to adapt to changing circumstances and make risky decisions.

In order to successfully develop in the conditions of war, enterprises need to be proactive, adapt to changes, think innovatively, cooperate with partners, comply with legislation and communicate effectively. Only under such conditions is it possible to overcome the challenges of wartime and ensure stable business development.

Therefore, strategic management during martial law is critical to ensure organizational resilience and adaptability. Let's consider the main aspects that must be taken into account when developing and implementing

strategies in the conditions of a military conflict.

1. Risk assessment.
During martial law, the risks increase significantly. It is necessary to conduct a regular analysis of possible threats and develop plans for their minimization. This includes both security risks and economic, social and political risks.
2. Flexibility and adaptability.
The organization must be able to quickly adapt to changes in the external environment. This can include changes in the supply chain, operational processes and even the business model.
3. Communication.
Effective communication both within the organization and with external stakeholders is a key element. It is necessary to ensure constant exchange of information and clear coordination of actions.
4. Resource management.
Rational use of resources is extremely important. This includes physical resources, finance, human resources and information technology. Alternative plans should be developed to ensure access to necessary resources in the event of resource shortages.
5. Staff support.
Supporting the moral and physical state of employees during a crisis is an important component of the strategy. The organization must provide the necessary support, including psychological assistance and safety measures.
6. Cooperation with state and international institutions.
In martial law, engagement with government, international organizations and other stakeholders can provide additional support and resources.
7. Innovations.
It is important to introduce innovations that can help the organization survive and develop in crisis conditions. It can be new technologies, management approaches or business models.
8. Strategic planning.
Even in the face of uncertainty, strategic planning must continue. The plan should be flexible and include possible scenarios of the development of events.
9. Social responsibility.
In the conditions of martial law, social responsibility acquires special importance. The organization must support the community in which it works and contribute to the stabilization of the socio-economic situation.

Conclusions

Therefore, the strategic management of the enterprise in the conditions of martial law requires a high level of flexibility, adaptation and responsibility. Businesses that can quickly assess risk, adapt to change and maintain open communication are more likely to survive and even thrive in challenging environments. At the same time, social responsibility and ethical decisions will help maintain trust and support from employees, customers and communities.

War destabilizes the entire economic system, causing significant damage to entrepreneurship. A weak economy, high military spending, unpredictability and trade restrictions are creating unprecedented challenges for business.

The success of strategic management depends on how accurately the management can predict changes in the market, develop different action plans and assess the opportunities of their company and the market.

The introduction of martial law always has a significant impact on various spheres of life of the country and its society, causing shock reactions (Feier et al., 2023, p. 92). These upheavals are the result of both formal changes in legislation and informal transformations caused by external aggression.

Strategic management and planning are two wings of the same bird that work together to take the company to new heights. Planning is the foundation on which we build our strategy. It helps us understand where we are now and where we are going. Management is the construction process itself, when we implement our plan. It's like navigating a ship: planning sets the course, and steering keeps the ship on course, overcoming all obstacles.

The conducted analysis demonstrates that strategic management is an integral part of the successful functioning of any organization, especially in conditions of crisis and instability, such as war. The war in Ukraine presented Ukrainian business with unprecedented challenges that require a deep understanding of modern approaches to strategic management.

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PERSONNEL MANAGEMENT SYSTEMS IN UKRAINE: CHALLENGES, OPPORTUNITIES AND TRENDS

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Abstract

The article examines the key aspects of personnel management systems in Ukraine, investigates the role of effective personnel management in business development and the adaptation of Ukrainian companies to global trends in the field of HR. These questions are important for understanding how Ukrainian enterprises can use modern approaches to human resource management to strengthen their positions on the market and achieve sustainable development in the face of dynamic changes.

Keywords

Personnel management systems, Ukrainian companies, business, personnel efficiency.

Problem statement

Improving the personnel management process is the main task of every enterprise today. The number of tools and their effectiveness is extremely variable, but choosing the right ratio between the possible resources for the implementation of such systems within the enterprise and their positive impact on the company's activities in the long and short term is a rather difficult task. We offer to consider the most common models of personnel management systems, the tools for their implementation, and to investigate how they are used in Ukrainian enterprises.

Relevance of the chosen topic

Over the last decade, Ukrainian companies had to face global changes in the labor market, caused by both internal and global processes. Right now, digitization and automation of processes related to personnel management is gaining popularity. Considering these factors, it is important to investigate the possibility of overcoming the challenges through the introduction of new tools and methods of personnel management.

Analysis of recent research and publications

A large number of scholars have studied and continue to study personnel management systems, this is due to constant changes in systems approaches, methods and tools. The opinion of Ukrainian scientists regarding the fact that personnel management systems are complex actions that form a system is shared by L. D. Hlushchenko, T. M. Pilyavoz, N. O. Koval (Hlushchenko, Pilyavoz, & Koval, 2022), M. D. Vinogradskyi. (Vinogradskyi, Vinogradska, & Shkanova, 2009). Hitra O.V. and Chaplii A.V. emphasize that personnel management is only a component of the personnel management system, which plays an important role, but is effective only in a complex (Khytra & Chapliy, 2019). L. Kustrich and V. Kustrich are of the opinion that today the company will be able to work effectively in the market only under the conditions of the introduction of digitization in personnel management processes (Kustrich & Kustrich, 2022).

Purpose of the article

The purpose of the study is to establish an understanding of how the personnel management system works in modern days, how it is digitized, what threats and benefits it brings. This will make it possible to monitor the prevalence of developed personnel management systems in Ukraine and to design possible ways of their implementation in enterprises.

Presentation of the main research material and results obtained

A personnel management system is important in any organization, ensuring the effective use of human resources to achieve strategic goals. Personnel management is not only a set of tools and actions, but a complex system that covers all stages of work with employees: from attracting candidates to the organization to developing skills and creating motivation for employees.

The quality of the personnel management system is of particular importance in the conditions of the modern Ukrainian business environment, where the influence of economic, political and social factors on the labor market creates new challenges for enterprises. Among them: the outflow of intellectual capital abroad due to the lack of a system for meeting the needs of the employee; increasing competition between employers for qualified employees; unstable economic and political situation, which makes it difficult, and in some cases impossible, long-term planning of companies' activities; changes in the legislative regulation of labor relations, which have both a positive effect on the position of the Ukrainian worker and motivate him to stay in the Ukrainian labor market, and a negative effect, which demotivates the population of working age to look for a job in Ukraine; digitization and automation of HR processes, introduction of artificial intelligence into the main processes of enterprise activity, for which not all enterprises are ready (lack of qualified employees working with new systems, manufacturing equipment and information systems themselves). Ukrainian companies that strive to be competitive domestically and internationally are forced to adapt to these changes by implementing modern HRM systems that automate routine processes, provide continuous data analytics, and remove rational planning for the development and promotion of employees at enterprises.

In conditions of economic instability and changes in the social environment, an effective personnel management system becomes the basis for the sustainable development of the enterprise, as it provides a guarantee for the employee. It allows not only to organize the work of employees, but also to increase their motivation, loyalty to the company and productivity. A modern personnel management system should be flexible, adaptive and able to respond to dynamic changes in the external and internal environment.

The results of the research carried out by the American Institute for the Study of Public Opinion "Gallup" indicate a significant difference in the indicators of personnel efficiency in companies that achieve a high level of efficiency of personnel to work processes, and in companies that have a low efficiency indicator. For example, absenteeism is 78% lower in high-engagement companies, theft is 28% lower, productivity (sales) are 18% higher, and profitability is 23% higher (Gallup, n.d.).

That is, properly selected efforts that are made to change the personnel management system, have a positive impact on the efficiency, image, profitability and development of the company. In our opinion, it is no longer possible to avoid changes in management systems. Even if the enterprise manages to function with an outdated management system, in the next few years in the era of global changes in the labor market, employees from citizens will cooperate with companies that do not seek to improve the conditions where they work, because there will be many companies, which will worry about it.



Fig. 1: The difference in performance indicators between companies with high and low levels of employee engagement

Source: Gallup. *What is employee engagement and how do you improve it?* (Gallup, n.d.)

One of the important aspects of modern personnel management is the creation of a favorable corporate culture, which becomes one of the key factors in attracting and retaining personnel. In Ukraine, where the labor market is in a state of dynamic changes, employers increasingly pay attention to the formation of a positive image of the company as an employer. The possibility of professional development, flexible working conditions, corporate social programs and a comfortable microclimate in the team are becoming important elements of the personnel management system. For example, companies can provide professional development by providing access to educational courses created by the company itself, or by using the services of another company. You can ensure a comfortable microclimate in the team with the help of corporate events that will unite the team: holding corporate parties, master classes, organizing joint rest, trips.

The company "SPE consulting" is engaged in providing educational services for employees of other enterprises. Among the programs they offer are sales, management, skills development, time management, team building, and communication programs. Their clients are popular Ukrainian companies - "First Private Brewery", "Halytska Zdobna", "Bayer", "Arterium" and others (SPE Development School, n.d.). It is not necessary to create personnel training courses on your own, you can use the services of companies that are directly engaged in this.

Modern HR practices include both traditional methods of human resources management and the latest approaches based on the use of modern technologies, for example, recruiting automation, evaluation and management of personnel efficiency. Human resource management systems allow you to store and analyze large amounts of data about employees, which helps to make informed decisions about the development and promotion of employees.

Today, the development of information technologies provides wider opportunities for personnel management, they include new HRM systems, such as "SAP SuccessFactors", "Workday", which allow you to automate the processes of selection, evaluation and training of employees, making the work of HR departments more efficient and less time-consuming. "SAP SuccessFactors" is a system with embedded artificial intelligence based on effective business management. Artificial intelligence ensures independent selection of personnel, improvement of labor productivity, training. The product optimizes business processes within the company, ensuring the release of resources for tasks that require other efforts (SAP, n.d.). "Workday" also works with the involvement of artificial intelligence, their clients are "Netflix", "Visa" (Workday, n.d.).

At the same time, digitalization creates new challenges, which are related to ensuring data protection and supporting continuous training of employees in the conditions of constant development of technologies. Setting up a system to counter criminal intent against data that a company places about its operations, employees and customers is a necessary step, given the risks of data loss. Cyber security will give a feeling of security to all parties cooperating with the company and will ensure an increase in reputation in the market. The introduction of the latest technologies in the field of HR requires upgrading the qualifications of personnel specialists. They must not only be able to work with modern tools, but also be ready for changes in approaches to work with personnel. Among such changes, it is possible to single out the introduction of flexible management principles and an emphasis on the development of soft skills among employees.

The personnel management system is a complex multi-level structure that includes a number of processes

necessary for effective work with employees. It covers all stages of the employee's life cycle in the organization: from recruiting and adaptation to motivation and development. A correctly configured personnel management system allows the organization not only to ensure the optimal use of human resources, but also to increase labor productivity, retain the best specialists and stimulate their professional growth. We offer a closer look at each of the stages affected by the personnel management system.



Fig. 2: Stages of an employee's stay in the company, which are affected by the personnel management system
Source: compiled by the authors

The path of an employee in the company begins with the stage of personnel selection for a certain position. The success of its further activities depends on how effectively the recruitment system is established in the organization. The effectiveness of the recruitment system is determined by the number and quality of employees who will respond to the position thanks to the algorithms used to search for candidates, the clarity of the assigned tasks and responsibilities, remuneration and the future candidate's conviction of the advantages of the company's motivation system compared to others. Modern recruiting methods in Ukraine are based on the use of various employee search channels, such as professional social networks "LinkedIn", "Work.ua", recruitment agencies and the company's own software. Thanks to the social network "LinkedIn", you can perform several functions on one platform: work with vacancies, as well as find training courses for your employees (LinkedIn, n.d.). "Work.ua" serves as a platform for interaction between employers and employees, a source of statistical information on the amount of wages and requirements for employees throughout Ukraine (Work.ua, n.d.).

The main task at this stage is to find candidates who meet not only the technical criteria, but also the culture and values of the company. This becomes especially relevant during the growing importance of "soft skills", including emotional intelligence, the ability to work in a team, leadership qualities, they can be found more and more often in the requirements for job candidates. It is important to correctly build the process of communication with candidates at all stages of selection to ensure a positive impression of interaction with the company.

After recruiting new employees, the key task is to evaluate their skills and abilities and develop them within the company. This component of the personnel management system directly affects the productivity and efficiency of employees. Personnel evaluation helps to determine the strengths and weaknesses of the employee, predict professional achievements and opportunities for improving the skills and knowledge of the employee. Certifications, analysis of individual performance indicators and feedback from colleagues and managers are important assessment tools.

In the conditions of the modern business environment, an important aspect is not only the evaluation of the current performance of employees, but also the planning of their future development. Many Ukrainian companies implement systems of individual development plans for their employees, which allows employees to see their career prospects and opportunities for professional growth within the company. This encourages the employee to stay within the company and strive for better results in the conditions of business competition for qualified personnel, since the possibility of career growth is one of the main factors that motivates employees.

The main methods of personnel development include trainings, coaching, mentoring and participation in internal or external training programs. In the conditions of digitalization, special attention is paid to electronic learning platforms that allow you to quickly and efficiently update the knowledge of employees in accordance with changes in the industry or the market. Online courses, webinars, and electronic libraries become part of the modern personnel development system, which allows companies to provide training for their employees.

Motivation is one of the most important elements of the personnel management system, which determines the level of employee engagement and productivity. An effective motivation system includes not only material incentives, such as wages and bonuses, but also intangible ones: recognition of achievements, the opportunity for professional development, comfortable working conditions and good relationships in the team.

Material motivation remains the main point of motivation for most workers in Ukraine. It includes all types of financial incentives that an employee receives for his work, and is the most common motivation tool in many organizations. Pay conditions must be competitive so that the company can be confident in its employees and attract new ones.

However, material incentives are not always sufficient to maintain a high level of motivation, so it is necessary to combine them with non-material ones, because today employees value flexibility in the work schedule, remote forms of employment, comfortable working conditions, the ability to establish a balance between work and personal time, professional and personal development, as well as corporate social programs, which include health insurance, tuition compensation or corporate sports. Intangible methods of motivation also include the organization of team events, corporate holidays, recognition of the achievements of employees at various levels, which contributes to the improvement of the general climate in the team.

Understanding the needs of each employee and the ability to find an individual approach to their motivation is the main task of HR departments. In Ukraine, more and more companies are switching to the use of flexible motivation systems, which include personalized labor incentive programs. This allows each employee to receive the type of reward that is most important to him, which contributes to the growth of his loyalty to the company.

Thus, an effective motivation system should combine both material and non-material aspects, taking into account the personal needs of each employee. Such an approach not only increases productivity, but also contributes to the growth of loyalty, reduces staff turnover and forms a positive image of the company as an employer.

The last but no less important component of management systems is labor efficiency management. It is a systematic process aimed at monitoring and increasing the productivity of each employee and the company as a whole. Performance management involves setting goals, monitoring results, providing regular feedback, and adjusting processes to achieve optimal results. An effective performance management system is based on a clear definition of individual goals for each employee, which must correspond to the company's strategic goals. To measure the achievement of these goals, tools such as KPIs (key performance indicators) are used, which allow managers to see how productive each employee is. Regular meetings with employees to discuss results, identify challenges, and adjust goals help improve overall performance.

The main components of the personnel management system (recruitment, evaluation and development of personnel, motivation and management of labor efficiency) are fundamental elements for ensuring the successful operation of any organization. An effective management system allows the company not only to increase productivity, but also to create a strong team capable of achieving the set goals and developing together with the business.

Personnel management in Ukraine faces a number of serious challenges, which are reflected both in the labor market and in business conditions. These challenges are caused by economic and social factors, unstable political situation, migration processes, changes in legislation and the impact of global trends such as digitalization and changing needs of employees.

Ukraine has been in a state of economic instability for a long time in the conditions of a full-scale Russian invasion, which significantly affects the functioning of the labor market. Inflation, exchange rate fluctuations, limited investment opportunities and declining purchasing power of the population create additional challenges for employers. For many companies, cost reduction has become a priority, which sometimes leads to a reduction in the number of employees or to the optimization of personnel due to an increase in the workload on them. Inflationary processes force the prices of products to rise, which, under conditions of untimely raising of minimum wages, leads to a decrease in the purchasing power of the population. Foreign investors do not show a desire to direct funds to the development of many areas of the economy during the constant threat of losing funds due to the aggressive actions of the Russians.

Social factors, in particular demographic changes, directly affect the labor market. The aging of the population and the decrease in the number of young professionals is an urgent problem. According to forecasts, the share of the working population will decrease significantly in the coming decades, which will force employers to look for new approaches to attracting and retaining personnel. According to the report of the National Academy of Sciences of Ukraine, as of 2021, the number of people over 60 years old was 23% due to the low birth rate and increased life expectancy (National Academy of Sciences of Ukraine, n.d.). However, as of 2024, we estimate the

over-60 population to be higher due to rising mortality and declining birth rates caused by a full-scale Russian invasion.

One of the most serious challenges for the Ukrainian labor market remains the migration of qualified workers abroad. Every year, more and more Ukrainians choose to work in the countries of the European Union, in particular in Poland, the Czech Republic, Germany and other countries, where the level of wages and social guarantees is much higher. This process has a negative impact on the Ukrainian economy, as companies lose qualified personnel, and it becomes more and more difficult to find replacements for them in the conditions of constant migration of the population abroad, caused by a full-scale invasion.

Migration affects not only the loss of specialists in such fields as IT, medicine, engineering, but also the general level of competition in the labor market. In particular, companies are forced to compete not only with local employers, but also with foreign firms offering higher salaries and better working conditions. In order to retain personnel, many companies resort to investing in the development of corporate culture and creating favorable conditions for employees. Increasing the level of communication between management and employees, forming a team based on shared values, and providing opportunities for professional development contribute to increasing employee loyalty. Modern trends in personnel management also include the development of individual career plans for employees, which allows employees to see prospects for growth and development within the company.

With the development of technology and under the influence of the COVID-19 pandemic, many companies have switched to a remote or hybrid form of work. This requires HR specialists to adopt new approaches to work process organization, team management, and ensuring effective communication between employees. The transition to a remote form of work also affected the approaches to evaluating the efficiency of employees. Traditional methods of monitoring time and presence at the workplace are gradually losing relevance, giving way to evaluation of results and achievements. This requires companies to implement new tools to monitor employee performance, such as KPI tracking systems, project management software, etc.

Personnel management in Ukraine is at the stage of active transformation. Modern business challenges require companies to be flexible and ready for change. Economic and social factors, the migration of skilled personnel, changing employment models and the development of new technologies - all this affects the labor market and forces employers to look for new approaches to personnel management. Only those companies that adapt to new conditions in time will be able to maintain competitive advantages and ensure stable development in the future.

In the conditions of rapid digitalization of business and growing volumes of data, personnel management is becoming an increasingly difficult task. In order to optimize HR processes and increase their efficiency, companies increasingly turn to the use of information systems for personnel management (HRM systems). Such systems allow you to automate most of the routine operations related to the management of human resources and provide an opportunity for analytics and strategic planning based on real data.

In Ukraine, many companies integrate HRM systems to improve personnel management processes. The most popular choice are international systems such as "SAP SuccessFactors", "Workday" and "Oracle HCM", as well as local developments such as "1C: Personnel Management". International systems typically offer a comprehensive set of functions for large corporations, including recruiting, performance management, learning and development, and analytics. At the same time, Ukrainian counterparts offer optimal solutions for small and medium-sized businesses, adapted to local legislation and specifics.

"1C: Personnel Management" is one of the most common HRM systems in medium and large enterprises of Ukraine. It integrates with financial and accounting modules, which allows enterprises not only to effectively manage personnel, but also to optimize expenses for wages, taxation and social benefits (BookKeeping, n.d.).

HRM systems have a wide set of functions that allow you to automate various aspects of personnel management, starting with the selection of personnel and ending with the analysis of the effectiveness of the employee's actions. The main capabilities of such systems are listed in the Table 1.

Table 1: Main capabilities of HRM systems and their characteristics

| Basic capabilities of HRM systems | Characteristics of opportunities |
|-----------------------------------|---|
| Automation of recruiting | Systems allow you to automatically publish vacancies, sort resumes by key criteria, integrate data from professional platforms and maintain a candidate database. |

| | |
|-------------------------------------|---|
| Training and development management | HRM systems allow you to create training programs, track the progress of each employee and manage personnel certification. |
| Performance evaluation | Implementation of the KPI evaluation system and other indicators allows you to objectively measure the efficiency of employees and identify areas for improvement in a timely manner. |
| Reporting and analytics | HRM systems collect and analyze large volumes of data, providing management with information to make strategic personnel decisions. |
| Rewards Management | Payroll and bonus management modules automate accruals, simplify calculations, and reduce errors in financial documentation. |

Source: compiled by the author

Owing to such capabilities, HRM systems significantly increase the efficiency of HR processes, reduce the time for performing routine tasks and allow you to focus on strategic aspects of personnel management.

Digitalization is radically changing approaches to human resource management. With the advent of HRM systems, companies get access to new tools for working with large amounts of data. This allows not only to automate daily processes, but also to create individual career trajectories for each employee based on the analysis of his results and interests. In addition, the use of cloud solutions provides greater flexibility and mobility - employees can interact with the system regardless of their location, which is relevant during the transition to a remote form of work.

HRM systems allow you to automate many aspects of working with employees, increasing business efficiency and facilitating rational decision-making based on data. In the future, the impact of digitalization on personnel management will only grow, which requires companies to be flexible and ready to implement new technologies.

The legislative framework of personnel management in Ukraine defines the rights and obligations of employers and employees, regulating labor relations. The main regulatory act that regulates the issue of employment is the Labor Code of Ukraine. It establishes the legal framework for concluding labor contracts, providing social guarantees, payment and labor protection, as well as resolving labor disputes (Labor Code of Ukraine, n.d.).

In recent years, new forms of employment have been actively introduced in Ukraine, including remote work and flexible schedules. Legislative changes in the Labor Code in 2020 officially established the possibility of remote work, which allows employees to perform their duties outside the office (Labor Code of Ukraine, n.d.). These innovations require employers to comply with certain rules regarding the organization of work, in particular, ensuring proper working conditions and data protection.

Ukrainian legislation regulates the issue of remuneration in detail. An important requirement is the payment of wages at least twice a month, as well as compliance with the minimum wage established by the state. In addition, employers are obliged to provide payments for overtime work, work on holidays or weekends, as well as allowances for special working conditions (Labor Code of Ukraine, n.d.).

In addition to wages, the Code of Labor Laws regulates the provision of social guarantees. This applies to vacations (annual, additional, maternity leave), sick leave, as well as guarantees for the protection of the rights of employees in the event of dismissal or reduction. Employees are entitled to compensation in the event of unlawful dismissal or layoff. The legislation of Ukraine provides for the employer's duty to ensure safe working conditions for employees. This includes occupational health and safety training, provision of personal protective equipment and monitoring of compliance with safety regulations. This is especially important for enterprises where there are risks to the health and life of employees (construction, industry, etc.) (Labor Code of Ukraine, n.d.).

In general, the legislative framework of personnel management in Ukraine is complex and requires companies to strictly comply with the requirements in order to avoid fines and maintain legal security. Constant changes in the field of labor law make the question of flexibility and readiness to adapt personnel policy in accordance with new legislative requirements relevant.

Modern personnel management systems in Ukraine are in the process of active transformation caused by global and internal changes in the business environment. Companies face new challenges, such as the globalization of the labor market, the rapid development of technology and changes in labor relations, which prompts the adaptation of new approaches in working with personnel. In this context, several key trends

determining the future development of personnel management systems in Ukraine are important.

One of the most prominent trends in recent years is the growing popularity of outsourcing HR services. Outsourcing enables companies to transfer part of HR functions to external providers, which allows to reduce costs and focus on key business processes. The most common areas of outsourcing are personnel documentation, payroll, personnel selection and training (Konarivska & Vitruk, 2020).

For small and medium-sized businesses in Ukraine, which often do not have enough resources to create an internal HR department, outsourcing is an effective solution. In addition, large enterprises also use this approach to perform routine operations, focusing on strategic talent management. At the same time, companies that specialize in outsourcing HR services are constantly updating their services, adapting them to market requirements and new technologies.

A component of the development of personnel management systems is the implementation of artificial intelligence (AI) technologies and data analytics. AI is actively used in recruiting processes to automate candidate selection, resume analysis and even conduct interviews. This greatly simplifies the work of HR departments, reducing the time it takes to find the right specialists and increasing the accuracy of selection.

Big data analytics is also an indispensable tool in HR systems. Collecting and analyzing data on employee performance, motivation and development allows companies to make informed decisions about personnel matters. This contributes to the creation of personalized training programs, improvement of the motivation system and reduction of staff turnover. The use of such technologies allows companies to get a more complete picture of the state of their resources and adjust HR strategies based on real data.

Companies are beginning to realize that corporate culture is a powerful tool for building employee loyalty. It helps to create an atmosphere of interaction, cooperation and support in the team, which has a positive effect on work efficiency. In addition, a strong corporate culture helps stand out in the labor market, as employees often choose employers with whom they share common values.

Prospects for the development of personnel management systems in Ukraine depend on the ability of companies to adapt to new market realities and implement innovative technologies. In the future, we can expect further expansion of the use of automated systems and analytical tools to improve HR processes. This will contribute not only to increasing the efficiency of HR departments, but also to a better understanding of the needs of employees.

Trends and prospects for the development of personnel management systems in Ukraine indicate that digitalization, the introduction of innovations and an emphasis on corporate culture will be key factors for the successful management of human resources in the future. Companies that quickly adapt to new challenges and use modern personnel management tools will be able not only to maintain competitiveness, but also to ensure sustainable development in changing market conditions.

Conclusions

The personnel management system is an integral component of the successful functioning of modern Ukrainian companies. It covers all stages of working with employees: from their recruitment and selection to evaluation, development, motivation and management of their effectiveness. In today's labor market environment, when competition for skilled workers is growing and technology and legislative requirements are changing at a rapid pace, it is important for businesses to have a flexible and effective personnel management system that can respond to these challenges.

Challenges facing Ukrainian businesses include economic difficulties, an unstable political situation, and significant migration of skilled workers abroad. Because of this, companies are forced to review their personnel management strategies, develop new approaches to staff retention and development, and create competitive working conditions that include not only material rewards, but also opportunities for professional growth. The issue of employee loyalty is also gaining more and more importance: effective personnel management systems must create favorable conditions for the development of corporate culture and the involvement of employees in achieving the company's goals.

The personnel management system cannot remain effective without taking into account modern digitalization trends. The implementation of HRM systems allows you to automate routine processes, significantly reducing the administrative burden on HR departments and increasing the quality of management decisions. Thanks to such systems, companies get the opportunity to more effectively manage the processes of recruitment, evaluation and development of personnel, which contributes to increasing productivity and overall business efficiency. In addition, the use of analytics and artificial intelligence tools makes it possible to analyze personnel data more deeply, which allows to optimize the personnel policy and make informed decisions regarding the further development of personnel.

It is also important to comply with the legislative framework of Ukraine in the field of labor relations. The personnel policy of enterprises must comply with the requirements of the Code of Labor Laws, as well as take into account changes in labor legislation related to new employment conditions, such as remote work and flexible schedules. This requires HR departments to constantly monitor innovations in the legislative framework in order to avoid legal risks and fines. In modern conditions of rapid changes in legislative norms, companies need to be flexible and ready to adapt personnel processes to new requirements.

Outsourcing of HR functions is becoming more and more popular among Ukrainian companies, especially among small and medium-sized businesses. This allows enterprises to focus on the main areas of activity, delegating routine or specialized HR tasks to external specialists. In this way, businesses can reduce costs and improve the efficiency of personnel management by accessing professional HR services.

Prospects for the development of personnel management systems in Ukraine are directly related to the introduction of new technologies and improvement of management processes. In the future, companies will have to adapt to new forms of employment, such as telecommuting and hybrid forms of employment. It is important that enterprises implement the principles of flexible management, provide employees with conditions for self-development, growth and comfort in the workplace.

Therefore, the personnel management system in Ukraine should be not only a tool for increasing the productivity of employees, but also an important component of the company's long-term development strategy. An effective personnel management system helps to create a strong corporate culture, attract the most efficient workers and ensure their professional development, which contributes to strengthening the company's competitive position in the market. Focus on innovation, use of modern HR technologies and compliance with legal requirements are the key to success in a rapidly changing business environment.

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FEATURES OF STRATEGIC MANAGEMENT OF TRANSNATIONAL CORPORATIONS

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Abstract

The aim of the article is to explore the features of strategic management in transnational corporations to enhance their adaptation and efficiency in a changing environment. To achieve this goal, methods of analysis, classification, and analogy were used. The essence and functions of a transnational corporation were defined. TNCs were classified by types and differences in strategies. The strategies of TNCs from the second half of the 20th century to the early 21st century were examined. The classification of TNCs based on the position of business units in the value chain and approaches to managing these units was considered. The management styles of TNC managers were characterized. Hierarchical levels of management and various types of organizational structures were analyzed. The advantages and disadvantages of corporate governance models were listed. The process of strategic management of TNCs by stages is justified, which is presented in the form of a logical scheme.

Keywords

Strategic management, strategy, management, transnational corporation, approach.

Problem statement

In the current context of globalization, transnational corporations play a key role in the global economy, influencing markets development, resource allocation, and the establishment of competitive advantages. However, effective strategic management of such organizations is an exceptionally complex task due to their scale, geographic dispersion, and the need to account for many external and internal factors. Features of the operation of TNCs, in particular cultural, economic and political differences between countries, create additional challenges for management, combining the global goals of the corporation with local needs and features of regional markets.

In this regard, there is a problem of developing and implementing such approaches to strategic management that allow TNCs to function effectively in a multicultural environment, changing market conditions and competition.

Relevance of the chosen topic

The constant changes in the market environment and increasing competition in the global market require transnational corporations to use and adapt traditional models and develop new approaches to strategic management. The peculiarities of the functioning of transnational corporations necessitate the use of approaches to strategic management different from those used for companies focused only on the domestic market.

Analysis of recent research and publications

Many prominent foreign and domestic scientists, such as M. Goold, A. Campbell, C. Kirkpatrick, G. Johnson, K. Scholes, R. Whittington, F. Nixon, Ya. Kvachuk, N. Kuzminchuk, S. Voitko, P. Puzyrova, M. Khmelevsky, among others, have studied the theoretical and practical aspects of strategic management of transnational corporations.

A significant part of research is devoted to the study of approaches to strategic management. M. Goold and E. Campbell (1989) studied strategic approaches to managing TNC business units. G. Johnson, K. Scholes, and R. Whittington (2008) examined strategic management from the perspective of managerial styles. In turn, I. Pryvarnikova and Y. Holey (2024) emphasized the role of hierarchy in organizational structures in strategic management. O. Shvydanenko (2007) explored the relationship between the development strategies of TNCs and the time periods of their operation.

Purpose of the article

The purpose of the article is to study the features of strategic management of transnational corporations to improve their adaptation and efficiency in a changing environment.

Achieving the set goal made it necessary to solve the following tasks:

- study of the essence of a transnational corporation and its characteristics;
- consideration of approaches and models of strategic management of TNCs;
- analysis of the process of strategic management of TNCs.

Presentation of the main research material and results obtained

Transnational corporations (TNCs) are companies that have business units (branches, subdivisions) in two or more countries, on the territory of which they carry out their business activities. The difference of TNCs from other companies is related to the size, scope of operations, structure, organization of activities, their outlook on the global economy, and their role in shaping and developing this economy (Kirkpatrick & Nixon, 1981, pp. 369–370).

Transnational corporations have several distinctive features that set them apart from other companies:

1. Presence in different countries of the world, which can be realized in the form of divisions, branches, subsidiary companies. A global presence allows the company to enter new markets, as well as streamline resource acquisition and distribution processes.
2. Scale of operations. TNCs typically manage extensive distribution networks, distribution centers, and production facilities in different countries.
3. Multinational workforce. The staff of TNCs often comprises employees from various countries, who bring diverse cultural and life experiences, along with different beliefs and values.
4. Innovation and technology. The process of developing and introducing a new product to the market requires an innovative approach from the company. Additionally, by using the latest technologies from different countries, TNCs contribute to the development of less developed economies, which in turn strengthens their competitive position in the market.
5. Flexibility and adaptability. Given the expansion of the borders of TNCs in various markets, there is a need for rapid adaptation to local political, economic, social and technological factors of influence. Companies aim to reduce the uncertainty of external environmental influences through analysis and forecasting of industry trends (Koymen, Santos-Paulino, Trentini & Dogan, 2023).

TNCs play an important role in the world economy, performing the following functions (Kuzmynchuk, Kutsenko, & Chornii, 2022, p. 280):

- stimulation of the continuous development of scientific and technical progress with the help of innovations and new technological developments;
- promoting the globalization of the world economy by involving countries in international economic relations;
- stimulating the development of global production (creation of new jobs, development of production in countries where new divisions are opened);
- creating a competitive environment.

The activities of transnational corporations significantly impact not only the competitiveness of individual industries in the country where the parent company is located but also the shaping of the current and future global economy. Internationalization strengthens the interconnections between all elements of the world economy and leads to the globalization of economic development.

Among the main types of transnational corporations, the following are distinguished (Azarova & Okhota, 2011):

1. Ethnocentric type. These companies establish foreign branches for sourcing raw materials or entering new markets, but foreign markets are viewed as an extension of the primary market – the market of the country where the parent company is located.
2. Polycentric type. For companies of this type, the foreign market is just as important, and sometimes even more so, than the domestic one. Foreign branches not only sell the products of the parent company but also manufacture them directly on local markets.
3. Regiocentric type. Companies focus not on the markets of individual countries, but on entire regions. Although foreign branches are located in specific countries, they are focused on serving the entire region or are subordinated to regional headquarters of the TNC. This approach is particularly common among companies operating within integration unions.
4. Geocentric type. A typical for TNCs that function as decentralized federations of regional branches. In this case, the parent company does not consider itself the center of the corporation but sees itself as one of the equal units.

