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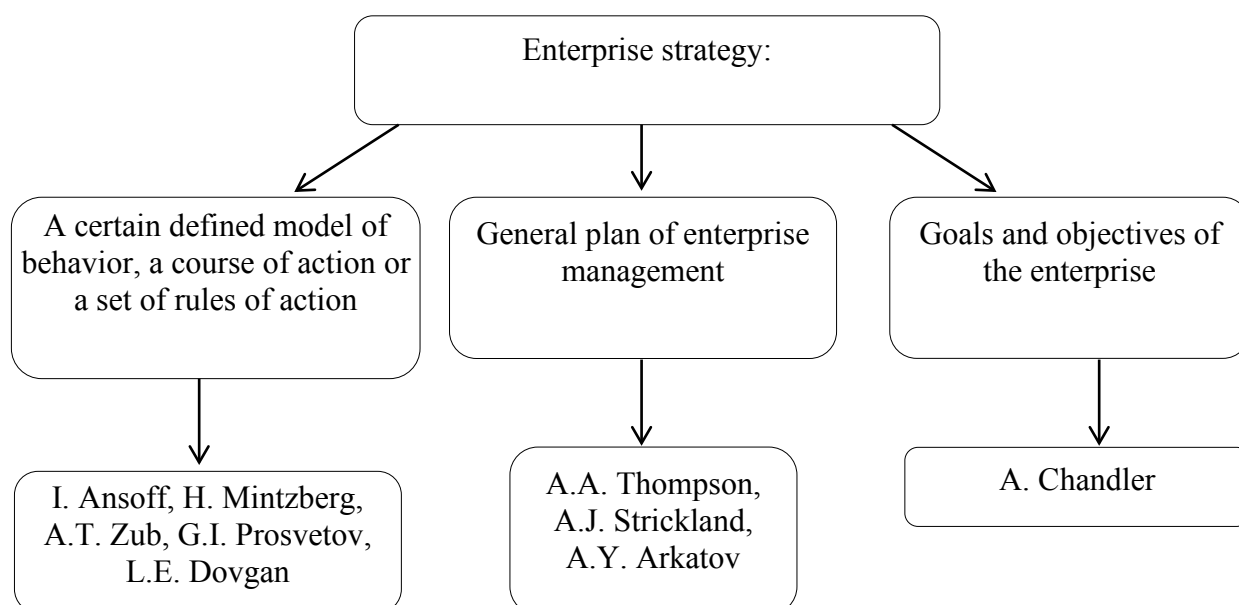
### **FUNDAMENTAL CONCEPTS FOR SELECTING A STRATEGY TO FOSTER COMPANY GROWTH**

The company's development strategy provides it with a set of means of adaptation to changes in the external environment and ensures the transformation of competitive advantages into an effective management tool. The company's development strategy should ensure the maximum use of potential opportunities with limited resources, as well as stimulate the innovative activity of construction enterprises. The processes of formation of market relations significantly changed the characteristics and conditions of entrepreneurial activity. Such changes forced most enterprises to look for new management concepts and tools, in particular, new approaches to managing enterprise development. One of the new tools is the enterprise strategy, the use of which in

developed market economy countries has received theoretical justification since the 70s of the last century.

Since the independence of Ukraine, free entrepreneurship and self-financing for domestic enterprises has become an urgent task in choosing their development strategy. The task of the top management of enterprises is to ensure the adaptability of business to the specific conditions of changes in the market situation, the conditions of rapid advancement of scientific and technical progress, resource-material and financial-credit situation. From the point of view of the development of the enterprise, the fact of awareness of the need to develop a strategy as a basis for ensuring its effective functioning becomes important.

Implementation of the strategy as a new tool for managing the development of the enterprise requires awareness of the economic content of this category. An important role in this process is assigned to the study of foreign theory and practice, since domestic economists began working on this issue only in the 90s of the 20th century. Based on the analysis of literary sources, a number of definitions of the category “enterprise strategy” were singled out, where it was found that in the scientific community there are generally three approaches to understanding strategy (Fig. 1).



**Fig. 1. Approaches to defining the concept of “enterprise strategy”**

So, the founders of economic thought and strategy researchers: I. Ansoff, H. Mintzberg, A.T. Zub, G.I. Prosvetov, L.E. Dovgan claims that the company's strategy

is a certain defined model of behavior or a course of action that should lead to the desired result. Instead, I. Ansoff will express the opinion that strategy is a set of rules for decision-making.

Thus, we can conclude that strategic development is understood as a continuous process. This process should ensure the enterprise's adaptability to external conditions, its competitiveness due to the transition to a qualitatively new level of functioning.

To determine which strategy can be called a – development strategy, consider the types of strategies according to the following classification features:

- by management level;
- by stages of the enterprise's life cycle;
- by the nature of market behavior;
- by market position;
- according to the method of achieving competitive advantages [3].

According to the level of strategic decision-making or management hierarchy, four levels of strategies can be distinguished: corporate, business, or it is also called business strategies, functional and operational strategies. It should be noted that corporate and business strategies are the same for a mono-product enterprise [2]. Hence, the corporate strategy determines its organizational structure as a whole. That is, the direction in which the enterprise will develop is determined by the general approaches and principles of its activity.

Business strategy is the next level of management and is developed for a specific field of activity. Functional strategies are developed for each functional area of activity: production strategy, marketing strategy, investment and financial strategies, etc. Operational strategies are narrow strategies for the main structural divisions of the enterprise, which are not independent: workshops, teams, divisions, etc. This is the lowest level of the company's strategy, which is associated with strategies occupying a higher level in the hierarchy: corporate, competitive, functional [1]. Thus, we can come to the conclusion that the processes of formation of market relations significantly changed the characteristics and conditions of entrepreneurial activity. Such changes forced most enterprises to look for new management concepts and tools, in particular, new approaches to managing enterprise development. One of the new tools is the enterprise strategy, the use of which in developed market

economy countries has received theoretical justification since the 70s of the last century.

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## **THEORETICAL FOUNDATIONS OF THE FORMATION OF THE COMPANY'S DEVELOPMENT STRATEGY**

Today, one of the main problems of the instability of development, the deterioration of the financial condition and the decrease in the efficiency of the business entities is that most of them are focused on solving current, operational tasks. In the conditions of tough competition and a rapidly changing environment, the company should not only focus on the internal state of affairs, but also form a long-term development strategy that will allow to easily respond to environmental changes and achieve competitive advantages in the future. The assessment and formation of the strategic directions of the enterprise will reveal its hidden potential, the effective use of which can ensure the growth of its competitiveness in the domestic and foreign markets.

The emergence of strategic management in the modern sense is due to changes in business conditions and the need to take into account the influence of the state and dynamics of the external environment. The term “strategic management” began to be used in the 60s and 70s in order to clarify the difference between the current management at the production level and the management that is carried out at the highest level of the enterprise. The formation of strategic management as an independent field of research went through the following five stages [1]:

1. Budgeting and control (the first half of the 20th century) is based on the formation of a system of interconnected budgets and control over their implementation. The basic premise of budgeting is the stability of the external and internal environment of