

**ОРГАНИЗАЦИОНЕН И ИКОНОМИЧЕСКИ МЕХАНИЗЪМ НА
СТРАТЕГИЧЕСКАТА ПАЗАРНА ДЕЙНОСТ НА ИНДУСТРИАЛНИТЕ
ПРЕДПРИЯТИЯ**

Олга Прокопенко, Робърт Корнатовски

**ORGANIZATIONAL AND ECONOMIC MECHANISM
OF STRATEGIC MARKET-ORIENTED ACTIVITY
OF INDUSTRIAL ENTERPRISES⁶⁵**

Olha Prokopenko⁶⁶, Robert Kornatowski⁶⁷

Received: 02.02.2018, Accepted: 05.03.2018

Abstract

The purpose of the article is to study the peculiarities of the organizational and economic mechanism of strategic market-oriented activity of industrial enterprises. In the article the peculiarities of strategic market-oriented activity of enterprises are studied; the definitions of the economic management mechanism and organizational and economic mechanism of strategic market-oriented activity of industrial enterprises get further development; insight of the processes of a market strategy development by industrial enterprises is researched and deepened; the theoretical and methodical approach to formation of the organizational and economic mechanism of strategic market-oriented activity of industrial enterprises is improved.

Keywords: *mechanism, strategy, market activity, industrial enterprises*

JEL Codes: *M10, M39, O10, O21*

1. Introduction

The processes of market globalization, reformation and intensification of technological and socio-economic development, the dynamic changes that occur in the

⁶⁵The paper has been supported by the Ministry of Education and Science of Ukraine under the projects “Organizational and economic mechanisms of management for renewable energy development in Ukraine” (№ 0117U002254).

⁶⁶ University of Bielsko-Biala, Kyiv University of Technology and Design, Poland, 43-309, Bielsko-Biala, Willowa st., 2, room B308a

⁶⁷ Sumy State University, Merrit Group Ltd in Warsaw, Ukraine, 40007, Sumy, R.-Korsakova st., 2, Economics Department

business and in the economic, industrial environments, substantiate the urgency of the need for the transformation of modern mechanisms of economic activity of industrial enterprises in general and their separate components in particular.

Competition is happening not only in the area of products / technologies / raw materials / energy supply, etc., but also in the invisible sphere of selected business models that are capable of generating new business processes, new business opportunities. The need for continuous support and improvement of productivity level forces companies to adjust or radically change their own models and mechanisms of strategic market-oriented activities.

2. An analysis of recent research and publications, which initiated the solution of this problem and which are basis for the authors

The problems of development of various components of the economic mechanism are considered in the works of many scientists, in particular: Stanley Reiter – a mechanism for coordinating economic activity (Stanley Reiter), Giorgy Simon – a mechanism of economic growth (György Simon, 2014), Jerni Mencinger – the impact of the mechanism of tax policy on economic activity (Jernej Mencinger), Stanislav Gomulka – mechanisms and sources of global economic growth (Stanislaw Gomulka, 2009), Angus S. Deaton – understanding of the mechanisms of economic development (Angus Deaton, 2010), Carlo Borzaga and Ermanno Tortia – various mechanisms for coordinating economic activity and appropriate organizational forms (Carlo Borzaga, Ermanno Tortia, 2015) and others.

But not enough attention has been given to the study of the organizational and economic mechanism of strategic market-oriented activity.

3. Determination of previously unsettled parts of the general problem, to which this article is devoted

The need to specify the definitions of the economic management mechanism and organizational and economic mechanism of the strategic market-oriented activity of industrial enterprises, as well as the detalization of their components, taking into account the fast-growing market conditions of economic management, substantiates the urgency of this study.

4. Formulation of the goals of the article (statement of the task)

The purpose of the article is to study the peculiarities of the organizational and economic mechanism of strategic market-oriented activity of industrial enterprises. In the

framework of the above mentioned goal, the following tasks are formulated:

- to specify the definition of the economic management mechanism and organizational and economic mechanism of strategic market-oriented activity of industrial enterprises;
- to study and deepen insight of the processes of development of market strategy by industrial enterprises;
- to improve the theoretical and methodical approach to the formation of organizational and economic mechanism of strategic market-oriented activity of industrial enterprises.