There is no single approach to the classification of management strategies, scientists at different times have studied strategic management from different angles, forming and supplementing their own approaches and methods.

Considering the differences in strategies, four generations of transnational corporations are distinguished (Shvydanenko, 2007):

1. First generation: colonial-resource TNCs, whose activities were closely related to the extraction of raw materials from former colonies.
2. Second generation: "trust-type" TNCs. They produced and supplied military-technical products.
3. Third generation: TNCs that actively utilized the achievements of the Scientific and Technological Revolution (STR) and were organized in the form of concerns and conglomerates.
4. Fourth generation: global TNCs. The typical features of this generation include competition in the global market, the use of modern information technologies, and the exercise of economic and political influence on states.

With the change of generations, the characteristic features of TNC strategies have changed. The most rapid development occurred during the activities of the third and fourth generations (Table 1).

Table 1: Characteristics of TNC strategies during the second half of the XX - beginning of the XXI century

| Time period | Criteria | | |
|--------------------------|--|---|---------------------------------------|
| | The form of international relations | Direction of activity | Factors of placement of units |
| 60-80s of the XX century | International trade. Export, creation of | Organization of international transportation within the | Low cost of labor, natural resources, |

| | | | |
|----------------------------------|---|---|---|
| | branches for sales, licensing and other forms of contractual relations abroad. | company: movement of high-tech products between developed countries, export of resources from underdeveloped countries. | conditions for their profitable exploitation, processing and extraction. |
| 90s of the XX century | Implementation of foreign direct investments between developed countries. Active balance of developed countries in the dynamics of current investments and passive balance of developing countries. | The boom of TNCs in Asian countries: the largest receiving region is South, East and Southeast Asia; increasing the volume of investment in the countries of Latin America and the Caribbean. | Dimensions of the domestic market of the recipient country, government policy, the influence of factors on the investment climate. |
| The beginning of the XXI century | Implementation of foreign direct investments and the growing role of non-economic factors in the choice of investment directions, the emergence of independent transnational capital. | Implementation of new methods of project financing in the field of infrastructure, continued differentiation of investment forms depending on the level of development of countries (capital investment objects). | Information transparency, infrastructure, legislative norms. Emphasis is placed on the formation of a network of branches and TNCs. |

Source: compiled from (Azarova & Okhota, 2011)

An important feature of a transnational corporation is its organizational structure, which consists of the parent company and its subordinate units. Based on this, TNCs can be classified according to the position of their business units in the value chain (Kvachuk, 2013):

- horizontally integrated (units produce similar goods and services in different parts of the world);
- vertically integrated (some units produce products that serve as raw materials for other units);
- separated TNCs (the units are neither vertically nor horizontally integrated).

Despite this classification, the vast majority of companies do not adhere to a single approach to forming their value chain. To expand their influence, transnational corporations may combine characteristics of horizontal, vertical, or separate integration.

The main role in managing the parent company’s subsidiaries is played by the process of «creating added value». This means that different business units, connected by corporate, legal, economic, and informational ties, achieve greater economic success under the leadership of the parent company than they would if operating independently.

M. Goold and E. Campbell, in their works on strategic management, explored different management styles for transnational corporation units (Goold & Campbell, 1989). They identified several approaches to managing business units (Table 2).

Table 2: Characteristics of approaches to the management of business units

| Approach | Characteristic | Advantages | Disadvantages |
|--------------------|---|--|---|
| Strategic planning | Decisions are mostly made by the parent company; active transfer of resources between units; focusing on several types of business. | High level of cooperation, synergy, organization. Suitable for companies where strategic decisions are not made often. | Reducing the influence of unit managers, difficulties in communication and coordination of actions. |
| Financial control | Units independently choose their development strategy, | Autonomy in decision-making, a clear formalized approach to | Decreased flexibility in decision-making within the division, lower level |

| | | | |
|-------------------|--|--|--|
| | the parent company only sets short-term financial goals; the development of the corporation is due to the acquisition of new businesses. | management. Used by companies with a wide range of business units that do not work closely together. | of cooperation, risk of slowing development due to profit orientation. |
| Strategic control | The parent company sets the direction of development of divisions, which independently choose strategies; performance evaluation goes beyond financial indicators. | Autonomy in decision-making, focus on the long-term financial perspective. | Low level of cooperation between divisions, decreasing influence of the head office. |

Source: compiled from (Kvachuk, 2013)

In their works, M. Goold and E. Campbell examine management in terms of the parent company's relationship with its subsidiaries. A somewhat similar management approach is discussed by G. Johnson, K. Scholes, and R. Whittington in their study «Exploring Corporate Strategy». However, their approach emphasizes the management style of an individual manager. They distinguish three types of TNC managers (Johnson, Scholes, & Whittington, 2008, pp. 274-277):

1. The portfolio manager. This manager’s role is to identify and acquire assets and business units with the goal of improving them. Portfolio managers set financial targets, assess the effectiveness and prospects of the business, and either invest in or withdraw funding accordingly. These managers can oversee numerous business units, granting division heads autonomy in day-to-day decision-making. This management style is used in companies like Blackstone and Apax Partners.
2. The synergy manager. These managers add value by managing the synergies between business units. Their main tasks are to develop a common goal, promote cooperation, and manage and allocate resources. Examples of companies using this style of management are Apple and General Electric.
3. The parental developer. This type of manager leverages the parent company’s competencies to add value to its subsidiaries, offering support in specific areas. The focus is on transferring resources or capabilities from the parent company to the subsidiaries to enhance their potential. Companies such as Virgin and Royal Dutch Shell actively use this management style in their operations.

Johnson, Scholes, and Whittington believe that the use of one or another style of management is associated with dangers that a transnational corporation seeks to avoid: adding management costs (exceeding the costs of managerial personnel over the value they create), bureaucratic complications (slows down the response of managers to problems), concealment of financial indicators. (Johnson, Scholes, & Whittington, 2008, p. 273).

The task of transnational corporation management is to select a management structure that best aligns with the company's goals, objectives, and strategy, while taking into account the influence of internal and external factors. This structure should also ensure the effective allocation of resources and direct employee efforts toward meeting customer needs.

There are two types of management systems in transnational corporations: centralized and decentralized. In a centralized system, strategic decisions are made by a central authority (the parent company), while in a decentralized system, business units make decisions independently (often at the regional level).

The structure of management in transnational corporations may differ depending on the characteristics of the organization and the specifics of its activities. However, it typically consists of hierarchical levels that reflect the distribution of power, responsibility, and duties within the organization (Bocharova, 2021, pp. 18–31). The hierarchical management structure of a transnational corporation by levels is illustrated in Figure 1.

The top management of a TNC consists of the CEO, the board of directors, and other executives. The primary task of top management is to define the overall corporate development strategy, make key managerial decisions, and set global objectives.

Regional management is responsible for overseeing operations in various regions around the world. They adapt the general strategy to local standards, coordinate the activities of units and subsidiaries within their region, and ensure that goals are met.

Functional management coordinates the work of departments based on specific functions (production, finance, marketing, sales, etc.). Each functional department is headed by a manager responsible for its efficiency.

Local management operates at the lowest level of the hierarchy. They are responsible for carrying out day-to-day operations at the local level. This includes branch, plant, and office managers who handle daily tasks and ensure operational objectives are met at specific locations.

The use of a hierarchical structure facilitates effective management of a transnational corporation, ensuring clear coordination, control, and collaboration (Pryvarnykova & Holei, 2024, pp. 420). This structure requires well-established communication and coordination between hierarchical levels.

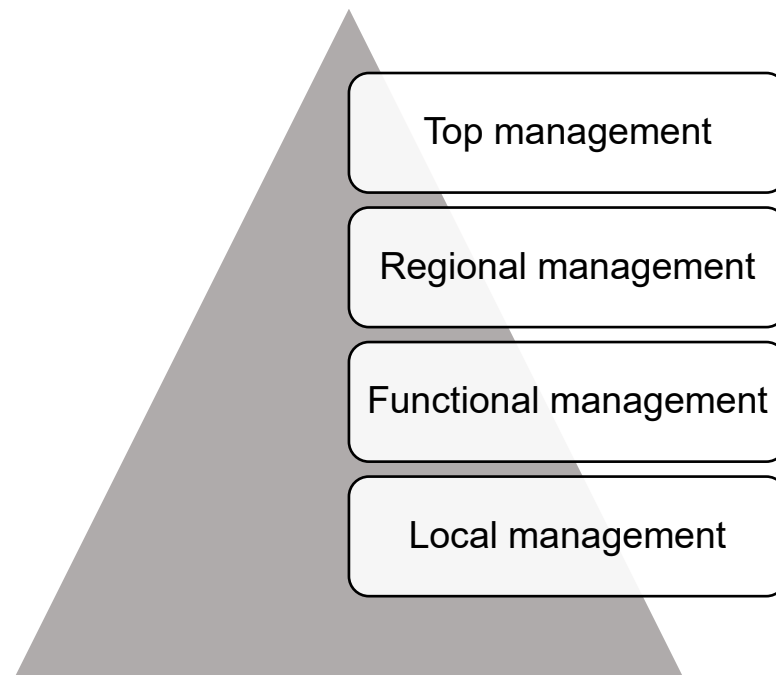


Fig. 1: Hierarchical levels of the TNC management structure

Source: compiled from (Pryvarnykova & Holei, 2024, pp. 421)

An important function of the hierarchical system is the delegation of authority across levels. This allows higher levels to focus on solving strategic tasks while leaving tactical decisions to lower levels. This division of powers allows to increase efficiency in decision-making and reduce workload.

However, the goals of higher-level systems do not always align with those of lower-level subsystems, and sometimes the goals of individual units may conflict with each other, potentially leading to internal conflicts. In such cases, management decisions are made at higher levels in the interests of the entire system.

Depending on the types of connections between structural elements, several types of management structures are distinguished: linear, functional, line-and-staff, divisional, and matrix (Voitko, Havrysh, Korohodova & Moiseienko, 2016).

At the head of the first structure is an authorized manager, whose decisions are binding on all lower levels. The staff carries out the orders of only one manager.

When using the following structure, the company is divided into divisions, each of which is responsible for a specific area of activity. At the same time, functional managers have a high level of control in their areas of responsibility.

The linear-functional structure (linear-staff) combines the elements of the previous two. The line manager works alongside functional managers to solve tasks. Decisions may be communicated either through the line manager or through staff department managers. Divisions can be organized based on various criteria, such as geographical location, product type, or customer segment orientation.

The divisional structure organizes a company's operations into several relatively independent units (divisions), each responsible for a specific product, market, or geographic region. These divisions operate on a self-sustaining basis, while the central office oversees and coordinates their activities and develops the corporation's overall strategy.

In a matrix structure, employees report to two lines of management simultaneously: functional managers and project managers. This setup allows for more effective project work by engaging specialists from various departments to collaborate, distributing resources among different projects based on their priority. Depending on the organizational structure, different models of corporate governance can be used (Table 3).

Each of the presented models can be utilized by a transnational corporation depending on its specific characteristics and development strategy. The centralized corporate governance model is most often employed by conservative TNCs, where control is valued more than flexibility and innovation.

For example, the South Korean transnational corporation Samsung is known for its centralized management model, where many strategic decisions are made by top management at the central level (Pryvarnykova & Holei, 2024, pp. 421).

Table 3: Characteristics of TNC corporate management models

| Model | Characteristic | Advantages | Disadvantages |
|---|---|--|---|
| Centralized model of corporate management | Centralized TNC management, unified strategy, policy, standardized processes and procedures | High level of control, compliance with standards | High information load and requirements for management professionalism |
| Decentralized model of corporate management | Autonomy of regional and local units in decision-making, adaptation to local conditions | Speed in decision-making, flexibility and adaptability | Conflicts between the main management and local management are possible |
| Matrix model of corporate management | Two lines of management, collaborative teamwork, coordination across functional and geographic dimensions that cross project work | Delegation of authority within the framework of work on projects, flexibility in the use of resources, cooperation | Difficulty in understanding the division of duties, instability due to periodic changes in the composition of executors |
| Combined model of corporate management | Using a situational approach to management depending on the needs of the company | Better adaptation to specific conditions and needs | Conflicts between managers are possible, a large volume of information |

Source: compiled from (Pryvarnykova & Holei, 2024)

The decentralized management model is used by TNCs operating in various cultural and geographical environments. An example of such a company is Apax Partners, which invests in the development of companies around the world, leaving the resolution of strategic issues to local management.

The matrix management model is used by many transnational corporations with complex geographical structures and operations in multiple industries. Microsoft uses this structure in its activities. A technology company has different lines of business and functional groups that work together on different projects, which leads to the use of a matrix model.

Additionally, some transnational corporations use hybrid management models that combine elements from different management approaches for better adaptation. For instance, McDonald's employs both centralized and decentralized models in its operations. Menu development and process standardization are handled centrally, while individual restaurants may be managed in a decentralized manner to ensure local adaptation.

Today, transnational corporations aim to make their organizational structure and management systems responsive to changes in the global business environment by implementing flexible, adaptive management systems. These systems are based on continuous monitoring of the environment and forecasting possible development scenarios, with an assessment of the likelihood of their occurrence. Accordingly, various development strategies will also be formed.

The process of strategic management of a transnational corporation can be presented in the form of a logical scheme (Fig. 2). According to Figure. 2, several stages of strategic management of TNCs can be distinguished (Khmelevskiy & Olshanskyi, 2023, p. 15):

1. Formation of the mission and goals. The company's goals are shaped according to its mission. These goals may vary in content and development methods, but they are a crucial element of strategic management, serving as the foundation for forming an effective management strategy.
2. Analysis of the external environment. Study and assessment of factors influencing the activity of a transnational corporation from the outside. These include political, economic, sociocultural, and

technological factors.

3. Analysis of the internal environment. Evaluating internal resources, such as material, financial, technological, and human resources, through analyses of financial stability, human potential, technological infrastructure, and more.
4. Formulation of alternatives and strategy selection. Developing strategic alternatives that outline paths to achieving goals while considering influencing factors. Choosing the most effective strategy.
5. Strategy implementation. Implementing strategic decisions, programs, and projects. This may include changes in organizational structure, entering new markets, launching new products and services, etc.
6. Control and evaluation of strategy implementation. Ongoing monitoring of strategy execution and evaluation of its effectiveness using specific indicators and standards.
7. Strategy adjustment. Making necessary adjustments in response to environmental changes and unforeseen challenges.

The presented stages of the strategic management process are interconnected, and therefore effective management requires constant monitoring and adaptation at each stage.

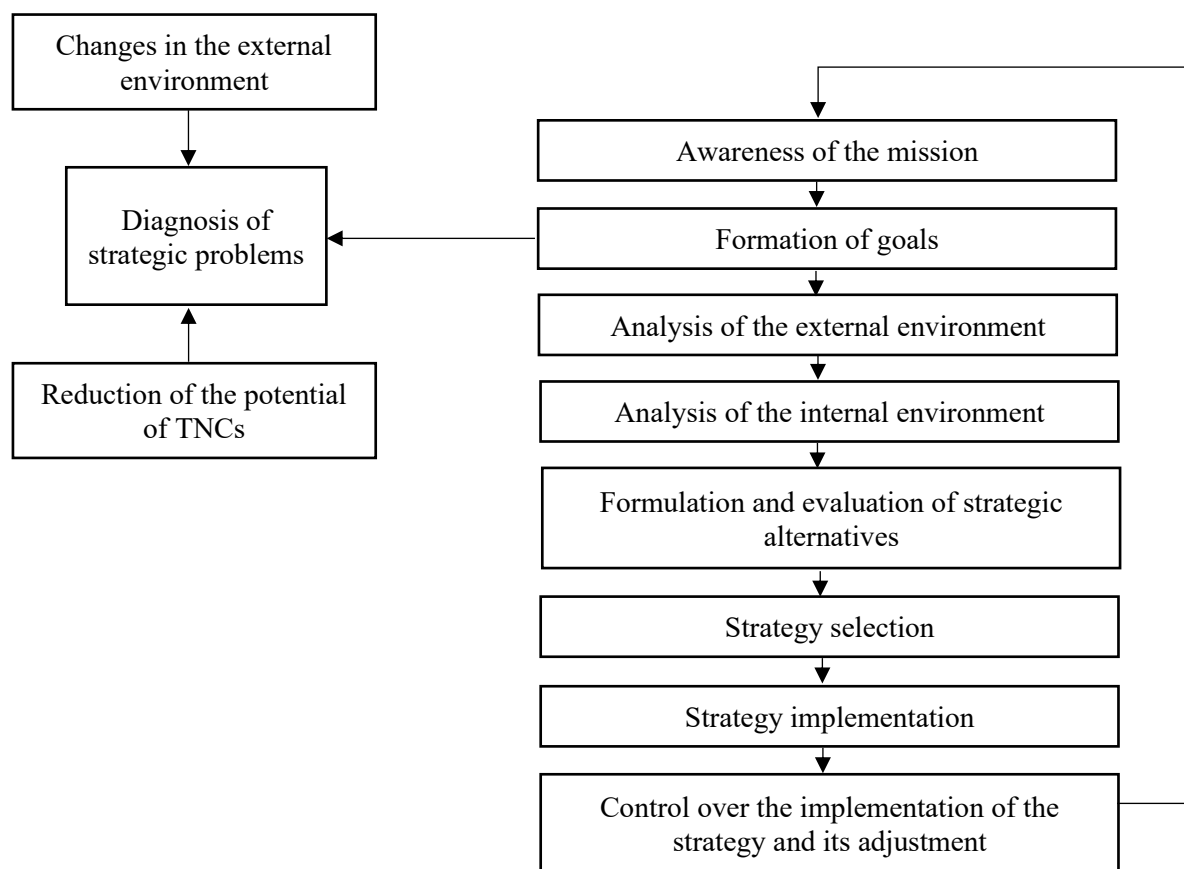


Fig. 2: Logical diagram of the process of strategic management of TNC
 Source: compiled from (Olshanska & Puzyrova, 2022)

Conclusions

The study of the specific features of strategic management in transnational corporations confirms that their success on a global scale depends on the ability to effectively combine global strategies with adaptation to local market conditions, considering various influencing factors, such as cultural differences, legal norms, economic conditions, and political risks in each country where they operate.

Currently, there is no single classification of transnational corporations, nor a universal approach to selecting a management strategy. TNCs are distinguished by their type of activity, differences in strategies, organizational structure, approach to managing business units, and management style. The strategic management process must take into account the unique operational characteristics of the corporation and the external environmental factors at each stage. The interdependence of these stages requires a comprehensive approach to

strategic management, combining various models and methods.

Thus, strategic management in transnational corporations is a multidimensional process that requires balancing global objectives with local needs. The primary task of management is to develop and implement a strategy that considers as many factors as possible, allowing the TNC to remain flexible, innovative, and competitive in the market.

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INTERNATIONAL MANAGEMENT AS A FACTOR OF INCREASING ECONOMIC GROWTH IN UKRAINE DURING THE WAR

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Abstract

This article is devoted to the study of key aspects and improving the quality of personnel management based on the analysis of economic indicators of the countries of the European Union in order to assess the prospects for the entry of Ukrainian enterprises into the international market in wartime conditions. Achieving the set goal involved solving such tasks as researching the concept of "international management", calculating the economic indicators of the development of EU countries (in particular, Poland, Slovakia, Romania and Hungary), as well as reviewing the strategy of cooperation. The results of the analysis provided grounds for determining the potential of these countries as potential markets for Ukrainian companies to expand their international presence in the conditions of a complex geopolitical context. This study confirmed that Poland is the most attractive country for Ukrainian enterprises to enter the international market in the European Union, while Romania is considered less promising. This indicates the need for the development of new directions in Ukraine, which are based on the introduction, development and use of the latest scientific and technical developments and improved solutions.

Keywords

International management, management, business, strategy, promotion, entrepreneurs, analysis.

Problem statement

In today's rapidly evolving environment with increasing competition, entrepreneurs must sustain their businesses amidst numerous challenges for stable economic functioning. Foremost among these challenges is the complex task of managing personnel, which presents unique challenges to leadership. Traditional management approaches, relying on long-term planning and cautious risk management, often fall short in addressing the unpredictable nature of business disruptions. During times of uncertainty, managers are forced to make quick decisions with limited information, adapt to constantly changing locations, and provide support to their teams amidst the uncertainty of warfare.

Therefore, international management becomes a crucial component, transitioning from regional to potentially global operations in the future, offering companies new opportunities on the international stage. Amidst growing globalization, managers must exhibit adaptive thinking and the ability to effectively manage

personnel. Business growth frequently demands expansion beyond familiar environments, and successfully entering the international market requires a clear understanding of the opportunities presented by new environments. It is essential for company managers to possess the necessary knowledge to analyze external factors influencing their operations within an international context.

Relevance of the chosen topic

In the modern world, where business conditions are constantly changing, entrepreneurs must continuously improve their business management. Therefore, the role of personnel management is particularly relevant in today's conditions, especially when the country faces profound economic challenges due to warfare. Implementing effective international management can be a key factor in maintaining stability and fostering the development of the Ukrainian economy. Moreover, it is critically necessary for ensuring sustainable economic growth and the country's recovery after the conflict.

Analysis of recent research and publications

For many years, researchers have devoted significant attention to the development and formulation of approaches aimed at enhancing economies through international management. Among these works, notable scholars and authorities in this field, both foreign and domestic, include P. Vernon, D. Ricardo, and A. Smith (Yukhymenko, Hatska, Pivtorak, et al., 2011), who have made substantial contributions to the concept of "International Management." M. Matveyev and B. Kisil (Matveev & Kysil, 2021) analyzed the processes of foreign economic activity of enterprises as a prerequisite for their sustainable economic development through the expansion and increased activities in international markets. L. Hetman (Hetman, 2017) conducted research on the key components of the business environment in which international trade and economic relations are currently being realized. M. Razinkova (Razinkova, 2019) studied and structured the problems arising in the development of international business, identifying possible directions for their resolution.

Despite the significant contributions and extensive volume of research on international management as a factor in economic growth and the role of management in the economic environment, there still remain unresolved issues today. These unresolved issues hinder the ability to maintain current market positions and explore new opportunities, which could ultimately contribute to enhancing economic activity in the contemporary environment.

Purpose of the article

The purpose of this article is to investigate key aspects and enhance the quality of personnel management based on the analysis of economic indicators of EU countries, specifically exploring prospects for Ukrainian enterprises to enter international markets amidst wartime conditions.

Achieving the set goal required solving the following tasks:

- Researching the concept of international management;
- Conducting calculations of economic indicators for the development of countries in the European Union, namely: Poland, Slovakia, Romania, and Hungary;
- Overview of the strategy of cooperation.

Presentation of the main research material and results obtained

In today's environment, in order to maintain a high level of economic performance, businesses must continually improve not only at a regional level but also internationally. It's crucial to consider the challenges and constraints that arise when making management decisions.

Effective management plays a critical role in the sustainable operation of any business activity, particularly because Ukraine's economy constantly faces the risk of losing its functional capabilities. The situation is exacerbated by the fact that key economic entities — the business entities — either cease operations, limit them, or are compelled to relocate production to other regions due to the inability to operate under new conditions.

In the current environment, strategic decisions must be aimed at preserving existing potential and ensuring the sustainable development of planning, organization, leadership, and foremost such resources as human, financial, material, and informational to achieve the company's goals. To succeed in managing personnel in such complex conditions, management involves not only people management but also directly includes aspects such as financial management, material resources, information, and other elements necessary for achieving entrepreneurial objectives.

In the context of armed conflict, our domestic enterprises must seek new opportunities to expand their economic activities. One possible direction for growth could be entering new markets, hence the focus needs to be on international management. Let's delve more deeply into what "International management" entails, drawing on concepts such as absolute advantages, comparative advantages, international product life cycle, and foreign direct investment. Please refer to Table 1 for further details.

Table 1: Conceptual perspectives on defining the concept of international management

| № | Author | Definition |
|---|--|--|
| 1 | The concept of absolute advantage, A. Smith | He argued that certain countries can more efficiently produce specific goods due to natural advantages such as climate, soil quality, availability of natural resources, and so forth. Countries export goods that have absolute advantages in production and import goods where the advantage belongs to their trading partners. |
| 2 | The concept of comparative advantage, D. Ricardo | Production volume can increase through international trade even if one country lacks absolute advantages in producing any type of goods. The theory of comparative advantage applies to any quantity of production and countries, making it applicable for analyzing trade relations between different regions, areas, or republics within a state. As a result, countries specialize in certain goods based on the ratio of costs within a country to the average cost. |
| 3 | The concept of the international product life cycle, R. Vernon | He defined that each product goes through a cycle consisting of four stages: introduction, growth, maturity, and decline. The production of the product shifts internationally depending on which stage of the cycle it is in. These four stages are part of a continuous spectrum and are not isolated. Throughout the product life cycle, production becomes more capital-intensive and moves to other countries. |
| 4 | Foreign Direct Investment | Based on the purchase of long-term investments by a resident of one country in an enterprise that is a resident of another country. This encompasses both the initial acquisition of assets abroad and all subsequent transactions between the investor and the invested enterprise. International capital movement contributes to the growth of global production by facilitating more efficient redistribution and utilization of production factors. |

Source: (Yukhymenko, Hatska, Pivtorak, et al., 2011, pp. 124-127)

Therefore, international management can be defined as a specialized form of management whose primary goals include shaping, developing, and leveraging a firm's competitive advantages through conducting business opportunities in different countries and utilizing the economic, social, demographic, cultural, and other specificities of these countries for international interaction.

The main feature that distinguishes international management from national management is its focus on seeking strategies and methods for developing international business and transforming them into competitive advantages for the company across different countries, as well as within the framework of international relations.

Therefore, to enhance and expand business in Ukraine, one can consider entering new markets, such as the European market.

The European market offers a wide range of opportunities for Ukrainian companies willing to compete internationally. A key advantage is that Europe provides more stable and transparent business conditions, which are critically important during times of conflict in our country when local markets may become unstable and less attractive to investors.

Despite all the challenges, entering the European market presents significant benefits for Ukrainian enterprises. It can help reduce risks, decrease dependence on the domestic market, and stimulate the modernization and overall development of the Ukrainian economy.

The external environment in which a company operates is critically important for any business, regardless of its specialization or size. In times of war, management must be vigilant towards external challenges, which are often unpredictable. Practice has shown that businesses face several key issues in such situations, so let's examine them in more detail (Current issues in management and public administration, 2022):

- Delay in response and decision-making.

During sudden escalation of conflict, leadership may experience temporary inertia due to shock or

information overload. This can lead to delays in decision-making and create an atmosphere of uncertainty among the team. Such conditions adversely affect morale and team efficiency, and can complicate the adoption of critically important decisions, which are crucial for successful management of the situation and maintaining stability within the organization.

- Mismatch in organizational structure and lack of clear goals.
Different management models, from rigidly hierarchical to more decentralized systems, can be vulnerable if they are not complemented by clearly defined goals. Lack of clarity can lead to confusion within the team, inefficiency, and loss of important clients or contracts.
- Reactive decision-making and excessive reliance on predefined norms.
In times of stress, such as during war, leadership may revert to previously established norms, such as regular working hours or salary reductions due to decreased physical presence. This can exacerbate existing problems rather than resolving them.
- Over-reliance on external advice and strict adherence to personal principles can negatively impact leadership.

Leadership may excessively rely on external advice, such as from business literature, without considering the unique context of the situation. Simultaneously, rigid adherence to personal principles can lead to errors in decision-making that may have serious negative consequences.

The analysis of the country's sector development as part of the external business environment helps address two key questions: whether it is worth starting a business in this country and, in case of a positive answer, what the initial business strategy should be. These decisions determine the scope and detail of further research and analysis, which in turn impacts business efficiency. The economic situation in the country includes the level of economic development and the nature of economic relations. The assessment of this situation is based on four criteria: key economic and financial indicators, resource potential, transportation and communication systems. External economic activity is manifested through foreign trade turnover, balance of exports and imports, commodity structure of exports and imports, investment climate, and currency indicators. A key aspect of external economic activity is the commodity structure of exports and imports. It is advantageous for the country to export knowledge- and labor-intensive goods as they bring high profit and ensure internal employment. Conversely, it is not profitable to export raw materials and semi-finished products due to their low processing and cost-effectiveness. Refer to Table 2 for more details.

Table 2: The dynamics of the external balance of goods and services, EUR million

| Countries | 2021 | 2022 | 2023 | The changes from 2023 to 2021 |
|-----------|--------|---------|---------|-------------------------------|
| Poland | 7417,3 | 2102,9 | 11066,7 | 3649,4 |
| Slovakia | -355,4 | -1406 | 502,9 | 858,3 |
| Hungary | -257 | -2371,6 | 3478,6 | 3935,6 |
| Romania | 3639,9 | 5616,6 | -3457,6 | 182,3 |

Source: (Eurostat, 2023)

Therefore, in Poland, exports exceeded imports throughout 2021–2023, and in 2023, Slovakia and Hungary saw imported goods and services dominate both before and during the military actions in Ukraine, with an improvement in external trade occurring in 2023. Romania is experiencing a trend of increasing volumes in its external trade balance.

For international management, it is essential to consider the component of the investment climate, as it is significant. Incorrectly assessing the situation and investing money in foreign business ventures can lead not only to lack of profit but also to substantial financial losses see for more details Table 3.

Table 3: International investment position, EUR million

| Countries | 2021 | 2022 | 2023 | The changes from 2023 to 2021 |
|-----------|---------------|--------------|----------|-------------------------------|
| Poland | - 223478,6 | - 204106 | 215535,9 | 439014,5 |
| Slovakia | - 60448,3 | - 69770,5 | -66910,2 | -6461,9 |
| Hungary | - 79314,8 | - 71207,7 | -88521 | -9206,2 |

| | | | | |
|---------|----------|----------|----------|----------|
| Romania | - | - | - | -14919,6 |
| | 107315,8 | 109320,7 | 122235,4 | |

Source: (Eurostat, 2023)

Therefore, we conclude that overall investment volumes have decreased in Slovakia, Hungary, and Romania. However, in Poland, there is an observed increase in investment volumes, which is a positive development contributing to economic growth, economic structure enhancement, increased competitiveness of production, and consequently the entire country. Economic challenges include unemployment levels impacting the availability of skilled labor and labor costs for international companies. The population size determines market potential and consumer base, influencing marketing and sales strategies. Demographic characteristics of the country affect socio-cultural aspects that need to be considered in international management. Refer to Table 4 for details.

Table 4: Dynamics of unemployment and inflation

| Countries | 2021 | 2022 | 2023 | The changes from 2023 to 2021 |
|------------------------|------|------|------|-------------------------------|
| Inflation, % | | | | |
| Poland | 8 | 15,3 | 6,2 | -1,8 |
| Slovakia | 5,1 | 15 | 6,6 | 1,5 |
| Hungary | 7,4 | 25 | 5,5 | -1,9 |
| Romania | 6,7 | 14,1 | 7 | 0,3 |
| Unemployment, % | | | | |
| Poland | 2,9 | 2,8 | 2,7 | -0,2 |
| Slovakia | 6,4 | 6 | 5,8 | -0,6 |
| Hungary | 3,8 | 3,7 | 4,2 | 0,4 |
| Romania | 6 | 5,6 | 5,4 | -0,6 |

Source: (Eurostat, 2023)

Based on the results obtained, it can be concluded that the economic situation and labor market in the studied countries have worsened. For instance, inflation growth in Slovakia and Romania has led to currency depreciation and disruptions in production and investment processes. Hungary has experienced an increase in unemployment levels, complicating the labor market situation for the unemployed, among other issues. To determine which country is better for business development, let's analyze the working-age population, which defines key success factors for entrepreneurs and companies. Population analysis is a significant indicator in international business as it allows for detailed market assessments, trend forecasting, and informed business decision-making. Figure 1.

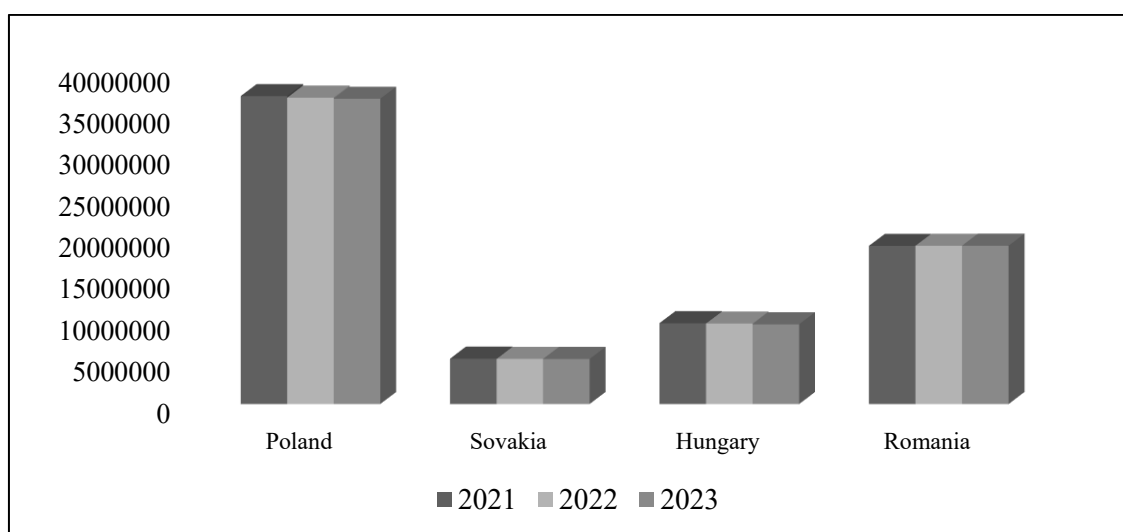


Fig. 1: Population dynamics, people

Source: (Eurostat, 2023)

Overall, a decrease in population has been observed over the last three years in the surveyed countries. This trend will negatively impact the labor market. Despite this, according to Eurostat, the overall wage bill in European

countries has increased by 25.4%. The average monthly wage has increased in Poland by 30.9%, in Slovakia by 12.4%, in Hungary by 31%, and in Romania by 29.5%. Even amidst the military actions in Ukraine, which have had adverse effects on the economic development of European countries, there has been an increase in wages. Ukrainian enterprises entering the European market face significant challenges, but this move opens up new opportunities and stimulates economic development, contributing to an improvement in the standard of living in the country.

