

**Strategies for sustainable  
socio-economic development  
and mechanisms their  
implementation in the global  
dimension**

**Collective monograph edited by  
M. Bezpartochnyi**

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The authors of the book have come to the conclusion that it is necessary to effectively use modern approaches to developing and implementation strategies of sustainable socio-economic development in order to increase efficiency and competitiveness of economic entities. Basic research focuses on analysis of formation and development of entrepreneurial activity, logistics management, environmental and economic management of the enterprise, formation of competitive advantages, study the nature of digitalization. The research results have been implemented in the different models and strategies of economic development of the national and world economy, improving the strategic management system, development labor potential, the public finance system, managing the enterprise's competitive behavior, social and digital marketing, improving the educational process. The results of the study can be used in decision-making at the level the economic entities in different areas of activity and organizational-legal forms of ownership, ministries and departments that promote of development the economic entities on the basis of models and strategies for sustainable socio-economic development. The results can also be used by students and young scientists in modern concepts and mechanisms for management of sustainable socio-economic development of economic entities in the condition of global economic transformations and challenges.

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**DIVERSIFICATION  
STRATEGY IN  
MANAGEMENT  
INFORMATION  
SYSTEMS OF THE  
COMPETITIVE  
BEHAVIOR OF THE  
ENTERPRISE ON  
THE MARKET**

The realities of the Ukrainian economic environment confirm that, in conditions of uncertainty, competition not only determines the size of market shares (affects the diversity of the product, its price, the ways of its promotion and distribution), but also promotes the correct orientation

of the consumer (the best products and services set the industry standard), thus enabling the company to evaluate the results of success.

Therefore, in the conditions of globalization and active penetration of national markets of giants of the business, one of the actual goals of any enterprise, regardless of the form of ownership and direction of activity, is the increase of international competitiveness.

The existence of competitive advantages in the enterprise - are the realized opportunities of the enterprise (a fact that has already been realized). From the point of view of philosophy, in order for the possibility to become reality, two factors are needed: the effect of a particular law and the presence of appropriate conditions [9].

The capabilities of the company are determined by its potential, which, under the influence of the laws of functioning of the market (competition, etc.) and the influence of factors of internal and external environment, is realized in the competitive advantages of the enterprise.

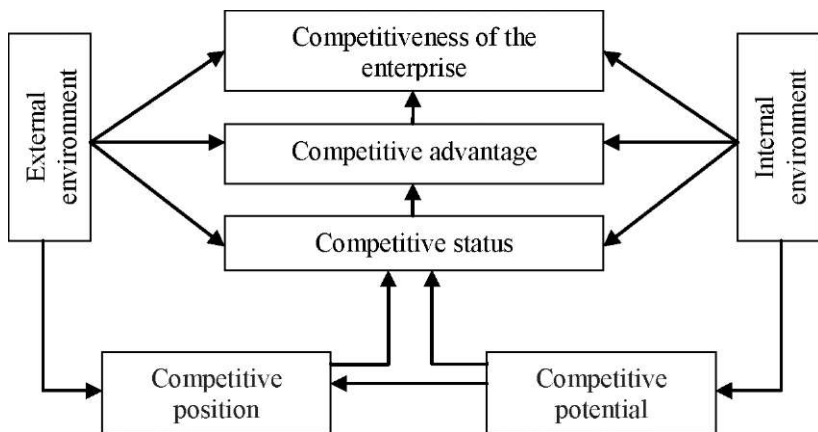
The prerequisites for achieving competitive advantages of the company reflect such a concept as a competitive status, which covers not only the position of the company in the market (in the industry), but also the degree of ownership of the identified comparative advantages. Competitive status is determined by the competitive position of the enterprise and is a prerequisite for achieving a certain level of competitive advantage [4].

Competitive position of the enterprise: firstly, is determined by its position on the market and is identified with the size of the market share of a particular enterprise [11]; Secondly, it reflects the competitive relations, the results of the competition; and thirdly, is the basis for the existence of one or another enterprise in a competitive environment [9].

Structurally - logical general construction of the competitiveness of the enterprise, which defines the hierarchy of the concepts under study, is presented in Figure 4.2.

Based on the study of existing definitions of competitive advantage, it can be concluded that the competitive advantage is interpreted as an existing fact, that is, a concentrated manifestation of advantages over competitors: the greatest productivity of the use of resources, the properties of goods or brands, the presence of exclusive value (Table 4.2), [7].

Necessary condition for researching competitive advantages is their thorough classification, which allows you to see the various aspects of acquiring and manifestation of these benefits (Fig. 4.3). Competitive advantages can have different degree of target significance in terms of



**Figure 4.2 Structurally - logical general construction of the security competitiveness of the enterprise**

strategic and tactical positions, based on price and non - price factors, manifested in the fields of production, sales, service and operation, long, medium and short term, stable and unstable, unique and simulated. Such a versatility suggests that ensuring the competitive success of an object of management in the market is complex and the presence of a separate advantage cannot solve the problem as a whole.

From the definition and classification of competitive advantage of the enterprise we propose to switch to the characteristics of the system of competitive advantages as a system that corresponds to the goal of the creation and operation of any enterprise - the receipt of profit and reflects the market orientation of its activities - the satisfaction of consumers (Fig. 4.3) [9].

Thus, it makes sense to divide the competitive advantages of an enterprise into internal (competitive advantages of the seller) and external (competitive advantages of the buyer). According to the classification shown in Figure 4.4, under the external competitive advantages it is necessary to understand the advantages of the enterprise in satisfaction of those or other needs of the consumer. They create the following values of the goods for the consumer, such as quality, price, and so on. Internal competitive advantages characterize the value for the vendor and are based on the processes of formation, implementation and development of competitive advantages of the enterprise in all functional areas of its activities.

