

Strategic Vectors for Enterprise Development in the Context of the Digitalization of the Economy

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Abstract: In the realities of the digital economy there are fast and permanent processes of digitalization of economic relations and economic activity, technologies, information and knowledge in the field of business management are becoming increasingly important. Contemporary economic conditions in which enterprises operate are characterized by globality, dynamism and uncertainty. One of the main factors that can ensure the company's stability in the market and help strengthen its position is a well-founded development strategy.

Depending on the direction of enterprise development, it is important to distinguish such strategies as intensification, integration and diversification, which can be applied individually or in combination. The need to adapt to the conditions of comprehensive digitalization requires enterprises to take an innovative approach to their activities, and the harmonization of the mechanism of strategic management of innovative development of the enterprise should consist of determining the vector of innovative transformations. Knowledge is critical in creating innovation, because it is both an important contribution and the result of the transformation of the innovative culture of enterprises.

The use of contemporary methods of e-commerce, digital platforms and blockchain allows companies to gain new benefits and opportunities. Enterprises that choose as a strategic vector of development a systematic combination of innovative approach to their activities, analysis of internal and external resources of development, adequate adaptation to the external realities of the digital economy, achieve high results in the present and future.

Keywords: *Innovations, directions of enterprise development, e-commerce, knowledge, intensification, diversification.*

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Introduction

Technological means and innovations inherent in contemporary reality have not only led to the development of the information and communication technology sector, but also penetrated into all spheres of life in postmodern society (Nerubasska, Maksymchuk, 2020; Nerubasska, Palshkov, & Maksymchuk, 2020). The economic environment and conditions of activity of enterprises in it have radically changed. The postmodern economy is also called digital due to the digitalization of economic relations and economic activity, as well as the great role of technology, information and knowledge in the field of business management.

Global and dynamic processes of digitalization require economic units to adapt quickly to new conditions and adjust their strategies to the digital paradigm. Synchronization of internal innovation strategies of the company with the conditions of external parameters of the economic system is a necessary condition for the effective operation of enterprises in the realities of the digital economy.

O. Hudz (2018) notes that the current economic conditions in which enterprises operate are characterized by dynamism and uncertainty. One of the main factors that can ensure the company's stability in the market and help strengthen its position is a well-founded development strategy.

Globalization is already axiomatically considered the next stage in the evolution of mankind, which gives companies new opportunities for development. According to T. Pylypenko (2015), the key paradigm of contemporary globalization transformations is the concept of sustainable development. Due to globalization, enterprises are actively integrated into the single economic and information space, but the openness of the domestic market leads to increased competition.

A large number of contemporary studies are devoted to the study of the problem of competitiveness of enterprises and their development, Calzada J., M.-S. Fernando (2014), O. Krasnyak, V. Mytsyk (2019), S.J. Berman (2012), J.R. Gil-Garcia, S.S. Dawes, T.A. Pardo (2018). Kanagal B. (2015) considers the use of marketing strategies as a key weapon in the development of sustainable competitive advantages of enterprises. The role of innovation in the development of enterprises is devoted to the works of Andriyushchenko I. (2014), Yasil S., Koska A., Buyukbese T. (2015), V. Babenko, O. Nazarenko, I. Nazarenko, O. Mandych, M. Krutko (2018), A. Andal-Ancion, P.A. Cartwright, G.S. Yip (2003).

However, it should be noted that the development of new markets encourages entrepreneurs to intensify and diversify the production of products and services, which creates the problem of choosing the direction of their development. The issue of developing an effective development strategy and the formation of adequate market conditions of strategic behavior of the enterprise is relevant and requires special attention.

Thus, the purpose of this article is to study the strategic vectors of enterprise development in the context of digitalization of the economy.

The external environment of enterprises in a digital economy

The effectiveness of enterprises depends on both internal and external factors, so when creating development strategies it is important to study the external environment and take into account the characteristics of its impact, potential threats, challenges and opportunities.

G. Us (2015) notes that in the conditions of rapid development of technologies, knowledge becomes a crucial resource in achieving competitive advantages and efficiency of business processes of any business entity. The classical principles of knowledge management based on an agent-oriented approach are based on knowledge engineering. They are defined by two main categories of subjects: personnel and artificially created intelligent or intellectualized systems.