During wartime, businesses must take decisive steps in their management systems, including making strategic decisions quickly, adopting a flexible management approach, improving communication processes, ensuring the safety and mental health of employees, and maintaining high productivity. Implementing flexible management in these conditions is crucial and can ensure a rapid and adaptive response to changes both externally and internally.

This type of management is widespread in the countries of Western Europe, but it has not spread in Ukraine. The use of flexible management principles in the work ensures the stability of managers' requirements and the high speed of process changes. moreover, the ideology of this type of management includes a reduction in low bureaucratization of business processes and a change in emphasis on employee motivation (De Smet, Dowling, Lim, & Pineault, 2022). ProofHub experts point out that to improve the effectiveness of flexible management, it is important to preserve the strategy of cooperatives. This means that cooperation between participants turns into competitive and cooperative activity, which gives the enterprise competitive advantages. In other words, this strategy manifests itself in the pooling of resources and resources to achieve a common goal, in wartime or crisis time see more details Figure 2.

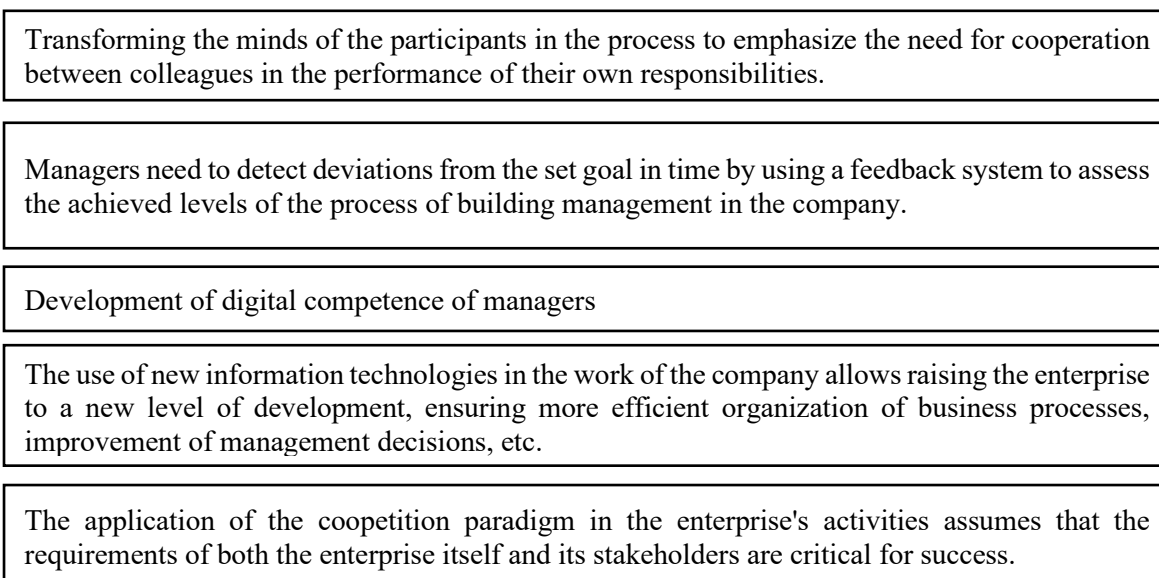


Fig. 2: Tasks of the cooperation strategy
Source: (Bozhidarnik & Bilyk, 2022, pp. 46–48)

A more detailed overview of the cooperation strategy can be seen as follows:

- Transforming participants' mindsets to emphasize the necessity of collaboration among colleagues in carrying out their responsibilities requires careful consideration. This involves not only incentivizing a change in mentality and approach to work but also actively fostering an awareness of the importance of teamwork in achieving common goals.
For instance, this could entail creating a conducive environment that supports teamwork and interaction, organizing shared workspaces, promoting open communication, and scheduling regular meetings to discuss ideas and address issues. Moreover, effective leadership plays a crucial role in supporting this process by demonstrating through their own example the significance of collaboration.
- Managers need to promptly identify deviations from the set goals by utilizing a feedback system to assess achieved levels of process management within the company. The use of a feedback system helps maintain a focus on results and ensures adaptability in managerial decisions, which is critical for achieving the company's strategic objectives.
- Developing digital competencies among managers is a critical aspect
- of modern management, enabling them to be more flexible, swiftly respond to changes in the business

environment, and secure competitive advantages for the company in the market. To succeed in today's digital world, it is crucial to continually refine these skills and meet the demands of a rapidly evolving technological landscape.

- Applying advanced information technologies in manufacturing enables companies to refine their business processes and significantly enhance productivity. This ensures more efficient management of production flows, reduces production costs, and optimizes resources. Moreover, adopting cutting-edge technologies allows enterprises to respond faster to changes in both internal and external environments, thereby increasing their competitiveness and promoting stable market development.
- The paradigm of cooptation in modern business reflects a strategic approach to cooperation with competitors based on a combination of competitive and cooperative interactions. It involves active cooperation with other market participants to jointly achieve goals that are supported by stakeholders.

The main aspects of the cooptation paradigm include:

1. Competitiveness and cooperation: the company continues to compete with other market participants, while simultaneously developing forms of cooperation with rivals to achieve joint benefits. Mutually beneficial agreements: mutually beneficial agreements with competitors allow the enterprise to reduce costs, increase the quality of products and services, expand sales markets, etc.
2. Risks and benefits: the company must carefully consider the risks associated with cooperation with competitors, but at the same time take advantage of the opportunities that open up thanks to this cooperation.
3. Stakeholder Relationship Management: It is important to maintain good relations with all stakeholders, including competitors and other partners in the industry.
4. Strategic planning and implementation: in order to successfully apply the cooptation paradigm, the enterprise must have a clear strategy that takes into account the interests of all stakeholders and skillfully manages competitive and cooperative activities.

This approach allows enterprises not only to maintain their competitiveness, but also to effectively use opportunities for joint development and success in the market.

Recognizing the benefits of agile management, organizations are adopting more innovative management approaches to effectively address the challenges and exploit the opportunities offered by a dynamic business environment. This balanced and adaptive approach promotes flexibility, fosters innovation and makes the business more competitive for sustainable success.

The entrance of Ukrainian enterprises to the European market is a difficult, but at the same time significant step in the conditions of war. Having considered this topic in more depth, it can be determined that the entry of Ukrainian enterprises to the European market in the conditions of war has a significant potential for the stabilization and development of the country's economy. This step opens new opportunities for Ukrainian companies to expand sales markets, conclude new agreements and contracts, as well as deepen cooperation with European partners. Thanks to this process, it is possible to increase the efficiency of production, the introduction of modern technologies and standards, which in turn will contribute to the growth of the competitiveness of Ukrainian enterprises on the international market.

The country has significant potential and the necessary resources to successfully enter the European market, which can become a key stage in its development. To determine the most promising directions in 2023 for the initial strategies of Ukrainian enterprises, an integral index was used Figure 3.

Based on the analysis, it can be determined that the most favorable conditions for Ukrainian enterprises to enter the international market exist in Poland (integral index 0.89). Poland occupies a leading position thanks to a decrease in the inflation rate, a decrease in the unemployment rate, an increase in the average monthly wage by 30.9% and an increase in the number of investments. On the other hand, Romania is the least promising arena for global business (integral index 0.08).

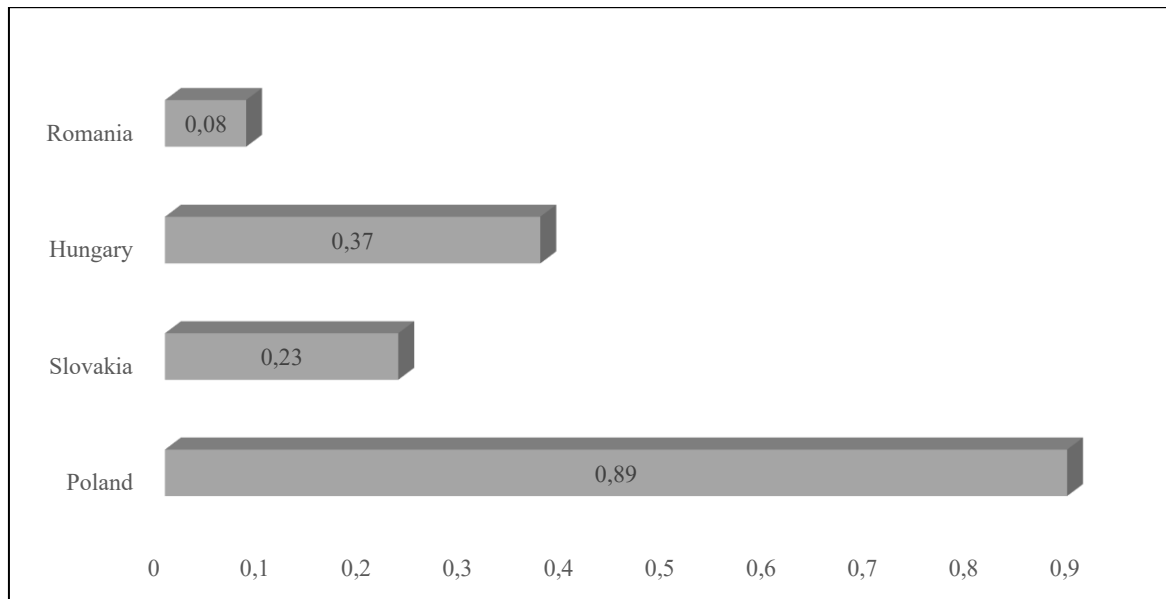


Fig. 3: Integrated index of economic development of European countries for 2023

Source: (Eurostat, 2023)

Conclusions

Therefore, it can be concluded that Ukraine can improve its economic indicators through the implementation of the cooperation strategy, which will enable the development of management not only at the regional level but also globally, thereby opening new opportunities in the international market. The policy in this area is shaped according to the specific needs of the country, identified based on the analysis of the economic environment of European Union countries, aiming to determine the most promising country for Ukrainian enterprises to enter the international market during wartime. It is important to emphasize that this analysis used economic indicators such as external trade turnover, international investment position, dynamics of unemployment and inflation rates, wage levels, population size, and the composite development index of Ukraine's neighbors in the European Union, namely Poland, Slovakia, Hungary, and Romania.

The study showed that Poland is the most attractive country for Ukrainian enterprises to enter the international market within the European Union, while Romania is considered less promising. Therefore, this new approach stimulates development in Ukraine, ultimately leading to the adoption, mastery, and utilization of new or improved solutions based on scientific and technological achievements.

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THE ROLE OF CORPORATE MANAGEMENT IN THE SUSTAINABLE DEVELOPMENT OF AN INTERNATIONAL COMPANY

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Abstract

This article examines the role of corporate management in ensuring the sustainable development of international companies, emphasizing the importance of effective management for stable operation and adaptation to changes in the external environment. A conceptual framework has been formed which includes the basic principles of corporate management: systematic approach, focus, adaptability and innovation. These principles ensure harmonious development of the company through balanced management of economic, environmental and social aspects. Practical recommendations for the implementation of sustainable strategies, including strategic planning, resource optimization, employee motivation, and effective control and reporting, were also developed. The study showed that successful corporate governance contributes to increased competitiveness and added value for all stakeholders, ensuring long-term stability and sustainability of companies. The main conclusions are that corporate governance plays a key role in achieving sustainable development, and the integration of sustainability principles into all aspects of management is critical for the successful functioning of international companies.

Keywords

International company, corporate management, corporate strategy, sustainable development, ESG aspects, management system.

Problem statement

In today's globalized world, the issue of sustainable development is becoming increasingly important for international companies. This is due to the growing public awareness of environmental issues, social responsibility and the need to ensure long-term economic stability. Corporate governance, as a key management tool, plays an important role in implementing sustainable development strategies that contribute to the achievement of these goals. Firstly, the growing demand for environmentally friendly products and services from consumers is encouraging international companies to review their business models. Integration of sustainable practices into corporate strategy allows not only to meet market requirements, but also to create additional value for shareholders

and other stakeholders, which in turn increases the competitiveness of companies in the global market. Second, international regulators are increasingly introducing regulations aimed at reducing negative environmental impact and improving social standards. Compliance with these requirements is becoming a prerequisite for successful business, which emphasizes the importance of effective corporate management in ensuring sustainable development. Thirdly, the implementation of sustainable development principles helps to strengthen the reputation of companies and increase the trust of consumers, investors and partners. In an increasingly competitive global market, a company's reputation is becoming a critical factor in attracting new customers and retaining existing ones. Thus, the study of the role of corporate management in the sustainable development of an international company is extremely relevant.

Relevance of the chosen topic

The relevance of the study is based on the fact that successful practices and the development of recommendations for the effective implementation of sustainable strategies will allow international companies not only to ensure long-term development, but also to contribute to solving global problems of our time.

Analysis of recent research and publications

Sustainable development and corporate management are among the most discussed topics in the modern scientific literature and business practice. The concept of sustainable development was popularized after the publication of the Brundtland Commission's report "Our Common Future" in 1987, which defined sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." Subsequent research has expanded this definition to include economic, environmental and social aspects (Ford et al., 2011). Corporate management principles, such as systematic approach, focus, adaptability and innovation, are critical for the effective management of companies in a globalized environment (Osterwalder & Pigneur, 2010). These principles allow companies to create a long-term strategy, adapt to changes in the external environment, and innovate. Research shows that strategic planning that takes into account the principles of sustainable development contribute to the long-term competitiveness and sustainability of companies (Pulsiri & Vatananan-Thesenvitz, 2021). For example, Unilever and IKEA have developed long-term strategies that include environmental and social goals.

Implementing the principles of sustainable development in management processes contributes to the optimal use of natural, financial and human resources, reducing their negative impact on the environment and improving the social conditions of employees (Bhattacharyya & Verma, 2020). Encouraging environmentally and socially responsible behavior among employees is an important factor in successful corporate management. Research shows that a corporate culture that supports the principles of sustainable development contributes to increased employee engagement and productivity (Yilmaz & Flouris, 2017). Implementation of sustainability monitoring and reporting systems allows companies to assess their performance in achieving environmental, social and economic goals. Management tools such as environmental management, social responsibility, and technological innovation are important for the successful implementation of sustainable practices in companies' operations (Meseguer-Sánchez et al., 2021). The literature review shows that corporate management plays a key role in ensuring the sustainable development of international companies. Integrating the principles of sustainable development into all aspects of corporate management ensures the long-term stability and success of the company, contributing to its economic growth, social responsibility and environmental sustainability.

Purpose of the article

The purpose of the article is to study and evaluate the role of corporate management in ensuring sustainable development of international companies.

- Explore the basic concepts and principles of corporate management;
- To study the impact of corporate management on the sustainable development strategies of international companies;
- To develop practical recommendations for international companies to improve corporate governance in order to ensure sustainable development.

Presentation of the main research material and results obtained

Corporate management is the cornerstone of the successful functioning of any company, especially in today's globalized world. Effective management ensures not only the stable development of the company, but also allows it to respond to the challenges of the external environment, adapt to changes and maintain competitiveness. Corporate management is a company management system that includes planning, organizing, motivating and controlling the company's activities in order to achieve its strategic and operational goals, as well as a set of processes and measures aimed at ensuring the effective functioning of the company, optimizing its resources and increasing productivity. Corporate management covers a wide range of activities: from financial and human resource management to strategic decision-making and innovation. We need to define the basic principles of corporate management (Ford et al., 2011):

1. The principle of a systematic approach. This principle implies that the company is viewed as an integral system where all components are interconnected and influence each other. The systemic approach allows managers to see the big picture and make informed decisions that contribute to the harmonious development of the company.
2. The principle of purposefulness. This principle means that all managerial decisions and actions should be aimed at achieving the set goals. A clear definition of goals and priorities allows the company to focus its efforts on the most important areas and achieve high results.
3. The principle of adaptability. In a rapidly changing environment, a company must be able to respond quickly to new challenges and opportunities. The principle of adaptability implies flexibility of management decisions and readiness for change, which ensures the company's stable development in the long term.
4. The principle of innovation. The introduction of new ideas, technologies and approaches is an important factor for success in modern business. The principle of innovation implies continuous improvement of the company's processes and products, which allows it to remain competitive in the market.

The main goals of creating this form of organization are the interests of all participants in corporate relations in the field of business efficiency, namely (Ferrer-Estévez & Chalmeta, 2023):

- increase the level of profit generated by the company;
- creating a sustainable system of enterprise development;
- ensuring compliance with the provisions of the current legislation and organizing an effective business;
- evaluation and use of international standards, including in the development of corporate governance procedures;
- distribution of information between participants in corporate relations and ensuring their interaction.

The corporate management model shows who makes decisions about investments in companies, what types of investments should be made, and in what proportions and directions profits will be distributed, and therefore it can be argued that the corporate management model is a set of built relationships between shareholders and professionals that solve investment goals and ensure the efficiency of the development of an international company (Jean & Kim, 2021). The corporate management system is a kind of organizational or production model that is designed to coordinate the joint actions of managers and owners of the company, but at the same time bring certain benefits to each stakeholder involved in the work of the corporation in one way or another, and the system itself is based on certain principles, and an efficiently functioning corporate management system should provide systemic effects for the company, as shown in Figure 1.

The corporate management model includes a number of management elements and relationships of objects, shareholder management and management of interaction between owners and members of the company's governing bodies, as well as hired managers of the company, the structure of the board of directors, remuneration system, motivation system, and performance indicators.

The main goals of corporate management are as follows (Albahsh & Al-Anaswah, 2023):

- ensuring that the business operates in accordance with major legal standards;
- ensuring the transparency of corporate governance in the decision-making process, regardless of the level of income and success of the company;
- implementation of effective cooperation between the company's management and the supervisory board;
- provision of grounds in cases of violation of the company's code of conduct;
- ensuring that the company is focused on creating long-term value rather than obtaining short-term benefits.

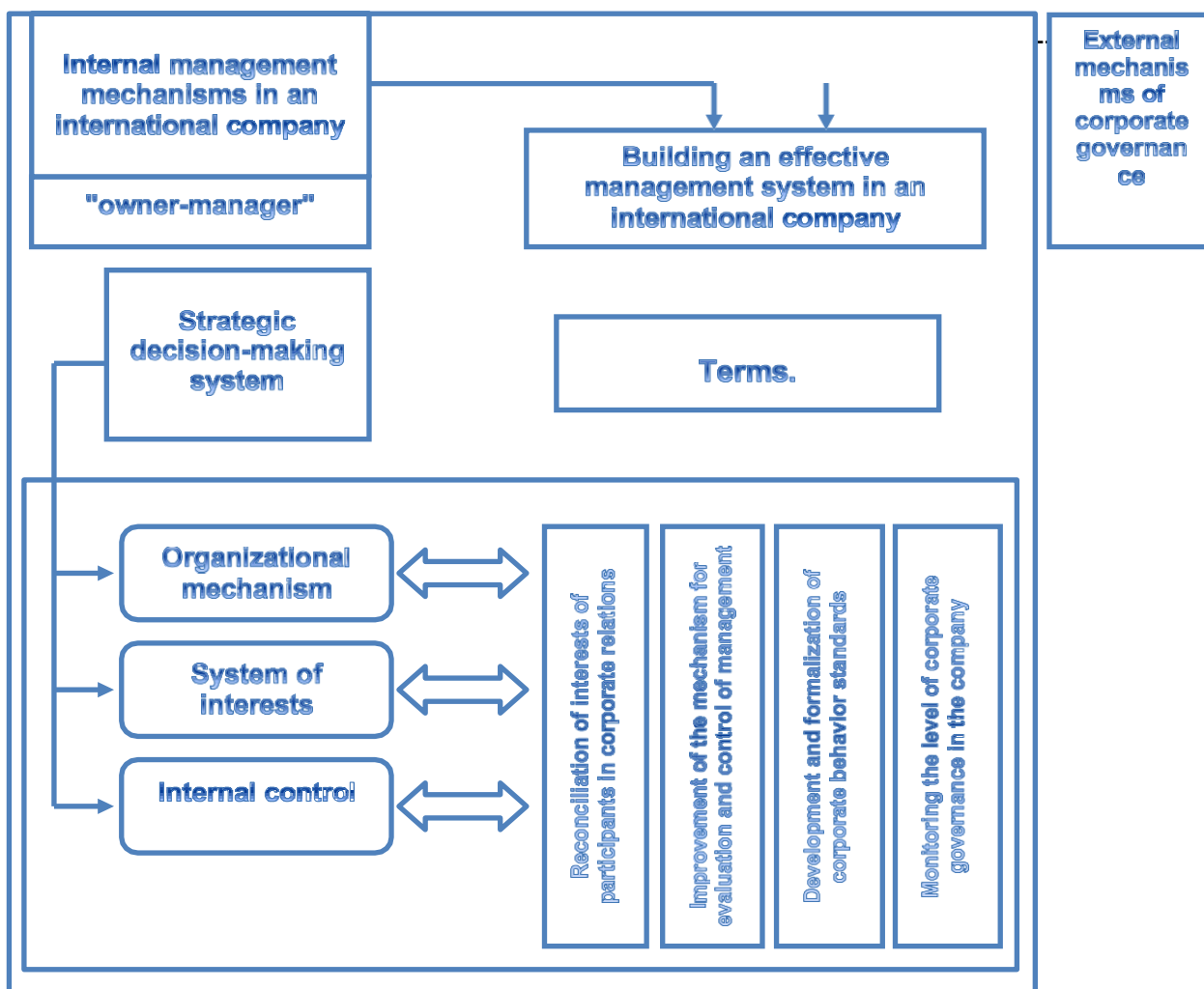


Fig. 1. Mechanism for ensuring effective corporate management for an international company

Source: developed by the author

The corporate management is a system of company elements and relationships between them, covering all types of activities and protecting the rights and interests of shareholders and investors. Moreover, it ensures the stability of operations by taking into account the interests of other stakeholder groups. The internal environment of a company is a personal issue for each particular company (Velesco, 2019). There is not much available information on how certain companies compare with the tasks of organizing a corporate project system. In addition, certain requirements for specialists in the field of corporate management have not yet been developed and this methodology should allow the company to formulate optimal approaches within the corporate management system. nor the task of corporate management. In order to achieve this goal, the following steps should be taken: to identify a list of tasks that the company should achieve. management board. Within the framework of the main tasks of corporate management, the following can be distinguished.

1. Protection of shareholders' rights and interests (Datta, 2022):
 - protecting the rights and interests of shareholders by ensuring their participation in the company's management and voting at general meetings;
 - protecting the rights and interests of shareholders by organizing appropriate conditions for the functioning of the company's board of directors;
 - protecting the rights and interests of shareholders and investors by conducting an audit of the audit committee organization;
 - protecting the rights and interests of shareholders and investors by providing shareholders with reliable corporate information: the company's accounting (financial) statements).
2. Increase the investment attractiveness of the company:
 - improving investment attractiveness by creating an effective audit and risk management system in the company;

- increasing investment attractiveness by ensuring information transparency of the society;
 - ensuring corporate social responsibility of business.
3. Ensuring the effectiveness of the management system:
- strategic orientation of the company's structural units, ensuring unified directions of action and development;
 - achievement of the planned business value indicators;
 - building an optimal management system in the company;
 - ensuring a unified corporate culture in the company;
 - achieving synergies through the management of the Company's assets and those of its subsidiaries and affiliates.

The quality of the corporate governance system depends on the degree of implementation of the International Corporate Governance Best Practices (CGBP), and rating agencies compare the company's corporate governance with the main standards in the course of evaluation (Table 1).

Table 1: Stages of implementation of CGBP components

| Elements of corporate management | Components of the International Corporate Governance Practice (CGBP) |
|--|---|
| Group I. Shareholder rights | 1.3. Independence from the registrar company that maintains the share register. 2.2 Timely notification of shareholders. 2.3 Convenience of the venue. 2.5. The practice of electing accounting committees of the general meeting of shareholders. 2.6 Announcement of the results of voting and announcement of resolutions adopted by the shareholders' meeting. 4.7. Practice of engaging an external auditor to audit financial statements. 4.11. Provisions on the general meeting of shareholders |
| Group II. Activities of governing bodies | Availability of a provision on the board of directors. composition of the Board of Directors. The practice of holding meetings of the Board of Directors. Issues considered at meetings of the Board of Directors. Availability of information for the Board members before convening meetings. 2.6 Procedure for appointment of the General Director. The company has an internal document approved by the board of directors that regulates internal control over the company's financial and business activities. The Board of Directors shall analyze and evaluate the current internal control system at least once a year. 3.5. Availability of an audit committee. Availability of the position of corporate secretary |
| Group III. Disclosure of information | An internal document reflecting the company's information policy. Disclosure of information on the ownership structure. Availability of public financial statements |
| Group IV. Corporate social responsibility | 1. The company has a document that sets out the principles of corporate social responsibility (CSR) that guide the company in its activities. 5. Corporate social responsibility policy in relation to the environment |

Source: based on data from (Osterwalder & Pigneur, 2010; Mauro & Pernazza, 2023)

At the same time, it should be noted that this list is not closed and can be shortened by each particular company, taking into account the window. Understanding the specific tasks to be solved by the company within the framework of corporate management, the management should be committed to achieving them. Based on the analysis of these functions, it is possible to determine the optimal structure of the company's corporate management system (Velesco, 2019). Speaking about the tasks of corporate management, it is worth noting that protection of the rights and interests of shareholders and increase of investment productivity are complementary. Therefore, the division of structural units created to address these tasks may in some cases be very basic. At the same time, their functioning should be clearly defined in order to properly fulfill these tasks (Figure 2).

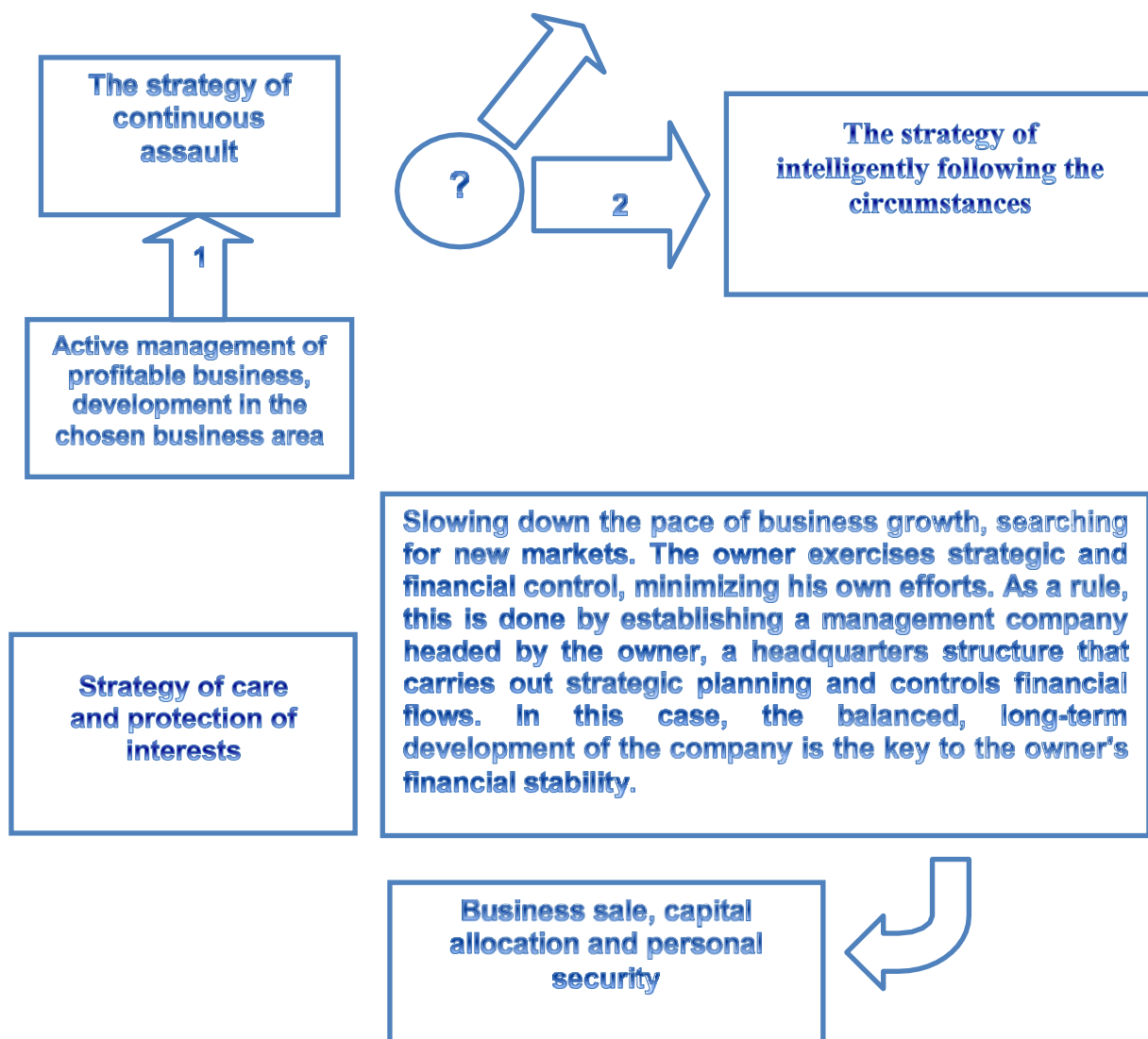


Fig. 2. Strategic alternatives for sustainable development of an international company
 Source: developed by the author

Thus, when building a company's corporate management system, we propose the following methodology that can be used on the basis of:

- defining the tasks to be solved within the company's corporate management system;
- defining the functions that should be implemented in the company in order to achieve each specific corporate management objective;
- assigning functions to a specific structural unit responsible for their proper performance. At the same time, it is worth noting that each function is performed by specific people who implement it. Accordingly, it is necessary not only to form corporate management structures, but also to provide them with personnel

- who have the skills to perform these functions;
- formulation of qualification requirements for corporate management system specialists based on the analysis of their functions;
- recruitment of personnel that meet the qualification requirements and staffing of the corporate HR system's structural units.

The application of this methodology in building a corporate management system within the company will allow owners to answer the following questions: is it a corporate management system, which structural units should be included in its state within the company and what requirements should be imposed on specialists involved in the company's corporate management system. Clear answers to the above questions will allow the company to build an effective and flexible corporate management system, responding to both external and internal threats (Munoz, 2023).

Today's corporate activities require a balance between the interests of effective corporate management and the principles of publicity, openness and compliance with the EGS agenda. The government, investors, business and the public are developing measures to address the environmental, social and economic challenges of our time as part of corporate social responsibility programs. According to this concept, in addition to the main goal of making a profit, a company takes into account the interests of society by taking voluntary responsibility for the impact on stakeholders in the public sphere, and such an obligation goes beyond the obligations established by law and implies that companies voluntarily take additional measures to improve the quality of life of employees and their families, as well as the local community and society as a whole.

Under the influence of environmental, social and economic challenges, the requirements for a company's activities include the need to take into account ESG aspects and manage its impact on the environment and society. To move to sustainable corporate management and respond to ESG challenges and confirm the commitment of the company's corporate management system to ESG principles, it is necessary to implement a roadmap:

- Incorporate the principles of sustainable development into the company's operations;
- define the company's ESG goals and publish progress reports, showing both positive and negative results;
- introduce the position of Director of Sustainable Development;
- prepare and approve a sustainable development strategy for the Board of Directors;
- integrate ESG goals into the activities of the company, management and staff;
- increase transparency and engagement of the company's employees, shareholders, and investors;
- assess the risks of sustainable development;
- to stimulate the implementation of the ESG strategy;
- identify and implement funding sources and the possibility of linking management remuneration to the achievement of sustainable goals (Masoud & Basahel, 2023).

In today's world, the concept of sustainable development is becoming increasingly important, especially for large international companies that have a significant impact on the global economy and the environment. Corporate governance plays a key role in implementing sustainable development strategies, ensuring a harmonious balance between the economic, environmental and social aspects of a company's operations. We can identify the link between corporate governance and sustainable development as shown in Table 2.

Table 1: Organizational and economic link between corporate management and sustainable development

| Type of communication | Organizational characteristics | Impact on the company | Management feasibility |
|--|---|--|--|
| Strategic planning and sustainable development | Developing long- term goals and strategies that take into account | Ensures long-term competitiveness and sustainable development of the | Effective strategic planning allows a company to adapt to changes in the |
| Organization and management of resources | Optimal use of natural, financial and human resources | Increases production efficiency and reduces costs | Reduces negative environmental impact and improves social conditions for employees |

| | | | |
|----------------------------------|---|--|--|
| Motivation and corporate culture | Encouraging environmentally and socially responsible behavior | Increases employee engagement and productivity | Creates a positive image of the company, which helps to attract investors and retain customers |
| Control and reporting | Assessment of effectiveness in achieving environmental, social and economic goals | Timely detection and correction of deviations | Transparency in reporting increases trust from consumers, investors and regulators |

Source: developed by the author

The organizational and economic link between corporate management and sustainable development is obvious and extremely important for modern companies (Velesco, 2019). Integrating sustainability principles into all aspects of corporate management ensures the long-term stability and success of the company, contributing to its economic growth, social responsibility and environmental sustainability. Successful corporate management focused on sustainable development creates additional value for shareholders, employees, customers and society as a whole.

