

FACTORS OF INFLUENCE ON THE SUSTAINABLE DEVELOPMENT IN THE STRATEGY MANAGEMENT OF CORPORATIONS

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ABSTRACT

The article presents the factors influencing the sustainable development of corporations. It was proposed to take into account the factors of strategic management orientation. A formula was presented for an integral indicator of the influence of all factors on the sustainable development of a corporation, which provides a more objective assessment of the course of corporate strategic management processes to ensure the sustainable development. The tools for managing the sustainable development of corporations in the context of globalization and environmental turbulence were considered.

Keywords: Strategic Management, Sustainable Development, External and Internal Factors.

JEL Classifications: M5, Q2

INTRODUCTION

At the present stage of global, regional, national and local development in all spheres of the economy, various and contradictory transformations take place, affecting all processes, including management. Accordingly, corporations are actively involved in these processes, looking for drivers of development and competitiveness. Hence, the improvement of management approaches and tools acts as an important and necessary condition for ensuring sustainable development.

The need to form and implement an effective management system is important for business, therefore, special attention is paid to applying general principles and methods of management and carrying out measures to ensure the stable functioning of companies that try to strengthen their positions in an environment that is constantly changing (Stattev et al., 2019). Thus, the changing growth prospects of companies, which are formed under the influence of a combination of internal and external variables, actualize the need to study the factors influencing sustainable development in the strategic management of a corporation.

LITERATURE REVIEW

In order to improve the processes of ensuring and maintaining the sustainable development of a corporation, it is necessary to use the achievements of world opinion, developing strategic approaches and adjusting methodological approaches and the like.

It is well known that the most common and main features of a successful strategic planning process are future orientation through the development of business concepts and

missions, continuous scanning of the environment, analysis and selection of business strategies that are most appropriate, as well as the involvement and cooperation of internal and external stakeholders. Strategic opportunities contribute to improving the efficiency and effectiveness of the strategic planning process, positively affect the competitiveness of the company due to: firstly, obtaining, analysis and dissemination of relevant technical knowledge and information about competitors for decision makers in real time; secondly, obtaining, identifying and evaluating strategic knowledge about the trends of the external environment in the market, namely the opportunities arising and critical trends; thirdly, clarification and dissemination of the strategic vision, mission, goals and strategies from outside and within the company; fourthly, promotion of cooperation and involvement of internal and external stakeholders. There are various managerial consequences and recommendations that can be drawn from the results of both qualitative and quantitative analysis that each sector faces (Ibrahim & Naem, 2019; Drobyazko et al., 2019a & 2019b).

Traditionally, the economic performance of the company was measured by the “*economic value added (EVA)*”. However, for sustainable development, it is necessary to look at the impact of the company’s activities not only on its EVA, but also on the economic conditions of stakeholders and economic systems at the global, national and local levels. The impact of the company's value actions on the economy of stakeholders and society as a whole is illustrated by indicators of economic efficiency. While EVA reflects the company's real financial position and is reflected in the financial statements, it is necessary to assess the company's involvement in the sustainability of the larger economic system. Relevant aspects are reflected in the relevant indicators, namely: “*economic indicators, market presence and economic consequences*” (Sar, 2018).

The use of aggregate resources of any system, including in the financial and economic sphere, creates positive synergistic effects (Portna, 2015; Krchová, 2019).

Some researchers determine the level of development of a strategic management system in accordance with the fact that a number of key factors can be controlled. Study the relationship between the level of development of the system of strategic effectiveness management and the duration of its implementation, as well as the key factors that are currently managed (Striteska et al., 2018).

Orientation to the market and resources of the company have a significant impact on the business strategy and efficiency of the company, and business strategy creates the greatest impact on improving the efficiency of the company in comparison with the orientation to the market and resources (Dina & Cahyandito, 2018).

METHODOLOGY

The methodological basis of the study is the part of world professional opinion on the subject of the study, which is covered in leading scientific publications in the field of strategic management and sustainable development, expert assessments, statistical reports, and the like. The study is based on general methods (system approach, methods of management theory), on the study of practical problems of sustainable development in the strategic management of the company, used tabular and graphical methods.

FINDINGS AND DISCUSSIONS

The level and pace of sustainable development of the company are not an independent value, since this is connected both with the presence of the corresponding potential of the corporation, and with the influence of many components. Sustainable development of a

corporation is not a constant, but a function of many variables, both internal and external conditions of the corporation.

Car companies are sales leaders in the world. The global car market was estimated at 698.2 billion dollars in 2016, which is 2.7% more than in 2015. The total export of cars by country in 2018 was estimated at 744.7 billion US dollars, which shows an increase of 5.1% compared with 2014, but a decrease of -0.7% compared with 749.7 billion US dollars, which spent worldwide over the course of 2017. In the ranking of the continents in 2015, the first is Europe, where the volume of the car export market was more than half of the global total - 380.6 billion US dollars (54.6%). In second place were Asian countries - 23.9%, then North America - 19.2%. In 2018, Europe exported by 402.7 billion US dollars, Asian countries - by 24.6%, North America - by 19.0%. Germany rises above all other automakers. Germans account for more than 150 billion US dollars in car export, which accounts for more than one fifth of total world export. Japan (9.19 billion US dollars) is the second-largest car exporter in the world, largely due to the fact that Japan is territorially closer to China - the world's biggest car fleet. It is much easier to sell cars when they are produced close to the place where the buyers live (The World Only; Workman, 2019). The second largest European company Global 2000, the manufacturer of Volkswagen has demonstrated that its shares have fallen by almost 16% over the past year. European car companies are particularly affected by tariff threats, for example, Daimler and BMW shares have also collapsed over the past year (Jonathan Ponciano, 2019).

