

Strategic management of enterprise through the diversification of its activities

Kucher S.F.

Candidate of Economic Sciences, Associate Professor,
Berdyansk State Pedagogical University

Rotariev M.D.

Graduate Student,
Berdyansk State Pedagogical University

The article is dedicated to the research of strategic management, which is based on diversifying its activities, motives, which urge managers for the implementation of diversification strategies and risks, which can appear. The most important problem of each company, which is operating in market, is providing survival and further development. The solution is to create competitive advantage that can be reached by effective development strategy. That is why the implementation of strategic management is one of the main conditions of an effective market activity.

Strategic management is the process, which is used by managers for a long-term enterprise management. They define specific objectives and develop strategies to achieve them taking into account all relevant internal and external conditions. Also they confirm developed plans that are constantly evolving and changing.

The article's main objective is the determination of the main reasons, which encourage enterprise managers to strategic management through the diversification of its activities.

Diversification has begun at least sixty years ago, when strategic plans were practiced. This situation relatively connected with unstable technologies, difference in competition, and temporary slowdown in economic growth at the emergence of social and political restrictions.

Diversification allows people to avoid the risk with allocation of capital between the various activities. Profit on diversified business depends upon the ability to assess and predict risks. Using a strategy of diversification to reduce risk subjects can create entirely new products and services based on the use of advanced technology. We should use all the mechanisms of diversification as an instrument to ensure sustainable development of enterprises.

Despite the instability of the economy and market, modern enterprises need to pay much attention to the strategic management based on diversification of its activities. After the implementation of the diversification strategy in most cases the company receives significant benefits and increases its competitiveness and sustainability.