Implementation of the principles of sustainable development allows companies not only to reduce their negative impact on the environment, but also to increase their competitiveness, strengthen their reputation and attract new customers and investors. We have characterized and studied a number of successful sustainability strategies implemented by modern international companies.

1. Unilever, one of the world's leading consumer goods companies, has developed a sustainable development plan called the Unilever Sustainable Living Plan. The strategy includes reducing greenhouse gas emissions, reducing water and waste consumption, and improving working conditions for employees. In particular, the company aims to reduce carbon dioxide emissions in the production process by 50% by 2030 (Alkhodary, 2023).
2. One of the oldest players in the global market, IKEA is actively implementing a sustainable development strategy called "People & Planet Positive", which is aimed at creating a positive impact on people and the planet. The company plans to achieve 100% use of renewable energy in its operations by 2025, as well as to ensure full recycling of all materials used in the production of furniture. In addition, IKEA is working to reduce the carbon footprint of its products and transportation.
3. Google, the Internet giant, has already achieved the status of a carbon- neutral company, offsetting all of its greenhouse gas emissions through reforestation projects and renewable energy. The company also invests in the development of new technologies to improve the energy efficiency of its data centers and offices. "Google aims to use 100% renewable energy in its operations by 2030 (Claxton & Kent, 2020).
4. Tesla, the global leader in the electric car market, is a leading manufacturer of electric vehicles and energy solutions that promote sustainable development. The company is working to create a closed production cycle that includes recycling used batteries to make new ones. "Tesla is also actively developing infrastructure for charging electric vehicles, which helps reduce greenhouse gas emissions in the transportation sector (Yu, Fletcher, & Buck, 2022).
5. Patagonia, a well-known manufacturer of outdoor clothing and equipment, is implementing a sustainable development strategy that includes the use of environmentally friendly materials, waste reduction and support for environmental protection initiatives. The company actively encourages its customers to recycle and reuse products and invests in projects to restore natural ecosystems.
6. Microsoft, a technology giant, has set an ambitious goal of becoming a carbon negative company by 2030, i.e., removing more carbon from the atmosphere than it produces. To achieve this goal, the company is investing in the development of carbon capture and storage technologies, as well as switching to renewable energy in its operations. Microsoft is also working to reduce the carbon footprint of its products and services.

Examples of successful sustainability strategies in international companies show that implementing environmental and social initiatives can be not only beneficial for the environment but also economically profitable, and we see that companies that actively implement the principles of sustainable development become market leaders, attract new customers and investors, and strengthen their reputation. Sustainable development

strategies allow companies not only to reduce their negative impact on the environment, but also to create additional value for their shareholders, employees and the company as a whole.

Thus, corporate management plays a key role in ensuring the successful operation and development of a company. Defining the main functions and principles of management allows to effectively plan, organize, motivate and control the company's activities. Adherence to the principles of a systematic approach, focus, adaptability and innovation contributes to the achievement of high results and ensure the stable development of the company in the modern business environment.

Conclusions

It has been found that corporate management is the foundation for the successful functioning of any company, especially in today's globalized world. Effective management not only ensures the stable development of the company, but also allows it to adapt to changes in the external environment, respond to challenges and maintain competitiveness. This is achieved through a management system that includes planning, organizing, motivating and controlling activities.

The principles of a systematic approach, focus, adaptability and innovation, which are critical for effective corporate management, were investigated. On this basis, it was determined that the systemic approach allows to see the company as an integral system, focus ensures focus on achieving the set goals, adaptability helps to respond quickly to changes, and innovation contributes to the continuous improvement of the company's processes and products.

It has been proven that corporate management plays a key role in implementing sustainable development strategies that promote a harmonious combination of economic, environmental and social aspects of a company's

activities. Integration of the principles of sustainable development into all aspects of corporate management ensures long-term stability and success of the company, contributing to its economic growth, social responsibility and environmental sustainability. The research has made it possible to substantiate the idea that successful corporate management focused on sustainable development creates additional value for shareholders, employees, customers and society as a whole. This approach increases the level of profit generated by the company, ensures the creation of a sustainable system of enterprise development, supports compliance with applicable laws and international standards, and promotes transparency and effective cooperation between all participants in corporate relations.

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PERSONNEL MANAGEMENT IN THE CONDITIONS OF MILITARY CONFLICT: EXPERIENCE OF UKRAINIAN COMPANIES AND PROBLEM SOLVING WAYS

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Abstract

The article analyzes the impact of the military conflict in Ukraine on personnel management in the business environment. It examines how Ukrainian companies adapt to new challenges, maintaining business stability and supporting employees facing psychological, social and physical threats. The article emphasizes the importance of revising traditional approaches, implementing flexible schedules, remote work and active psychological support.

Analysis of these changes in personnel management strategies is extremely important, as it helps to understand how Ukrainian businesses can effectively respond to the challenges of war, support their employees and contribute to the sustainability of society. This study aims to develop recommendations for Ukrainian companies to improve their management approaches in wartime conditions and to determine ways of further business development in crisis conditions.

Keywords

Personnel management, crisis management, stress, psychological support.

Problem statement

The conditions of war require a rapid review of existing management strategies to preserve business and support workers facing various types of threats. The problem lies in the need to adapt companies to new conditions, develop effective personnel management measures and support employees in conditions of stress and uncertainty.

Relevance of the chosen topic

Personnel management in wartime is critical to ensuring the stability of companies, maintaining employee morale and productivity. The study provides practical recommendations for Ukrainian companies to improve their approaches to personnel management in crisis situations, which contributes to their sustainability and development.

Analysis of recent research and publications

Recent studies show that during the military conflict, Ukrainian companies implemented a number of measures to support their employees, including telecommuting, flexible schedules, psychological support and training programs. According to Gradus Research, the level of employee satisfaction in Ukraine has significantly decreased, which indicates the need to strengthen support measures. Other studies show rising levels of stress among workers and changes in perceptions of work-life balance.

Theoretical and practical aspects of the role of the psychological state in personnel management at the enterprise under martial law were studied by such domestic researchers as V.I. Kudelia, V.G. Yakovenko, O.G. Cherep, O. Uvarova and M. Saprykina. Studying the experience of Ukrainian companies allows us to identify the most effective personnel management strategies in crisis conditions.

Purpose of the article

The purpose of the study is to analyze the experience of Ukrainian companies in the field of personnel management in the conditions of a military conflict and to develop recommendations for improving management approaches in crisis situations. Research focuses on exploring new strategies to support workers, ensure their safety and psychological well-being.

Achieving the set goal made it necessary to solve the following tasks:

1. To investigate the impact of the war on the activities of employees of Ukrainian companies.
2. Determine the level of stress and happiness of employees, identify the causes.
3. To study Ukrainian companies and their strategies in personnel management in accordance with new realities.
4. Develop relevant strategies to increase the efficiency of staff work.

Presentation of the main research material and results obtained

The military conflict in Ukraine has significantly affected all spheres of life, including the economy, social sphere and business environment. Ukrainian companies found themselves in conditions of unprecedented challenges that require rapid adaptation and implementation of new management strategies.

Personnel management is a set of measures aimed at effective use of the company's labor resources, which includes planning, recruitment, motivation, training and development of employees. In crisis conditions, these processes acquire special importance, since companies must quickly respond to changes, ensure business stability and the preservation of key personnel (Kudelia & Yakovenko, 2023).

Faced with unpredictable conditions, Ukrainian companies had to adapt their strategies, management approaches and priorities (Figure 1).

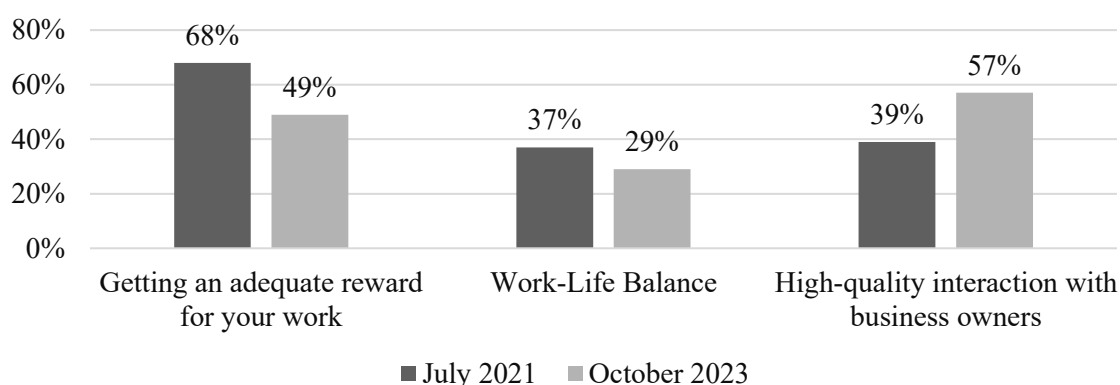


Fig. 1: The impact of the war on the activities of Top Managers of Ukraine

Source: Compiled from (Gradus Research Plus, 2023)

The analysis of Figure 1 shows that the level of employee satisfaction in Ukraine has changed significantly in recent years. According to research by Gradus Research, the percentage of employees who believe their compensation is adequate decreased from 68% in 2021 to 49% in 2023. This change is explained not only by economic difficulties, but also by the increased level of stress that accompanies military conflict. There was also a significant change in the perception of work-life balance, with this indicator falling from 37% in 2021 to 29% in 2023. Employees began to spend more time at work, trying to maintain their positions in conditions of economic

instability, which leads to emotional burnout and reduced productivity. A large number of companies switched to remote work, which allowed employees to manage their working time more efficiently, but, despite everything, blurred the boundaries between personal life and work. Despite all the difficulties, there are also positive changes. The quality of interaction between business owners and employees increased from 39% in 2021 to 57% in 2023. This may be due to the growing awareness of management about the importance of supporting employees during a crisis, as well as the involvement of new approaches to personnel management (Gradus Research Plus, 2023).

Managers began to pay more attention to the moral support of their employees, the development of their skills and the creation of a safe and supportive work environment. Many companies have started training and development programs aimed at supporting the psychological health of their employees, which has helped to strengthen team spirit and improve work efficiency.

Psychological support has become one of the main tools in ensuring stability and efficiency of work in wartime conditions. Employees experience stress, anxiety and uncertainty, which negatively affects their performance and morale (Figure 2, 3) (Gradus Research Plus, 2024a, 2024b; Teterin, Hoidash, & Protsak, 2023, pp. 200–211):

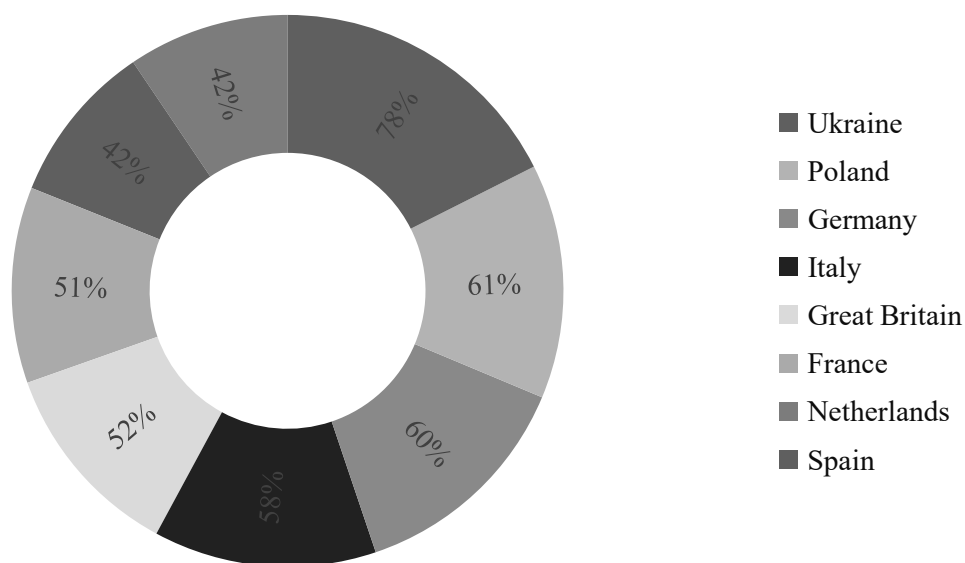


Fig. 2: Feeling of stress or nervousness in Ukrainian and European office workers in March 2024
 Source: Compiled from (Gradus Research Plus, 2024b)

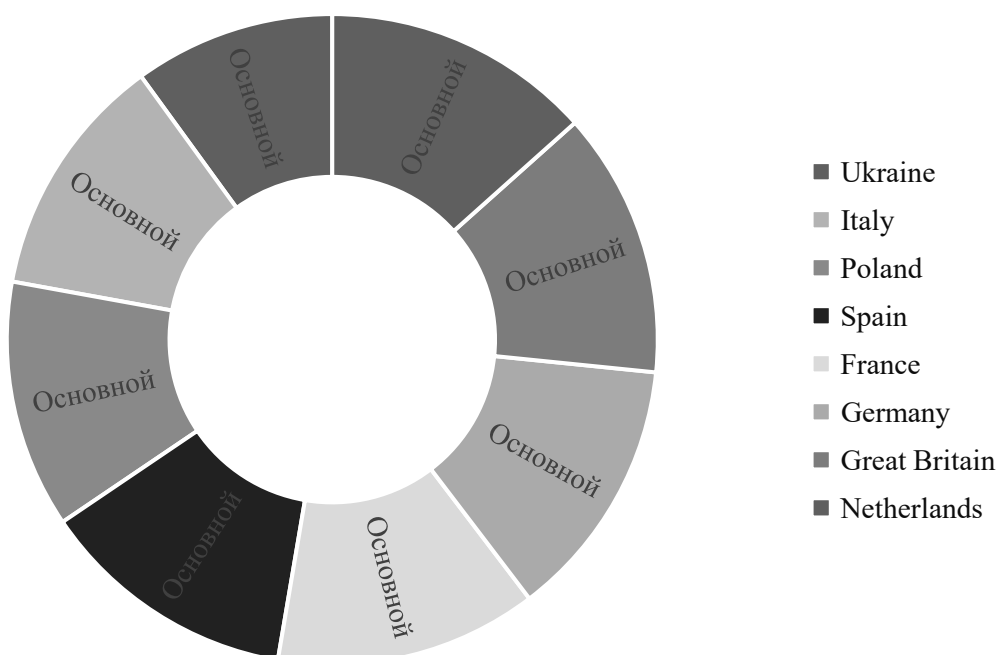


Fig. 3: Level of happiness of Ukrainian and European office workers at the end of 2023

Source: Compiled from (Gradus Research Plus, 2024a)

Analyzing the data in Figures 2 and 3, we can conclude that Ukraine ranks first and last among the studied countries in terms of stress and happiness, respectively. Among the most common reasons for stress, Ukrainians single out the socio-political situation, work and financial issues, at the same time, in order to be happy, one needs the health of oneself and loved ones, peace and security, and financial stability (Figure 4, 5).

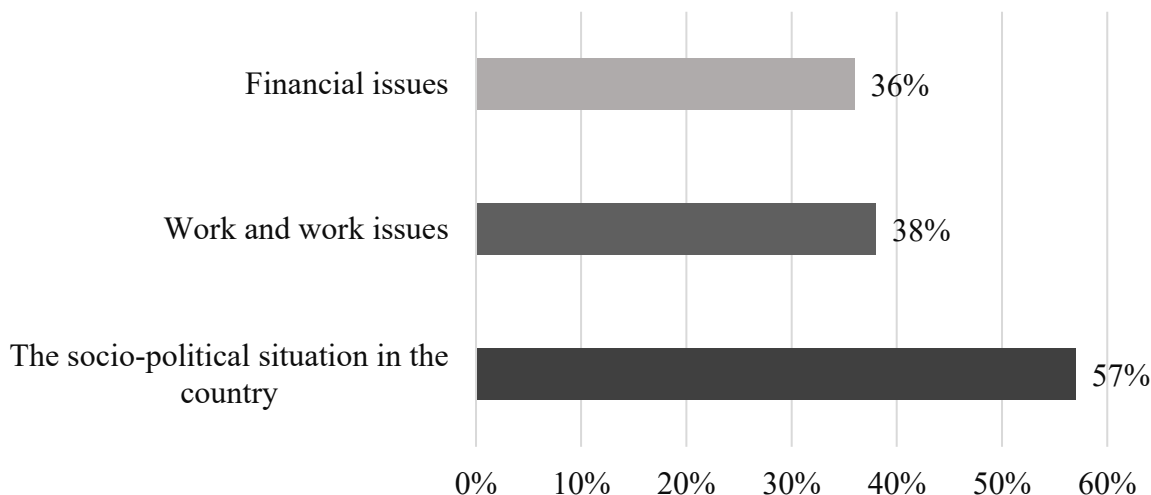


Fig. 4: Top three causes of stress or nervousness among office workers in Ukraine in March 2024
Source: Compiled from (Gradus Research Plus, 2024b)

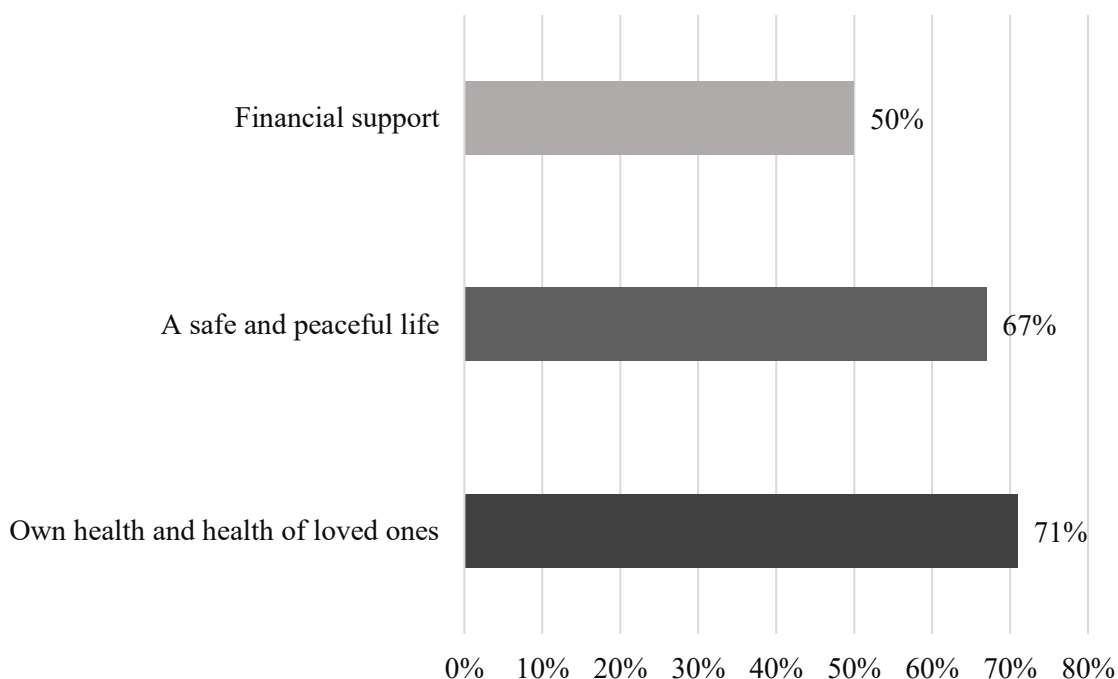


Fig. 5: Top five conditions for a happy life in Ukraine at the end of 2023
Source: Compiled from (Gradus Research Plus, 2024a)

According to Figure 4 and 5, psycho-emotional stress is caused by constant shelling and aerial alarms and threat to the life and health of both the respondent workers themselves and their families. This leads to the inability of workers to concentrate on work tasks, as a result of which there is a decrease in productivity and an increase in the number of errors. The loss of relatives or friends directly affects the psychological state, leads to depression, anxiety disorders and, in many cases, to the need for long-term recovery. Many Ukrainians were forced to leave their homes and jobs because of the hostilities, which affected their emotional and financial state. Relocation, uncertainty about the future, the need to adapt to new living and working conditions increase feelings of anxiety

and uncertainty.

In such conditions, the organization of psychological support becomes an important aspect of personnel management, since the well-being of personnel has become a critically important factor for ensuring stable work in crisis conditions. Leaders must be ready to have open conversations with subordinates, show empathy and support. It is important to provide staff with information about available psychological assistance resources, including internal support programs, governmental and non-governmental organizations (Kudelia & Yakovenko, 2023, pp. 290–297; Tsalko, Nevmerzhytska, & Ptukha, 2024).

An example of successful personnel management under martial law was PJSC OBOLON, which is the largest producer of beverages in Ukraine.

Figure 6 describes how PJSC "OBOLON" uses ways of supporting the psycho-emotional state of their employees and the improvement of their productivity.

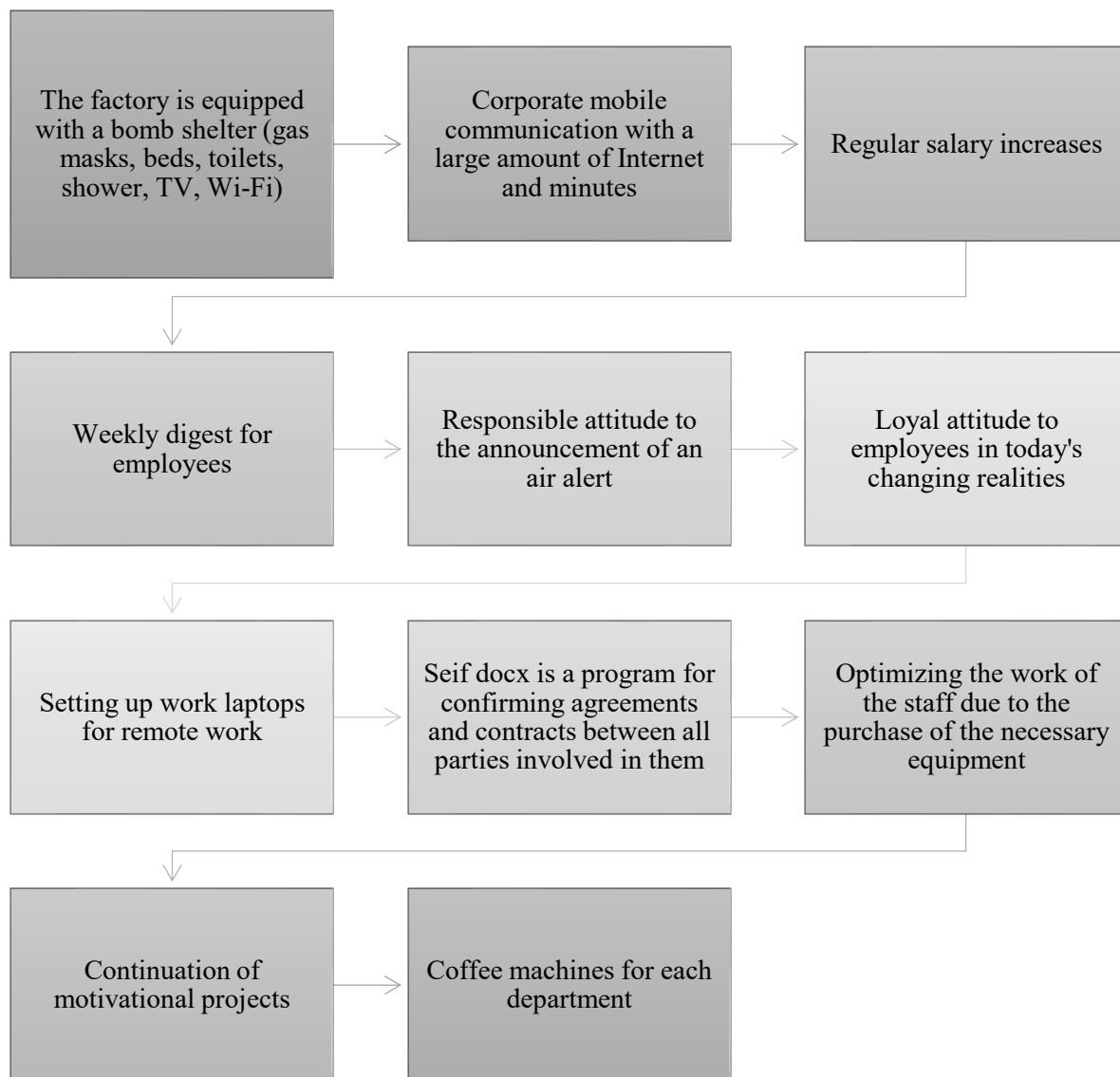


Fig. 6: Ways of supporting the psycho-emotional state of employees PJSC "OBOLON" and improving their productivity in 2024

Source: Compiled by authors

Analyzing Figure 6, the main ways of supporting the company in question are the creation of safe working conditions. These methods include:

1. Rules regarding the air alarm. In addition to having to go down to the bomb shelter, the company has implemented rules according to which employees do not go to work under any circumstances if the alarm sounds in the morning. If the threat of shelling was at night and the workers, accordingly, did not sleep, they are allowed to come later to the workplace, or go home earlier at the end of the day.

2. Loyal attitude towards employees and care for them include:
 - additional notifications from management regarding the current situation;
 - every morning check-ins of employees regarding the fact that they are safe, at the workplace and feeling well;
 - availability of generators so that employees can come to work at any time and charge their gadgets;
 - weekly digest - company news, which contains articles on how to cope with stress, and also in each digest, from the beginning of the log in, several pages are dedicated to managers (their experience, life path), as a way of motivating employees.
3. Motivational projects include standard bonuses for exceeding the plan or creative ideas. But in the opposite situation, when the plan was not fulfilled, or there were certain mistakes, the system of fines was canceled. In addition, the factory does not lay off anyone, but on the contrary, tries to offer alternative positions or work so that people have work and the opportunity to earn during this difficult time.
4. The company has done everything possible to improve working conditions, from creating a comfortable working environment where you can sign documents online, to basic human needs such as coffee.

Among other examples of successful personnel management, the following companies should be noted:

1. The Eleks IT company opened a Psychological Support Center, where 15 internal specialists and 10 external psychologists, psychiatrists, psychotherapists and crisis specialists work (Uvarova & Saprykina, 2023).
2. "Kernel" company organized classes on paramedical care, including both theoretical and practical sessions. Before starting the classes, participants take an online course and receive additional video materials about the MARCH protocol (Uvarova & Saprykina, 2023).
3. The Danish company A.P. Moller – Maersk established an internal crisis management team that worked closely with the regional team and employees in Ukraine. The following measures were implemented: development of guidelines for workers on different support options, establishment of a hotline and encouragement of workers to use the Employee Assistance Program to support the mental health of workers and their families, support for workers and their families during evacuation, establishment of assistance centers in Romania and of Poland, as well as the provision of temporary housing, financial assistance and assistance in the relocation of workers (Uvarova & Saprykina, 2023).
4. The Meest company has organized a coordination center to provide assistance to its employees with evacuation, housing, traveling abroad, as well as providing psychological support. A shelter was set up in the Lviv office for employees evacuated from eastern Ukraine. Humanitarian food boxes were sent to people who decided not to leave their homes (Uvarova & Saprykina, 2023).

These measures demonstrate the company's concern for its staff and contribute to maintaining work efficiency even in the most difficult times.

Considering the modern challenges, companies should focus on the following strategies to increase the efficiency of personnel (Table. 1, 2)

Table 1: The program "Emotional Counter"

| | |
|----------------------------|--|
| Description of the concept | "Emotional counter" is a mobile application that will allow the company to monitor the workload and emotional state of employees in real time and adjust and adapt certain decisions and tasks accordingly. |
| How does it work? | Every week, the employee notes and evaluates his emotional state according to a number of criteria: stress level, exhaustion, anxiety, job satisfaction, received motivation, feeling of support, etc. |
| | The employee fills in the meter items anonymously from colleagues, but openly for the manager. |
| | The system analyzes the received data and sends a summary report on the employee's condition to the manager, and personal recommendations to the employee, such as reducing the workload, special trainings, sessions with a staff psychologist. |
| | The manager, in turn, sets the workload for the employee per week in accordance with his emotional and physical state. |

| | |
|------------------|--|
| Program benefits | The program allows the company to predict possible burnouts and motivation problems. |
| | Each employee receives individual support tailored to their needs, which will increase work efficiency. |
| | Using the program will contribute to the formation of trusting relationships between management and subordinates. |
| The condition | Visit of a staff psychologist for managers is mandatory for correct and unbiased response to reports on the condition of subordinates (Teterin, Hoidash, & Protsak, 2023). |

Source: Compiled by authors based on (Lenda, Ohanesian, & Skibska, 2024; Teterin, Hoidash, & Protsak, 2023).

This program will help not only to maintain the emotional balance of employees in difficult conditions, but also to increase the overall resilience of the company to crisis situations (Khliebnikova, Temchenko, & Bilinska, 2023).

Table 2: Recreation capsule

| | |
|----------------------------|---|
| Description of the concept | Rest capsules are specially equipped places in the work spaces, designed for a short rest or sleep of employees during the working day. Such capsules usually have a compact design that allows them to be placed in small office spaces or on production sites. |
| How does it work? | Workers can use capsules for short sleep or rest breaks of 10 to 30 minutes. Such breaks contribute to increased concentration and productivity for the rest of the working day. |
| | The capsules are equipped with settings that allow the user to change the lighting, temperature, ventilation and tilt of the chair, creating optimal conditions for relaxation. |
| | They provide soundproofing from the noise of an office or industrial environment, creating a quiet and peaceful space for relaxation. |
| Program benefits | The presence of the function of monitoring the health status of the employee, such as measuring the heart rate or stress level. |
| | Scientific studies show that a short nap or rest during the working day can significantly increase the productivity of workers (Shyroka, 2019). |
| | In today's fast-paced work environment, many workers face high levels of stress, which can lead to emotional burnout. Relaxation capsules provide an opportunity for quick relaxation and help reduce stress levels, maintaining a healthy balance between work and rest. |
| | The introduction of innovative solutions, such as rest capsules, demonstrates concern for the well-being of employees. This can increase staff satisfaction and reduce employee turnover. |

Source: Compiled by authors

The introduction of rest capsules at workplaces is a promising initiative that corresponds to modern trends in caring for the health and well-being of employees. By providing an opportunity for a short sleep and relaxation, the capsules help increase productivity, reduce stress and burnout, and improve the health of employees, which positively affects the overall efficiency of the company's work. An innovative approach to personnel management, in particular through the creation of a comfortable working space, is becoming an important success factor in the modern labor market.

Conclusions

The war in Ukraine has significantly affected all aspects of business, forcing companies to reconsider traditional approaches to personnel management. Changes in strategies have become a necessity to support workers facing stress, psychological and physical threats. Ukrainian companies, such as PJSC OBOLON, were able to adapt to

new conditions thanks to the introduction of flexible schedules, remote work, as well as the provision of active psychological support. These measures helped maintain business stability and increase employee efficiency. The organization of psychological support and the implementation of innovative solutions, such as the "Emotional Counter" and "Rest Capsules", have become critically important for maintaining the emotional balance of employees and increasing their productivity in crisis conditions.

Thus, the study demonstrates that effective human resource management during military conflict is critical to ensuring business sustainability and maintaining employee morale. For further study of the impact of military conflict on business, it is worth focusing on areas such as the effectiveness of social programs during wartime and the role of technology in managing business during wartime.

It is important to investigate which social initiatives are most effective during military conflict and how they can be integrated into company development and personnel management strategies. Studying how the latest technologies, particularly in security, telecommuting and cyber security, help companies survive and thrive in conflict. These studies will help to better understand the challenges faced by business during war and to develop effective strategies to overcome these challenges.

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AGRICULTURAL PRODUCT EXPORT MANAGEMENT IN THE CONDITIONS OF MILITARY CONFLICT

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Abstract

From the beginning of 2022 and in the following years, Ukrainian exporters face new challenges on international markets, which requires adaptation to changing trade conditions. The study shows that the demand for agricultural products remains stable, but the structure of production is dominated by crop products, in particular grain and oil crops. The importance of reducing the share of agriculture in GDP and the importance of developing comprehensive marketing strategies to strengthen the position of the agricultural sector were noted. The article emphasizes the importance of implementing modern sales systems and marketing communications for the promotion of Ukrainian agricultural products. The use of cross-marketing as an effective strategy for agribusiness, which allows integrating product promotion into cooperation with other enterprises, is proposed. Various forms of cross-marketing that can increase sales and expand the customer base are considered. The importance of integrated marketing communications for creating a single message and increasing consumer confidence in Ukrainian products is emphasized. The conclusions emphasize the need for strategic planning and partnership, which will help increase the share of Ukrainian agricultural enterprises in international markets and strengthen their competitiveness.

Keywords

Export, promotion, activity, sales, competition, management.

Problem statement

Effective management of the export of agro-industrial products is a key tool for Ukrainian companies seeking to integrate into world markets in conditions of military conflict. Adapting to changes in the global business environment, given the challenges Ukraine is facing because of the war, is becoming extremely important to remain competitive. This makes it possible to increase the recognition of Ukrainian agricultural products, attract international partners and influence the decisions of consumers in different countries. However, in today's complex conditions, traditional approaches to export management may not be effective enough. Companies must explore new methods and adapt their strategies to achieve maximum results and ensure a stable presence in global markets (University of Applied Sciences Mittweida, 2024).