O. Chernega, K.O. Ivanchuk (2015) note that the development of the enterprise is not a momentary change from one qualitative state to another, but the result of long-term preparation and adoption of an appropriate set of management decisions. The abrupt dynamism of contemporary economic conditions of economic entities in the market space forms a set of both cyclical and non-cyclical constraints, which are difficult to predict destabilizing factors.

Reducing the negative impact of such factors seems possible provided the development of an effective development strategy and the formation of adequate market conditions of strategic behavior of the enterprise, which must be justified in the context of ensuring sustainable operation in the long run.

Implementation of the strategy of sustainable economic development makes it possible to smooth out the cyclical changes of the economy, ie to overcome the prolonged recession and ensure a rapid return to the growth phase, and in times of high dynamics and active market

growth to ensure compliance with the existing system of resources and competencies.

As noted by T. Smorzhanjuk (2013), sustainable development is cyclical, so there are alternatives depending on the phase of the cycle. The essence of the concept of sustainable development is laid down in its mission and goals, formed on three main aspects: economic, social and environmental.

The economic component means the rational use of natural resources and the use of technologies aimed at saving energy and materials, creating ecological products, minimizing and destruction of hazardous industrial waste.

The social component of sustainable development is human-centered and aims to preserve and maintain the stability of the social structure, cultural identity and development, reduce the number of destructive events and conflicts in society. The key condition for this approach is the equitable distribution of wealth among people on a global scale. From an ecological point of view, achieving a high level of development requires a holistic approach to maintaining the balance of natural systems, as well as the human-created environment. Therefore, in addition to a group of purely economic factors of enterprise development, the concept of sustainable development requires consideration of the environmental and social situation of the external environment.

Contemporary digitalization of the economy is characterized by the tendency of open innovation processes, which makes it possible to overcome communication, geographical and institutional barriers. In an open innovation model, all contractors, partners and employees have the opportunity to take advantage of networks and digital platforms.

An important characteristic of the external environment of enterprises is the contribution of public policy to the open innovation process. K. Szopik-Depczyńska, A. Kędzierska-Szczepaniak, K. Szczepaniak, K. Cheba, W. Gajda, G. Ioppolo (2018) raise the issue of measuring the level of innovation in the world economy and its assessment at the level of individual states. Heyets V., Voynarenko M., Kholodenko A., Stepanok N. (2019) note that the state is interested in the optimal results of enterprises activity that will bring the largest tax revenues to the budget. J.R. Gil-Garcia, S.S. Dawes, T.A. Pardo (2018) note that information technology has become a ubiquitous tool in government institutions and the public sphere, many social problems are solved using information technology methods,

government services go online and become automated. According to I. Mergel, N. Edelmann, N. Haug (2019) deep digitalization of all spheres of society's life leads to the need to correspond to the realities of the time on the part of the public sector. Governments are increasingly providing their citizens with their services in real time via the Internet. The implementation of public policy, which creates a sustainable infrastructure, promotes inclusive and sustainable industrialization, as well as innovation creates an economic environment that stimulates the development of entrepreneurship.

Directions of enterprise development and their combination

The basis of effective enterprise management is the development of strategies and directions of enterprise development, taking into account external and internal factors influencing the enterprise.

Depending on the direction of enterprise development, it is important to distinguish such strategies as intensification, integration and diversification. Intensification involves a quantitative increase in output and market saturation with its own products and services. Integration is an enterprise development strategy aimed at acquiring competitors and merging with other enterprises. Diversification is associated with the simultaneous development of new areas of activity, production, products or services. In the context of contemporary globalization and digital transformations of the economy, enterprises need to create paradigms of systemic development, combining different directions of development, which would solve their main problems.

Considering the external and internal factors influencing entrepreneurial activity, it is necessary to analyze how they can be taken into account in the development strategy of the enterprise (Figure 1).

Internal factors should include production and investment activities, labor and financial resources, marketing activities. Analyzing external factors, attention should be paid to competitors, consumers, suppliers and external financial resources. In order to achieve a stable position in the market and enter the trajectory of development, companies must take a balanced approach to the formation of development strategy that will effectively use internal resources, harmoniously adapt to the external economic environment, and fully realize the potential of the enterprise. The realities of comprehensive digitalization of the economy require companies to take an innovative approach to their activities.

