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MANAGEMENT OF ENTERPRISE DEVELOPMENT: GENERAL GROUNDS

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High dynamics of the external environment changes predetermines the identification of new objects in enterprise management and at the same time it emphasizes the attention that needs to be paid to those of new objects which are - seemingly - confirmed as management objects, however, their management has a range of still unsolved issues. To the same category also belong objects

the management of which does not fit today's economic environment anymore. And one of these complicated objects in today's management is surely enterprise development.

Enterprise development is a very multifaceted notion, and this has already been demonstrated in many contemporary publications on the matter [1; 2].

Enterprise development is the enterprise's capacity to carry out own well-managed changes in the course of this enterprise's activities along with gradual adaptation to those changes which this enterprise cannot manage. The key result from this process of changes and adaptation is transition of this enterprise to a qualitatively new level/state. From this definition it is rather obvious that various aspects in the course of development are interconnected with each other. The very process of development is possible due to enterprise's capacity to develop and at the same time this process predetermines the final results of development.

Enterprise development is taking place through qualitative and quantitative changes in its activities, that is, through changes in all functional units inside an enterprise (production unit, servicing unit, reproduction unit, management unit and so on). Similar changes are taking place in subtypes of enterprise management (production management, marketing management, innovations' management, financial management, HR management etc.). All these changes can be managed or unmanaged.

Managed changes in enterprise's activities are the result of the implemented managerial decisions supported by appropriate resource use. Unmanaged changes may arise in the course of enterprise's activity due to various external reasons.

It does not really matter whether the enterprise would treat own development as a management object or not, the very course of development would still take place. Thus, changes are inevitable since they happen under the influence of various processes, phenomena and events in both internal and external environment of the enterprise.

Development is essentially evolutionary since its core result is enterprise's transition to a qualitatively new state. However, an open question often is how prompt is this transition? Moreover – how compliant is this new state in relation to top managers' (owners') vision and expectations? Does this new state fit the changed requirements of today's business environment?

The vision on enterprise's future state and further development is usually described in various business strategies, programs, plans and large projects of an enterprise. And in order to make sure the result (the new qualitative state of this enterprise) matches this, described in advance, vision, the very process of development must be well managed.

Accordingly, changes in enterprise's activities must be well coordinated in time and space, they also must have enough resource supply and fit into the current conditions of both external and internal environments. All of the above means, in a nutshell, that changes must be managed.

Therefore, seeing development as an object of management leads us to the necessity to formulate the aims of development, to measure its results, to outline the functions of development management and then - to select the instruments for development management.

Development management is a functional type of enterprise management, taking place along with marketing management, personnel management, innovations' management and so on.

The emergence of this type of management has been predetermined by the deepening division of activities inside enterprises due to complication of all business processes and the necessity to comply with the constantly changing requirements to management. All of the above has logically led to the emergence of new objects for managerial influence.

The need for separation of development management as a new functional type of enterprise management has been also predetermined by the following. Enterprise development is an extremely complex phenomenon, fully oriented on the future. For this very reason, managers/owners of enterprises lose sight of it or treat development management as something secondary in importance. Current activities of any enterprises are always in the center of managers' attention, not the future ones. Of course, solving current issues is important, however, these issues – no matter how vital they are – should not overshadow future prospects of an enterprise, and development is the key and the major guarantee of these prospects.

Many Ukrainian enterprises today already have the whole structural units or at least a manager responsible for development management. However, as the already carried out research demonstrated, competences of such departments/job posts have been determined stemming from a very narrow definition of "enterprise development". For this very reason, these departments are often engaged in spatial expansion of an enterprise, in creation of new points of sale, in buying out other enterprises and/or establishing foreign branches, in reorganization, mergers, acquisitions etc. We have no intention to question the importance of all these processes initiated by enterprises, however, we also need to note here that enterprise development should not be limited to expansion only.