Relevance of the chosen topic

Growing competition on the international market requires Ukrainian companies to find new methods of export management that allow not only to preserve, but also to strengthen the position of agricultural products on foreign markets. The study of current problems and strategies of export management is a key stage for ensuring the stable presence of Ukrainian farmers in the international arena. This topic acquires special importance in the conditions of the military conflict, since adaptation to the changing conditions of international trade becomes critically important for the preservation and development of the agricultural sector of Ukraine.

Analysis of recent research and publications

Recent research on the management of Ukrainian agricultural exports in the context of military conflict focuses on new regulations introduced by the government to support exporters. These rules contain new regulatory requirements and state support measures to stimulate the agricultural sector.

Purpose of the article

The purpose of this scientific work is to analyze and present various strategies that can contribute to increasing the efficiency of managing the export of agro-industrial products in the conditions of the military conflict that has unfolded in the market of Ukraine.

Presentation of the main research material and results obtained

One of the important factors determining the direction of agricultural export management in Ukraine is the legal regulation that affects the strategy and tactics of companies, as well as consumer behavior, economic instability caused by war, and technological development.

In 2024, Ukraine faces various trade barriers that make it difficult to export, especially agricultural products. As an example, we can cite the fact that the European Commission lifted restrictions on the import of agricultural goods from Ukraine, but the governments of Poland, Hungary and Slovakia decided to extend the ban on the import of some goods unilaterally, respectively, this creates additional challenges for Ukrainian exporters, who are forced to look for new sales markets and adapt to the changing conditions of international trade (ZN.UA, 2023).

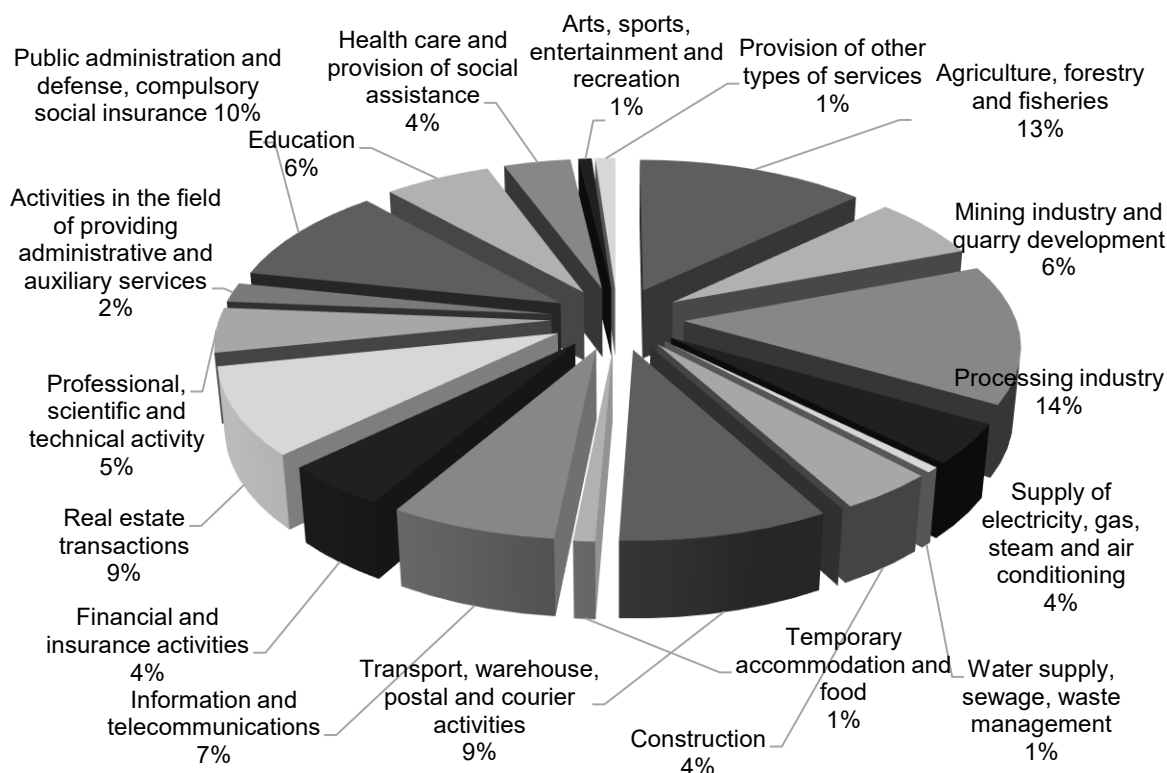


Fig. 1: Dynamics of Ukraine's GDP, in 2023

Source: compiled from (Derzhavna sluzhba statystyky Ukrainy, 2023a)

The analysis of the dynamics of the share of agriculture in the GDP of Ukraine showed a gradual growth of the main indicator of the national economy in the period 2013–2023, Figure 1. A deeper analysis of the agricultural segment in GDP allows us to identify specific patterns that reflect fluctuations in the growth and recession rates of this sector of the economy.

Looking at Figure 2, it can be argued that the country's GDP grew rapidly, and from 2018 to 2023, the GDP growth rate slowed down from 12.06% in 2018 to 8.97% in 2022. Such changes were caused by certain internal and external factors that occurred during this period. GDP growth in 2023 was just 5.4% year-on-year, half the growth rate in 2022; but despite everything, we can observe a gradual adaptation to external environmental challenges. Ukraine's highest GDP growth rate was in 2021 (18.83% compared to the previous year). The gradual adjustment of Ukrainian farmers can be observed in 2023, as the indicator remained at the level of 8.95%.

Dynamics of the state of the share of the GDP of agriculture in Ukraine, for 2013-2023.

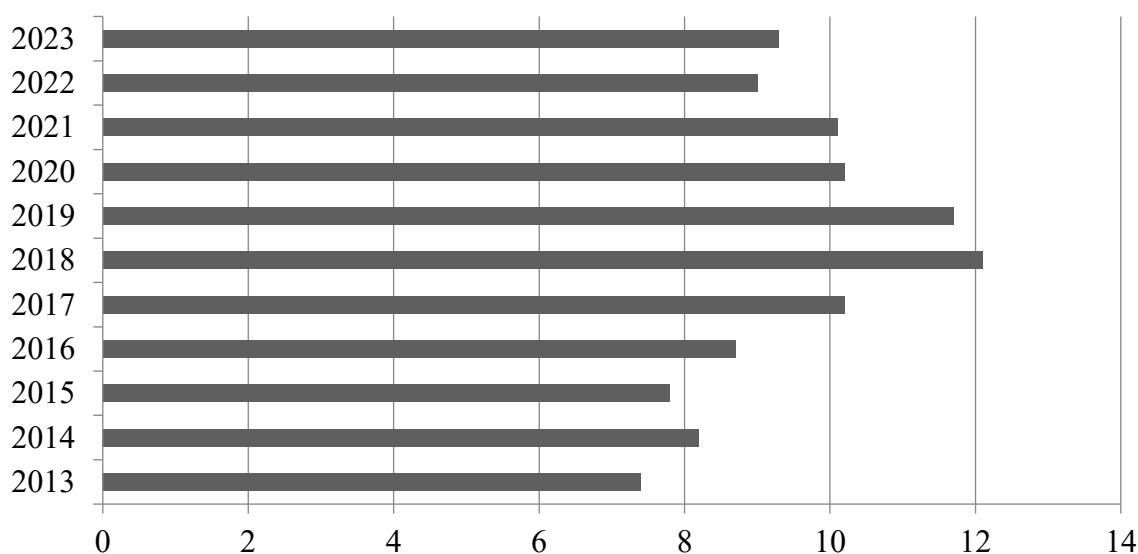


Fig. 2: Dynamics of agriculture, forestry and fisheries (2013–2023)

Source: compiled from (Derzhavna sluzhba statystyky Ukrainy, 2023a; Derzhavna sluzhba statystyky Ukrainy, 2023b)

Figure 3 to 4 show the share of GDP of agriculture in Ukraine by quarters in the period 2020–2023. The current situation in the global food market is mainly characterized by changes in the global supply and demand ratio, price fluctuations and dynamic growth of food trade, taking into account the needs and each of the segments of the population in different regions of the world (Svitovyi rynek ahrarynoi produktsii, 2018).

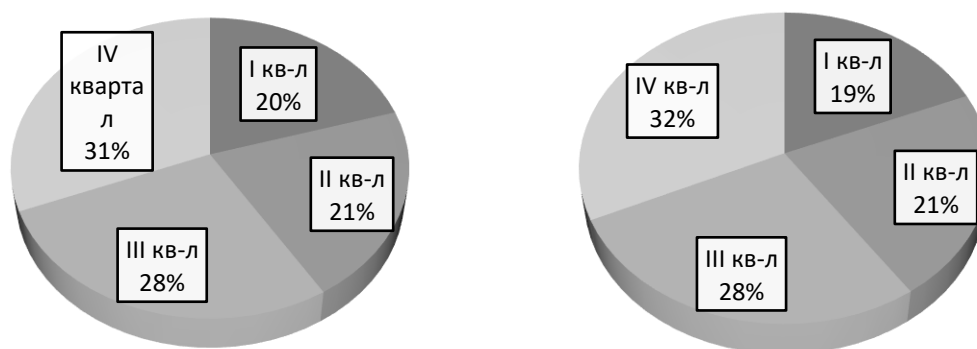


Fig. 3: The structure of the GDP of agriculture in 2020 (left), 2021 (right)

Source: compiled from (Derzhavna sluzhba statystyky Ukrainy, 2023a; Derzhavna sluzhba statystyky Ukrainy, 2023b)

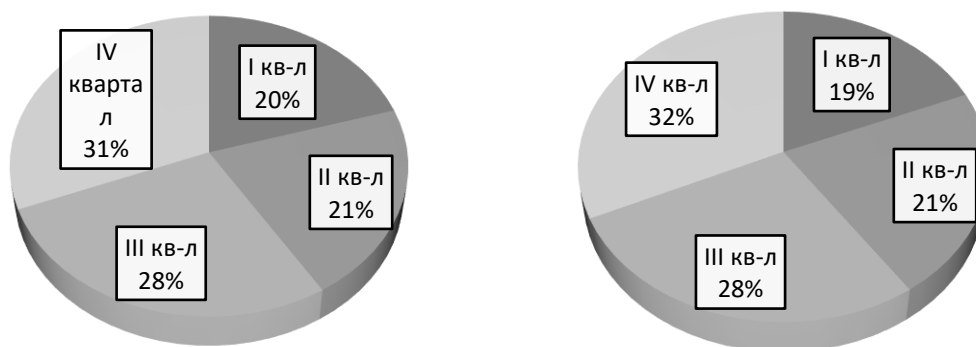


Fig. 4: The structure of the GDP of agriculture in 2022 (left), 2023 (right)

Source: compiled from (Derzhavna sluzhba statystyky Ukrainy, 2023a; Derzhavna sluzhba statystyky Ukrainy, 2023b)

Ukraine acts as an exporter of agricultural products, not only supplying them to neighboring countries of the European Union, but also delivering its products to other countries. These export directions are described in Figure 5.

Countries to which Ukrainian agricultural products are exported

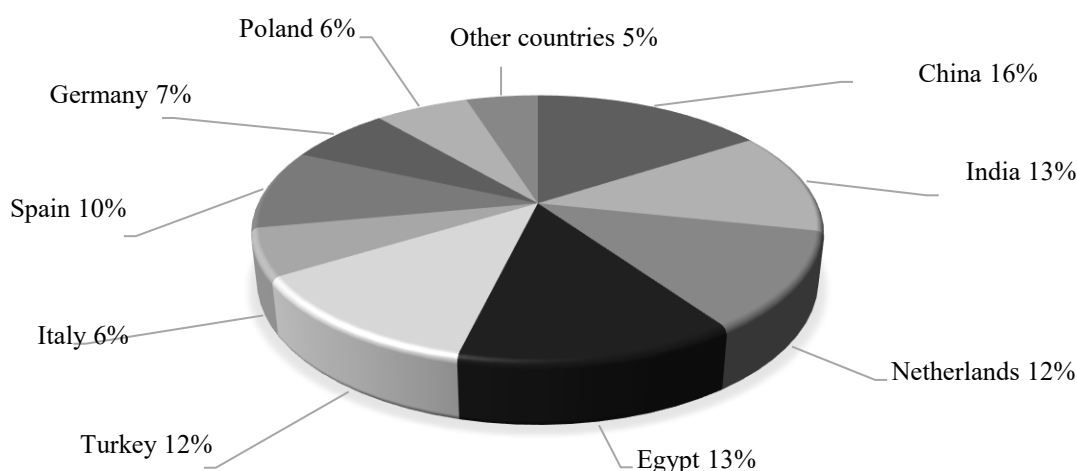


Fig. 5: Countries to which Ukrainian agricultural products are exported.

Source: compiled from (Ekonomichna pravda, 2020)

In the context of international management, the export of Ukrainian agro-industrial products in 2023 demonstrates strategic potential to strengthen its position not only within the country, but also in global markets. The main export categories are grains and oilseeds, cake, oilseeds, as well as solid waste resulting from the extraction of vegetable fats and oils, which indicates the high competitiveness of these products on the world stage (Ministerstvo ahrarnoi polityky ta prodovolstva Ukrainy, 2021; Khomenko & Koltko, 2017). Such an export structure requires effective supply chain management and adaptation to international food quality and safety standards (University of Applied Sciences Mittweida, 2024).

The internationalization of the agro-industrial sector of Ukraine requires the integration of innovative management methods, such as transnational strategies that allow adapting business processes to the specifics of different markets. In particular, the growing demand for grains and oilseeds in Europe, Asia and Africa opens up opportunities for the development of international partnerships and diversification of export destinations.

To effectively enter new markets, comprehensive monitoring and analysis of the economic and political conditions of importing countries is necessary. Successful implementation of international management strategies requires the use of global supply chains, optimization of logistics processes and the establishment of direct contacts with international distributors. This will allow Ukrainian agricultural enterprises not only to maintain current markets, but also to expand export opportunities in the face of increased competition on the world stage.

For a comprehensive assessment of agricultural producers' exports to other countries, the following statistics should be taken into account for the four most common categories of agricultural products, as shown in Figure 6 to 7.

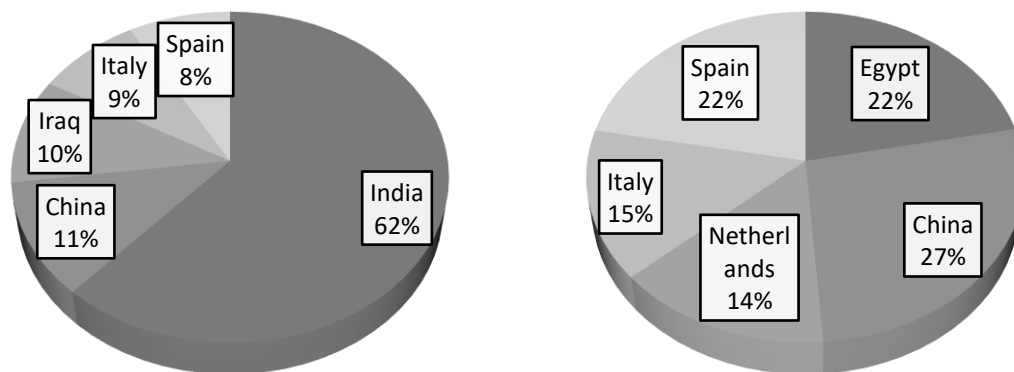


Fig. 6: Structure of exports of sunflower oil (left), Corn (right)
 Source: Compiled from (Ekonomichna pravda, 2020; Landlord, 2023)

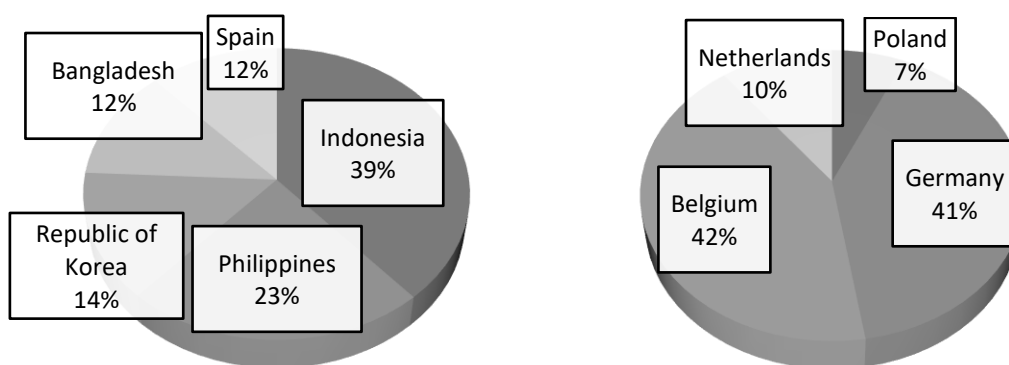


Fig. 7: Structure of exports of Wheat (left), Rapeseed seeds (right)
 Source: Compiled from (Ekonomichna pravda, 2020; Landlord, 2023)

Thus, the trends and prospects for the development of the agro-industrial complex of Ukraine include:

- The reduction of the share of the agro-industrial sector in the structure of Ukraine's GDP from 12.06% to 8.97% in the period 2016–2020 indicates the need to revise strategies for entering international markets. This requires the introduction of more adaptive models of management and diversification of export activities, taking into account global economic trends;
- The country's GDP growth rate in 2021 was only 5.4% year-on-year, which is half the growth rate in 2020, but there is a gradual adaptation to the challenges of the external environment, which can be observed in the fact that the structure of GDP increased by 0.30% (to 9.27%);
- For the successful promotion of Ukrainian agro-industrial products abroad, it is necessary to implement modern sales systems and comprehensive marketing communications. Effective use of digital technologies, brand development and international marketing cooperation will help strengthen our position in global markets and increase product awareness. This will ensure a stable presence of Ukrainian producers in key markets, as well as expand the geography of exports (Fig. 5).

Figure 8 lists the strategies for improvement of marketing systems for agricultural enterprises. In order to improve exports for enterprises of the agro-industrial complex of Ukraine, the development of a holistic marketing strategy is especially significant. One of the most effective tools is to use cross-marketing. The use of this tool allows you to integrate the promotion of goods and services in collaboration with other companies or within the same company.

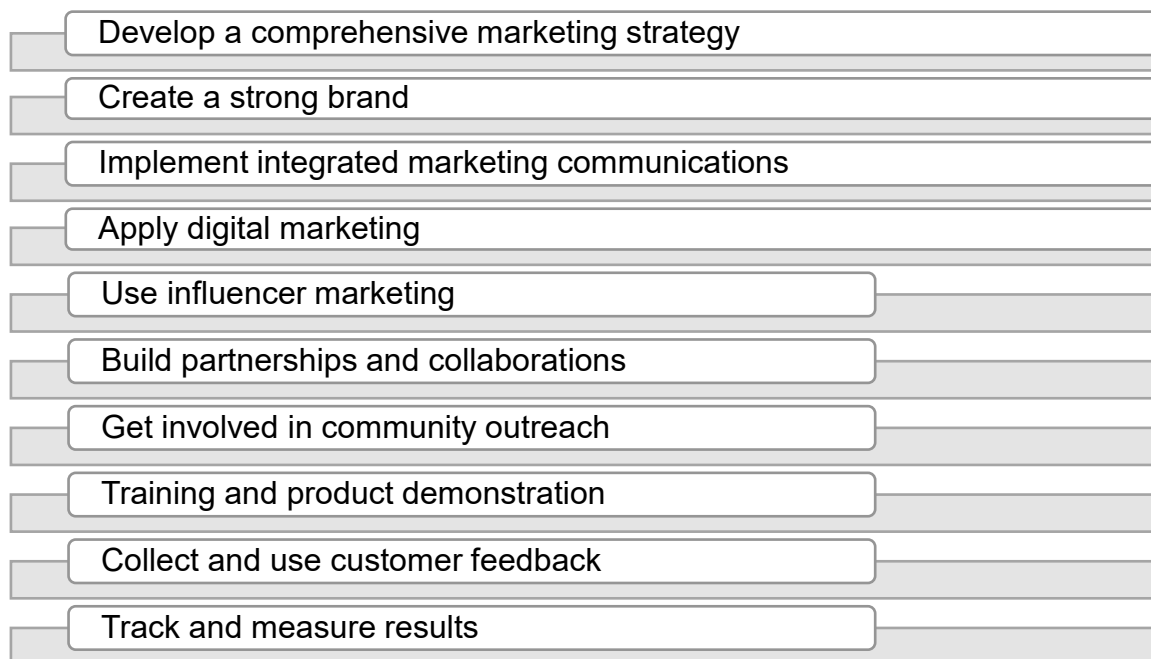


Fig. 8: Improvement of marketing systems for agricultural enterprises
 Source: Compiled from (Ilchenko, 2017)

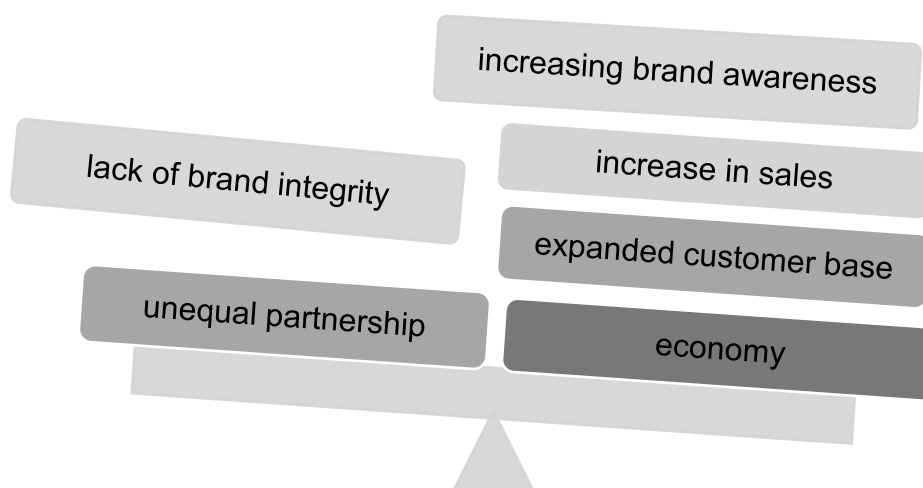


Fig. 9: Advantages and disadvantages of cross-marketing
 Source: Compiled from (Khomenko & Koltko, 2017; Cross-marketing, n.d.)

In the author’s opinion, cross-marketing is appropriate for medium and large agro-industrial companies, as it involves cooperation with another company or within one company to jointly promote its own products or additional products and services. The goal of this tool is to leverage your existing customer base and increase sales by offering related and complementary products that meet the interests and needs of your target audience. Figure 9 explores the advantages of this technique against its disadvantages. Moreover, the key elements of the integrated marketing communication strategy of Ukrainian agricultural enterprises are exhibited in Figure 10. Various forms of cross-marketing can be found in Table 1.

Table 1: Characteristics of approaches to the management of business units

| Form | Characteristic | Example |
|-------------------------|---|---|
| Collaborative marketing | Two or more companies may collaborate on marketing campaigns and promotions and mutually benefit from each other's customer base. | A clothing brand and a shoe brand can work together to create a joint advertising campaign that promotes their products together. |

| | | |
|-----------------------------------|---|---|
| Packing | Offer a combination of products or services as part of a package offer. This strategy encourages customers to buy multiple items at a discounted price. | A mobile phone provider can bundle the phone, case, and headphones into one service package. |
| Product Placement | Promote or showcase related products in your company's marketing materials or locations. | A retailer can place accessories or additional products next to the main item to encourage further purchases. |
| Referral Programs | Offer incentives or rewards to customers who recommend other customers to purchase similar products or services. | Encourages existing customers to become supporters and expands the customer base through word-of-mouth marketing. |
| Joint Events or Sponsorships | Organizing events, exhibitions, or sponsorships in collaboration with other companies so that both companies can promote their products and services. | This allows you to use shared resources and attract a wider audience. |
| Email Marketing & Cross-Promotion | Publicizing relevant promotions and product and service recommendations to your marketing emails and newsletters. | This strategy uses an existing customer database to introduce customers to new offers and drive repeat purchases. |

Source: Compiled from (Kvachuk, 2013)

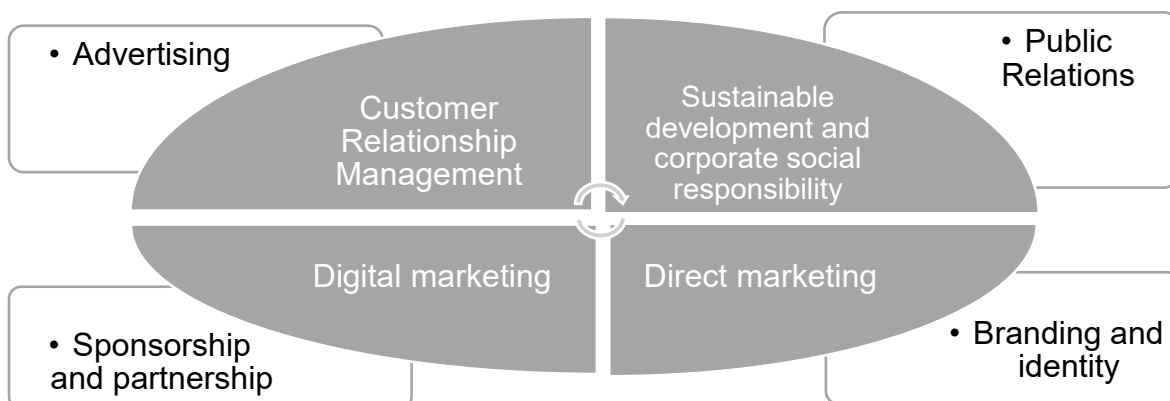


Fig.10: Key elements of the integrated marketing communication strategy of Ukrainian agricultural enterprises
 Source: Compiled from (Maiovets & Kuzyk, 2021)

Conclusions

In conclusion, integrated marketing communications play an important role in promoting Ukrainian agricultural products in international markets by providing strategic coordination of different communication channels to create a single, consistent message that increases consumer confidence. This approach contributes to the effective positioning of brands and increases the recognition of Ukrainian products at the international level. The use of data to make marketing decisions allows you to adapt to changes in demand and quickly respond to challenges that arise in the external environment.

The development of a holistic marketing strategy, including cross-marketing and integrated communications, contributes to long-term planning and stable growth of the share of Ukrainian agricultural enterprises in world markets. Strategic partnerships and brand alignment provide additional opportunities to expand business and strengthen international competitiveness. The proposed marketing strategies are important components of international management, which contribute to success in global markets and stimulate the growth of the Ukrainian agricultural economy.

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CURRENT CHALLENGES AND FUTURE MANAGEMENT TRENDS: STRATEGIC PRIORITIES AND GLOBAL PERSPECTIVES

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Abstract

The article analyses the current state and prospects of development of domestic and international management. The main trends in management are considered, in particular, the impact of globalisation processes on business operations, the importance of technological innovations for improving the efficiency of management decisions, as well as the challenges of strategic and resource management in a highly competitive environment and limited resources. The main problems of management transformation in Ukraine and the key factors influencing its development are highlighted: the formation of organisational culture, improvement of communications, strategic management and social responsibility of business. Special attention is paid to the importance of flexibility and creativity of managers for successful adaptation to dynamic changes.

Keywords

Management, development trends, future challenges, international business processes, innovation strategies.

Problem statement

In today's environment of rapid globalisation and technological change, management is becoming a crucial factor in the success of any organisation or state. Domestic and international management shape not only economic development but also competitiveness on the world stage. The urgency of the problem lies in the fact that modern society faces constant challenges that require prompt management decisions. Daily changes, such as economic instability, technological breakthroughs and new market requirements, require managers to be flexible, able to predict risks and innovate to maintain business efficiency and sustainability.

Relevance of the chosen topic

Strategic Priorities and Global Prospects is driven by dynamic changes in the economic environment that affect business processes at all levels. Globalisation, digital innovations and changing consumption patterns require managers to adopt new approaches to management, strategic planning and adaptation to unpredictable market changes. In today's environment of increased competition and resource constraints, the success of organisations

depends on their ability to respond quickly to challenges, build an effective organisational culture and implement innovations. Research of key trends and forecasting of future directions of management development allow us to formulate strategies that will ensure the sustainability and competitiveness of the business in the face of constant global change.

Analysis of recent research and publications

The theoretical and methodological basis of this issue is grounded in the works of several scholars focusing on modern management development. O. Plahotnik and M. Kucher in their works tried to integrate different views and identify the factors that determine the development of modern management (Chernykova, Ishchenko, & Bolshaia, 2023). They focused on realistic forecasts based on previous research in the field of 21st century management, emphasising the importance of a value-based approach to managing organisations. M. Nebava drew attention to the key factors influencing the development of management in Ukraine, noting the importance of adapting the national model to the international context (Chernykova, Ishchenko, & Velyka, 2023).

H. Chernikova, I. Ishchenko, and O. Bolshaya focused their research on the transformation of management systems in the context of business digitalisation and innovative development (Lassoued, 2021). They emphasised the importance of adapting enterprises to new digital technologies and identified the main difficulties encountered in implementing such innovations. Y. Kopchak, K. Slyusarenko and K. Chumakov considered the management of enterprises in the international context, especially in martial law, focusing on the effectiveness of management in crisis situations (But-Husaim, 2020).

The authors also explore the importance of introducing crisis management into Ukrainian practice and suggest directions for the development of human resource management in line with global trends. I. Drik and V. Belozertsev analyse the current state and prospects of the global economy in the coming years (Drik & Belozertsev, 2023). In their works, they highlight the main challenges faced by modern management, given the economic environment, and provide examples of successful management decisions that help companies achieve stability in an unstable market. T. Kulinich, Y. Kopchak, and U. Gylka study approaches to management in Ukraine and abroad (Kopchak, Slyusarenko, & Chumakov, 2023). The authors emphasise that each management model has its own unique features, which should be taken into account when adapting foreign practices to Ukrainian conditions.

Purpose of the article

The purpose of the article is to analyse the current state and identify key areas for the development of domestic and international management, with a focus on promising trends and challenges of the future.

Presentation of the main research material and results obtained

Management is one of the main conditions for achieving successful and profitable activities, as it is a system that ensures the effective organisation of teamwork. However, managing people is a complex process that requires a high level of professionalism and efficiency (Babiy, 2017, p. 9). Management, as a social technology that emerged in the last century, has gradually shifted its focus to more socially oriented approaches to management, which are based on several key principles. One of them is to abandon the traditional managerial rationalism inherent in classical management schools and to take into account social aspects and the interaction between employees and the organisation.

Another important principle is innovation, which is a key indicator of a modern manager's professionalism. Modern management is aimed at developing new approaches, methods and tools to achieve effective results, taking into account the constant changes in both the internal and external environment of the organisation. Social responsibility also plays an important role: an organisation must assume responsibility to society and its employees. The social and humanistic approach is gaining key importance in modern management methods. At the same time, management remains focused on achieving high labour productivity and profitability. In the face of constant changes in the external and internal environment, managers implement various management concepts to ensure successful operations.

The key principles of domestic management include the following:

1. Interconnection of the interests of the organisation and its employees. The organisation and its employees should be viewed as a single system, where the success of one party directly depends on the success of the other.
2. The priority of collective labour and cooperation. Particular attention is paid to collective forms of activity that promote close cooperation between employees in small working groups.

3. The principle of equality among employees. All employees of the organisation have equal status, regardless of their positions and functions, which contributes to a democratic approach to management.
4. Maintaining the balance of interests of key stakeholders. It is important to maintain a balance between the interests of managers, investors and employees to ensure the harmonious development of the organisation (Kopchak et al., 2023, p. 47).

It is worth noting that modern management can be characterised by a number of important aspects:

1. Change management. In today's world, change is an important component of successful organisations. Leaders must be able to implement innovations, quickly adapt to new realities and develop strategies for further development.
2. Reduced role of middle managers. Thanks to advances in information technology and automation, organisational structures are being streamlined, which may reduce the number of middle managers. Instead, management is focusing more on strategic planning and setting organisational policy;
3. Strengthening the link between managerial performance and organisational structure and culture. Managers need to take into account the cultural characteristics of the organisation and work in accordance with them. Collaboration between departments becomes critical to achieving common goals;
4. Processing a large amount of information. Modern managers need to be able to work effectively with a large amount of information from various sources, analyse it and use it to make informed decisions;
5. Focus on the external environment. Managers should have a good understanding of external factors, such as market trends, competition, and others that affect the organisation's activities (Chernykova et al., 2023, p. 78).

O. Plahotnik and M. Kucher identify five main modern management concepts (Chernykova et al., 2023, p. 78):

1. Financially-oriented management involves the effective management of financial resources, planning and control of the organisation's financial results.
2. Marketing management aims to meet customer needs and expectations by developing and implementing marketing strategies.
3. Quality management (or process-oriented management) focuses on managing the quality of products or services, with an emphasis on continuous improvement of business processes.
4. Knowledge management ensures the effective transfer of knowledge and information among employees, promoting innovation and increasing the organisation's efficiency.
5. Social and humanistic management emphasises the importance of human capital, supporting employee development, motivation and job satisfaction.

These concepts are aimed at ensuring the effective operation of organisations and achievement of their goals, taking into account the current challenges and peculiarities of the market economy.

The management of the future must meet modern requirements, take into account technological innovations, social institutions and spiritual values of society (Kopchak, Slyusarenko, & Chumakov, 2023).