Table 4.2

**Approaches of scientists to determine the competitive advantage of the enterprise**

Definition: A competitive advantage is	Author
The fact that is fixed as a result of the real and obvious benefits of buyers	G.L. Azoev, A.P. Chelcnov
Concentrated manifestation of advantages over a competitor in the economic, technical, organizational spheres of the enterprise, which can be measured by economic indicators	
The advantage of a firm in a particular area or activity in the production of goods, compared with competing firms	M. Porter
The global goal of the company's economic strategy and the field of national economy. The greatest productivity is the use of enterprise resources, which ensures the achievement of competitive advantages	A. P. Gradov
The advantage is the high competence of the enterprise in comparison with its competitors, based on the achieved level of competitive status, sufficiency and efficiency of the use of competitive potential	Z. G. Shynkarenko
Characteristics, properties of a product or brand, which create for the firm a certain advantage over their direct competitors	G—G. Lamben
The inherent system has some exclusive value, which gives it an edge over its competitors	R. A. Fathutdinov
The advantage, which provides income that exceeds the average industry and contributes to the achievement of solid positions in the market; the basis of the successful existence and development of the firm	V. F. Oberemchuk
The result of a more effective control of the competition is the formation and development of qualitative and quantitative properties of the goods that represent the value for the buyer.	I.P. Otenko

Creation and support of external competitive advantages are preceded by processes of formation and development of internal competitive advantages.



Competitive Advantages	
Source of formation	<ul style="list-style-type: none"> <li>• economic</li> <li>• administrative</li> <li>• processing</li> <li>• informative</li> <li>• geographic</li> <li>• demographic</li> <li>• regulatory</li> <li>• engineering and</li> <li>• infrastructural</li> <li>• natural</li> <li>• nonlegal</li> </ul>
The essence of the target significance	<ul style="list-style-type: none"> <li>• strategic</li> <li>• tactical</li> </ul>
The nature of the security	<ul style="list-style-type: none"> <li>• market condition</li> <li>• state policy</li> <li>• competitive activity</li> <li>• enterprise efforts</li> </ul>
Duration of validity	<ul style="list-style-type: none"> <li>• long-term</li> <li>• medium-term^</li> <li>• short-term</li> </ul>
The nature of the dynamics	<ul style="list-style-type: none"> <li>• stable</li> <li>• unstable</li> </ul>
Sphere of manifestation	<ul style="list-style-type: none"> <li>• production</li> <li>• sell-off</li> <li>• servicing</li> <li>• exploitation</li> </ul>
The price ratio	<ul style="list-style-type: none"> <li>• price</li> <li>• nonprice</li> </ul>
Ability to imitate	<ul style="list-style-type: none"> <li>• unique</li> <li>• imitated</li> </ul>

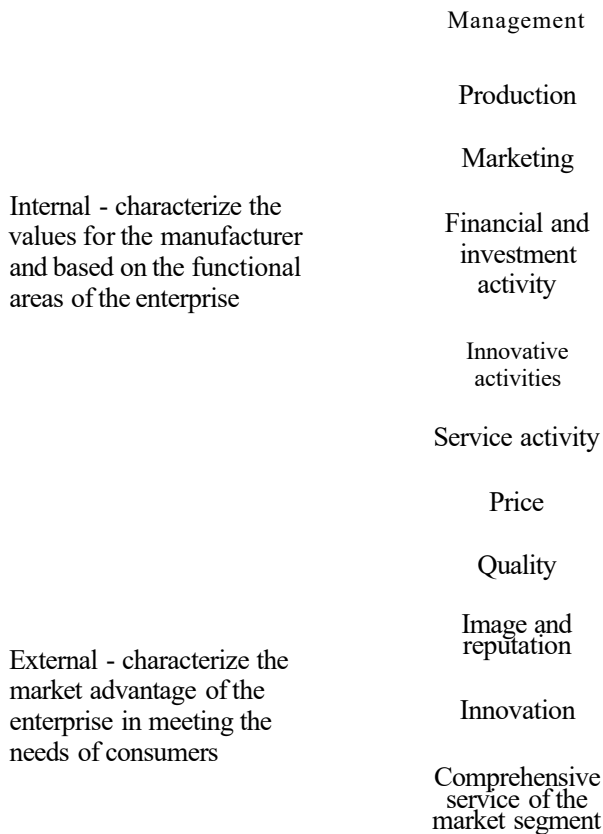
**Figure 4.3 Classification of competitive advantages of the enterprise**

On the presented classification scheme it is possible to observe the double nature of the control mechanism. Management is an internal competitive advantage of an enterprise that provides it with competitive advantages in the market. That is why management is the main component of the information system of competitive advantages of the enterprise.

Along with the competitive advantage in the broader understanding of the market situation of the subject of business began to apply the concept, which was called "competitiveness".

According to the classical definition of M. Porter [9], the competitiveness of an enterprise is an opportunity to pursue competitive advantages and keep them in certain spheres.

O. Savchuk points out that the competitiveness of the enterprise manifests itself in the possibility in the process of rivalry to achieve better results in certain activities or areas of operation [9].



**Figure 4.4 Classification of types of competitive advantages of the enterprise by the sources of their occurrence and manifestation**

The enterprise as one of the links of the economic system aims to achieve certain goals in the process of functioning. Clash of interests of various economic entities during the realization of the set goals is a prerequisite for the formation of competitiveness.