Today there is no universal approach, by adhering to which, any corporation can ensure stable rates of sustainable development.

From previous studies, generalizations can be made that a number of factors affect the processes of ensuring the sustainable development of corporations, which can be combined in certain groups (Figure 1).

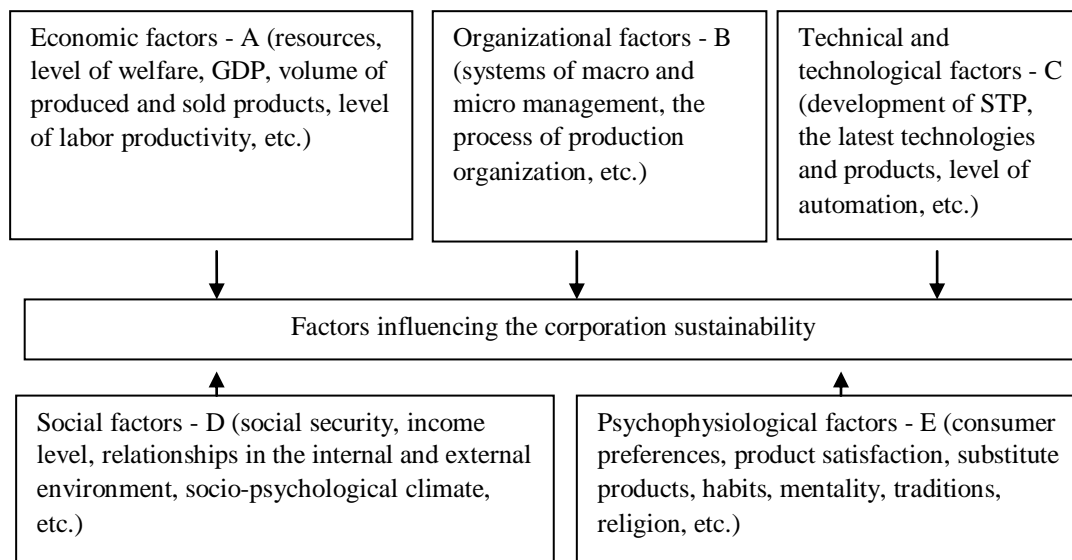


FIGURE 1
FACTORS INFLUENCING THE CORPORATION SUSTAINABILITY

All factors are closely interrelated, ensuring mutual influence, complement and strengthen the influence of others. But these factors must also be considered in the context of their internal or external influence on ensuring the sustainable development of a company.

RECOMMENDATIONS

Ensuring and maintaining a stable pace of sustainable corporation development is impossible without observation of the principle of strategic orientation. Thus, when determining the integral index of the influence of factors on the sustainable development of a corporation, it is important to take into account the factors of strategic management orientation that characterize the corporation's ability to use opportunities as efficiently as possible in order to achieve strategic development goals. Strategic management factors characterize the corporation's strategic position in the domestic and foreign markets (reputation, image, level of social responsibility and corporate culture), managerial competencies (the ability of top and middle managers to form, adopt and implement strategic decisions to ensure the sustainable development of the corporation), ability to ensure effective operations (rational use of the corporation's resources, planning functions, coordination and control of sustainable development), etc.

The formula for determining the integral indicator of the influence of all factors on ensuring the sustainable development of a corporation will look as follows:

$$IIF = \sqrt{A.B.C.D.E.F}$$

Where, IIF – integral indicator of factor influence;
 A, B, C, D, E – described above factors;
 F – Factors of strategic management orientation.

Taking into account the action of these factors, it is possible to offer certain management tools for ensuring the sustainable development of corporations (Table 1).

Table 1 FACTORS AND TOOLS DEPENDENT ON THEM FOR MANAGING CORPORATE SUSTAINABLE DEVELOPMENT IN THE CONTEXT OF GLOBALIZATION AND ENVIRONMENTAL TURBULENCE		
Nature of factors	Factors	Priority Development Support Tools
External	Changes in the macroeconomic and global environment	Revision of strategies, protection of competitive positions, restructuring, rejection of unpromising areas, change of the vector of investments, costs control, increase in cash flow, change of the balance structure, cash flows optimization, assets restructuring
	Changes in the competitive environment	
	Change in consumer demand or technological change	
Internal	State of internal financial environment of the Company	Optimization of cash flows, mobilization of cash flow growth reserves, balancing the receipt and use of financial resources, change of investment priorities, revising the financing of individual projects, financial restructuring, additional capitalization of the company, costs control, change of the structure and quality of tangible and intangible assets, revision of strategies and change of vector of investments in equipment and personnel, review of development strategies, change of investment priorities towards innovation
	State of technical and technological base (production and personnel component of the company's potential)	
	State of the marketing and innovation potential of the company (product competitiveness, market activity)	

Table 1 shows the tools that ensure and maintain the sustainable development of a corporation, depending on the actions of both external and internal factors and their

components. Using such tools, stakeholders to ensure and maintain the sustainable development of the company (states, company owners, managers, investors, labor collectives, business partners, etc.), take appropriate measures in view of the consistency of their economic interests.

CONCLUSION

Thus, ensuring sustainable development in the strategic management of corporations involves the influence of a number of factors characterized by economic, financial, political, social, and psychological indicators, which are tools for monitoring the sustainability of a corporation. Among the many factors that were considered, it is important to consider the factors of strategic management orientation. The calculation of the integral indicator of the influence of all factors on ensuring the sustainable development of a corporation provides a more objective assessment of the course of corporate management processes for ensuring sustainable development.

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