Development management essentially means constant managerial influence and actions directed at the motivated employees of an enterprise, guaranteeing full compliance with the approved and documented in advance plan of changes in enterprise's activities.

Managerial influences and impacts on the performance of employees responsible for the whole set of interrelated changes in enterprise activity may be quite versatile, and their variety leads to the necessity to divide them into specific types. This division can be based on the functional approach (that is, changes in certain managerial functions). The very function of management is a specialized type of managerial activity, assuming a specific list of works to be carried out to solve the set in advance managerial tasks and in such a way achieve the managerial objectives

[3, p. 85].

All managerial works, performed under the function of development management, can also belong to several other functions. The essence of such functions can be revealed from the standpoint of various managers, all being directly related to enterprise development, all influencing – through professional behavior and attitudes – the enterprise performance overall. These functions may include, for example, the following:

- assessment of enterprise development results in the previous periods;
- planning of future development;
- organization of enterprise development;
- control over the process of enterprise development;
- motivating employees to participate (more) in enterprise development.

Implementation of all these functions in the course of enterprise development management must be based on the assessment of the enterprise development results in the previous periods. Such assessments together form a strong analytical basis for target setting, development timeline, selection of a development vector etc. These assessments also allow revealing the mistakes and bottlenecks in the previous periods of development so that the management could be able to determine both catalysts and inhibitors of development.

Planning of enterprise development must start with determination of the development vector. Next, according to J. Gharajedaghi [2, p. 232-237], goes the concentration of attention on enterprise product, application of technologies and overview of the markets on which this product is already present or can be present in the near future. In other words, according to J. Gharajedaghi, the second step, after the development vector determination, concerns the determination of the enterprise's future architecture [2, p. 226].

It is important to note here that selection of a particular development vector does not automatically mean complete disregard of all other vectors. It is just one vector becomes the dominating one, while all other become additional vectors.

Development planning, in this context, becomes the combination of interrelated in time and space actions, the key aim of which is performing changes in enterprise activities, necessary for the enterprise's transition to a qualitatively new state.

Enterprise development planning is to be carried out according to the functional subsystems of an enterprise. All activities related to enterprise development are to be included into the plans of enterprise's structural units. Planning of enterprise development assumes the following stages:

- determining the potential future state of an enterprise, described using a combination of quantitative and quazi-quantitative parameters;
- determining the combination of localized changes affiliated to particular functional subsystems of an enterprise which together are supposed to upgrade the enterprise to the qualitatively next state;
- determining the combination of actions and activities which together are

supposed to result in changes in the functional subsystems and their management;

- joining together all changes in all functional subsystems of an enterprise with the aim to have one common canvas of changes;

- determining the types, the volumes and the costs of resources necessary for performing changes in functional subsystems of the enterprise and their management. Also, setting how exactly these resources would be distributed with the course of time.

Organization of development processes can be also understood as a cross-cutting, comprehensive function which is simultaneously implemented through all of the above functions of management. For this very reason, it would be appropriate to distinguish between organization of development results' assessment, organization of planning, organization of control over the development etc.

Organization as such, as a function of development management means formation of the relations between enterprise employees so that to perform changes in enterprise activities basing on the distribution of tasks in the course of implementing the planned changes in a timely manner and within the competence field of certain employees (according to their rights, duties and responsibilities). These relations between employees also assume there is an information exchange taking place between them (which can be arranged hierarchically or heterarchically) for better coordination of their actions. Implementation of enterprise employees' relations aimed at performing changes in the course of enterprise activities is supposed to guarantee this enterprise shift to its next qualitative state as planned.