In Bogomolova and Khokhlov, competitiveness is seen as a condition that characterizes the actual or potential ability of the subject to fulfill his functional obligations in conditions of possible rival confrontation [2].

According to V. Shkardun, the competitiveness of the enterprise in the broad sense is defined as the ability to achieve their own goals in the face of rivals. From this concept it should be understood that the degree of competitiveness of the enterprise is the balance of power between the enterprise and its main competitors in the market [11].

Researchers Fashiev and Popova point out that high competitiveness is caused by three factors: consumers are satisfied and are ready to repurchase the company's products; society and partners have no claims to the enterprise; employees consider it an honor to work on it [10].

Some authors interpret the competitiveness of an economic entity as achieving certain economic results, depending on the degree of use of existing competitive advantages in the context of countering competitors [11, 9].

A.F. Pavlenko, A.V. Voichak noted that competitiveness is a property of an object characterized by the degree to which it meets the specific needs in comparison with similar objects that operate on a particular market [9].

Summarizing the above, outline several approaches to the formation of the category of "competitiveness": a reference to the motivation of the entity, which, in fact, determines the competitive behavior of the enterprise in the market; the availability of the necessary resource potential for the implementation of strategic objectives of the functioning of the entity; ability and ability to withstand competitors.

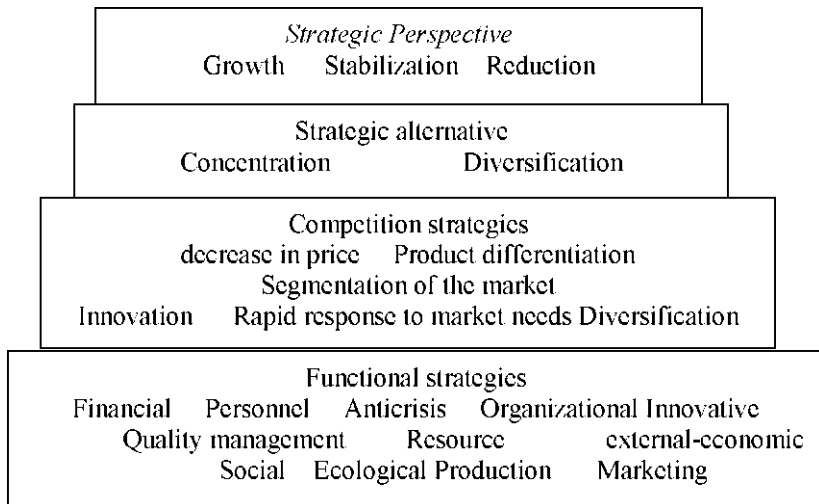
Thus, the competitiveness of a business entity depends on the effectiveness of its activities and is determined by modern technologies, the supply of quality products at an affordable price, optimal organization of management, the availability of innovative business ideas and other economic and technical characteristics, or, in other words, competitiveness is the ability of enterprise to maintain competitive positions in the market or to change them in the process of adaptation to a changing competitive environment function.

The unifying mechanism of goals, capabilities (potentials), environment (environment) is the strategy of the enterprise, whose purpose is to create reliable advantages of the enterprise over competitors. The strategy of enterprise information management systems, based on business goals, determines the means by which an enterprise can turn its strategic intentions into market benefits by interacting with external influences.

In the competitive space of crisis in the economy, market development requires active diversification of demand-oriented

enterprises. The main reasons for diversification in the management information process are the expansion of the enterprise; achieve synergy effect; the distribution of risks associated with market fluctuations and the life cycle of goods; investing in order to more effectively use surplus resources; obtaining direct financial benefits (search of areas with high profitability).

In the market, the concept of "diversification" has gained new meaning and has taken a special place in the strategy of reform. Instability of the political and economic, in turn, predetermined the objective need of each economic entity to constantly seek ways to increase the effectiveness of its activities, to forecast and plan the strategy of enterprise development in accordance with the needs of a market economy, based on the general economic policy of the state, region, conditions of globalization of the world economy. It is researched that the strategy of diversification in the conditions of transformation of the Ukrainian economy becomes the most effective in the management information systems of the strategies of implementation of the development of enterprises in the competitive market, because it has its role and place in the organizational organizational hierarchy (Fig. 4.5).



**Figure 4.5 Hierarchy of the organization's strategies [8]**

The overall essence of this strategy is to formulate strategic goals and objectives, evaluate existing and future areas of activity, analyze the external environment and its impact on the functioning of the enterprise, identify alternatives to trade and business, and choose the direction of its own development. The issue of development strategy involves the development of a methodology for obtaining, processing and presenting information related to the development of new technologies, types of products, markets and other types and directions of activity, as well as the identification of laws to determine the motivation of diversification as a development strategy. Diversification is one of the possible development strategies to achieve the long-term goal of the enterprise (Fig. 46).

*The Goal of enterprise.* Diversification proceeds from the strategic goal of the enterprise - ensuring sustainability (competitiveness, potential, market share, investment policy); ensuring maximum profitability (sales volume, profit margin, growth rates of sales and profits); development of new areas of activity (diversification). Based on the strategic goal, the company assesses the appropriateness of diversification, the direction, the industry, the volume of costs of diversification. The introduction of new business activities (diversification) should provide sufficient profitability through sales volumes and profit margins and market stability through the competitiveness of the enterprise.

