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## DEFINITION OF THE DEVELOPMENT OF A COMPANY IN THE MODERN STRATEGIC MANAGEMENT

The article deals with the issues of the conceptual basis of strategic management and, particularly, with the ambiguity of the concept of company development. The author proposes the improved definition of company's development in this context as of process of a long-term transition between different states of the company's internal environment under the managerial influence that utilizes the competitive advantages of the company in order to achieve the goals regarding business performance, sustainability and satisfaction of the stakeholders' needs. The paper emphasizes the need to overcome limitations of existing studies from the past, both in the practice of strategic management and theory. The results of the work can be used for the further research of the key features of company development in today's conditions.

**Keywords:** company development, business development, company, competitive advantage, business, strategic management, sustainable development.

У статті розглядаються питання теоретичних засад стратегічного управління та, зокрема, неоднозначність концепції розвитку компанії. У даному контексті автор пропонує вдосконалене визначення розвитку компанії як процесу довгострокового переходу між різними станами внутрішнього середовища компанії під управлінським впливом, що використовує конкурентні переваги компанії для досягнення цілей ефективності бізнесу, його стійкості та задоволення потреб стейкхолдерів. Результати роботи можуть бути використані для подальшого дослідження ключових особливостей розвитку компаній у сучасних умовах.

**Ключові слова:** розвиток компанії, розвиток бізнесу, компанія, конкурентна перевага, бізнес, стратегічний менеджмент, сталий розвиток.

В статье рассматриваются вопросы теоретических основ стратегического управления и, в частности, неоднозначность концепции развития компании. В данном контексте автор предлагает усовершенствованное определение развития компании как процесса долгосрочного перехода между различными состояниями внутренней среды компании под управленческим влиянием, использующего конкурентные преимущества компании для достижения целей по эффективности бизнеса, его стойкости и удовлетворению потребностей стейкхолдеров. Результаты работы могут быть использованы для дальнейшего исследования ключевых особенностей развития компаний в современных условиях.

**Ключевые слова:** развитие компании, развитие бизнеса, компания, конкурентное преимущество, бизнес, стратегический менеджмент, устойчивое развитие.

**Introduction.** Nowadays, evolution of business development and administration theory and practice regarding functioning of companies in the complex environment necessitates a clear understanding the concept of company development. In today's highly competitive market conditions, processes, tools and techniques of strategic management are used to introduce changes aimed to achieve the required business results geared towards organizational development. They are generally used as means

to alter an organization's external and internal environment, including structure, culture, technology, and most importantly, they are directed to expansion of market shares and taking advantage of the economies of scale. Many companies use various techniques to strategically leverage important attributes of their competitive advantage considering existing modern trends and management systems of

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company development.

Modern research is usually focused on the planning and executing of a company's strategy to become competitive. However, recently, as competition is increasing among businesses and organizations are considering new ways to increase competitive edge and generate value for stakeholders. It is important, both from practical management and business administration perspective, and theoretical standpoint, to understand how it is possible to strategically develop a company in the modern environment to ensure its optimal development. This defines the urgency of the topic of this research.

**Review of the research background and literature.** The concepts of strategic management, strategy and business development of a company are studied in varying forms in the works of many scientists. Previously, during the last decades, many companies in market conditions practiced a business development following the common view of strategy as 'a coherent set of individual discrete actions in support of a system of goals, and which are supported as a portfolio by a self-sustaining critical mass, or momentum of opinion in an organization' [1]. The clear focus therein is on the system of goals in the context of the internal environment of the organization.

However, the evolution of strategic development of companies over the last decades has been about a gradual shifting of attention of managers from goals and missions to focus on establishment of competitive advantage and the achievements that are based on the successful utilization of the advantage in equipment, human resources, optimization of processes for the purposes of sustainable development [2–4].

This statement also finds support in the available literature review and content analysis papers [5, 6], for example in the work of O. Furrer, H. Thomas and A. Goussevskaia [5], who analyzed the evolution of strategic management over the period of 26 years, from 1980 to 2006, based on the frequency of certain keywords in the field of strategic development or management in research publications. Strategic development process of a company focuses more on what is within the best potential of the company, instead of the

forcefulness to hit goals in line with mission statements, which are often sweet-worded, unrealistic and out of reach.

Past literature on strategic management have also pointed to how processes and strategic management context influences organizational outcome. On organizational strategy, structure and process, researchers [7, 8] classify firms into distinct groups based on how a firm respond to three major problems that is, entrepreneurial, engineering, and administrative.

Considering the mentioned facts, it is possible to presume that there are various approaches to define the distinctive features of the development process which creates the possibility of misinterpretation of the concept in the real conditions of management in practice and in new research. The analysis of the scientific managerial literature has demonstrated that today there is a need for the new understanding of the company development. Some researchers, as seen from the examined works, have already done this type of analysis and improvement of the theoretical background in the field. It is important to highlight that the modern research papers still do not come to the common viewpoint in what is a development of a company in a strategic perspective. Also, they almost do not take into account the social aspect of the business functioning and the modern trend to sustainable development. Moreover, widely used concepts of "strategic management", "business development", "company's development", etc. are often interpreted differently [3, 5].

