

Zaichenko M. Y.

Oles Honchar Dnipro National University (Ukraine)

**DIVERSIFICATION STRATEGY AS A TOOL OF ENTERPRISE
DEVELOPMENT IN MODERN MARKET CONDITIONS**

From the point of view of the management hierarchy, modern researchers of the theory of strategic management and business practice distinguish four levels of strategy: corporate, business (or competitive), functional, operational. Some authors propose to consider strategic alternatives of companies and firms based on changes in the following factors: product, market, industry, industry position, technology, staff.

Choosing a strategy will change at least one of the above elements. As experience has shown, technology and staff change during measuring any of the above factors.

Considering diversification strategies gives the opportunity to note changes in several parameters at once: the product, the market, the industry, and, without a doubt, technology and staff are subjects to change. The most complete and detailed classification of strategies, that takes into account the above factors, is given by O. Wichanski [2]. He identified a group of growth strategies which includes, along with diversification strategies, concentrated and integrated growth strategies, and a group of reduction strategies.

Strategic diversification, as a corporate business strategy, is made up of businesses, making a great deal of depth compared to other strategies, changing technology and personal resources. In addition, it considers developing a strategy that supports all necessary strategies.

Assessing the rich world and domestic practice of diversification and relying on the opinions of foreign scientists, we propose to define diversification as a corporate level strategy, which is developed to ensure the long-term competitiveness of the enterprise, which involves the formation of industrial sectors and new areas of technology.

At the stage of «implementation» of business diversification, it is advisable to create the basis for the most effective implementation of the strategy. To do this, it is necessary to draw up strategic goals and objectives in the form of financial plans, numbers to indicate the allocation of financial and economic resources in the budget plans. This stage of strategic management involves the development of a plans system, which is a kind of materialization of the production and financial activity of the entrepreneurial structure and provides a complete feasibility study of the selected strategies.

Strategic planning of business diversification becomes meaningful when it is implemented [1]. At the stage of «implementation» of the strategy, the management of the entrepreneurial structure uses management tools in the form of plans and budgets to achieve the set goals and objectives. Three types of interconnected plans are commonly used:

- 1) basic strategic plan – the plan corresponds to corporate strategies and includes the main activities of the business structure;

- 2) tactical plan determines the direction of development of specific business directions. Its main content is strategies aimed at increasing, maintaining stability and enhancing competitiveness;

- 3) operational plans regulate the current activity of the entrepreneurial structure to achieve the corporate strategy as a whole.

Diversification is carried out either at the expense of internal growth (carrying out diversification of activity of the existing enterprise), or at the expense of external growth (diversification through mergers and acquisitions) [3].

In Ukrainian conditions, both versions were widely used. On the one hand, enterprises diversify their activities by developing new products that are not peculiar to them, by forming trade firms. On the other hand, the privatization process is accompanied by mergers and acquisitions of enterprises [3]. The Ukrainian experience of acquiring companies in the privatization process shows that the owners have made different decisions regarding the diversification of the stock portfolio. Most often, a systematic approach was used to identify the most attractive industries

and then acquire businesses (for example, banks that form sectoral portfolios). However, in most cases, the weak link between the attractiveness of the industry and the efficiency of the enterprise has become specific.

A significant role in the implementation of the diversification strategy is played by subjective factors: the willingness of managers and staff of the company to cooperate with the owners; local government involvement in this kind of collaboration; the presence of interests of other entities wishing to establish control of this enterprise, etc.

Diversification is inherent in firms – leaders. In this case, an internal investment resource is used (the generated profit is invested in the development of a new perspective direction) and there is a financial possibility to overcome the above and any other barriers to entry into new markets [2].

In Ukraine, diversified companies are one of the main forms of doing business at the present stage of development. Perhaps a diversified structure is just a stage of development, or similar companies can be quite efficient and create value by allocating resources across different business lines. Diversification can be successful only if it is beneficial to all structural units and enhances the competitive status of the enterprise as a whole.

References:

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