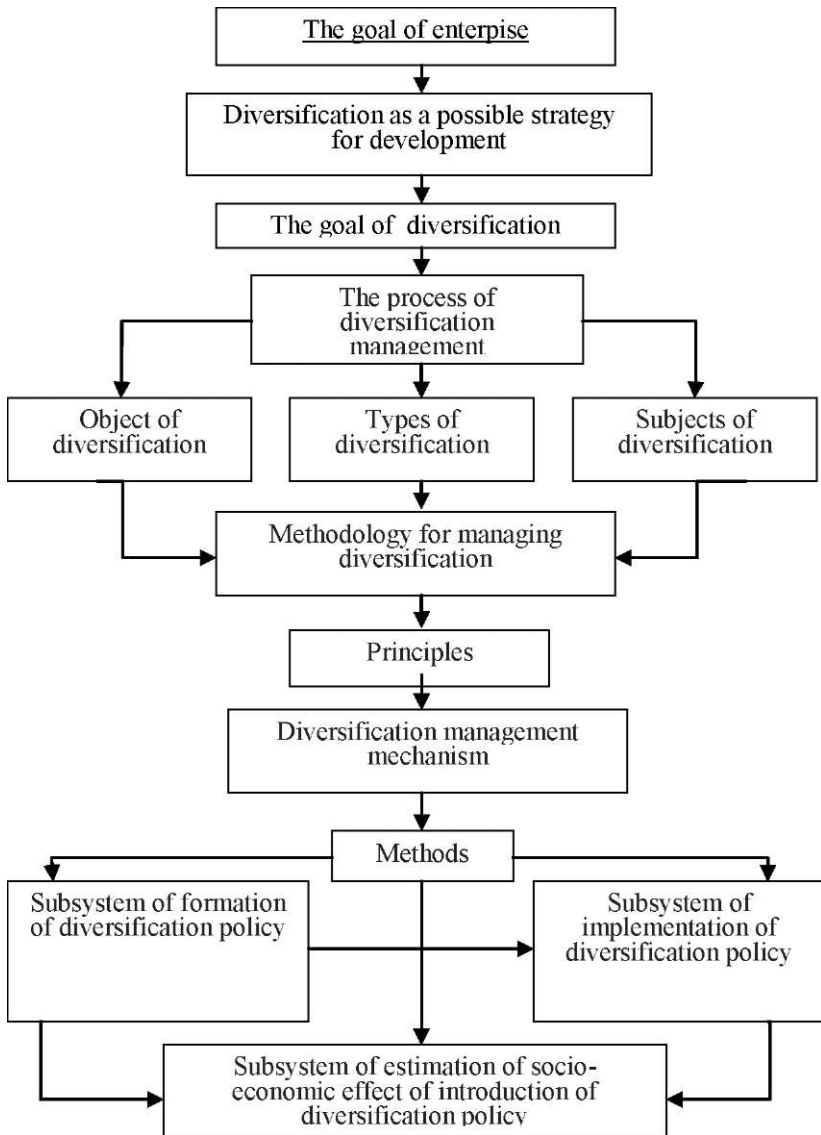
*The essence of diversification.* Diversification is a strategy that is determined by the desire of the company to survive, increase efficiency and reduce risks by developing new directions of activity [5].

The goal of diversification is the formation of activities that will contribute to the effective development of the enterprise through multilateral activities. The versatility of diversification processes allows you to achieve a variety of goals that will be intermediate stages in achieving the ultimate goal of any organization - survival and improving the efficiency of the activity by strengthening the competitiveness of the market structure.

*Object of diversification* - economic activity of the enterprise.

*The subject of diversification* at the enterprise level becomes a circle of people who form its goals.

*Types of diversification.* It is recognized that the purpose of diversification is to obtain competitive advantages and their use in order to increase the efficiency of the enterprise in the long run. The real ways of obtaining competitive advantages are diverse, so the types of



**Figure 4.6 Concept of management of the process of diversification of the enterprise [8]**

diversification are quite different. The choice of an enterprise in

determining the direction of development requires the classification of criteria for which it is necessary to compare the possible directions and the system of their assessment. There is a description of the types of diversification by classification (Table 4.3).

*Table 4.3*

**Characteristics of diversification types**

Classification attribute	Type of diversification
1	2
Investment source	Internal growth. Diversification of an existing company through the use of internal organization resources; external growth. Joining business units that are related or not related to the existing production.
The principle of combining enterprises	functional merger. The company unites the fact that the connection is technologically in the production process; investment merger. Unite enterprises that are not involved in the production process.
The direction of diversification	direct diversification. Applying distributor functions allows you to control sales of products; reverse diversification. Joining supplier functions and controlling strategically important resources.
Change product parameters	The real diversification changes qualitative consumer characteristics of products; conditional diversification is aimed at changing design, packaging, etc.
Object diversification	diversification of production means a change in the direction of production activity; diversification of the range of products involves an increase in the modifications of one product; diversification of organizational and economic innovations consists in the introduction of best practices of sub-leaders of the industry and other industries; diversification of economic activity is an opportunity to expand the enterprise beyond the scope of the main business; diversification of scientific and technical activities allows to change and expand the directions of scientific research.

*Table 4.3 (continued)*

1	2
Degree of uniformity	invariant diversification provides the relative stability of the organizational structure of enterprises when changing the direction of activity; corporate diversification involves significant changes in the organizational structure of the company through the accession of new business units of different fields of production and the creation of a single organizational complex in accordance with economic interests
Diversification level	firm diversification; inter-firm diversification; sectoral diversification; cross-sectoral diversification; state diversification; global diversification.
Scale of diversification	diversification of one market; diversification of the totality of markets; diversification of the country's economy; diversification of the economy of the totality of countries.