**The goal of the article.** The aim of the study is to determine managerial activities as well as unique features of company development with respect to processes, resource engagement, and modern management trends, and to develop an improved definition of the company development concept in the strategic management context.

**Methodology and the research findings.** For the purposes of the defining of company's development in strategic management context, it is important to find out the main features of strategic management as well as business development emphasized in the managerial literature. The study of scientific sources is the primary method of this research. It is based on comparative analysis of scientific articles on the

topic of the research aiming to find which modern aspects of business development, strategic management and strategy development can contribute to overall company development theory in strategic management.

Popular definitions of strategic management [9] describe it as activity involving “setting objectives, analyzing the competitive environment, analyzing the internal organization, evaluating strategies, and ensuring that management rolls out the strategies across the organization”. So, they emphasize setting objectives based on competition analysis. Which sets competition analysis and the competitive advantage as the foundation of today's strategic management of company development.

Other researchers [10] summarized their core concepts of the key components of strategic management into a short definition which read that it is about ‘Long-term general plans for organizational activities in the market’. Bregman [11] also suggested that for a good strategic plan to be effective, leaders must execute the plan well.

Comparison of several key approaches and key attention points in modern theoretical base are presented in the table 1.

Table 1 – Analysis of definitions of concepts related to development of a company in the strategic management context (compiled by the author)

Authors	Concept	Definition (description)	Main unique features in the definition
Kenton, W. [9]	Strategic management	“... setting objectives, analyzing the competitive environment, analyzing the internal organization, evaluating strategies, and ensuring that management rolls out the strategies across the organization”	Includes focus on competition and manager's role.

Itami, H., Numagami, T. [10]	Strategy	“long-term general plans for organizational activities in the market.”	Does not use competitive advantage. Emphasizes planning.
Chandler, A. [13]	Strategy	“... is the determination of the basic long-term goals of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals.”	Emphasized basic goals, planning, actions and efficient use of resources.
Sørensen, H. E. [12]	Business development	“the tasks and processes concerning analytical preparation of potential growth opportunities, the support and monitoring of the implementation of growth opportunities”	Emphasizes growth opportunities
Kot, O. V., Pavliuk O.O. [3]	Company development	“... set of processes, changes, with which the company can move from one qualitative state to another, more perfect one”	Abstract. Stresses the transition between two states.

As for the business (or company, which is synonymous) development, Sørensen [12] defines business development as “the tasks and processes concerning analytical preparation of potential growth opportunities, the support and monitoring of the implementation of growth opportunities”. Hence, development is necessitated by the need to maintain balance and flexibility in projections, estimations and decision making. Lorenzi and Sørensen [12]

also emphasize the market focus in the contemporary business development.

Kot and Pavlyuk [3] suggest that the main routes of strategic development are related to the development of structures, operational systems and quality management, and staff motivation. There are some articles that use only abstract understanding of the development concept, as a sequence of changes and do not describe the consequences of the changes in the management context [6].

Also, based on the studied sources [3, 5, 12] it is possible to characterize several trends of the last decades in strategic management that are related to the development of a company:

1) the development is a process-oriented managerial activity that utilizes competitive advantages;

2) it considers stakeholders as the primary guide towards improvement;

3) it is a long-term process;

4) it assumes a change under the influence of a decision-maker;

5) the development must be oriented towards the sustainability.

**Results.** According to the table 1, we can see that the modern-day entrepreneur, business administrator or business scientist see strategic development as basically a series of predetermined long-term actions with considerations of stakeholder needs, process-oriented managerial activities. This corresponds generally with the trend of sustainable development which seek to place a business in an advantageous position in the market using society-related approaches.

As for the stakeholders' needs, they may be utilized to help a company accomplish performance goals as a framework for strategic decision making, with specific outcomes resulting from specific behaviors as well as the attainment of traditional business objectives such as profitability and a firm's survival. Every company has stakeholders, and its goal can only be achieved by safeguarding and balancing the interests of various stakeholders.

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Resulting from the analysis, it is possible to propose define the development of the company in modern strategic management as process of a long-term transition between different states of the company's internal environment under the managerial influence that utilizes the competitive advantages of the company in order to achieve the goals regarding business performance, sustainability and satisfaction of the stakeholders' needs.

Having a defined process for managing a company's development, is helpful for firms to make appropriate decisions and develop new goals at a progress-friendly rate in order to keep pace with evolving technology, market and business conditions. Strategic management of the development can, thus, help an organization to gain competitive advantage, improve market share and secure its future.

**Conclusions and future research.** Direct definitions of modern context development of a company exist and are diverse but do not go to the common point, but they do not place as much emphasis on goals, missions and targets as previously. Even though in theory many still stick to mission statements, in practice it strategic development has become more of maximization of profit and cutting of losses through optimal resourcing and utilizing responsible business techniques.

The new improved definition of the company's development differs from the existing ones by emphasizing the role of managers and accenting the importance of stakeholders and sustainable development. It's application in research and practice can allow to modernize management studies by focusing on the most important directions of improvement that coincide with the trends of doing business in the globalized markets of high competition. However, since the evolving practice is still taking shape and is not completely well documented, additional research, refinement and improvement is required in the future.

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