M. Nebava identifies key aspects of the new management (see Fig. 1), which are interconnected and set the main directions for the development of management systems. These aspects help organisations adapt to rapidly changing business environments and succeed in a competitive market.

Table 1 shows the main priorities of management development in Ukraine. They contribute to the creation of an innovative and productive management environment. However, it is worth noting that domestic enterprises may face certain problems and obstacles (Table 2) that complicate the transformation process and may reduce the effectiveness of new management systems.

Modern management systems require a careful approach, especially taking into account the specifics of domestic enterprises, which often face unique challenges. Some of these problems can be solved by establishing effective communication that ensures clear and timely information flow between all levels of the organisation. Conducting training programmes for employees is critical, as it allows them to acquire the necessary skills and respond to new requirements and technological changes.

Engaging external experts can provide a valuable outside perspective and help identify and resolve issues that may not be seen by internal specialists. In particular, experts can help develop and implement new management strategies, improve processes and increase overall efficiency.

Balanced management of change processes is essential for successful adaptation to new conditions. This includes not only the timely and effective implementation of changes, but also regular monitoring of their impact on the organisation, adjusting plans in accordance with the results obtained and feedback from employees. It is important to ensure that all those involved in the change understand its purpose and role in the process, which helps to increase their motivation and support for innovation.

| |
|---|
| Aspects. |
| <p>Quality management in the context of globalisation</p> <p>In the global marketplace, where organisations face competition on a global scale, quality management is becoming crucial. To gain a competitive edge, companies must ensure a high level of quality in their products and services.</p> |
| <p>Increasing the diversity of the workforce</p> <p>Modern companies face a diverse workforce in terms of gender, cultural background, professional skills and experience. Managing this diversity requires the introduction of new methods and strategies to optimise HR.</p> |
| <p>Transparent Management</p> <p>Transparent management is about actively engaging with external stakeholders, such as customers, suppliers and partners, in the decision-making process. This includes jointly addressing issues to improve the organisation's performance.</p> |
| <p>Creation of new types of management and their application outside the organisation. Modern management requires a continuous search for innovative management methods and the development of new forms of management that can operate outside the framework of a conventional firm.</p> |
| <p>Contrasting leadership and management. Leadership is becoming increasingly important in the management of organisations, as it can be seen as an effective tool for inspiring employees to achieve common goals.</p> |

Fig. 1: Key aspects of the new management
 Source: compiled from (Chernykova et al., 2023, p. 3)

In addition, external factors such as economic conditions, technological innovations and changes in legislation that may affect the operation of the enterprise must also be taken into account. Interaction with partners, suppliers and customers is also critical to achieving success in the new environment. Integration of modern information technology, management systems and tools can significantly improve process efficiency and help an organisation remain competitive in the market.

A comprehensive approach is required to successfully implement modern management systems. It includes improving communications, staff development, engaging specialists, managing change and adapting to external conditions. This, in turn, contributes to the overall performance of the organisation.

Table 1: Key priorities for management development in Ukraine

| No | Priority. | Characteristics |
|----|---|--|
| 1. | Formation of organisational culture ("organisational philosophy") | Organisational culture is a key foundation for building cooperation, motivation and loyalty among employees. A positive culture in the team ensures high employee satisfaction and contributes to the achievement of successful results. |
| 2. | Building effective communications | An important aspect is the interaction and communication between management and staff. This helps to develop trust, improve teamwork and ensure mutual understanding during cooperation. |
| 3. | Setting up a management system for each employee | The active participation of employees in achieving the organisation's goals stimulates their interest and involvement, which contributes to the harmonisation of interests between employees and the organisation. |
| 4. | Development of intrapreneurship. | Encouraging creativity and entrepreneurial activity at the organisational level allows for innovation, finding new solutions and increasing competitiveness. |
| 5. | Technologisation of management | The use of modern information technologies in management helps to increase management efficiency and improve the organisation's governance process, as well as stimulate staff development and motivation for self-improvement. |
| 6. | Managerial self-management | Continuous self-analysis and development of the manager increases the efficiency of management activities and contributes to the successful achievement of the organisation's strategic goals. |

Source: (Chernykova et al., 2023, p. 79)

To ensure that the implementation of new management systems is successful and without complications, it is important to pay attention to several key aspects:

1. Staff training. Proper training and development of employees is critical to the effective implementation of new management systems. Regular training and educational programmes will help employees acquire the necessary skills and knowledge;
2. Clearly define goals and objectives. Defining clear and understandable goals for the implementation of new systems helps to improve mutual understanding and direct the team's efforts towards achieving specific results.
3. Developing an action strategy and risk assessment. Creating a clear plan that takes into account possible threats will help prevent unexpected obstacles and ensure a streamlined approach to system implementation.
4. Involvement of management and staff. Active involvement of management and employees in the process of implementing new systems will help support the process and increase its chances of success;
5. Funding and investment. Adequate funding and investment in staff skills development will ensure successful implementation of change;
6. Performance evaluation. Establishing clear criteria for assessing the results of the implementation of a new management system will allow to determine its effectiveness and make the necessary changes in a timely manner. (Lassoued, 2021, p. 56).

The application of these aspects will allow the organisation to successfully transition to modern management systems, increasing its competitiveness and stability in the market.

Table 2: Difficulties and problems that complicate the process of management transformation in Ukraine

| No | Difficulties and challenges | Description. |
|----|-----------------------------------|--|
| 1. | Insufficient staff qualifications | Implementing new management systems requires new skills and knowledge from staff. Insufficient preparation can slow down the transformation process and require additional training and support. |
| 2. | Financial constraints | Modern management systems require significant financial |

| | | |
|----|--|--|
| | | investments, which can be particularly challenging for small and medium-sized enterprises. |
| 3. | Lack of management support | The successful implementation of new management systems requires active support from management. |
| 4. | Insufficient integration with existing systems | The introduction of new systems requires their integration with the organisation's existing software products and systems. Incompatibilities can create additional challenges. |
| 5. | Employee resistance to change | Innovations can cause dissatisfaction among employees. A low level of awareness of the benefits of new systems can make it difficult to adopt them. |
| 6. | Imperfect organisation of the implementation process | A poorly organised implementation process can lead to problems and disruptions. Careful planning, management and monitoring of the implementation can help avoid these difficulties. |

Source: (But-Husaim & Kovtunenکو, 2020)

Table 3 shows the key differences between national and international management.

It is worth emphasising that when formulating global strategies, companies necessarily take into account the specifics of local markets and the cultural context in which the organisation operates.

This may include adapting a product or service to local specific needs, creating marketing strategies that take into account local trends and customs, and taking into account the legal, economic and socio-cultural factors that affect a company's operations in a particular country or region.

The combination of global strategies and local conditions enables the company to operate successfully in international markets, ensuring stability and increasing its competitiveness.

Table 3: The main differences between domestic and international management

| Features | Ukrainian management | International management |
|------------------|--|--|
| Cultural context | Significant influence of national traditions, historical features and religious beliefs. | A global perspective with a focus on intercultural integration. |
| Structure | High level of hierarchy with clearly defined roles and responsibilities... | Adaptive management models with diverse organisational structures. |
| Relationships | Focus on the interaction between management and subordinates. | The importance of intercultural communication and cooperation. |

Source: compiled by the authors

This study identifies general trends and key factors that influence modern management:

1. Globalisation. International managers need to be able to work with diverse teams, understand international standards and develop effective strategies for entering foreign markets.
2. Technological innovations. Advances in artificial intelligence, blockchain and autonomous systems are significantly changing business management processes. Managers must quickly adapt to technological changes and apply innovative solutions to optimise business processes.
3. Strategic management. In today's environment of uncertainty and growing competition, the ability to develop and implement strategies is key. Organisations need to constantly study the market environment and quickly adapt to changes to ensure sustainable development.
4. Resource management. Growing competition and limited resources increase the importance of effective management of human capital and material resources. The application of lean management principles helps to reduce costs, increase productivity and improve quality, which is crucial in a crisis environment (Denysiuk & Sannikova, 2022).
5. Social responsibility of business. Increased attention to sustainability, human rights and the environment requires companies to be more socially responsible. The balance between profit and contribution to society is becoming an important element of modern business.

These factors are crucial for the success of companies in today's environment and influence the development of effective management systems.

Here are some key trends that are likely to influence the development of HR in the near future (But-Husaim & Kovtunenکو, 2020).

1. Reduction of internal HR departments and growth of outsourcing. Industry analyst Brian Sommer, founder of TechVentive, predicts that the introduction of new technologies and more active participation of employees in HR processes will lead to a reduction in HR departments: "many companies will look for additional opportunities through technology and self-service." Experts such as Elizabeth Brashears of HR TriNet's Human Capital Consulting and Barry Hall and Steve Coco of Buck Consultants believe that regulation and globalisation will reduce the role of administration. Buck Consultants anticipate that through benefit-in-a-box models, companies will be able to provide cost-effective solutions for employee health, welfare and retirement. However, the internal HR function will continue to exist.
2. Strengthening the strategic role of HR. Strategic thinking will become one of the key HR competencies that cannot be outsourced. Presser notes: "strategic planning requires in-house expertise". Brashears predicts that the strategic HR function will continue to evolve and new positions will be created. HR professionals will gradually turn into business experts who are able not only to understand HR, but also to manage business processes and develop company development strategies.
3. Changing the role of managers. Luhmann believes that "the traditional role of top management will gradually disappear", and specialised positions will emerge instead.
4. The development of analytics and the use of big data in HR. While HR already uses metrics such as turnover rates and employee engagement, new metrics such as average time to promotion or the percentage of highly qualified candidates will be introduced in the future.
5. The growth of remote work. Remote work - from home or anywhere with Wi-Fi - is becoming increasingly popular. Over the past two decades, the number of employees working remotely has quadrupled to 37%. Luman notes that HR departments will face challenges in effectively managing a remote workforce.
6. HR as marketing. Sommer predicts that recruitment will become similar to marketing. Buck Consultants experts note that HR management will develop internal marketing, including social marketing and brand management to attract "talent".
7. Flexibility. In 2018, flexibility became an important characteristic of companies. The introduction of Agile and the creation of innovative digital solutions in HR help to increase the speed of decision-making.
8. Future employees. Artificial intelligence is replacing humans in routine tasks, and intelligent analytics is influencing management decisions. Companies need to identify talent and determine the best ways to attract it in the face of the changes that will take place by 2025 (Table 4).

Table 4: Changes in employment by 2025

| Types of economic activity | Reduction in employment (-) | | | Employment growth (+) | | | |
|---|-----------------------------|---------|--|-----------------------|-------|------|-------|
| | | | | | | | |
| Real estate, science and technology | | | | | | | 4,5% |
| Administrative activities, support services | | | | | | | 15,8% |
| Education | | | | | | 9,6% | |
| Information and communication | | | | | | 9,2% | |
| Healthcare and social work | | | | | | 8,6% | |
| Finance and insurance | | | | | 6,5% | | |
| Provision of accommodation and meals | | | | | 5,9% | | |
| Trade | | | | | 4,5% | | |
| Public administration and defence | | | | | 1,42% | | |
| Transport and storage | | | | | 0,52% | | |
| Construction | | -2,27 % | | | | | |
| Art, recreation | | -4,72% | | | | | |
| Industry | | -5,12% | | | | | |
| Water supply, sewerage, management | | - | | | | | |

| | | | | | | | | | |
|--|-----|--------|----|---|----|----|----|----|--|
| waste | | 6,4% | | | | | | | |
| Electricity, gas, air conditioning | - | 10,90% | | | | | | | |
| Agriculture, forestry and fishing -18,04 % | | | | | | | | | |
| Coal mining and quarrying -18,56 % | | | | | | | | | |
| -20 | -15 | -10 | -5 | 0 | 10 | 15 | 20 | 25 | |

Source: EU forecast (Kravtsov, 2020)

The data presented in Table 4 indicate that certain changes are expected in various sectors of employment between 2015 and 2025. According to EU forecasts, employment is expected to decline by 18% in the coal industry and agriculture, and by 10% in the energy and gas industry. At the same time, employment is expected to increase by 20% in real estate, science and technology, by 15% in administrative services and support, and by 10% in the education sector. No significant changes are expected in the construction and logistics sectors (Kravtsov, 2020).

Moving from automation to productivity. For many years, companies have focused on automating HR processes such as payroll, HR accounting, training, candidate selection and interviewing. Today, however, a successful company must not only automate these processes, but also focus on increasing employee productivity. In the context of Agile, the development of team-oriented structures, professional burnout, distraction, and an excessive flow of information via email and messengers, the key task is to find HR solutions that will increase work efficiency and improve internal communication.

In the current conditions faced by businesses in Ukraine, companies often do not have the ability to spend additional resources on hiring professional crisis managers. As a result, the survival of companies largely depends on managing crisis situations on their own. A striking example of successful amateur crisis management is the experience of the pharmaceutical company Darnitsa. Even before the outbreak of the war, in January 2022, the company's specialists developed a crisis action plan, which began to be implemented immediately after the start of the full-scale invasion, on 24 February 2022, at 6:20 am, almost an hour after the first strike. This plan became the basis for the company's activities during the first weeks of the war. However, at some stages of business processes, problems had to be solved manually due to the unpredictability and complexity of the situation. In the first month of the war, the management and key team members interacted online three times a day, which allowed them to make operational decisions in real time.

Ensuring employee safety was a priority for the company. All office workers were transferred to remote work. Thanks to its many years of experience in automating business processes, the company was well prepared for this format of work. The introduction of martial law turned these approaches into one of the main components of effective enterprise management (But-Husaim, 2020).

On the other hand, the company introduced a new service desk for employees, integrating it with all available communication channels to quickly resolve issues. This allowed the company to provide constant information and technical support, regardless of time or resources. However, no strategy will be successful without a well-organised team. That is why human resources management is of particular importance under martial law.

Managing staff in such circumstances requires a rethinking of the HR strategy, with a focus on retaining employees, maintaining their efficiency and ensuring safe working conditions. The approach to human resources management should be adjusted to optimise workload. In this context, new goals and objectives should be set for employees and, if necessary, employees whose duties have become less relevant should be rotated. It is also important to introduce modern training methods, such as coaching, e-learning and self-study, which are actively used in the US, Japan, the UK, France and Germany. These methods help to improve staff skills, which is especially important in times of crisis (But-Husaim, 2020).

Foreign experience in human resource management shows that the efficiency of employees, regardless of external circumstances, is significantly influenced by the availability of a motivation system. In Ukraine, this approach is also actively used during martial law. According to a study conducted by the European Business Association in cooperation with the magazine "Personnel Management", most companies continue to pay wages in full, despite the challenges of wartime (Chernykova, Ishchenko, & Velyka, 2023).

In the current environment, additional incentives for employees may include flexible working hours, psychological support programmes, one-time financial assistance, corporate housing or reimbursement of rental

costs. In addition, mutual assistance and support through joint participation in volunteer projects, fundraising for the needs of the Armed Forces of Ukraine or assistance to military families can be important motivation tools.

Thus, the foreign practice of introducing the principles of empathy and collective support is increasingly being applied in Ukraine during the war, helping to strengthen corporate culture and employee motivation.

The martial law in Ukraine has posed serious challenges to domestic companies and organisations, forcing them to adapt to the new environment. In addition, there is a need to develop a post-war recovery strategy that takes into account possible development scenarios. Conventional management tools proved to be ineffective in these circumstances, so many businesses began to turn to international experience to stabilise their operations (But-Husaim, 2020).

Now there is a possibility of economic recession and instability in the coming years, which emphasises the importance of the role of management. Under these conditions, managers will face new challenges, such as ensuring the rational use of investments, optimising costs and assessing their impact on the market (Drik & Belozertsev, 2023, p. 244).

These trends can be expected to continue to influence management practices, creating new challenges and opportunities in response to changes in the economic, political, technological and social environment.

Conclusions

Modern management is increasingly focusing on social aspects, in particular on the relationship between employees and the organisation, innovation and social responsibility. Domestic management is focused on improving communications, integrating the latest technologies and strategic management. In addition, management ecosystems, which include separate subsystems to minimise both external and internal risks, are becoming increasingly popular.

Priority areas for the development of management in Ukraine include creating a favourable organisational culture, actively engaging staff in common tasks, stimulating innovation processes in the company and rational use of resources. However, new systems may face challenges such as low levels of staff training, financial constraints, insufficient support from management and employee reluctance to accept change. To overcome these challenges, it is important to provide quality training, set clear goals and action plans, involve all levels of management in the change process, secure funding and regularly evaluate results.

In the context of rapid technological progress and social transformations, domestic management must constantly adapt, developing new tools and approaches to ensure the efficient operation and sustainable development of organisations.

Implementation of an effective HR management system in companies should be based on a long-term approach to staff development. This includes a careful selection of qualified employees based on their age, experience and professional skills, as well as the development of an incentive system that promotes performance. An important element is to involve employees in active participation in the company's activities, which increases their interest and loyalty.

The consistency of HR managers' actions is also crucial in HR management. They must ensure that employees have the right working conditions, appropriate salaries and that the company maintains a good HR policy. This helps not only to maintain productivity, but also to create a stable working environment that contributes to the long-term development of the organisation.

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BETWEEN THE COST CRISIS AND THE ENERGY TRANSITION: WHY PV SELF-SUFFICIENCY IS BECOMING A STRATEGIC COMPETITIVE FACTOR FOR INDUSTRY. RESULTS OF A QUALITATIVE STUDY COMPARING GERMANY AND CHINA

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Abstract

Rising energy costs, volatile electricity markets, and geopolitical uncertainties are reshaping the economic conditions of the manufacturing industry. Energy is therefore no longer perceived merely as an operational input, but increasingly as a strategic factor affecting competitiveness, resilience, and location quality. This article examines how energy self-sufficiency through solar energy is perceived and implemented in the manufacturing sector and identifies differences between Germany and China. The study is based on a qualitative, exploratory research design comprising six written expert surveys and a supplementary PESTEL analysis. The findings indicate that, in industrial practice, energy self-sufficiency is rarely understood as complete independence from the public grid; rather, it is perceived as a gradual and measurable reduction in external electricity demand. Photovoltaics seldom unfolds its strategic potential in isolation, but primarily as part of an integrated system consisting of storage, energy management, and load control. The main drivers include cost reduction, cost stability, security of supply, and resilience, while major barriers arise from grid connection procedures, approval processes, regulatory complexity, and investment constraints. The article thus demonstrates that PV-based self-sufficiency is far more than a sustainability technology for industrial firms; it is increasingly becoming an instrument of industrial risk and competitiveness management.

Keywords

Photovoltaics, energy self-sufficiency, manufacturing industry, self-sufficiency, energy management, Germany, China, qualitative research

Problem statement

The manufacturing industry is facing considerable pressure to adapt. High electricity and energy costs, volatile market prices, geopolitical uncertainties, and increasing transformation pressures are significantly altering the

economic environment for many firms. Energy is therefore no longer regarded solely as an operational input, but increasingly as a strategic factor for competitiveness, resilience, and location attractiveness (Amann & Cantore, 2025; International Energy Agency, 2022; Wirth, 2026). Reuters reported in August 2024 that high energy prices and concerns about reliable supply were hindering production and investment among German companies and increasing relocation considerations, which directly supports the strategic relevance of energy costs for industrial competitiveness (Reuters, 2024).

Today, photovoltaics is more than a symbol of the energy transition. For industrial firms, it can become a lever for self-consumption, peak-load reduction, cost stability, and resilience, particularly when combined with storage systems, energy management systems, and demand-side management. Consequently, the question of energy self-sufficiency is not a peripheral technological debate, but one that touches upon fundamental issues of industrial location and competitiveness (López Prol & Paul, 2024; Luthander et al., 2015; Pedrero et al., 2021; Pelekas et al., 2026; Tjaden et al., 2015; Watter, 2025; Wirth, 2026).

Relevance of the chosen topic

The topic of PV-based energy self-sufficiency has gained relevance in current times as manufacturing companies are increasingly confronted with rising energy costs, volatile electricity markets, and growing pressure to ensure operational resilience and long-term competitiveness. In this context, photovoltaics combined with storage systems and energy management solutions is no longer viewed merely as an environmental or technological option, but as a strategic instrument for cost stability, supply security, and industrial competitiveness (International Energy Agency, 2022; Wirth, 2026). The relevance of the topic is further reinforced by current economic developments, particularly in industrial economies such as Germany and China, where firms are under increasing pressure to adapt their energy strategies to changing regulatory, geopolitical, and market conditions.

Analysis of recent research and publications

Recent research emphasizes that industrial photovoltaics creates the greatest value when integrated into broader energy management and self-consumption systems rather than implemented as an isolated technology. Studies by Luthander et al. (2015), Tjaden et al. (2015), and Pedrero et al. (2021) demonstrate that the combination of PV systems with battery storage and intelligent load management significantly improves self-consumption rates and economic efficiency. Similarly, López Prol and Paul (2024) and Pelekas et al. (2026) highlight that industrial energy resilience depends not only on renewable generation capacity, but also on the ability to coordinate flexibility, storage, and operational demand within integrated systems. These studies collectively show that technical integration and organizational adaptation are critical determinants of successful implementation.

At the same time, recent publications connect industrial energy self-sufficiency with broader strategic and geopolitical considerations. Cui et al. (2025) and Kaiser et al. (2025) discuss how national policy frameworks, market conditions, and industrial structures shape renewable energy adoption differently across countries. Research also points to growing concerns regarding industrial competitiveness under high and volatile energy prices, particularly in Europe (Amann & Cantore, 2025; Reuters, 2024). However, despite the growing body of literature on renewable energy systems and industrial transformation, comparatively little research focuses specifically on how manufacturing firms perceive and strategically implement PV-based self-sufficiency in practice, especially from a comparative Germany–China perspective.

Purpose of the article

The aim of this article is to present the core empirical findings of the underlying master's thesis in condensed form and to highlight the strategic relevance of PV-based self-sufficiency for the manufacturing industry. Conceptually, the study links the broader megatrend of self-sufficiency with the operational realities of manufacturing and a comparative market perspective on Germany and China. The empirical investigation is intended to generate practical insights into motives, barriers, and country-specific differences, thereby addressing a research gap between macro-level considerations, technology discourse, and operational implementation (Cui et al., 2025; International Energy Agency, 2022; Kaiser et al., 2025; Wirth, 2026).

The overarching research question is: How is energy self-sufficiency through solar energy perceived and implemented in the manufacturing industry in Germany and China, and which strategic motives and framework conditions shape these decisions? From this, three sub-questions are derived: First, which strategic motives guide investment decisions in solar energy and self-sufficiency? Second, which organizational, regulatory, and economic factors facilitate or hinder implementation in operational practice? Third, which differences and similarities can be identified between Germany and China with regard to the perception, implementation, and

evaluation of energy self-sufficiency concepts? (Cui et al., 2025; Liebensteiner et al., 2025).

Presentation of the main research material and results obtained

The study follows a qualitative, exploratory research design. This approach was chosen because the objective is not statistical representativeness or the measurement of frequencies, but rather an in-depth understanding of decision-making logics, motives for action, and implementation conditions in the context of industrial PV self-supply. Qualitative research is particularly suitable for this type of inquiry when perceptions, strategic motives, and institutional framework conditions are to be captured and interpreted in depth. At the same time, the study can be understood as an exploratory preliminary step: it aims to identify thematic patterns, influencing factors, and initial assumptions that may later be examined and tested in quantitative studies (López Prol & Paul, 2024; Pelekas et al., 2026).

The primary data consists of six expert surveys completed in writing using a standardized, open-response format. Respondents were selected purposefully according to subject relevance and functional proximity to the field of investigation. Individuals with a recognizable connection to photovoltaics, solar projects, energy management, project development, storage solutions, or industrial energy practice were specifically sought. They were approached via professional networks based on keyword searches in publicly accessible profiles and technical descriptions, including terms such as photovoltaics, projects, solar energy, energy systems, and renewable energy. The intention was not to achieve broad statistical coverage, but to include individuals capable of providing well-founded insights into strategic, technical, and organizational implementation issues derived from professional practice (Kaiser et al., 2025; Pelekas et al., 2026). The thematic structure guiding the empirical investigation and the relationship between theoretical, practical, and market-related dimensions are summarized in Figure 1.

Research framework of the study

Theory, industrial practice and market context as complementary perspectives

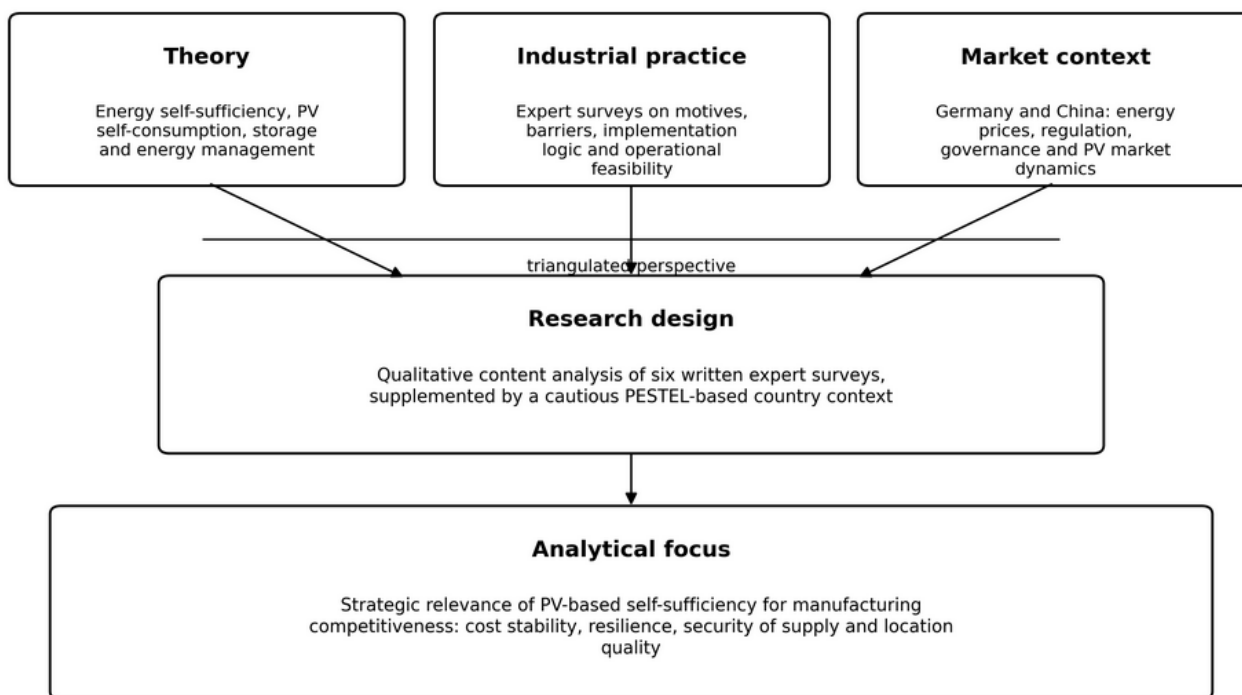


Fig. 1: Research framework of the study: Theory, practice and markets

Source: Compiled by authors

In anonymized form, the sample can be characterized as a combination of industrial user perspectives, project development and implementation perspectives, and research or system perspectives. This heterogeneity was deliberate, as it enabled the study to capture not only technical assessments, but also economic, organizational, and contextual viewpoints. The case selection therefore followed a targeted, problem-centered sampling strategy: actors were included who either influence decisions directly or possess substantial experience with the planning,

implementation, evaluation, or classification of PV self-supply (Cui et al., 2025; Lal et al., 2026).

A standardized, open, guideline-based questionnaire was employed as the survey instrument. The guiding questions were derived from the research question as well as from the theoretical and practical groundwork of the thesis, especially the chapters dealing with energy self-sufficiency, photovoltaics, business models, technical and organizational implementation, and challenges in practice. The interview guide therefore specifically addressed the following aspects: the understanding and relevance of energy self-sufficiency, the role of solar energy in manufacturing, investment motives, business models such as CAPEX, contracting, and PPAs, load profiles and self-consumption, storage and energy management, organizational implementation, perceived barriers, and differences between Germany and China. The questions were designed to ensure comparability across cases while simultaneously leaving sufficient openness for respondents to articulate differentiated practical experiences (Liebensteiner et al., 2025; López Prol & Paul, 2024; Pelekas et al., 2026).

The supplementary country context was incorporated only in a cautious manner. It does not constitute an independent focus of the article, but serves solely to contextualize the empirical statements. The primary data was analyzed using qualitative content analysis according to Mayring with the support of MAXQDA. First, overarching deductive categories were developed from the theoretical framework and the questionnaire; subsequently, inductive subcategories were derived from the material itself. The responses were anonymized, only slightly smoothed linguistically where necessary, and left unchanged in substance. This rule-based coding procedure made it possible to systematically identify recurring patterns, contrast cases, and highlight country-specific differences, while maintaining close proximity to the empirical material (Mayring, 2010).

The results of the study are organized as follows:

1. Energy self-sufficiency as a pragmatic target: The qualitative content analysis shows, first, that energy self-sufficiency in the manufacturing industry is generally not understood as complete independence from the public electricity grid. Rather, respondents describe self-sufficiency as a gradual process, a reduction of external dependencies, and an economically meaningful control variable. The focus is not on absolute states, but on measurable indicators such as self-consumption, self-supply coverage, reduced grid consumption, or improved predictability of energy use and costs. In this sense, energy self-sufficiency is not conceptualized as an idealized end state, but as a relative and scalable concept.

This understanding is central to the interpretation of the results because it translates a term that is often normatively charged in political and technological debates into a managerial and operational logic. Respondents closely connect self-sufficiency with practical economic realities: load profiles, generation periods, storage capacities, and the question of which level of self-sufficiency is technically feasible and economically reasonable. Full self-sufficiency thus appears more as a theoretical boundary case, whereas industrial practice is dominated by the notion of partial and incrementally expandable self-sufficiency. This interpretation is in line with the literature on PV self-consumption, which emphasizes that self-sufficiency is typically optimized through the alignment of generation, storage, and demand rather than through complete disconnection from the grid (Luthander et al., 2015; Tjaden et al., 2015; Wang et al., 2023).

2. Photovoltaics as an integrated system project: A second key finding concerns the role of photovoltaics as an integrated system project. Although respondents clearly describe photovoltaics as a central technology for achieving greater self-sufficiency, they rarely present it as a stand-alone solution. Strategic benefits arise primarily when PV systems are combined with storage solutions, energy management systems, load management, and operational process integration. The decisive factor is therefore not the individual technology itself, but the capacity to integrate generation, consumption, flexibility, and control into a resilient overall energy system (see Figure 2).

This systemic logic is reflected in several major categories of analysis. On the one hand, photovoltaics is described as a key building block for self-consumption, self-generation, and peak shaving. On the other hand, respondents repeatedly refer to storage systems as a means of temporal balancing, to energy management systems for optimization and control, and to load management as the interface between energy generation and production processes. The focus is therefore not on maximizing autarky in absolute terms, but on achieving a degree of self-sufficiency that is economically viable within an integrated energy system. It is precisely this combination of technical solution and organizational embedding that respondents identified as critical to successful implementation. This finding is consistent with previous studies showing that the economic and operational value of PV significantly increases when combined with storage and intelligent energy management (Luthander et al., 2015; Martínez-Calahorra et al., 2020; Wang et al., 2023).

PV self-supply as an integrated system project

Empirical findings: strategic value arises from system integration, not from photovoltaics alone

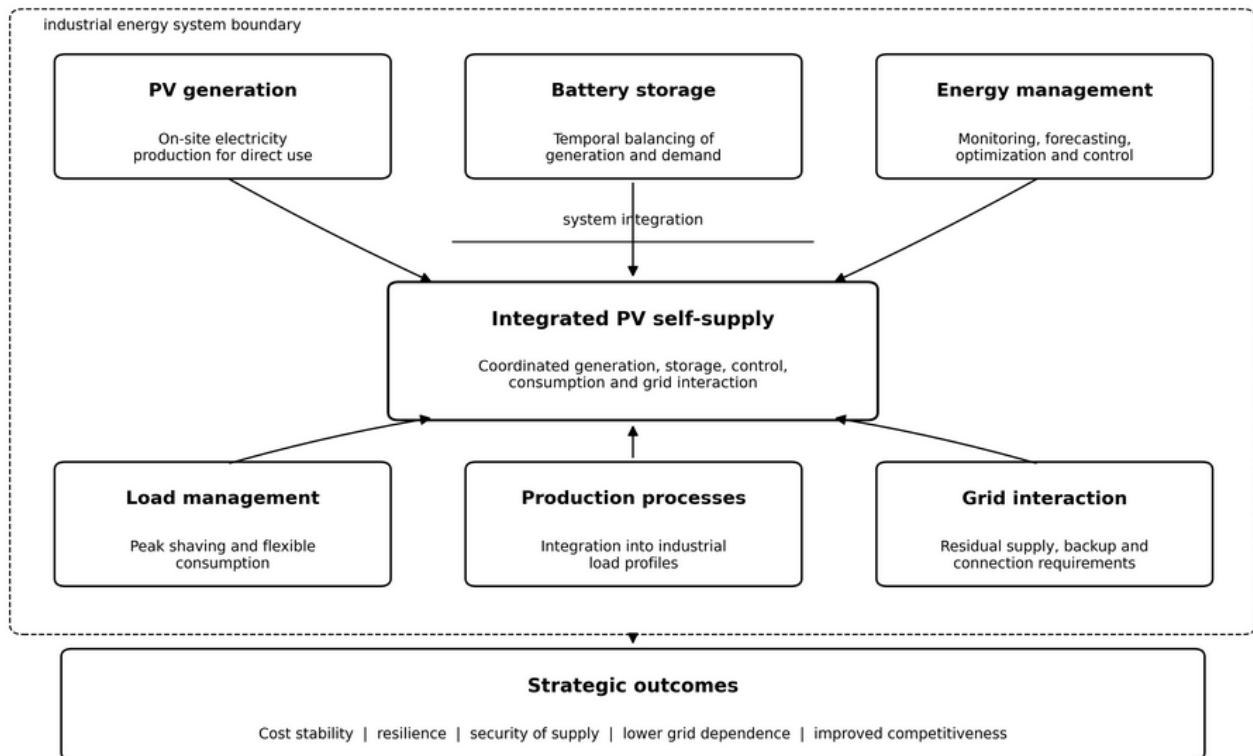


Fig. 2: PV self-supply as an integrated system project.