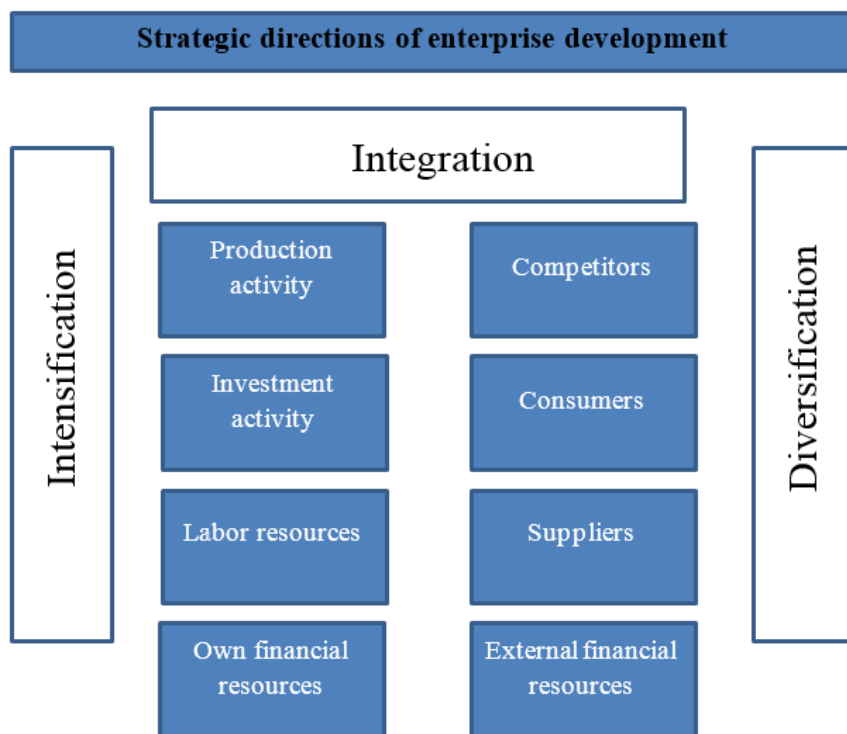


Figure: 1 *Factors influencing the strategic directions of enterprise development*
Source: Authors' own conception

Management of innovative development of enterprises

In the context of total digitalization of the economy, information and communication technologies have an impact on enterprises both externally and internally, and the innovative component of enterprises becomes crucial.

Chobitok V., Chumak L., Demyanenko T., Us Y. (2019) in the management of industrial enterprises pay special attention to the role of leader and manager who have innovative and creative thinking, original views and are able to act flexibly and constructively in non-standard situations, as well as to form independent judgments and can make effective management decisions and implement the concept of «innovative and creative management system for the development of industrial enterprises».

O. Hudz (2015) notes that the use of a harmonious mechanism of strategic management of innovative development of the enterprise provides

an opportunity to direct the activities of the enterprise in the direction of strategically defined model of innovative development, to systematize innovative transformations, to organize rational interaction of all internal elements of the system their entire life cycle, ensuring the competitiveness of goods and services, providing consumers with products with new indicators of high quality.

The importance of forecasting changes in the external environment, economic situation during the harmonization of the mechanism of strategic management of innovative development of the enterprise is to identify future threats and opportunities, avoid abruptness and search for new competitive technologies, products. Substantiating the options for harmonization of the mechanism of strategic management of innovative development of the enterprise, it is necessary to take into account that it should correspond to the general strategy of enterprise development, be acceptable to it in terms of risk and anticipate market readiness to innovate. The company needs to determine the core strategic factors. The versatility of factors contributes to the integrated formation of innovation and strategic processes in the enterprise. The target function for them more fully, objectively should help to choose the type of harmonization of the mechanism of strategic management of innovative development of the enterprise, which will ensure the sustainable growth of the enterprise. It will form a steady trend of increasing the level of basic technical and economic indicators and will provide an opportunity to filter a successful innovation policy for the detailed development of measures for innovative transformations in the enterprise.