*Methodology of diversification management* - a category that includes knowledge about the formation of the phenomenon of diversification, its structural links, types and trends of development, principles, methods, etc.

The methodological basis of diversification management is the systematic approach to the study of the object. Using methods of calculating quantitative and qualitative indicators on the basis of system analysis allows to realize the functions of scientific research: descriptive, explanatory, and predictive. The process of diversification from the standpoint of systemicity reveals the tendency of complex dynamic systems to structural and functional diversity of elements. This reflects the ability of the system to adapt to changes in the environment due to changes in functional elements with relative stability of the system as a whole [3].

*Principles* regulate the procedural side of the diversification methodology.

We suggest using the principles of diversification, which specify the general principles of strategic management:

1. The goal of the subsystem (diversification) does not conflict with the global purpose of the system (enterprise).
2. The need to protect already received and formed capital, only then develop ways to increase and develop it.



3. Taking into account the interrelationships of the system, their interaction and features.

4. Matching the direction of diversification with the needs of the market.

5. The expediency of technological compatibility and continuity.

6. Maximum use of available labor resources at work.

Taking into account the principles and types of diversification, two groups of *methods of diversification* are defined:

- diversification of enterprise activity. Internal growth implies diversification of the existing enterprise through the use of resources of the organization. The main reason for internal diversification of the company is an excess of resources (material, technological, human, financial) that can be used in the production of new products to generate additional profits. The goal of internal diversification is to create the basis for the company's future survival;

- diversification through mergers and acquisitions. External growth involves the unification of enterprises linked or not related to the technological chain. Creation of enterprises through merger creates organizations with strong financial potential and stable competitive position. However, there are often contradictions between participants about controlling cash flows and distributing profits [12].

Comparing the indicators of conglomerate (external growth) and synergistic companies (internal growth), I. Ansoff notes that the indices of companies are the same in a stable economy, but synergistic companies give better results during periods of decline of market conjuncture [8].

*The mechanism of diversification* management covers a set of certain means of influence used in a predetermined sequence to form and implement a diversification strategy and assess the socio-economic effect of its implementation.

*Subsystem of diversification strategy formation* should help the leader to decide on necessity, possibilities and expediency of diversification, choice of directions of further development of the enterprise, choice of product range, priority setting in the development of divisions, technologies, products, strategic partners.

*The implementation of a diversification strategy* often involves the restructuring of an enterprise, which involves the implementation of reorganization measures to bring functional structures in line with the developed development strategy. The purpose of restructuring is to improve management, increase production efficiency, competitiveness

of products, increase productivity, reduce production costs, improve financial and economic performance. In a transitional society, it is objectively necessary to reorganize all functional subsystems of the organization.

*The socio-economic effect of diversification* is assessed on the basis of the state of the enterprise. Diversification can be considered successful only if it contributes to the achievement of the goals of the enterprise and the state.

Hence, thought-out (successful) diversification based on the effect of diversity should be a promising way to achieve the main strategic goal of the competitiveness of the enterprise as a whole.

The basis for obtaining the socio-economic effect of diversification is [11]:

- a constant search for opportunities for dividing activities into existing structures, enabling new types of businesses to be mastered and ease diversification;
- definition of weaknesses in the technological process and the product life cycle, which may indicate the desired directions of diversification;
- definition of the economic potential of a new business;
- use of practical experience gained in the main business field;
- simplify horizontal links between business units, create a mechanism for corporate unity.

Considering that diversification represents an innovative process of diversified economic entity development through redistribution of resources, penetration into the markets of new products and services in order to reduce risks and increase income [8], we should focus attention on world experience, which undoubtedly proves to be effective and sustainable development of enterprises in various spheres of business in modern economic conditions is also achieved at the expense of criteria that characterize non-economic goals, namely the use of innovations that increase as Number of working life and provide a strategic competitive advantage in the market. P. Drucker, a theoretician on strategic management issues, also concluded that "the main economic resource ... is no longer capital, nor natural resources (ie, "land") is not a "workforce". That is and there will be knowledge. Traditional "factors of production" do not disappear, but they become secondary. They can be obtained easily enough with knowledge. These tendencies, whether they are desirable or not, reflect the irreversibility of change: knowledge is applied to knowledge" [13].

Olivier Nils-Goran et al. emphasize that an organization capable of creating new knowledge and applying it for the production of new products or services needed by the consumer will be able to survive and thrive [13], and D. Hassie warns of infertility and the probable stagnation of non-innovation organizations. He reasonably convinces that without engaging in innovations, any organization can continue its happy business journey for quite a long time, but not revealing anything new [13].

Thus, one can conclude that the future is innovative, and hence the feasibility of further development of the theory of innovation management, continuous monitoring and evaluation of the impact of innovation changes on the practical activities of business entities. In this regard, in order to successfully operate market structures of management, it is necessary to introduce into the information structure of strategic management a universal unified system of values:

- bringing to the team of managers on an intuitive level the content of the structure of this system;
- Personnel management - Organizational values should be the criteria for selecting and certifying staff. After all, motivational policy and its component - compensation policy - should stimulate workers: allocate resources in such a way as to achieve organizational goals;
- indicators of the implementation of the strategy (balanced system);
- dismissal of employees who distribute resources in mismatches to the chosen strategy of implementation of the development strategy;
- the sequence of behavior and decision making by the manager should be consistent with his actions in achieving the strategy of development implementation;
- a differentiation that stimulates uniqueness, which is impossible without innovation (Table 4.4).