Organization in this case is a systemic function of development management, serving also a basis for all other functions and even becoming their core. It is the systemic nature of development management organization that preconditions there might be complications in the course of implementation as well as large-scale negative consequences. The latter usually take place once there are irregularities and failures in the course of development. There might be several reasons for that:

- differences in how employees see the tasks to be performed, differences in their experience and professional level; differences in personal perception of changes, especially when the latter go against their personal interests; or simply miscommunication;

- peculiarities of personal relations between employees in the course of their joint work. Troubles may emerge due to a wide range of psychological reasons (preferential treatment, antipathy, differences in psychological types and reactions, conflicts at their latent stage etc.);

- gaps in vertical communication, especially when the aims of development are not transformed into specific tasks for exact performers, or when such tasks are formulated in a blurred, very general manner. In this case the employees are forced to interpret the tasks as they see it, and it may not always be correct;

- dynamic changes in development aims due to the corrections performed by top management (sometimes these corrections can be quite significant). Occasionally,

corrections performed in a certain task may totally change the very contents of this task.

The process of development must be constantly in the center of attention on the side of control authorities. Implementation of the control function allows maintaining the same vector of development along with reaching the set aims, under timely corrections, if needed, so that to avoid significant deviations, if the latter can be prevented, of course.

Today, making control the managerial function at the operational level is not enough anymore since nowadays there is hardly any truly efficient instrument to control enterprise development as such. Lack of control instruments does not allow implementing it into real business practice.

Development management is implemented at two levels of enterprise management – strategic and operational (see Figure 1).

Strategic management of an enterprise assumes setting the long-term goals in enterprise activity which, essentially, are the descriptions of a future new state, to which this enterprise is supposed to shift after a certain period of time.

For this transition of the enterprise to its qualitatively new state strategic management is supposed to provide certain strategies using which this enterprise would reach the strategic goals taking into account all relevant external and internal conditions. These strategies, in their turn, must not only fit into the forecasted state of external and internal environments, but they also must be supported institutionally and by a certain amount of resources.

Strategic management at the level of enterprises has been quite thoroughly studied by now, and the world research circles are very much unanimous about the largest part of its fundamentals.

Moreover, these fundamentals already became integral part of the university textbook knowledge (see, for example, [4, 5]). However, the actual conditions of entrepreneurship (and not only in Ukraine) are changing too quickly, thus, today there are already quite a lot of reasonable grounds for criticizing and revising much of strategic management fundamentals. This criticizing though must not be viewed as complete rejection of strategic management fundamentals by enterprises or rejection from having strategic management as such. Concentration of attention on the discrepancies between strategic management rules and the current conditions of enterprises' functioning should become a platform for further research in this direction.

One of the most challenging issues in contemporary strategic management at the enterprise level is that its fundamentals have been and still are often formed, not taking into account the issues of enterprise development. Development as such must be the key object of strategic management, however, this is not happening in real practice.