Source: Compiled by authors

3. Drivers, barriers, and country context: With regard to drivers, economic and strategic motives clearly dominate the interviews. Cost reduction, cost stability, and greater predictability of energy procurement are mentioned particularly frequently. For manufacturing firms, this predictability is especially important because energy costs directly affect production costs, pricing, and competitiveness. In addition, security of supply and resilience play a major role: several respondents describe self-sufficiency as a means of partially reducing dependence on volatile markets and making the company more robust against external price shocks. Sustainability and ESG objectives are also mentioned as relevant drivers, though rarely in isolation; instead, they are typically linked to economic and strategic considerations. This pattern corresponds with prior studies that identify economic attractiveness, stabilization of electricity costs, and improved local energy use as key drivers of self-consumption-oriented PV deployment (Martínez-Calahorra et al., 2020; Pedrero et al., 2021).

On the barrier side, grid connection processes, permitting requirements, bureaucratic burdens, regulatory complexity, and investment constraints are especially prominent. Several statements indicate that the core challenge does not lie in photovoltaic technology itself, but rather in its integration into existing operational, regulatory, and infrastructural structures. These include lengthy coordination procedures, uncertainties concerning metering and grid-connection concepts, questions of economic viability, and the difficulty of integrating technical solutions into actual load profiles and organizational processes. The interviews therefore suggest that implementation success depends to a large extent on institutional clarity, internal coordination, and systemic planning.

A comparison between Germany and China reveals differences particularly with regard to governance, implementation speed, and institutional logic. Germany appears more rule-based, federal, and process-driven; grid connection, permitting procedures, and technical system conditions significantly influence the pace of implementation. China, by contrast, appears more strongly shaped by industrial policy, decentralization, and scaling dynamics, albeit with regionally differentiated implementation practices. For the interpretation of the interviews, it is crucial to note that the same technology is evaluated and implemented differently under different institutional conditions. The differences therefore lie less in

the fundamental level of interest in photovoltaics than in the mode and speed of implementation. This interpretation is broadly compatible with comparative work on photovoltaic market development and policy support in Germany and China (Quitow, 2015; Wen et al., 2021).

The results suggest that energy self-sufficiency in an industrial context should not be understood as an ideal of complete independence, but rather as a strategically manageable and economically relative concept. This constitutes a key contribution of the study: a term that is often normatively framed in public debate is translated into the actual logic of corporate decision-making. The findings show that photovoltaics is perceived less as a symbolic technology of the energy transition and more as an instrument for cost stabilization, risk reduction, and security of supply. In doing so, the study addresses the identified research gap and provides practical qualitative insights into strategic motives and implementation logics.

At the same time, the analysis confirms that photovoltaics becomes strategically effective only when it is embedded within a broader system. It is not the solar installation itself, but its interaction with storage, energy management, load control, and organizational processes that determines its practical value. The results therefore support the argument that the strategic relevance of PV self-supply lies less in maximum independence than in a well-designed interplay of technology, efficiency, and organization. The comparison between Germany and China is particularly instructive in this respect, as it demonstrates the extent to which institutional conditions shape the practical effectiveness of the same technology.

However, the findings must also be interpreted critically. First, the study is qualitative and exploratory in nature and therefore not aimed at statistical representativeness. It identifies patterns, lines of argument, and thematic fields, but does not permit quantitative generalization to the manufacturing sector as a whole. Second, the number of experts surveyed is limited to six cases. A broader sample would have expanded the range of perspectives; at the same time, alternative survey formats would also have been conceivable, such as direct guideline-based interviews at trade fairs or industry events. Such settings might have generated additional spontaneous practical insights, clarifications, and contrasting cases.

Third, the written survey format allowed only limited opportunities for follow-up questions. As a result, the depth of individual statements varies, and some aspects—such as the detailed economic assessment, the role of load profiles, or specific implementation issues—could likely have been explored more precisely in oral in-depth interviews. Fourth, despite its rule-based coding procedure, qualitative content analysis inevitably retains a degree of interpretive openness. Additional validation through multiple coders would have further strengthened the robustness of the analysis.

Furthermore, certain stakeholder groups are not or only indirectly represented in the sample, including grid operators, permitting authorities, or industrial segments with different load structures and decision-making logics. The results therefore primarily provide insight into central field logics rather than a comprehensive representation of all relevant stakeholder groups. At the same time, this is precisely where the value of the study lies: it identifies those thematic areas that are particularly suitable for subsequent broader quantitative research or supplementary interview-based and event-based formats. In this methodological sense, the study also reflects the logic of triangulation and the staged generation of knowledge in exploratory research (Bogner et al., 2009; Flick, 2011).

Conclusions

The main research question can be answered as follows: in the manufacturing industry, energy self-sufficiency through solar energy is predominantly perceived as a relative and strategically controllable concept. The focus is not on complete independence, but on a reduction in grid electricity procurement that is economically meaningful. Photovoltaics is regarded as an important building block in this context, yet its full effect unfolds primarily in interaction with storage, energy management, load management, and operational integration.

The sub-research questions can also be answered clearly. First, investment decisions are guided primarily by cost reduction, cost stability, security of supply, and resilience; sustainability and ESG considerations play a complementary role. Second, implementation is shaped not only by technical factors, but also by organizational, regulatory, and economic framework conditions, including grid connection, permitting logic, capital commitment, and internal coordination. Third, differences between Germany and China are especially evident in governance structures, implementation speed, and institutional logic. Overall, the study shows that PV-based self-sufficiency is increasingly becoming a strategic competitive factor for the manufacturing industry. Its scientific contribution lies in the practical specification of the concept of energy self-sufficiency, in linking megatrends, industrial practice, and market context, and in highlighting the conditions under which photovoltaics becomes strategically effective in an industrial setting.

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FORMATION OF THE RISKS ASSESSMENT SYSTEM OF ENTERPRISE ACTIVITIES IN THE CONDITIONS OF MODERN CHALLENGES

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Abstract

The paper examines the theoretical and practical aspects of the formation of a risk assessment system of enterprise activity in the conditions of modern challenges. The purpose of the article is the analysis and systematization of theoretical approaches to the formation of a risk assessment system of enterprise activity in the conditions of modern challenges. The main types of risks faced by enterprises and their impact on the company's activities are analyzed. Theoretical models of risk assessment and their application in conditions of uncertainty are considered. The role of innovative technologies in the process of risk assessment and management is studied. The importance of integrating the risk assessment system into the general strategy of enterprise management to ensure its sustainability and competitiveness is substantiated.

Keywords

Risk assessment, risk management, risk assessment system, modern challenges, enterprise strategy.

Problem statement

In the conditions of growing instability of the global economic environment and increased competition, enterprises are faced with the need to effectively manage various risks that can significantly affect their operations and financial results. Traditional approaches to risk assessment are often not effective enough to adequately respond to modern challenges such as global economic crises, pandemics, geopolitical conflicts, cyber attacks and rapid technological changes. The problem is that classic models of risk assessment, based on historical data and statistical methods, are not always able to predict new types of risks and their potential impact on the company's activities. This leads to an inadequate assessment of risks and, as a result, to the adoption of suboptimal management decisions.

There is a need to develop new theoretical models and practical approaches to the formation of a risk assessment system that would take into account the dynamic nature of the modern business environment and allow for quick adaptation to new challenges. Such models should not only identify and evaluate traditional types of risks, but also take into account new risk factors that arise in the context of the digital economy and global changes.

In addition, it is important to develop methods that will allow the integration of the risk assessment system into the overall strategy of enterprise management, ensuring its flexibility and efficiency.

Relevance of the chosen topic

In the conditions of the growing volatility of the economic environment and the emergence of new types of risks, the formation of an effective risk assessment system becomes critically important for ensuring the stability and competitiveness of enterprises. The relevance of the study of theoretical approaches to the formation of a risk assessment system of enterprise activity in the conditions of modern challenges is determined by several factors:

1. The global COVID-19 pandemic and its consequences have demonstrated the limitations of traditional risk assessment models and the need to develop more flexible and comprehensive approaches to enterprise risk management.
2. The rapid development of digital technologies and the transformation of business models create new types of risks that require innovative assessment and management methods.
3. The growing role of non-financial factors, such as environmental, social and governance (ESG) risks, requires the expansion of traditional risk assessment frameworks and the integration of new methodologies.

Analysis of recent research and publications

The theoretical basis of risk assessment of enterprise activity was studied by such scientists as F. Knight (Knight, 1921), K. Arrow (Arrow, 1951), H. Markowitz (Markowitz, 1952), J. Stiglitz (Stiglitz, 1974). Their work laid the foundation for understanding the nature of risks and methods of their assessment. Modern research in the field of enterprise risk management, in particular the works of R. Kaplan and A. Mikes (Kaplan & Mikes, 2012; Mikes & Kaplan, 2015), T. Aven (Aven, 2016), P. Jorion (Jorion, 2007), focus on the development of integrated approaches to risk assessment and their impact on the company's strategy. It is important to note that recent studies increasingly focus on the development of dynamic risk assessment models that take into account the specifics of the digital economy and global challenges.

Purpose of the article

The purpose of the article is the analysis and systematization of theoretical approaches to the formation of a risk assessment system of enterprise activity in the conditions of modern challenges. To achieve the goal, the following tasks must be solved:

- to determine the main types of risks that affect the activity of the enterprise in modern conditions;
- analyze theoretical risk assessment models and their adaptation to new economic realities;
- to investigate the role of innovative technologies in the process of enterprise risk assessment and management;
- consider approaches to the integration of the risk assessment system into the general strategy of enterprise management.

Presentation of the main research material and results obtained

The modern business environment is characterized by an unprecedented level of uncertainty and dynamism, which leads to the emergence of new types of risks and the transformation of existing ones. Globalization of the economy, rapid technological progress and changes in the geopolitical landscape create a complex network of interrelated factors that affect the activities of enterprises. Such a situation requires constant vigilance and adaptability from companies in identifying and managing risks. Analysis of modern literature, industry reports and practices of leading companies in the field of risk management allows us to identify the main categories of risks faced by enterprises in modern conditions. These risks range from traditional operational and financial risks to the latest ones related to digital transformation and climate change. In the Table 1 presents a systematic overview of key types of risks, their characteristics and potential impact on the activities of enterprises.

Analysis of the Table 1 allows us to draw a conclusion about the significant diversification of risks faced by modern enterprises. Cyber risks have become one of the key challenges for business in the conditions of rapid development of the digital economy. The growing dependence of enterprises on information technologies and Internet infrastructure creates new vulnerabilities that are actively exploited by cybercriminals. According to Cybersecurity Ventures, global cybercrime losses could reach \$10.5 trillion annually by 2025 (Morgan, 2020), underscoring the scale of the problem and its potential impact on the global economy. This trend requires

enterprises to rethink their approaches to risk management and invest significant resources in cyber security. Integrating cyber risk assessment into an enterprise's overall risk management system is becoming not just a recommendation, but a critical necessity to ensure business resilience. This involves not only the implementation of technical means of protection, but also the development of a cyber security culture among employees, regular audits of information systems and the development of cyber incident response plans. Moreover, the increasing complexity of cyber threats requires enterprises to constantly update their knowledge and protection strategies. This includes monitoring new types of attacks, analyzing cybersecurity trends, and adapting defense systems to evolving threats. Collaboration with cybersecurity experts, participation in industry initiatives to share threat information, and investment in advanced defense technologies are becoming key elements of an effective cyber risk management strategy.

Table 1: The main types of risks of enterprise activity in modern conditions

| No. z/p | Type of risk | Characteristic | Influence on the activity of the enterprise |
|---------|--------------------------------------|---|--|
| 1 | Cyber risks | Risks associated with information system security breaches, data loss, and cyber attacks | May lead to financial losses, reputational damage, disruption of operations |
| 2 | Risks of pandemics and global crises | Risks associated with global epidemics, economic crises, geopolitical conflicts | May cause disruption of supply chains, reduced demand, financial instability |
| 3 | Technological risks | Risks associated with rapid technological changes, introduction of new technologies, digital transformation | It can lead to a loss of competitiveness, the need for significant investments in technology |
| 4 | ESG risks | Risks associated with environmental, social and management factors | It can affect the company's reputation, access to financing, compliance with regulatory requirements |
| 5 | Supply chain risks | Risks related to the disruption or inefficiency of supply chains | May lead to interruptions in production, increased costs, loss of customers |

Source: Summarized and adapted from WEF Global Risks Report 2023 (World Economic Forum, 2023), Deloitte Global Risk Management Survey 2021 (Deloitte, 2021), Hochschule Mittweida materials (University of Applied Sciences Mittweida, 2024)

The risks of pandemics and global crises that have become apparent during COVID-19 demonstrate the importance of developing flexible risk assessment models that can adapt to unpredictable scenarios. The COVID-19 pandemic has posed an unprecedented challenge to the global economy, exposing vulnerabilities in many aspects of business activity, from supply chains to the organization of work processes. This crisis has highlighted the need to rethink traditional approaches to risk management and develop more comprehensive and adaptive strategies. According to a McKinsey study, the majority of surveyed companies plan to increase the resilience of their supply chains after the pandemic (Alicke et al., 2020), indicating a growing focus on assessing and managing supply chain risks. This decision is in response to large-scale disruptions in global supply chains that have resulted in significant economic losses and operational problems for many businesses. Companies have realized the need to diversify suppliers, build back-up stocks of critical components, and implement advanced technologies to monitor and manage supply chains. However, increasing the resilience of supply chains is only one aspect of the broader challenge of managing risks in global crises. Businesses are also rethinking their approaches to human resource management, implementing flexible working models and investing in digital tools to ensure continuity of business processes. In addition, there is growing attention to financial stability, with an emphasis on creating liquidity reserves and diversifying funding sources. An important aspect of new risk assessment models is their ability to take into account the relationships between different types of risks. For example, the pandemic has demonstrated how health care problems can quickly transform into economic, social and geopolitical risks, requiring businesses to develop systems thinking and use scenario planning to prepare for different scenarios. The experience of the pandemic has highlighted the importance of cooperation between different sectors of the

economy, government structures and international organizations in overcoming global crises. Businesses are increasingly seeing participation in such collaborative initiatives as an important element of their risk management strategies, recognizing that some challenges require collective efforts to be effectively addressed.

In the era of the Fourth Industrial Revolution, the technological risks and challenges of digital transformation are gaining unprecedented importance for business. Innovations in the fields of artificial intelligence, the Internet of Things, blockchain and cloud computing are radically changing the landscape of corporate operations, creating both new opportunities and potential threats. Enterprises are faced with the need to quickly adapt to technological changes, which requires not only significant investments, but also a fundamental restructuring of business processes and corporate culture. This transformation is accompanied by growing cyber security risks, data protection issues and challenges related to the integration of new technologies into existing systems. Awareness of the critical role of digital technologies in ensuring long-term success is prompting managers to rethink development strategies. They recognize that digital competence is becoming a key factor in competitiveness, affecting companies' ability to attract customers, optimize operations and create innovative products and services. Integrating technology risk assessment into strategic planning is becoming not just a desirable practice, but a necessary condition for survival in the digital era. This involves the development of comprehensive methodologies that take into account not only technical aspects, but also the potential impact of technological solutions on the business model, corporate culture and interaction with customers. Inefficient management of technology risks can have catastrophic consequences, leading not only to loss of market positions, but also to reputational damage, regulatory violations and loss of customer trust. Companies that ignore these risks run the risk of finding themselves on the periphery of the market, unable to keep up with the rapidly changing needs of consumers and the innovative solutions of competitors. To effectively manage technological risks, enterprises need to develop a culture of innovation, invest in the development of digital competencies of personnel and create flexible organizational structures that can quickly adapt to technological changes. It also requires constant monitoring of technological trends, assessment of their potential impact on business and development of response scenarios to various technological challenges.

ESG risks are becoming increasingly important in the context of growing attention to issues of sustainable development and responsible investing. And risks cover a wide range of factors, from climate change and resource management to labor practices and corporate governance. According to a study by (PwC, 2021), the majority of institutional investors are ready to abandon investments in companies with high ESG risks. Moreover, a significant part of investors stated that they are ready to sell shares of companies that do not sufficiently consider ESG factors in their activities. This trend has significant implications for businesses. First, it indicates the need to develop comprehensive ESG risk assessment models and their integration into the overall risk management system of the enterprise. Second, companies must not only assess these risks, but also actively manage them by implementing sustainable development strategies and improving their ESG performance. It is important to note that the assessment of ESG risks requires an interdisciplinary approach that goes beyond traditional financial analysis, which includes the assessment of the company's impact on the environment, the analysis of social practices and the quality of corporate governance. In addition, there is a growing need for transparent reporting on ESG factors as investors and other stakeholders demand more information to make informed decisions. Thus, the integration of ESG risks into the overall risk management system becomes not just a desirable practice, but a necessary condition for ensuring the long-term stability and competitiveness of the enterprise in the modern business environment.

Given the dynamism and multifacetedness of the modern business environment, traditional approaches to risk assessment increasingly demonstrate their limitations. Globalization, technological breakthroughs and changing consumption paradigms create new types of threats that are difficult to predict and assess using established methodologies. This situation prompts scientists and practitioners to search for innovative theoretical models capable of adequately reflecting the complexity and interconnectedness of modern risks. New models should not only identify potential threats, but also take into account their systemic nature, assess cascading effects and long-term consequences. They must be flexible enough to adapt to rapidly changing conditions and integrate data from multiple sources to form a holistic picture of the enterprise's risk landscape. In the Table 2 provides an overview of some promising theoretical approaches that attempt to respond to these challenges by offering a more comprehensive and dynamic view of the risk assessment process.

The analysis of the given theoretical models demonstrates significant progress in the development of approaches to risk assessment that take into account the specifics of the modern business environment. The integrated risk assessment model proposed by Mikes and Kaplan (2015) is an attempt to create a holistic picture of enterprise risks, taking into account their interrelationships and impact on the company's strategy. This model is especially useful for large companies with a complex risk structure, but its implementation can be a resource-

intensive process.

The dynamic risk assessment model developed by Aven (2016) is an innovative approach that takes into account the variability of risks over time and is able to adapt to new conditions. This model considers risk not as a static phenomenon, but as a dynamic process that constantly evolves under the influence of external and internal factors. The model uses sophisticated algorithms and forecasting techniques to continuously update risk estimates, taking into account the latest information and trends. Such a model is especially relevant in conditions of rapid changes in the economic environment, where traditional static models quickly lose relevance. However, the effective implementation of the mentioned model requires the creation of a developed system of data collection and analysis, constant monitoring of key indicators and regular updating of model parameters. This can be a resource-intensive process that requires significant investment in technology and staff training.

A scenario-based risk assessment model is a powerful strategic planning tool that allows businesses to prepare for various scenarios. Such a model is based on the principle that the future cannot be predicted with absolute accuracy, but it is possible to prepare for its various variants. The model includes the development of several plausible scenarios of the development of the situation, the analysis of their potential impact on the business and the development of appropriate response strategies. According to a Deloitte study, 73% of companies that use scenario planning demonstrate a better ability to respond to crisis situations (Deloitte, 2021) due to the fact that such companies have pre-developed action plans for various situations, which allows them to respond faster and more efficiently respond to changes. However, developing realistic scenarios can be challenging, especially under conditions of high uncertainty. This requires a deep understanding of market trends, geopolitical situations, technological innovations and other factors affecting the business environment. In addition, it is important to avoid bias in the development of scenarios and ensure that they are sufficiently diverse to cover a wide range of possible future situations.

Table 2: Comparative analysis of theoretical models of enterprise risk assessment

| No. z/p | Model | Features | Advantages/Limitations |
|---------|---|---|--|
| 1 | Integrated Risk Assessment Model (IRM) | It takes into account the interrelationships between different types of risks and their impact on the company's strategy | Allows you to get a complete picture of the company's risks. Complexity of implementation and the need for significant resources |
| 2 | Dynamic Risk Assessment Model (DRM) | Takes into account changes in risks over time and adapts to new conditions | Increases the accuracy of risk assessment in a dynamic environment. Requires constant monitoring and updating of data |
| 3 | Scenario-based risk assessment model (SRM) | Uses different scenarios to assess potential risks | Allows you to prepare for various options for the development of the situation. The difficulty of developing realistic scenarios |
| 4 | Approaches to risk assessment using artificial intelligence | Application of machine learning algorithms and artificial intelligence to analyze large volumes of data and identify complex relationships between risk factors | The ability to identify non-obvious relationships and predict new risks. Ability to process large volumes of data in real time. Dependence on the quality and quantity of input data, the difficulty of interpreting the results |

Source: Summarized and adapted from Aven (2016), Mikes and Kaplan (2015), materials of Hochschule Mittweida (University of Applied Sciences Mittweida, 2024)

Approaches to risk assessment using artificial intelligence (AI-RM) represent an advanced direction in the field of risk analysis and management, which is rapidly developing in parallel with the progress in the field of artificial intelligence and machine learning. These approaches are based on the use of powerful data processing algorithms capable of analyzing huge amounts of information, identifying complex relationships and predicting potential

risks with high accuracy. AI-RM combines traditional risk management methods with artificial intelligence capabilities for deeper data analysis and the discovery of hidden patterns that may not be visible to the human eye or traditional analytical tools. For example, neural networks can be used to analyze non-linear relationships between different risk factors, and machine learning algorithms can automatically adapt risk models based on new data. However, the implementation of AI-RM requires not only significant technological investments, but also changes in organizational culture and risk management processes. In addition, it is important to consider the ethical aspects of using artificial intelligence in decision-making, to ensure the transparency of algorithms and to understand the limitations of these technologies.

It is important to note that the implementation of these models in practice faces a number of challenges. One of them is the difficulty of integrating different models of risk assessment into a single enterprise risk management system. Another challenge is the need to develop new staff competencies to work with modern risk assessment models.

In addition, an important challenge is the adaptation of risk assessment models to the specifics of a specific industry and enterprise size. Universal models often require significant modification for effective application in various sectors of the economy. For example, the assessment of risks in the financial sector can be quite significantly different from the assessment of risks in the manufacturing sector or the service sector.

Another significant challenge is to ensure a balance between the depth of risk analysis and the speed of decision-making. Overly complex models can lead to delays in the decision-making process, which is especially critical in the fast-changing business environment. On the other hand, oversimplified models may not take into account important risk factors. It is also important to note the problem of reliability and relevance of the data used for risk assessment.

In the conditions of information overload and rapid changes in the external environment, providing a high-quality information base for risk assessment models is becoming an increasingly difficult task. Finally, a significant challenge is overcoming organizational resistance to change when implementing new risk assessment models. This requires not only technical training, but also a change in corporate culture, an increase in risk-oriented thinking at all levels of the organization.

The role of innovative technologies in the process of assessing and managing enterprise risks is becoming more and more significant. The technologies of big data, artificial intelligence, blockchain, and the Internet of Things open up new opportunities for more accurate and efficient risk assessment (Table 3).

Table 3: Innovative technologies in enterprise risk assessment

| No. z/p | Technology | Application in risk assessment | Potential advantages and disadvantages |
|---------|--|---|--|
| 1 | Big data (Big Data) | Analysis of large volumes of structured and unstructured data to identify hidden risks and relationships | Increasing the accuracy of risk assessment, identifying new risk factors. The need for significant investment in IT infrastructure and analytical tools |
| 2 | Artificial intelligence and machine learning | Risk forecasting, automation of risk assessment processes, detection of anomalies | Ability to process large volumes of data in real time, constant improvement of models. Dependence on the quality of input data, « black box » in decision-making |
| 3 | Blockchain | Ensuring transparency and immutability of risk data, smart contracts for automating risk management processes | Increasing confidence in risk data, reducing fraud risks. Technological complexity, regulatory challenges |
| 4 | Internet of Things (IoT) | Real-time data collection to monitor operational risks | Prompt detection and response to risks, improvement of forecasting. Cyber security, management of large data flows |

| Continuation of Table 3 | | | |
|-------------------------|--------------------|--|---|
| 5 | Cloud technologies | Providing access to powerful computing resources for risk analysis, centralized storage of risk data | Scalability and flexibility of risk assessment systems. Issues of data security, dependence on the cloud service provider |

Source: Summarized and adapted from (Gartner, 2022), (Deloitte, 2021)

Analysis of the data presented in the Table 3, demonstrates the significant potential of innovative technologies for the transformation of enterprise risk assessment processes. Big data technologies make it possible to analyze huge amounts of information from various sources, which significantly increases the accuracy of risk assessment. According to (IBM, 2023), the use of big data and analytics technologies can significantly improve risk forecasting and risk management decision-making. Artificial intelligence and machine learning open up new opportunities for automating risk assessment processes and identifying hidden relationships. According to a McKinsey study, a significant part of companies that actively use artificial intelligence in risk management demonstrate relatively better financial results compared to competitors (McKinsey & Company, 2022). Blockchain technology has the potential to improve data transparency and reliability, and more and more large enterprises can use it to manage critical risks. The Internet of Things enables real-time data collection to monitor operational risks, and its implementation can reduce risk management costs. Companies planning to move to cloud-based solutions for risk management expect to improve the efficiency of their processes.

The integration of the risk assessment system into the general strategy of enterprise management is a critically important task for ensuring the efficiency and sustainability of business in modern conditions. This process requires a comprehensive approach that takes into account both the strategic goals of the enterprise and the specifics of its operational activities (Table 4).

Table 4: Approaches to the integration of the risk assessment system into the enterprise management strategy

| No. z/p | Approach | Features | Potential advantages and disadvantages |
|---------|---|---|---|
| 1 | Risk-oriented strategic planning | Taking into account the results of risk assessment when developing strategic plans of the enterprise | Increasing the resilience of the strategy to potential risks. The difficulty of balancing risks and development opportunities |
| 2 | Integration of risk management in corporate governance | Inclusion of the risk management function at the level of senior management and the board of directors | Improving the quality of decision-making at the highest level. The need to develop a risk culture in the organization |
| 3 | Implementation of Key Risk Indicators (KRI) | Development and monitoring of KRIs related to the strategic goals of the enterprise | Prompt identification of potential threats to achieve strategic goals. The difficulty of choosing relevant indicators |
| 4 | Scenario planning based on risks | Development and analysis of various scenarios of the development of events, taking into account potential risks | Increasing the flexibility of the strategy and readiness for various options for the development of the situation. Resource intensity of the planning process |
| 5 | Integration of risk assessment into the system of balanced indicators | Inclusion of risk indicators in the general system of evaluating the efficiency of the enterprise | A comprehensive approach to the assessment of activities taking into account risks. The difficulty of balancing various aspects of activity |

Source: Summarized and adapted from (Moeller, 2007), Kaplan and Mikes (2012), (Committee of Sponsoring Organizations of the Treadway Commission, 2022)

Analysis of the approaches presented in the Table 4, demonstrates the variety of strategies for integrating the risk

assessment system into the overall management of the enterprise. Risk-oriented strategic planning proposed by Kaplan and Mikes (2012) allows to increase the resilience of the company's strategy to potential risks. According to (PwC, 2021), 76% of companies using this approach demonstrate a better ability to achieve strategic goals. Integrating risk management into corporate governance is an important step to ensure effective risk management at all levels of the organization. The implementation of KRI allows to quickly identify potential threats to achieve strategic goals. Scenario planning taking into account risks increases the flexibility of the strategy and the readiness of the enterprise for various variants of the development of the situation. A study by Bain & Company (Bain & Company, 2023) shows that companies that regularly conduct risk-based scenario planning are 17% more likely to achieve their financial goals. The integration of risk assessment into the system of balanced indicators provides a comprehensive approach to the assessment of enterprise activity. The inclusion of risk indicators in the system of balanced indicators can increase the effectiveness of risk management.

However, the implementation of these approaches faces a number of challenges. One of them is the need to develop a risk culture in the organization. Another challenge is the difficulty of balancing risk management and taking advantage of development opportunities. According to McKinsey (2019), 40% of companies note that an excessive focus on risks can limit innovation. It is important to note that the effective integration of the risk assessment system into the general strategy of enterprise management requires constant improvement and adaptation to changes in the business environment.

A promising area is the use of artificial intelligence technologies for forecasting and assessing risks in real time. For example, IBM has developed the Watson for Risk and Compliance system, which uses artificial intelligence to analyze large volumes of data and identify potential risks. Using such a system can reduce risk assessment time by 60% and increase forecast accuracy by 40% (IBM, 2022). Another important aspect is the integration of risk assessment into decision-making processes at all levels of the organization. The development of the concept of sustainable development and the growing attention to ESG factors also affect the formation of the risk assessment system. A significant proportion of institutional investors take ESG risks into account when making investment decisions. It is important to emphasize the need for continuous training and development of personnel competencies in the field of risk assessment and management.

Conclusions

Formation of an effective risk assessment system of enterprise activity in the conditions of modern challenges is a critically important task for ensuring the stability and competitiveness of business. The modern business environment is characterized by a high level of uncertainty and the emergence of new types of risks, such as cyber risks, risks of pandemics and global crises, technological risks and ESG risks, which requires enterprises to develop more flexible and comprehensive risk assessment systems. Traditional models of risk assessment often turn out to be insufficiently effective in modern conditions. New theoretical models, such as the integrated risk assessment model, the dynamic risk assessment model, and the artificial intelligence-based risk assessment model, offer more adaptive approaches to risk assessment. Innovative technologies, including big data, artificial intelligence, blockchain and the Internet of Things, open up new opportunities for more accurate and prompt risk assessment. However, their implementation also creates new challenges related to cyber security and the need to develop new staff competencies.

The integration of the risk assessment system into the general strategy of enterprise management is a critically important task. Effective approaches include risk-based strategic planning, integration of risk management into corporate governance, implementation of key risk indicators, and risk-based scenario planning. The formation of an effective risk assessment system requires a comprehensive approach that takes into account not only financial, but also non-financial factors, in particular ESG risks, which creates additional challenges for enterprises, but also opens up new opportunities for increasing business sustainability. Continuous training and development of personnel competencies in the field of risk assessment and management is critically important for the effective functioning of the enterprise's risk assessment system.

Further research should focus on the development of comprehensive risk assessment models that integrate financial and non-financial factors, as well as on the study of the impact of new technologies on risk assessment processes. An important direction is also the study of methods of effective integration of the risk assessment system into the processes of strategic decision-making at the enterprise.

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CROSS-CULTURAL CHALLENGES IN MANAGING INTERNATIONAL TEAMS: HOW TO ACHIEVE EFFECTIVE COLLABORATION

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Abstract

In today's globalized world, effective management of international teams is one of the critical success factors for multinational companies. However, cross-cultural differences often become a source of misunderstandings, conflicts, and reduced productivity. This article analyzes managers' main challenges when working with international teams and suggests methods for overcoming them. The research aims to identify the vital cross-cultural barriers and examine approaches to managing international teams to improve their effectiveness. The study is based on a comparative analysis of literature, case studies from international companies, and intercultural models (Hofstede, Trompenaars). As a result, recommendations are provided for improving interaction between team members from different cultures.

Keywords

Cross-cultural management, international teams, cultural barriers, intercultural communication, effective collaboration

Problem statement

Globalization and the development of information technologies have led to the widespread presence of international teams in many companies. The increasing number of employees representing various cultural traditions opens up significant company opportunities and presents new challenges for managers. Cross-cultural differences can manifest at various levels, from communication styles to attitudes toward leadership and decision-making. These differences often lead to misunderstandings, conflicts, and a decline in overall productivity. To ensure the effective functioning of international teams, it is essential to consider the specifics of each culture and adapt management approaches to this diversity.

One of the critical problems is that many managers working in multicultural teams only sometimes possess sufficient intercultural competence. It can lead to misunderstandings of colleagues' behaviour from other cultures or incorrect interpretations of their motivations and expectations. As a result, problems arise in coordinating work and achieving team goals. Given this, the study of cross-cultural challenges and the search for methods of effective interaction becomes crucial for the success of international teams in modern conditions.

Relevance of the chosen topic

Companies increasingly engage employees from different countries, forming international teams in the modern globalised environment. Such teams present organisations with vast opportunities, including access to new markets, diverse perspectives, innovative approaches, and enhanced competitiveness. However, along with the advantages comes the complexity of managing these teams due to cultural differences. Cross-cultural barriers, particularly in communication, decision-making, conflict resolution, and leadership approaches, can become significant challenges to effective collaboration.

Understanding cultural differences and adapting management approaches to the specificities of international teams are vital factors in achieving high performance. Consider these aspects to avoid conflicts, reduced productivity, and loss of competitive advantages. Modern research in cross-cultural management demonstrates that successfully overcoming cultural barriers contributes to more effective team performance, improved decision-making quality, and the development of innovative approaches.

Therefore, cross-cultural challenges in international teams are highly relevant for research. Studying this issue allows for the development of effective strategies to optimise management processes and promote the success of international projects in a rapidly changing global environment.

Analysis of recent research and publications

Many prominent foreign and domestic scholars have explored the topic of managing international teams. According to Elena Sokolova and Ivan Petrov (Sokolova & Petrov, 2020), cross-cultural management is a key factor in ensuring effective communication and collaboration between members of international teams. They emphasize that successful management involves understanding and adapting to each country's cultural characteristics.