Therefore, the categories of successful activity of the company, "efficiency" and "efficiency" in the proposed unified system of values become the main object of analysis when making decisions in the diversification mechanism of strategic management.

The diversification processes and businesses of the trading sector, in particular, the restaurant businessmen, are not overtaken - cafes and restaurants are everywhere mastering new types of entrepreneurial activity, expanding the range of services, creating new products, and entering new markets. The main areas of diversification of restaurant enterprises today are: development of the hotel business, penetration into the industry of leisure and entertainment, development of catering service.

Table 4.4

**Possible directions of innovation values in the chosen diversification strategy**

Directions	Paradigm shift strategy	Examples of using strategies by major realtor companies
Atmosphere	From limited to instant	H-E-B Central Marcet: concerts, school for cooking
Accessibility	From goods in sets to complex service	Home Depot: courses for buyers to improve their housing, skilled personnel; Wegmans, Ukrop's: sale of environmentally friendly products, pharmacy, diagnostic center
Speed	From spending a lot of time to purchasing before purchasing them instantly	Price Chopper: cookery with the possibility of ordering through the Internet; Starbucks: pre-orders by phone
Customization	From mass to individualization	Whole Foods: shop for environmentally friendly products and goods; GNC: a store selling vitamins, minerals, herbal concentrates, essential oils
Virtuality	From concrete walls to e-solutions / services	Tesko: wholesale orders (more than 300 items of products) via the Internet with delivery to the office
Universalization	Manufacture of special / elite stylish goods available for mass consumption	Lucky Palate: Vegetarian dishes home delivery; West Point Market: provision of services for the chef for parties

It is the last direction of diversification of activities that we propose to develop at the Limited Liability Company (LLC) of the restaurant "India", since it allows us to maximize the efficiency of using the company's labor resources, minimize business risks and require minimal expenses that are relevant in today's economic conditions.

At this stage of the development of the subjects of the restaurant business, in the context of the spread of globalization and the changing market relations in the country's economy, the main objective of the

company is to ensure international competitiveness, ensure maximum profit of the enterprise, development of new business activities - diversification of enterprises. *The goal of the diversification* of the restaurant "India" is the formation of new directions of the enterprise, which will maximize profits through more complete, efficient and rational use of available resources (labor, technical, technological, informational, financial, etc.), minimization of business risks and achievement of international competitiveness

*The object of diversification*, in this case, will be the economic activity of the restaurant "India".

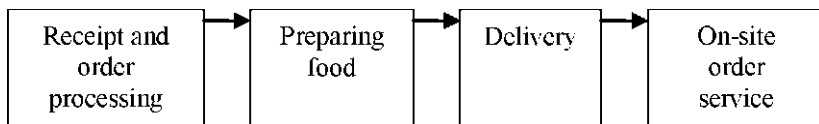
*Subject* - manager of restaurant manager and sales manager of catering services.

The development of catering as a lucrative sphere of activity of the restaurant industry enterprise: on the investment source - the diversification of internal growth; by object of diversification - diversification of assortment of services; by the degree of homogeneity - invariant diversification; by level - branded; by scale - diversification of one market.

*The method of diversification* proposed for use in this case is the diversification of enterprise activity.

*The implementation of the diversification strategy* on the basis of the restaurant "India" requires a structural reorganization of the company in accordance with the requirements of the functioning of the new structural unit.

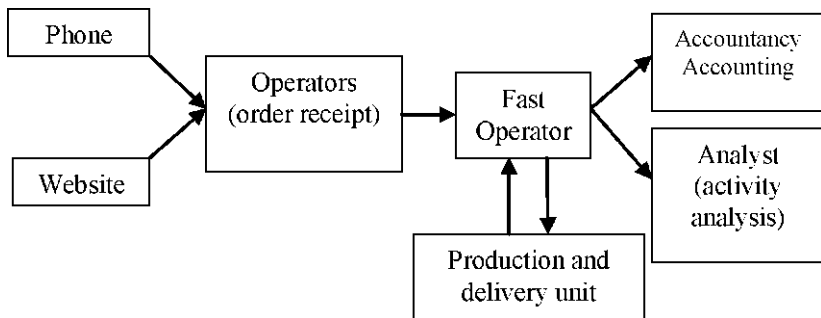
By developing a catering service based on a stationary restaurant business enterprise, there is a prospect of obtaining a synergistic effect through more extensive use of available resources. In addition, the restaurant "India" has proven itself on the market, has a sufficiently large customer base and a reputation as a restaurant with quality tasty dishes and impeccable service. All this gives confidence in the successful operation of the restaurant's catering service, which will increase the efficiency of the enterprise, reduce the risks of entrepreneurial activity, and strengthen the competitive advantages and achieve the international competitiveness of the institution (Fig. 4.7).



**Figure 4.7 Operational chain of catering service**

It was investigated that the selected segment of catering services in the city of Kharkov is not characterized by fierce competition, the market requires more active development, demand for catering services is only being formed; the directions of catering services are perspective, do not require significant investments and significant changes in the organizational structure of restaurant management. The main source of expenses of the company is realization of the marketing program of promotion of restaurant catering services, development of a web site and purchase of software for receiving and processing orders. According to market experts, catering will continue its development, gradually moving from quantitative indicators to qualitative.

We consider that pushing this segment of the business to intensive changes will be primarily a client. Thus, on the basis of the new market, the restaurant "India" receives broad prospects for development in a growing segment with a minimum level of competition. Therefore, introducing into the work of the restaurant a new functional unit - catering services, we consider it expedient to take care of the automation of catering activities, which will provide the appropriate level of customer service and sufficient amount of analytical information. The "Fast Operator" automation system is a professional and extremely functional system for automating the process of receiving, processing and delivering orders, monitoring, analyzing and practically unlimited potential for further development (Fig. 4.8).



