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Article



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FEATURES OF USING STRATEGIC MANAGEMENT IN SMALL BUSINESSES

Abstract: This article explores the specifics of the use of strategic management in small businesses. The author studied the principles and main functions of strategic management. The purpose of the article is to compare approaches to ensuring the development of small and large businesses based on the analysis of strategic management.

Key words: small business, private entrepreneurship, GDP, enterprise, microfirm, strategic management.

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Introduction

Strategic management is an important area of management, as it helps to determine the direction of the company's development and ensure coherence of actions at the main levels of the organization: corporate, business unit, functional. Researchers give the following interpretations of the strategy (ancient Greek strategos consists of the words "army" and "lead"):

- determination of the basic long-term goals and objectives of the enterprise, the adoption of a course of action and the allocation of resources necessary to achieve these goals [1];

- any commercial organization, any of its divisions and even each employee must have a clearly defined set of goals or objectives that moves them in the chosen direction and does not allow them to deviate in undesirable directions [2];

- the development of a competitive strategy means the creation of a general formula for how the company is going to compete, what its goals should be and what policies it should implement to achieve them [3].

Literature review

Evaluation of textile and clothing industry clustering capabilities in Uzbekistan were researched by Burkhanov, A.[2], Ergashxodjaeva, S. J. [12], Kyvyakin, K. S., Tursunov, B. O.[3,4,5,8,9],

evaluation of competitiveness of brands of local sewing and knitting enterprises were studied by Hakimov, Z.[7], innovative and export potential of the agro-industrial complex of Uzbekistan were investigated by Yuldashev, N. K., [6], Umarkhodjaeva, M. [10], Saidova, M., [11] and others.

Also, some foreign researchers as well as Kaya M.[13], Abdyldaev, M.[14], Polat, C.[15], ÖZDEN K. [16], Maksudunov A. [17,18], ELEREN A. [19] researched of some marketing issues of durable consumer goods.

Analysis and results

Based on the proposed interpretations, we note that the key aspects of the strategy are the following: long term; definition of goals and objectives; purposeful choice in the distribution of resources to achieve the goals; analysis of the opportunities available to the organization and the subsequent choice of their use; implementation in a competitive environment where some companies succeed and others lose [4].

The main objectives of strategic management are the following: ensuring the survival and prosperity of the enterprise on the basis of profit; satisfaction of the needs and proposals of the consumer in a particular market for the sale of manufactured products; increasing the competitiveness of manufactured

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goods; acceleration of product sales and turnover of funds and resources; sustainable profit growth while minimizing commercial risk; ensuring the competitiveness of the company in the selected market segment; increase capitalization; increasing investment attractiveness; development of new markets, products, technologies. Strategic management as a concept for organizing activities and developing a company in a market environment involves solving the following main tasks: development of strategic thinking at all levels and in all structural divisions; implementation of strategic management as a single process of thinking and activity; determining the structure of strategies at all stages of strategic management, establishing relationships between them and continuity; identification of criteria and methods for assessing the effectiveness of the enterprise; ensuring effective functioning and development in the market conditions.

However, large business, compared to small business, has much more tools to achieve goals and realize interests, which is reflected in goal setting and the process of strategic management (Figure 1). Large Russian companies during the period of market reform developed in two directions. First, this happened through a market-oriented restructuring of the former

socialist enterprises, mainly due to the redistribution of ownership and control. As a result, integrated business groups formed as a result of new vertical integration have become the main form of organizing large Russian business. Secondly, the reorganization of the real sector of the economy took place in the new conditions.

Currently, no company can develop outside the global context, and its sustainability is determined not only by its position in the regional and national markets, but also by the place that the manufacturer occupies in global value chains, represented by interconnected stages of the technological cycle - from the development of the idea of a new product to the stage of sale to the final consumer. At the same time, organizations that are not directly involved in global competition, one way or another correlate with all subjects of the common economic space in terms of costs, methods of coordination, access to resources, management methods, development of corporate culture, distribution channels [5].