In Michael Hoffman's view (Hoffman, 2019), cross-cultural differences can become a source of conflict in teams if managers do not consider national stereotypes and values. He highlights the importance of developing emotional intelligence among international project leaders. According to Anna Koval and Dmitry Tarasenko (Koval & Tarasenko, 2022), successful management of international teams requires modern communication technologies, which allow overcoming time and geographical barriers and contribute to greater transparency and process integration.

Purpose of the article

The research aims to explore the cross-cultural challenges that arise when managing international teams and to analyze various approaches to overcoming them using existing intercultural management theories. The study aims to develop effective strategies for optimizing collaboration within multicultural teams, increasing productivity, and ensuring successful communication between representatives of different cultural backgrounds.

Presentation of the main research material and results obtained

Cross-cultural challenges in managing international teams are critical issues in the modern business environment. In globalization and the growing collaboration between companies from different countries, international team leaders must consider cultural differences that influence perceptions of authority, communication, decision-making, and conflict resolution. A lack of understanding of these aspects can lead to misunderstandings, reduced team efficiency, and conflicts.

One of the foremost contemporary challenges in managing international teams is the rapid changes in the global business environment caused by digitalization, the pandemic, and growing market instability. Due to the influence of these factors, companies are forced to adapt their management approaches, particularly in multicultural teams. For instance, the widespread shift to remote work has revealed new challenges related to communication effectiveness in virtual spaces, maintaining team spirit, and avoiding cultural misunderstandings in a setting where face-to-face interactions are almost impossible. The lack of physical presence complicates the transmission of non-verbal signals, which is especially important for high-context cultures. Additionally, current geopolitical crises force international teams to operate under heightened uncertainty, making planning and long-term strategies more difficult. Thus, the ability of managers to quickly respond to changes, adapt management styles, and adjust communication in line with new realities has become critical for success in today's world.

Also, one of the main challenges is the different attitudes toward authority and hierarchy in various cultures. In some cultures, a clear hierarchy is followed, where decisions are made exclusively by management, while in other cultures, a democratic approach is valued, involving all team members in the decision-making

process. This can create tension when team members from different cultures expect different approaches to management. Therefore, adapting leadership styles to account for these cultural differences and ensuring effective collaboration is essential.

Communication barriers are also a significant issue in international teams. Methods of conveying information can vary considerably depending on the culture. For example, in some cultures, a direct communication style prevails, where critical ideas are conveyed clearly and explicitly, while in others, more emphasis is placed on context, and much information is communicated non-verbally or through subtext. This can lead to misunderstandings, especially if team members must be aware of these differences and consider them during communication (Accelerate Management School, n.d.).

Moreover, conflicts may arise due to different time management and planning approaches. In some cultures, time is perceived as a linear resource, and people strive to adhere to schedules and plans strictly. Time is more flexible in other cultures, and multitasking may be the norm. These differences can lead to discrepancies in priorities and work processes in international teams.

Hofstede's cultural dimensions model can be used to study cross-cultural challenges in international teams. This model is a fundamental tool for understanding the differences between the cultures of various countries. It includes six key dimensions that help analyze the impact of culture on various aspects of team management.

1. The Power Distance Index shows the extent to which inequality in power is accepted within a society. In high power distance cultures (e.g., India), authority and hierarchy are highly respected. Accordingly, in international teams, management approaches need to be adapted depending on the level of expected centralization of authority.
2. Individualism vs. Collectivism characterizes the degree to which societies are integrated into groups. In individualistic cultures (e.g., the U.S., U.K.), people tend to act independently, whereas in collectivist cultures (e.g., China and Japan), more emphasis is placed on teamwork and mutual support. This directly influences how members of international teams interact and make decisions.
3. The Uncertainty Avoidance Index indicates how much a culture tends to avoid uncertainty and risk. Countries with a high index (e.g., Germany, Japan) have a stronger adherence to rules and structured processes, which is important to consider when organizing workflows in international teams.
4. Masculinity vs. Femininity shows how much a culture is oriented toward traditional gender roles. In masculine cultures (e.g., the U.S. or Italy), competition and achievement are more valued, whereas in feminine cultures (e.g., Scandinavia), the focus is more on quality of life and cooperation.
5. Long-Term vs. Short-Term Orientation demonstrates whether cultures are focused on short-term or long-term results. This aspect influences management decisions and company development strategies.
6. Restraint vs. Indulgence defines how much a culture allows the gratification of desires. Cultures with high Indulgence (e.g., Latin America, U.S.) offer more freedom in expressing emotions, which can also affect the corporate culture of international teams.

Hofstede's model helps to understand how these cultural dimensions influence interactions and management within international teams.

This theory's use in research allows for the development of effective strategies to overcome cross-cultural barriers and improve collaboration among team members from different cultural backgrounds (Hofstede, n.d.).

Edward Hall, a well-known anthropologist and intercultural communication researcher, significantly contributed to understanding how different cultures exchange information and interact. One of Hall's key contributions is his concept of "high-context and low-context communication." High-context communication is characteristic of cultures where most information is conveyed through non-verbal signals, context, or prior interaction experience. Examples of such cultures include Asian, Middle Eastern, and Latin American countries. In these societies, relationships and traditions hold great importance, so international team members working with representatives from these cultures must be sensitive to non-verbal cues and hidden meanings in communication.

Low-context communication, on the other hand, is more direct and explicit, with the primary information being conveyed through words. This type of communication is typical for countries such as the U.S., Germany, and Scandinavian nations, where openness and clarity are highly valued in interactions. For international teams, this means that in such cultures, clear instructions must be provided, and ambiguity in communication should be avoided.

Another essential aspect of Hall's research is "proxemics"—the study of how different cultures perceive physical space between people during interactions. In some cultures (e.g., the Middle East or Latin America), it is acceptable to communicate at a closer distance than may be comfortable for representatives from Northern Europe or the U.S., where personal space is more highly valued.

Additionally, Hall introduced the concept of "monochronic and polychronic" time perception. Monochronic cultures (e.g., the U.S. and Germany) prefer precise planning and schedule adherence. In polychronic cultures (e.g., Latin America, Italy), time is a flexible resource, and multiple tasks may be performed simultaneously. This influences work processes in international teams, where time may be perceived differently depending on the culture.

Thus, Edward Hall's research is extremely important for international teams. It helps avoid cultural misunderstandings and establish effective communication by considering cultural differences in the perception of information, space, and time. Hall emphasized that successful collaboration is only possible when all team members know these differences and adapt their communication strategies according to the cultural context (Hall, 1966).

Fons Trompenaars, a Dutch researcher and consultant in cross-cultural management, is the author of the widely known "Seven Dimensions of Culture" model (Trompenaars & Hampden-Turner, 1997). His work focuses on a deeper understanding of how cultures influence international teams' business, communication, and management. Trompenaars' model examines how different cultures address critical issues in relationships, time organization, and attitudes toward leadership.

1. The first dimension is Universalism vs. Particularism. Universalist cultures, such as the U.S. and Germany, prefer the same rules and norms for everyone. In contrast, particularist cultures (e.g., Latin America, China) focus more on specific situations and relationships, favouring a flexible approach. This means that management strategies in international teams need to be adapted to the culture in which they work.
2. The second dimension is Individualism vs. Collectivism. Personal achievements and responsibility are paramount in individualistic cultures like the U.S. or the U.K. In contrast, more attention is given to shared goals and teamwork in collectivist cultures (e.g., Japan and South Korea). This affects how employees interact in international teams—individualists value autonomy, while collectivists prioritize group collaboration.
3. The next dimension is Neutral vs. Emotional. Neutral cultures (e.g., Japan, the U.K.) tend to be more reserved in expressing emotions, especially in work situations. Emotional cultures (e.g., Italy and Spain) feel fewer restrictions in expressing feelings and actively use emotion in communication. It is essential for international teams, where representatives of different cultures may perceive the same situations differently.
4. The fourth dimension is Specific vs. Diffuse. In specific cultures (e.g., Germany and the U.S.), personal life is separated from professional life. In contrast, these two aspects may overlap in diffuse cultures (e.g., Italy, China), and relationships between colleagues can be closer, even outside of work.
5. The fifth dimension is Achievement vs. Ascription. In achievement-oriented cultures (e.g., the U.S., the Netherlands), status is determined by personal achievements. In contrast, in ascription cultures (e.g., India, Saudi Arabia), status is often tied to background, age, or social position. This affects leadership dynamics and team organization in international teams.
6. The sixth dimension is Sequential vs. Synchronic. In sequential cultures (e.g., Germany, the U.S.), time is perceived as a linear process where tasks are completed one after another. In synchronic cultures (e.g., Italy and Mexico), time is more flexible, and people often perform multiple tasks simultaneously without strictly following schedules.
7. The seventh dimension is Internal Control vs. External Control. In internal control cultures (e.g., the U.S., the U.K.), people believe in their ability to control their environment and actively influence their lives. In external control cultures (e.g., China, India), adapting to circumstances and interacting harmoniously with nature and the external world is customary.

Trompenaars' work benefits international teams by helping them better understand cultural differences and their impact on management, communication, and collaboration. The Seven Dimensions of Culture model helps avoid misunderstandings and conflicts and supports effective leadership of multicultural teams. This knowledge is significant for global companies striving for success on the international stage (Trompenaars & Hampden-Turner, 1997).

Effective management of intercultural teams requires understanding and accounting for cultural differences that affect communication, workflows, and decision-making. The key to successful collaboration is the leaders' ability to adapt their management style based on the team's cultural characteristics. For example, some cultures value hierarchical structures, while others prioritize equal discussions. Additionally, it is essential to encourage open communication and understand different approaches to problem-solving, which helps improve teamwork and achieve common goals (HRZone, n.d.).

As a result of the study on cross-cultural challenges in international teams, several important conclusions can be drawn. Examining intercultural management models, such as Hofstede's cultural dimensions model, Edward Hall's concepts, and Trompenaars' Seven Dimensions of Culture, provides a better understanding of the differences in behaviour, values, and communication styles among representatives of different cultures. This is critically important for managing international teams, as cultural differences can significantly impact productivity, mutual understanding, and the effectiveness of interactions in work processes.

Hofstede's model highlights key aspects such as power distance, individualism versus collectivism, and uncertainty avoidance, which help managers adapt their approaches based on each team member's culture. Understanding these dimensions helps avoid conflicts and enables better work coordination, considering cultural expectations regarding leadership, task distribution, and decision-making.

Edward Hall's research on high-context and low-context communication emphasizes the importance of understanding the differences in how information is conveyed. Sensitivity to non-verbal signals, the context of conversations, and subtle nuances in expressions greatly enhance communication effectiveness in multicultural teams, where participants come from diverse traditions and interaction approaches.

Trompenaars' model offers a deeper understanding of how culture influences aspects such as attitudes toward rules, time, relationships within the team, and leadership. For instance, in achievement-oriented cultures, personal results are highly valued, while in ascription cultures, other social factors play a role, which must be considered when building team dynamics.

Overall, using these models in international management allows managers to develop effective strategies for managing cultural differences and improving collaboration in international teams. This is especially important in the context of globalization, where organizations need to work with representatives from different cultures, requiring a deep understanding of these differences and the ability to adapt to them.

One of the critical problems in cross-cultural teams is the misperception of communication and management styles due to cultural differences. This can lead to conflicts, misunderstandings, and reduced team effectiveness. For example, the leader has more influence and authority in high power distance cultures (such as India). In contrast, in low power distance cultures (e.g., Sweden or the Netherlands), a more democratic approach is expected. A lack of understanding of these differences can create tension in international teams.

To address this issue, we propose the introduction of interactive training on cross-cultural communication and adaptive management, which will be mandatory for all members of international teams. These training sessions should include:

1. The basics of cultural differences based on Hofstede, Hall, and Trompenaars' models.
2. Practical exercises focused on cross-cultural situations that may arise during work.
3. The development of emotional intelligence and active listening skills enables team members to better understand non-verbal cues and hidden meanings.
4. The use of technologies to build more transparent communication, such as regular video conferences and clear task documentation.

This kind of training will help to reduce tension, improve mutual understanding, and enhance the overall productivity of teams working in an international environment (Education.ua, 2022).

Conclusions

Effective management in international teams requires not only a strong grasp of cultural differences but also the ability to adapt leadership and communication strategies to the diverse backgrounds of team members. By applying frameworks like Hofstede's cultural dimensions model, Hall's context theory, and Trompenaars' seven dimensions of culture, managers can gain valuable insights into how culture impacts leadership styles, communication methods, decision-making processes, and general work dynamics. These theoretical models provide a structured way to analyze the wide variety of cultural influences that affect team collaboration and productivity.

One of the most important aspects of managing international teams is understanding the diverse approaches to management that exist across different cultures. For example, individualistic cultures, which emphasize personal autonomy and self-reliance, may approach teamwork and leadership very differently from collectivist cultures, which value group harmony and collaboration. Additionally, cultural attitudes toward authority and hierarchy, as well as adherence to rules, can greatly affect how team members interact with their leaders and peers. Misunderstandings in these areas can often result in conflicts or inefficiencies if not addressed proactively.

Another critical factor in the success of international teams is the recognition of varying communication

styles. High-context cultures, such as those found in many Asian and Middle Eastern countries, tend to rely on implicit communication, where much of the meaning is derived from context and non-verbal cues. In contrast, low-context cultures, such as those in the U.S. or Germany, typically prefer direct, explicit communication. Without awareness of these differences, team members might misinterpret one another's intentions, potentially causing tension and reducing collaboration.

To successfully navigate these cross-cultural challenges, it is essential to implement targeted strategies. One of the most effective measures is cross-cultural communication training, which helps team members become more aware of their own cultural biases while learning to appreciate and adapt to the styles of others. Additionally, developing emotional intelligence is crucial for both leaders and team members, as it enables them to better understand and manage the emotions and perspectives of those from different cultural backgrounds. Lastly, the use of technology to enhance communication, such as collaboration tools that bridge time zones and language barriers, can significantly improve team cohesion and workflow. In addition, fostering an inclusive team culture where diverse perspectives are valued can enhance creativity and problem-solving within the group. Continuous feedback and open communication are key to ensuring that all team members feel heard and can contribute effectively, regardless of their cultural background.

By integrating these strategies, international teams can overcome cultural barriers, fostering a more harmonious and productive working environment. This not only enhances collaboration but also drives innovation and efficiency, leading to greater overall success for the team and the organization.

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PROBLEMS OF EVALUATING THE QUALITY OF MANAGEMENT AT ENTERPRISES

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Abstract

The relevance of the study lies in the importance of effective management for achieving success and sustainability in the modern business environment. This article examines the concept of "ineffectiveness" in the context of organizational management and its impact on company performance. The main objectives of the research are to identify factors influencing management effectiveness and to study examples of corporate mismanagement.

The research methodology includes an analysis of the findings from the consulting company Proudfoot and the use of Ukrainian sources on organizational management.

The conclusion of the study emphasizes the significance of effective management for achieving success and sustainability in organizations. It also highlights the necessity of a balanced approach to both aspects - the quality of management and performance. Further research in this direction can help develop strategies for improving management in organizations.

Keywords

Management effectiveness, Ineffectiveness, Organizational effectiveness, Corporate management, Performance, Entrepreneurship, Leadership, Management activities

Problem statement

In today's world, the issue of management quality in enterprises is recognized as one of the key components of organizational success, regardless of their size or industry. The problem of assessing management quality has become particularly relevant and has been a subject of discussion for many researchers and practitioners in the field of management. In this paper, we will attempt to address this issue, highlighting its relevance in the modern business environment. We will conduct an analysis of recent research and publications in this area and formulate the purpose and objectives of our study.

The question of management quality becomes increasingly important in modern conditions when organizations face growing internal and external challenges. Management becomes more complex, requiring leaders not only to possess strategic planning and process optimization skills but also the ability to evaluate the performance and effectiveness of their activities.

The problem lies in the fact that there are many approaches to defining and assessing management quality, and they may vary depending on the industry, organization size, and other factors. This necessitates the development of universal methods and tools for evaluating management quality.

Relevance of the chosen topic

The relevance of management quality assessment cannot be overstated, as it directly affects the competitiveness of organizations and their ability to adapt to changes in the modern world. Management quality determines how effectively an organization can achieve its strategic and operational goals and how it responds to market challenges and regulatory changes.

Understanding and assessing management quality is also crucial for investors who invest their funds in organizations. They are interested not only in financial results but also in how an organization manages its resources and the quality of its corporate governance.

Analysis of recent research and publications

Today, numerous studies and publications have been dedicated to the issues of management quality assessment. Some of them explore approaches to defining performance and management effectiveness indicators, while others investigate methodologies for measuring and comparing different organizations.

Recent research also emphasizes the importance of considering various factors, such as corporate social responsibility, customer satisfaction, leadership effectiveness, and their correlation with performance in the assessment of management quality.

Purpose of the article

In this article, we will explore the significance of effective management in the modern business environment and its impact on the success of organizations. We will examine examples of successful and unsuccessful management cases to provide readers with insights into key aspects that determine organizational performance. Achieving the set goal made it necessary to solve the following tasks:

1. Analyze the importance of effective management in organizations and its impact on their results.
2. Present examples of successful companies that have achieved high performance through quality management.
3. Examine the negative effects of poor management on organizations, including examples of companies that have faced failures due to strategic mistakes.
4. Emphasize the importance of ethical aspects in management and their relationship with performance.
5. Investigate how organizations can improve the quality of their management and achieve better results in a dynamic business environment.
6. Provide readers with recommendations for a balanced approach to management that takes into account both management quality and performance to achieve successful organizational activities.

These objectives will help create an informative and valuable article that underscores the importance of effective management in the modern business environment and helps readers understand how it can impact their organizations and activities.

Presentation of the main research material and results obtained

The question of assessing management quality in enterprises is highly relevant and crucial in today's business environment. Achieving positive outcomes in management can be defined as the effect that represents the final result of utilizing various resources, such as money, time, labor, and other assets. This effect can be measured in various ways, including overall revenue, profit, the number of trained employees, or emissions reduction.

In the context of management assessment, it is important to distinguish between the concepts of "performance" and "effectiveness." Performance relates to the degree of achieving planned activities and goals. It can be measured using various indicators such as profitability, productivity, and asset turnover. On the other hand, effectiveness evaluates the relationship between the achieved result (effect) and the resources used. Thus, it measures how efficiently resources were utilized to achieve a result.

It should be noted that in certain cases, the result can be an effect, while in others, it can be a performance indicator. Such an approach may introduce some distinction in terminology, but it is crucial to consider that both of these metrics are important for assessing management.

Depending on the approach and context, effectiveness can be determined in various ways. For example,

Peter Drucker and John Maciarello identify key components of effectiveness, including customer satisfaction, corporate social responsibility, employee satisfaction, performance, labor productivity, leadership effectiveness, management training, operational costs, and innovation. Other authors, such as Peters and Waterman, outline eight criteria for effectiveness, including customer orientation, continuous improvement, environmental adaptation, management level, optimal management team size, employee productivity, optimal organizational structure, and entrepreneurship.

E. Helfert's approach considers seven primary factors of organizational effectiveness, taking into account the interests of various business stakeholders, such as owners, managers, and creditors. This is a well-grounded approach as it considers a broad spectrum of effectiveness indicators that can impact all aspects of organizational activities. Therefore, in the assessment of management quality, it is crucial to understand the difference between performance and effectiveness and to utilize various approaches to define them. Regardless of terminological nuances, both of these concepts remain essential for evaluating the success of management in any business or organization.

Let's consider that performance, in a broad sense, includes the concept of effectiveness in its narrow interpretation. This approach aligns with the Balanced Scorecard (BSC) system, which encompasses not only profit and profitability but also process efficiency. Performance can be seen as a vector that includes indicators of the alignment of all metrics with target values.

It is worth noting that in the field of management, the issue of effectiveness was historically the first to be considered, followed by a focus on reliability in management. Later on, most researchers shifted their attention towards analyzing the quality of management.

The term "efficiency" was initially mentioned in the works of classical political economists such as Adam Smith and David Ricardo. In its early use, this term was applied to characterize the activities of government agencies as management subjects, which contributed to understanding the government as an entity that manages. Approaches for evaluating government performance emerged, involving measuring the outcome of its activities compared to defined goals. The growth in scale and complexity of industrial production led to the emergence of new management subjects - managers - whose activities required assessment. David Ricardo was among the first to apply the term "efficiency" to assess the relationship between results and costs, which is of great importance for evaluating specific activities.

Under the influence of ideas from the American Society of Mechanical Engineers, managers recognized the need to address economic and organizational challenges and develop new rational methods and techniques for work. The term "efficiency" began to be used not only in an economic context but also as a characteristic of managerial efforts in achieving planned results in production. Over time, understanding efficiency as the ratio of results to costs expanded, including not only labor and material costs but also non-renewable resource costs, environmental pollution, accelerated aging of the human body, and more. Consequently, socio-economic efficiency became an important characteristic of public production. The primary criterion for a manager's success is achieving the set goal, and this success is more precisely characterized by the concept of "efficiency."

In the modern world, the issue of management quality becomes extremely important for enterprises and organizations. T. Peters and R. Waterman emphasize several key aspects of management quality that remain relevant today.

1. **Flawlessness and reliability:** One of the most crucial aspects is the flawless operation and absence of defects at all stages of activity. This flawlessness is an important component of reliability. If an organization's processes are defect-free, it contributes to creating a reliable system.
2. **Participative management style:** T. Peters and R. Waterman highlight the importance of a participative management style, which involves mutual responsibility in the relationship between managers and subordinates. This style fosters the involvement of all team members in problem-solving and decision-making.
3. **Shifting from "quality costs money" to "quality pays":** Another important aspect is changing perceptions of quality-related expenses. Instead of considering investments in quality improvement as costs, it should be viewed as investments. Enhancing quality can lead to increased sales and market dominance.
4. **Control and accountability:** Quality management is also related to monitoring the activities of all management participants. However, it is important to avoid excessive control, which can lead to shifting the entire management process into the sphere of control and restrict creativity.
5. **Enhancing management quality within the system:** It is important to note that improving the quality of management in individual elements of a system does not always lead to an overall improvement in management quality. It is crucial to consider the system as a whole, where changes in one element may affect others.

In summary, the concept of management quality plays a significant role in modern business. The aspects highlighted by T. Peters and R. Waterman help organizations improve their efficiency and achieve success in a rapidly changing world.

Performance in management is one of the most critical aspects of successful operations for businesses and organizations. It encompasses the concept of efficiency, which becomes a key factor in achieving set goals and objectives. Equally important is the ability to measure and analyze inefficiency as a tool for identifying ways to improve operations.

The Balanced Scorecard (BSC) is an effective tool for measuring performance in a broad sense. It takes into account not only financial indicators like profit and profitability but also process efficiency, which can be crucial for achieving success within an organization.

The concept of "inefficiency" becomes pivotal in the analysis of performance results. It indicates the failure to reach the full potential and opportunities, highlighting the gap between actual results and potential achievements. To achieve high performance, it is essential to identify the sources of inefficiency and take measures to overcome them.

In the study of management efficiency, two types of inefficiency are often distinguished: technical and economic. Technical inefficiency points to the failure to achieve maximum productivity with available resources. In other words, it represents losses stemming from poorly optimized processes and inefficient resource utilization.

Economic inefficiency reflects the gap between potential economic benefits and actual results in an organization's activities. This means that an organization may miss opportunities for increased profits and growth due to improper resource allocation.

The concept of "X-inefficiency," introduced by Herbert Leibenstein, underscores the fact that many organizations have the potential to achieve significantly better results than they actually do. This can pertain to the efficiency of resource utilization, process management, optimization of strategies, and many other aspects of an organization's operations.

Detecting and eliminating "X-inefficiency" is a crucial task for organizations as it can lead to a substantial increase in productivity and income. This implies that a company can achieve better results while using the same resources or achieve the same results with lower expenditures.

It is essential to consider that achieving maximum efficiency does not always equate to maximum profit. Sometimes, it is more advantageous to allocate resources to other areas or projects where they can lead to greater economic benefits. Therefore, effective management also entails the prudent allocation of resources in line with strategic goals and potential opportunities. For example, if an organization has limited resources and can invest them in two projects: one that can bring stable but not very high profits and another with the potential for significant profit but with substantial risk, effective management in this case means balancing the risk and potential income while taking into account the available resources.

Therefore, the concept of "X-inefficiency" emphasizes the importance of continuous analysis and improvement of management results to achieve success and stability for the organization. Companies and organizations capable of identifying and addressing "X-inefficiency" have a competitive advantage in the market and can achieve better financial results.

All of this underscores the importance of analyzing and improving management results to achieve success and stability in today's business environment. Emphasizing the reduction of inefficiency helps organizations identify potential opportunities for improvement and achieve better results.

A business management system is a set of tools for planning and implementing policies, practices, manuals, processes and procedures that are used during the development, deployment and execution of business plans and strategies, as well as all related management activities (University of Applied Sciences Mittweida, 2022). The model of the business management system is shown in Figure 1.

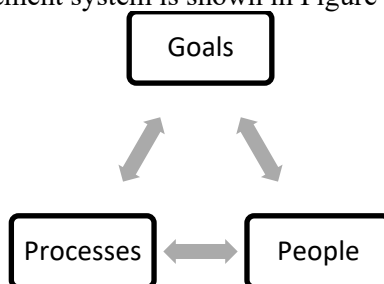


Fig. 1: Business management system model

Source: compiled by the author based on materials (University of Applied Sciences Mittweida, 2022)

The international consulting company Proudfoot conducted a study aimed at identifying factors affecting labor productivity in European and American companies (Proudfoot, 2021). The study analyzed 2,614 projects in hundreds of companies across 13 industries in 12 countries. Additionally, 816 senior executives in 11 countries were surveyed.

The results of this study point to the existence of six main productivity barriers or inefficiency factors:

1. Inadequate management planning and control systems (46% of companies).
2. Short-sighted leadership (31% of companies), which manifests in difficulties in estimating the time required for various tasks.
3. Ineffective communication.
4. Poor team atmosphere.
5. Information technology issues.

These inefficiency factors were identified in practically all industries and on all continents. For example, American researchers L. Bossidy and R. Charan have noted that many efforts aimed at setting goals at the top management level often fail to achieve these goals due to inefficient execution.

The main barrier identified was the inadequacy of operational management systems. In half of the companies, planning and control systems did not align with the company's goals (for example, planning was based on past results rather than real capabilities). This can lead to individuals trying to work as slowly as possible to avoid excessive workloads.

Overall, inefficiency is viewed as the inability to approach the potentially achievable limit of an organization's productivity. Management should always focus its efforts on minimizing this "reserve" of inefficiency and moving closer to the maximum possible level of productivity.

Therefore, the key task is continuous analysis and improvement of management results to achieve success and stability for the organization. Companies and organizations that can identify and eliminate inefficiency can achieve better financial results and gain a competitive advantage in the market.

"Nokia is one of those historical examples that remind us how important effective management is for the viability of any business. Let's try to examine how relaxed leadership and strategic management mistakes led to the downfall of the company.

In the early 2000s, Nokia experienced a sort of "golden age." The company was at the peak of success, and its products were popular worldwide. However, this success became a source of complacency for the top management. They believed that nothing could threaten their market leadership.

Of course, such an approach was a significant mistake. The company did not consider changes in the industry, failed to strategically adapt to new market conditions, and did not invest in research and development. The result was a rapid decline in the popularity of their products and a loss of competitive advantages.

Furthermore, Nokia lacked an effective management system, especially concerning strategic decision-making. The top management did not always understand how efficiently their resources were being used and did not track management pathologies within the company.

This situation vividly illustrates the importance of effective management in modern business. Any company, even a market leader, must remain flexible, think strategically, and constantly improve its operations.

The managerial apparatus within Nokia became a sort of giant, which, unfortunately, did not always work in the company's favor. Instead of effective management, it turned into a bureaucratic structure that hindered decision-making and fostered disorder. The consistency and rationality of decision-making were replaced by uncertainty and a lack of accountability.

Over time, this managerial layer became too large and excessively bureaucratic, leading to inefficient management and numerous delays. Instead of decisiveness and strategic vision, endless bureaucracy emerged, where the same issues were discussed endlessly, and no real steps were taken to address them.

This situation led not only to resource wastage but also to a loss of effectiveness in decision-making. Every new decision required an excessive amount of consensus and approval, which stifled initiative and slowed down responses to market changes.

In this situation, there was an obvious degradation in the company's management. Instead of strategic vision and rapid responses to changes, there was bureaucracy and uncertainty. Such a pattern of managerial strata became a hindrance to effective management and led to the company's downfall.

Additionally, Nokia had issues with its system of financial incentives, which did not inspire employees to be productive. Unjustified expenses on projects and outsourcing that diluted the company's competence were also serious management strategy mistakes.

All of these factors contributed to Nokia's bankruptcy in 2011, and unfortunately, it no longer exists as a standalone company. Even such a giant can fail if it does not improve its management system and adapt to market

changes.

The example of Nokia provides a vivid insight into the world of corporate management, where decisions can sometimes contradict ethical norms and common sense. Mostly, such decisions arise from the intense competition in the market, but sometimes they are driven by the short-sighted desires of management to get rich quickly and uncontrollably."

Having examined this example, we can understand that adhering to principles of efficiency and ethics in company management is of utmost importance. Violations of these principles can lead to ineffective and inappropriate corporate governance, and despite outward appearances, a company may find itself on the brink of financial collapse and corporate scandal.

The consequences of poor management can be incredibly serious, and it is crucial to react promptly to subtle signals that indicate possible management problems. Improving the quality of management can help preserve a significant amount of resources and avoid future negative consequences for the company.

Therefore, it is always worth remembering that a company's success is not limited to external indicators but also encompasses the quality and effectiveness of its management.

This example underscores the importance of effective management for success in business and the organizational environment. Many researchers and experts confirm that the efficiency and performance of an organization directly depend on the quality of its management.

Enthusiasm about having competitive advantages, the use of administrative resources, and limited information availability can lead to violations of market economy principles and create an unhealthy situation within the organization. Such practices may lead to temporary success, but in the long run, they harm and undermine the foundations of the business.

Ineffective management can have serious consequences, such as the loss of competitive advantages, resource depletion, and obstacles to the dissemination of information. These consequences can be extremely challenging for the organization and its leadership.

High organizational performance indicates a high quality of its management, serving as the basis for its success. However, it is important to note that high performance does not always reflect high-quality management. To ensure the successful operation of an organization, a balanced approach that considers both the quality of management and performance is necessary.

Therefore, this analysis emphasizes the importance of effective management for the success of an organization, and the quality of management has a direct impact on its performance. However, it is essential to remember that achieving success in an organization requires a balanced approach to both aspects - management quality and performance.

Conclusions

This article has explored the importance of effective management in the modern business environment and its impact on the success of organizations. Based on the research and analysis of various aspects of management, we can draw the following conclusions:

1. Effective management is a key driver of organizational success. Companies and organizations capable of managing their activities effectively have a better chance of achieving high performance and maintaining competitiveness in their respective markets.
2. The quality of management directly influences organizational performance. Excellent management can increase productivity, reduce costs, and promote innovation.
3. Successful companies like Proudfoot demonstrate that high-quality management leads to positive financial outcomes and the ability to adapt to market changes.
4. Mistakes and deficiencies in management can lead to the downfall of even major players like Nokia. Strategic errors, bureaucracy, and unethical practices can significantly harm an organization.
5. Ethical management and adherence to high moral standards are crucial for the successful functioning of an organization. The absence of ethical norms can impact reputation and lead to legal issues.
6. To improve the quality of management, organizations should focus on strategic thinking, effective communication, adaptation to new technologies, and the development of human resources.

Overall, successful organizations recognize the importance of effective management and can strike a balance between the quality of management and performance. Continuous analysis and improvement of management practices are key to achieving success and resilience in the modern business environment.

Regarding the prospects for further research in this direction, it is essential to investigate the impact of modern technologies, changing leadership roles, the implementation of green initiatives on management, and the development of new approaches to improving management practices in an environment of constant change.

Additionally, studying the impact of pandemics and crisis situations on management methods and organizational strategies is crucial.

In this dynamic era, management remains a critical factor in achieving success, and further research in this area can lead to new approaches and innovations in organizational management.

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FINAL NOTE

With the publication of this issue, the Ukraine Digital Project reaches an important milestone and formally concludes its current phase. What began as a response to unprecedented challenges has developed into a vibrant academic partnership characterized by resilience, mutual support, and a shared commitment to international cooperation.

Over the past years, colleagues, students, and partner institutions from Ukraine and Germany have worked together with remarkable dedication. Through joint research activities, academic exchange, scientific competitions, publications, and numerous personal interactions, we have demonstrated that meaningful collaboration can flourish even under the most difficult circumstances.

While the Ukraine Digital Project itself is coming to an end, the cooperation it has fostered continues. The strong academic networks, professional relationships, and personal friendships established during this period provide a solid foundation for future initiatives. We are confident that our joint research activities, student research contests, scholarly publications, and other forms of academic cooperation will continue to develop and grow in the years ahead.

We would like to express our sincere gratitude to all colleagues, students, and partners who contributed to the success of this initiative. Their commitment has demonstrated that international academic cooperation is not only a source of knowledge and innovation but also a powerful instrument for solidarity, understanding, and friendship.

As we look to the future, we remain committed to working together with our partners, creating new opportunities for collaboration, and contributing to a shared academic community that transcends borders and challenges alike.

The Ukraine Digital Project may be concluding, but the partnerships and friendships it has strengthened will continue to inspire and shape our common future.

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