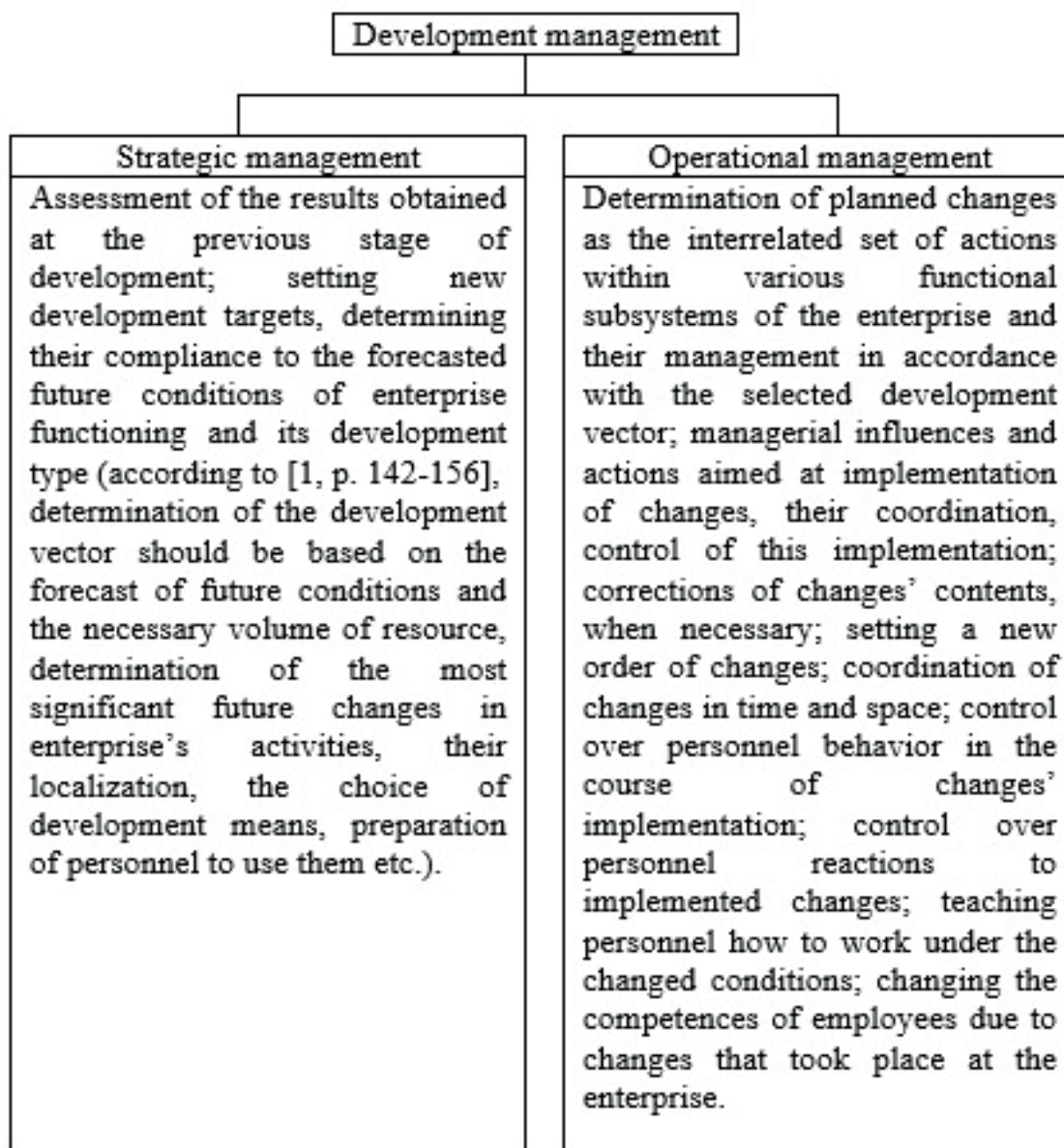


Fig. 1. Development management in the context of strategic and operational management of an enterprise

At the operational level of enterprise management more attention must be paid to the implementation of planned changes, corrections in their implementation when this is needed due to unexpected/sudden changes in the external and/or internal environment. Corrections are also needed when there is an obvious lack of resources or resources of a totally new type are required for further development. Certain attention should be also paid to control over changes' implementation, behavior of employees in the course of changes' implementation and their reactions to these changes.

The functions of development management are implemented differently on the strategic and operational levels of management, and their contribution is also different, depending on a level.

To sum up, enterprise development management is supposed to be one of the

functional types of enterprise management. Since enterprise development is a highly important issue, it should not be disregarded by enterprise management. The use of functional approach makes development management very much similar with general management of an enterprise. However, the former is, at the same time, a new type of functional management which emerged due to strengthening role of development in management overall. For this very reason, formation of a theoretical basis for the enterprise development management and operationalization of its concepts becomes one of the topical direction in contemporary managerial research.

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STATE PARTICIPATION IN REGULATING INVESTMENT PROCESSES

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The key factors of economic growth in the national economy of each country are production, investments, innovations. In industrially developed countries, attention is paid to issues of activation and optimization of investment activity with a view to the long-term development of the real sector of the economy of the state level, because the fact of lowering investment activity below the threshold