**Figure 4.8 Scheme of work of the program "Fast Operator"**

It is this program that can come to the rescue in the sphere of catering when it is necessary to process a large number of small orders. Needless to say, how different the operation of the catering service with

the "Fast Operator" management automation system will differ from the usual paper registration of orders. "Fast Operator" is ideally suited to market structures that handle orders and deliver home or office delivery. The system supports the work of a multifilary network through the Internet and integrates with well-known public catering programs [1; 6].

Economic science has proved [13] that quantitative estimation of economic categories of successful functioning of any enterprise is one of the main stages of the process of their provision, since it allows to assess and control the correctness and the level of performance of the set goals. Existing methods for analyzing the results of an enterprise's activity are usually limited to an analysis of its effectiveness, so the method of measuring and evaluating economic performance should be based on known methods. It doesn't contradict the economic content of effectiveness, which refers to the internal efficiency of the enterprise, taking into account the influence of external factors. The evaluation of efficiency provides a description of the enterprise's activities based on economic analysis of economic processes, which are described by the system of indicators and conclusions regarding the results of functioning [13]. In this connection, there is a need to analyze existing approaches to the assessment of complex variables: the efficiency of the internal environment of enterprises, taking into account the methodological experience gained by domestic science and practice; the effectiveness of the functioning of enterprises in countries with a developed market economy, taking into account the peculiarities of the external environment. All this will allow the diversified strategy in the information management structure of the selected strategy to form a model for assessing the economic "effectiveness" and "performance" of the enterprise, taking into account both internal and external factors that significantly affect their successful functioning.

This process is implemented through the use of budget control, which allows you to determine the deviation of the actual indicators from the plans to get the result of the activity - effective (deviation from costs and prices) and productive (deviation from sales). The problem of assessing the activity of the enterprise has always been the subject of economists' attention. There are two main directions, whose representatives advocated their approach to its assessment, categorically denying the feasibility of implementing the approach proposed by their opponents. According to the first direction, the system of indicators is necessary for assessing the efficiency of the enterprise, which allows to reflect the multilateral and specific functioning. Proponents of this view

argue the following: "Every indicator has its purpose ... For the planning and evaluation of the enterprise needs a system of indicators, and everyone should be the main ... Separately taken index can't express all aspects of multifaceted activities, and therefore the idea of the main indicator in the economy is not should be dominant (including profits)" [13]. Meyer Marshall V. believes that economic efficiency of activity, and efficiency in general, "can only be assessed with the help of a certain system of indicators" [13].

This is argued by the fact that each indicator characterizes the level of only a certain part of the activity, while the system of indicators in general allows you to cover all the important aspects of the operation of the enterprise. This approach is followed by some modern economists [13]. As thus, S.F. Pocropyvnyi and B.M. Kolot offer to evaluate the efficiency of production and economic activity through the four groups of indicators that form the system. These are indicators of profitability, liquidity and solvency, stability, and equity [13].

According to the second line, the assessment of the effectiveness of the enterprise should be based on a generalization indicator. Usually, in order to assess the effectiveness of an enterprise, it is proposed to use one indicator as the most important one. However, at the same time, the opinions differed which particular indicator should be defined as the main one. Some as such an indicator are profit, others - profitability, the third - net production (the difference between the total cost of production of the enterprise and material costs), the fourth - th cost, etc. As practice shows, the list of indicators offered as a universal one is quite wide. Such diversity can only indicate the complexity and versatility of the enterprise. Due to the fact that the company in the market relations is a system consisting of interconnected subsystems, it can be concluded that the indicators that characterize them are also closely interrelated, and accordingly, it is impossible to talk about a separate general indicator efficiency. This opinion confirms the experience of managing the enterprises, which proved that the consideration of indicators as secondary leads to the containment of the development of systems that are characterized by them. Thus, we can argue that the question of any single isolated indicator, as a criterion characterizing the economic performance of an enterprise, is incorrect and unjustified. Based on the fact that under market conditions, the enterprise is responsible for the results of activities directly property, such an approach to the assessment of economic efficiency can lead to negative results. It is in profit that the final result of his activity is



concentrated, which, as in focus, is reflected in the conditions of the market and the competition of all the components of success [13]. In this regard, the scientist-economist Yitzhak Adizes states that "success is always a function with one variable, which is influenced by four, which in turn determine another eight, and so infinitely" [13].

Assessing the success of the project to diversify the company through financial analysis, it is advisable to use predictive indicators [8]. A preliminary survey of enterprises and organizations located near the restaurant allows forecasting demand for catering services to be based on the assumption that the minimum volume of business lunches will be 45 pcs. for a day. It is difficult to predict the volume of home delivery and outbound catering services in the context of the economic crisis, so the possible turnover from the implementation of these services to the calculation of the effectiveness of the diversification of the restaurant "India" is not taken.

Tables 4.5 and 4.6 contain predictable indicators of the success of diversifying the activities of the restaurant "Italian Grill". In the conditions of crisis in the economy of Ukraine, the increase in revenues from the sale of restaurant services will be mainly due to inflation, which, accordingly, will affect the level of restaurant costs - the dynamics of material costs 118%, labor costs 110%, other operating 120%, with revenue growth from sales by 10%.