5. Presentation of the main material of the research with full justification of the obtained scientific results

As scientists point out, the company of the future, which wants to compete in the market, will have to use information technology at every step. In the years to come, several phases of the development of a modern organization and management of the company in connection with the development of the Internet are predicted. In the era of modern information technologies the companies can compete with digital tools and create their own business strategies in the Internet. However, they should be thoroughly prepared to compete, maximum using the available opportunities. Undoubtedly, this is not only a promotion tool, but, above all, a factor that increases the competitiveness of a company (Krystyna Kielan, 2006).

Each industrial company must determine its model for making strategic decisions. In general, the problems of market-oriented strategic activity of industrial enterprises lie in the plane of three main aspects:

- 1) absence of strategic management in the companies on the whole;
- 2) absence of time-based market benchmarks and market strategy of activity;
- 3) absence of a relevant mechanism for the implementation of a market strategy.

The processes of globalization, integration and informatization of the modern world economy do not leave a choice for enterprises: if they want to work successfully, they must improve their organizational management structure (by changing it or by adding new IT specialists, strategic activity, management of foreign economic activity, etc.), economic and technological models of activities. Scientists note (Manuel Castells, 1996) that the coming era is the era of the information economy, which will absorb both society, culture, and all aspects of economic activity in general.

The next step, which must be done by the company, is the selection or determination (as a continuous development of strategic analysis technologies is going on) of the theoretical and methodical approach to strategic analysis (including collecting,

accumulating and processing information about markets, competitors, etc.; conducting of situational, economic analyses), which will be the basis for choosing a market strategy.

And this activity must be coordinated by developed economic mechanism management, on the formation and establishment of which the success of the company's position depends to a great extent. We use the term economic mechanism management of the industrial enterprise to mean the structural and functional system, which provides (coordinates, reproduces) the selected way of functioning and development by the company.

It represents a set of specific forms of management, organizational and institutional systems, information, infrastructure, socio-cultural, as well as legal and regulatory support, methods, models, levers, instruments, means and tools for regulating organizational and economic relations and interconnections between all participants of production-economic system.

Accordingly, the term organizational and economic mechanism of the strategic market-oriented activity of industrial enterprises is used to mean a set of organizational and economic methods, models, factors, levers, means and tools that provide (coordinate, reproduce) the implementation of strategic decisions in the fast-growing market conditions.

To the Scientific's mind (Michael H. Mescon, Michael Albert, Franklin Khedouri, 1985), the strategic selection, made by managers of enterprises, are influenced by various factors, first of all:

1. risk (and determination of the acceptable level of risk);
2. knowledge of earlier used strategies (and separation from the impact of earlier used strategic alternatives);
3. the reaction to the owners (that limit the flexibility of the management when choosing a specific strategic alternative);
4. time factor (which can lead to success or failure of the organization).

Taking into consideration that the development and implementation of any strategies is the task of strategic management of the enterprise, let's consider the relevant processes of planning, organization, regulation, motivation, coordination and control that take place simultaneously in several structural divisions of the enterprise (managerial and marketing), this can be schematically outlined in blocks in the chart on fig. 1.

Figure no. 1 Chart of coordination of actions of structural units of the enterprise in developing a market strategy



Source. Developed by the authors.

The arrows on the chart indicate the interrelation between the actions of different structural units, which must be agreed within the organizational management system of the enterprise and allow to formalize these business processes in the future.