Harmonization of the mechanism of strategic management of innovative development of the enterprise should combine the following processes: determining the vector of innovative transformations, forming a model of strategic innovative development, developing management systems for innovative development projects, developing tools for monitoring and analyzing the results of innovation strategy. The work of the mechanism of strategic innovative development of the enterprise should be focused on maintaining a balance between strategic priorities and promising areas of innovative development of the enterprise, minimizing economic risks by building a flexible mechanism for monitoring the implementation of innovation strategy at each stage, building a dynamic model of innovation strategy respond to changes in external and internal factors. The mechanism of strategic management of innovative development of the enterprise, which

is built and operates in accordance with the proposed approaches, allows to obtain a synergistic effect, as it creates the conditions for progressive development based on innovation.

According to U. Hana (2013) today's economic environment in which businesses operate is highly competitive. Attracting new and retaining regular customers is an urgent problem for enterprises, in solving which innovation comes to their aid. Innovation is generated by creative, talented and highly educated employees who have a wide range of knowledge and are able to apply it in non-standard ways. Thus, entrepreneurs realize the importance of creating an innovative culture in their activities, which is reflected in the digitalization of the economy. Knowledge is critical in creating innovation, because it is both an important contribution and the result of the transformation of the innovative culture of enterprises.

According to W. Kuncoro, W.O.Suriani (2018) the creation of new products is one of the ways to beat the competition with the help of innovative products. An innovative approach to working with consumers implies the ability to create a product that will take into account their needs and at the same time have a competitive advantage that will help to take its unique place in the market. In order to win their strategic superiority against competitors, companies need to generate new ideas and create innovative products. In addition to the strategy of innovative products, location factors can also affect competitive in terms of affordability. Proximity to the market is also a very important factor to consider when choosing a vector of business development. Sustainable competitive advantage is a value that a company must create for its customers continuously.

In the context of digitalization of the economy, the Internet and e-commerce are playing an increasingly important role, giving businesses new opportunities and eliminating the location factor. The Internet creates global competition among businesses, which dramatically increases competition between them, as entry barriers to e-commerce are relatively small.

According to the OECD (2019) report, online platforms have penetrated the private and professional spheres of people's lives, occupying an increasingly large part of it. Using online platforms, it is now possible not only to extract information on the Internet, but also to conduct business selling goods and services. Online platforms make it possible to automate repetitive tasks, help you stay connected, and are used for entertainment.

Entrepreneurship in the digital context depends largely on the data, and the speed of obtaining and accuracy play a crucial role. The blockchain

network allows entrepreneurs to track orders, payments, accounts, goods and more. Because all participants share a single source of reliable data, each of them can review all transaction information at any time, enabling businesses to work more confidently with their counterparties.

The use of contemporary methods of e-commerce, online platforms and blockchain allows companies to gain new benefits and opportunities. Enterprises that choose as a strategic vector of development a systematic combination of innovative approach to their activities, analysis of internal and external resources of development, adequate adaptation to the external realities of the digital economy, achieve high results in the present and future.

Conclusions

Global and dynamic processes of digitalization require economic units to speed up in adapting to new conditions and adapting their strategies to the digital paradigm. Synchronization of internal innovation strategies of the company with the conditions of external parameters of the economic system is a necessary condition for the effective operation of enterprises in the realities of the digital economy.

In order to achieve a stable position in the market and enter the trajectory of development, enterprises must take a balanced approach to the development strategy, which will allow efficient use of internal resources, harmoniously adapt to the external economic environment and fully realize the potential of the enterprise.

Depending on the direction of enterprise development, it is important to distinguish such strategies as intensification, integration and diversification, which can be applied individually or in combination, depending on external and internal factors influencing entrepreneurial activity. The realities of comprehensive digitalization of the economy require companies to take an innovative approach to their activities.

Knowledge is crucial in the innovation process, because it is not only an important contribution, but also the result of the process of transformation of innovation culture of enterprises.

The use of contemporary methods of e-commerce, digital platforms and blockchain allows companies to gain new benefits and opportunities. Enterprises that choose as a strategic vector of development a systematic combination of innovative approach to their activities, analysis of internal and external resources of development, adequate adaptation to the external

realities of the digital economy, achieve high results in the present and future.

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