*Table 4.5*

**Forecast of the success rates of restaurant catering services**

Rate	Unit of measure	Years of project realization		
		1	2	3
Sales volume of services	thousand pcs.	10800	12420	14904
Service cost excluding VAT	UAH	20	24	29
Net income (revenue) from sales	thousand pcs.	216,00	298,08	432,22
Material costs	thousand pcs.	108,00	149,04	216,11
Salary expenses	thousand pcs.	10,80	14,90	21,61
Other operating expenses	thousand pcs.	38,88	53,65	77,80
Total costs	thousand pcs.	157,68	217,60	315,52
Profit before proceeding	thousand pcs.	58,32	80,48	116,70
Income tax	thousand pcs.	14,58	20,12	29,17
Net profit	thousand pcs.	43,74	60,36	87,52

Net profit will decrease by 42 thousand UAH and will make only 68% of last year's figure.

The implementation of the diversification project will increase spending by 7%, increase revenues from service sales by 10%, and exceed last year's net profit by 2%, which is 34% more than in the case of a non-diversified restaurant operation.

Table 4.6

**Forecast of indicators of restaurant performance taking into account catering, ths. UAH**

Rate	Fact	Plan	PLAN taking into account catering	Absolute deviation		The pace of growth, %	
				Non div.	Div.	Non div.	Div.
Net income (revenue) from sales	2184,50	2402,95	2618,95	218,45	434,45	1,10	1,20
Material costs	819,20	966,66	1074,66	147,46	255,46	1,18	1,31
salary expenses	964,30	1060,73	1071,53	96,43	107,23	1,10	1,11
Amortization	76,50	76,50	76,50	0,00	0,00	1,00	1,00
Other operating expenses	150,00	180,00	218,88	30,00	68,88	1,20	1,46
Total cost	2010,00	2283,89	2441,57	273,89	431,57	1,14	1,21
Profit (loss) from operating activities	174,50	119,06	177,38	-55,44	2,88	0,68	1,02
Income tax	43,63	29,77	44,35	-13,86	0,72	0,68	1,02
Net profit	130,90	89,30	133,04	-41,60	2,14	0,68	1,02

Similar data will be obtained when forecasting the dynamics of labor productivity at the restaurant "Italian Grill" (Table 4.7).

One of the recommendations is to reduce the staffing of the restaurant to 3 people - 1 waiter and 2 hosts, which can result in an increase in the productivity and efficiency of the restaurant staff.

However, with the decline in demand for restaurant services, which is projected for the current year, this will be achieved: the labor productivity index will fall to 78% from last year's level.

Implementation of the restaurant's catering service will allow the positive dynamics of both indicators due to increased sales of products and the constant number of service staff.

*Table 4.7*

Rate	Fact	Plan	Catering based plan	Absolute deviation		The pace of growth,%	
				Non div.	Div.	Non div.	Div.
Net income (revenue) from sales, UAH thousand.	2184,50	2402,95	2618,95	218,45	434,45	1,10	1,20
Net profit, ths. UAH	130,9	89,30	133,04	-41,60	2,14	0,68	1,02
Labor productivity, thousand UAH / ac.	94,98	120,15	130,95	25,17	35,97	1,26	1,38
Labor productivity (AUP), ths. UAH / ac.	364,08	400,49	436,49	36,41	72,41	1,10	1,20
Labor productivity, thousand UAH / ac.	5,69	4,47	6,65	-1,23	0,96	0,78	1,17
Efficiency of management, thousand UAH / ac.	21,82	14,88	22,17	-6,94	0,35	0,68	1,02
Average number of employees, persons	23	20,00	20,00	-3	-3	0,87	0,87

With the introduction of a new functional unit, the effectiveness of management will reach 102% of the level of last year and will exceed the similar indicator of non-diversified functioning of the restaurant by 34%. Unfortunately, India's restaurant and hotel services sales and service cost reductions will be reduced by 38% and 40%, respectively, in the event of a project diversification project being abandoned. This trend is due to increased costs of the company and reduced attendance of the restaurant, which, in turn, directly affects the volume of goods turnover. The introduction of a new functional unit into the restaurant's structure will also not ensure the achievement of the last year's rate of profitability, although it will allow them to increase by 23 and 24 %% respectively.

Table 4.8 summarizes data on restaurant and catering service profitability.

Table 4.8

**Forecast of the dynamics of profitability of the restaurant in conditions of diversification**

Rate	Years			Rate of increase, %	
	2016	2017		Non div.	Div.
		Non div.	Div.		
Profitability of sales, %	6	4	5	62	85
Return on costs, %	7	4	5	60	84

The overall economic efficiency of diversification for an individual enterprise or subdivision regarding the reconstruction or expansion of production is calculated by the formula:

$$K_{e.d} = \wedge \quad (4.2)$$

where:  $K_{e.d}$  - investment in the implementation of the diversification project;

$\Pi_n$  - increase in profits from diversification.

In our case, the cost of implementing the diversification project is 6 thousand UAH (cost of purchase, installation, instruction and maintenance of 2 user sets of software Fast Operator):

$$K_{e.d} = 43,74 / 6 \text{ (thousand UAH)} \quad (4.3)$$

$$K_{e.d} = 7,29$$

This rate characterizes the ratio of profit to investment.

Thus, having spent only 6 thousand UAH for purchasing the software of the catering service and organizing the process of developing and implementing the diversification strategy, we generated net profit in the course of the year, which is more than seven times the initial investment. The proposed diversification strategy of the restaurant "India" at the expense of the development of the catering service will increase the financial stability of the enterprise, gain new competitive advantages, minimize the risks of entrepreneurial activity and achieve a new level of international competitiveness.

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