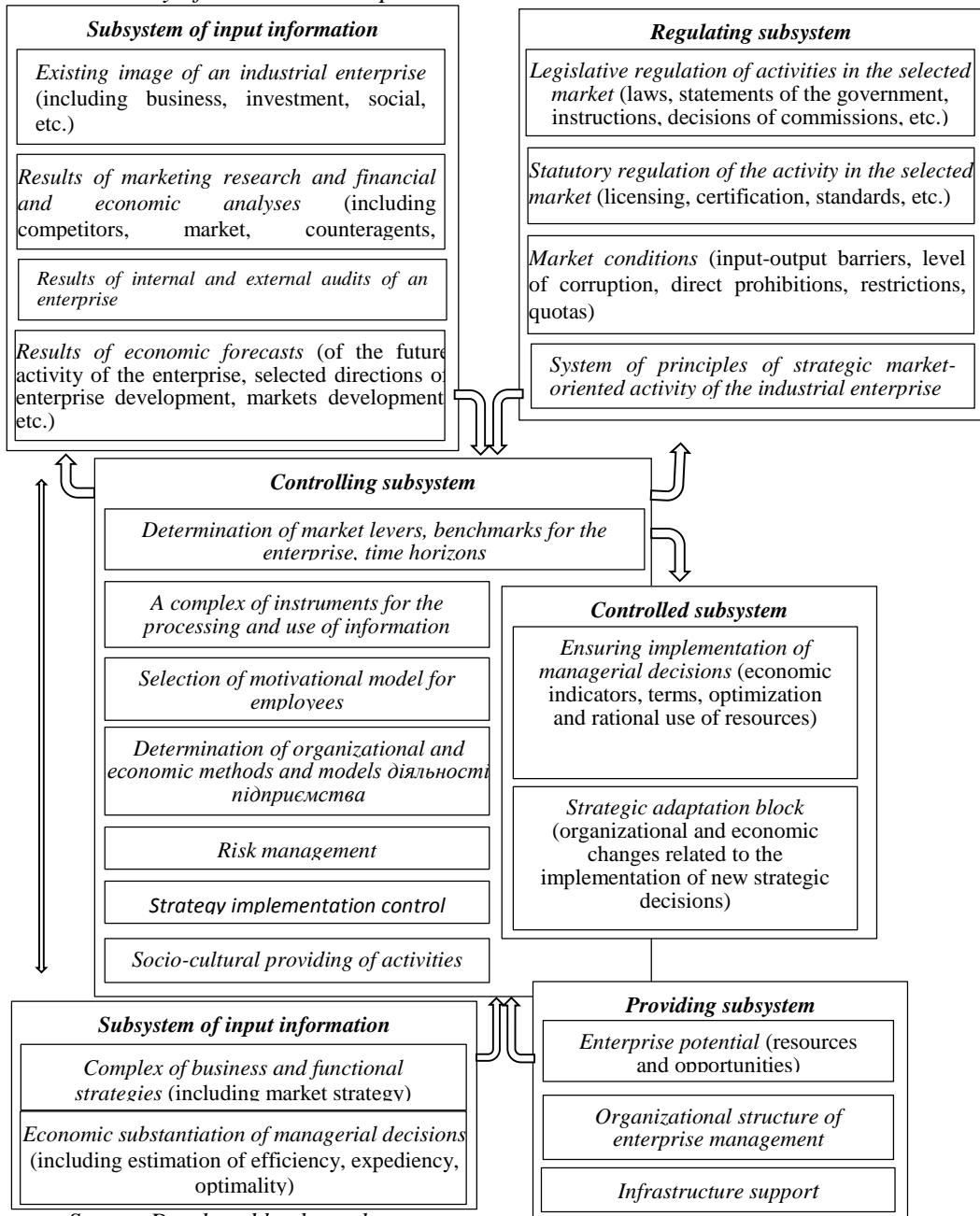
If, by P.F. Drucker's definition (Peter F. Drucker, 1993), "management is an economic body, or more exactly, an economic body of an industrial society, and each of its actions, decisions, step are measured by economic indicators," then the main components of the economic mechanism of the activity of any subject is organizational and economic (apart from the possible ones: production, financial, motivational, etc.). Let's consider them.

Consequently, the organizational and economic mechanism of strategic activity of industrial enterprises must necessarily include:

- economic component:
 - economic forecasts of the future activity of the enterprise, selected directions of enterprise development, markets development, etc.;
 - results of marketing research and financial-economic analyses (including competitors, market, counteragents, consumers, etc.)
 - the results of internal and external audits;
 - market levers and benchmarks, time horizons that are priority for the activity of an enterprises;
 - control indicators and criteria for their assessment;
 - economic methods (expense, market, parametric) and models (investment model, economic and mathematical model of activity optimization);
 - economic substantiation of managerial decisions (including estimation of efficiency, expediency, optimality);
- organizational component:
 - company image (including business, investment, social, etc.);
 - enterprise potential (resources and possibilities);
 - motivational model for a team that must implement a market strategy;
 - socio-cultural provision of activity;
 - organizational structure of enterprise management;
 - risk management;
 - a complex of tools for the processing and use of information;
 - a block of strategic adaptation (organizational and economic changes associated with the implementation of new strategic decisions);
 - control of strategy implementation.

The chart of the organizational and economic mechanism of the strategic market-oriented activity of industrial enterprises, which includes the subsystems of input and output information, regulating, providing, controlling and controlled subsystems, is generalized and presented in Fig. 2.

Figure no. 2 Chart of organizational and economic mechanism of strategic market-oriented activity of industrial enterprises



Source. Developed by the authors.

The feature of the offered scheme is a balanced regulation of economic processes that are organically included in the organizational structure of enterprise management.

5. Conclusions from this study and prospects for further research in this direction

As scientists point out, the company of the future, which wants to compete

Thus, according to the results of the conducted study, let's formulate the following conclusions:

- the features of the strategic market-oriented activity of modern industrial enterprises are studied;

- the definition of the economic management mechanism (which means the structural and functional system providing (coordinating, reproducing) the way of functioning and development chosen by the enterprise) and the definition of the organizational and economic mechanism of the strategic market-oriented activity of industrial enterprises (which means the totality of organizational and economic methods, models, factors, levers, tools and instruments providing (coordinating, reproducing) the implementation of strategic decisions in fast-growing market conditions) get further development that on the whole promotes deeper insight into the essence of the terminology of the category-conceptual apparatus of this scientific study;

- understanding of the processes of development of a market strategy by industrial enterprises is investigated and deepened: the corresponding processes of planning, organization, regulation, motivation, coordination and control, which take place simultaneously in several structural units of the enterprise (managerial and marketing), are determined;

- the theoretical and methodical approach to the formation of the organizational and economic mechanism of strategic market-oriented activity of industrial enterprises is improved, which, unlike existing ones, is based on balanced regulation of economic processes that are organically included in the organizational structure of enterprise management that will increase the efficiency of business processes and improvement of positions of industrial enterprises in highly competitive markets (including foreign ones).

The results of this study can be used in practical activities in the implementation of market-oriented strategies at industrial enterprises.

REFERENCES

Reiter S. *Coordinating Economic Activity: An Example*, from <http://econweb.ucsd.edu/~decent/99NYUConf/reiter.html>

- Simon György (2014). *Basic questions of economic growth mechanism* from <http://www.ekof.bg.ac.rs/wp-content/uploads/2014/06/176-1-1.pdf>
- Mencinger J. *The Impact of the Fiscal Policy Transmission Mechanism on Economic Activity* from <http://www.cek.ef.uni-lj.si/doktor/mencinger.pdf>
- Gomułka S. (2009). *Mechanism and sources of world economic growth*. Poznań University of Economics Review, № 2, p. 56.
- Deaton A. (2010) *Understanding the Mechanisms of Economic Development*, Journal of Economic Perspectives, American Economic Association, vol. 24 (3), pp. 3-16.
- Borzaga C., Tortia E. (2015). *Co-operation as coordination mechanism: a new approach to the economics of co-operative enterprises* from <http://www.siecon.org/online/wp-content/uploads/2015/10/Tortia.pdf>
- Kielan K. (2006) *Wybieranie strategii marketingowej przedsiębiorstwa handlowego*. Radom: Instytut Technologii Eksploatacji – Państwowy Instytut Badawczy Radom. – 42 p.
- Castells M. (1996) *The Information Age: Economy, Society and Culture*, Oxford: Blackwell Publishers Ltd., from file:///C:/Users/user1/Downloads/informatsionnaya_epokha.pdf
- Mescon M., Albert M., & Khedouri F. (1985) *Management : individual and organizational effectiveness* (2nd ed.). New York : Harper & Row. – 756 p.
- Drucker Peter F. (1993) *Management: Tasks, Responsibilities, Practices Paperback*. A Harper business book, from <https://www.amazon.com/Management-Responsibilities-Practices-Peter-Drucker/dp/0887306152>