Strategic management includes the development of idealized socio-economic and organizational situations, evaluation criteria, mechanisms for subordinating production to market and consumption requirements, and ways to meet market demand. The process consists of several main steps (Figure 1).



Fig.1.Strategic management at small business

First, the leader assesses the current state of the organization, analyzes the mission, goals, strategies, then examines the internal and external environment, key success parameters, i.e. factors that contribute to change. Since the company is considered in market conditions as an open system, the main conditions for the success of its activities are not inside it, but outside, since performance is associated with how

well it adapts to the external environment - economic, scientific and technical, social, political, etc. n Based on the analysis of the environment, the enterprise becomes able to recognize "threats" for normal operation and further development in a timely manner, develop strategies, mechanisms for survival and sustainability. When assessing the market situation, organizations should strive to realize opportunities,

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navigate the needs and preferences of the market. Therefore, management, when making strategic decisions, should be based on strategic thinking directed from the future to the present: what needs to be done today, based on the requirements of the market environment, in order to ensure the survival and prosperity of the enterprise in the future. Taking into account the noted factors, the manager determines the need to redefine the mission, goals or formulate a new strategy at different levels of the organization: corporate, business unit, functional. At the conclusion of the strategic management process, the implementation of the new strategy is observed.

Development of a strategy at the corporate level. In order to decide at the corporate level the question of "in which area to compete", it is advisable for an organization to use the Ansoff matrix [7]. G.I. Ansoff identified four vectors for the development of the company:

- market penetration means directing growth based on an organization increasing its current market share, in other words, selling more of its products and services to existing customers;
- expansion of the market involves the sale of existing goods or services from the enterprise to new consumers;
- product development involves the creation of new products to replace the old ones by anticipating changes in the needs of existing consumers and developing products that help meet these needs;
- diversification, which G.I. Ansoff defines distinctness as related to the situation when an organization enters a new market or product area that is completely different from those where it is used to competing.

Strategy at the business unit level. Addressing the question "how do we compete?" is central to the development of a business unit level strategy. The formulation and implementation of the strategy at this level is carried out through competitive actions, and not through the acquisition or sale of units [8]. One of the schemes used to prepare strategies is the model of competitive strategies by M. Porter for building the competitive behavior of a business unit in its industry in the fight for the consumer [9]. Its essence is to develop a strategy that would allow the organization to try to compete with other firms operating in the same sector, based on the identification of possible sources of competitive advantage. Therefore, any competitive strategy must take into account the potential resources available to the enterprise; the nature of the external environment in which it operates; objectives of key stakeholders; key success factors in the industry. The competitive strategy is carried out in the chosen area and is determined by the corporate strategy of the organization. In other words, the corporate strategy is associated with the choice of the area in which the company plans to operate, and

the competitive strategy involves navigation in this segment.

Thus, when developing a competitive strategy, an organization seeks to find a position in the industry that will allow it in the best way not only to defend against the action of competitive forces, but also to influence them for its own benefit. Management guru J. Trout noted that companies that cannot find their own difference from others will certainly die, because competition is too high. To survive, an enterprise needs to find a niche where it will be a leader.

Functional level strategy. When developing this strategy, the question "how does the organization support the implementation of the business unit level strategy?" is answered. This type of strategy belongs to the main functional services and includes the main functions, including financial, production, research, and marketing [10]. Researchers observe consumers, identify inconveniences that they face and that can be eliminated with a new product. As a result, when creating the latter in the laboratory, the task of eliminating a specific consumer problem is solved.

Small business entities differ significantly in the scale of activities and the volume of resources, which determines the slightly different nature of the tools to achieve the designated goals. In particular, large structures have great opportunities for building partnerships with foreign companies or updating the technological base, i.e. the range of mechanisms for implementing tasks in corporations is more saturated compared to that of small and medium-sized businesses.

Conclusions

The main goals of small businesses are the formation of a stable position in the local market, which would make it possible to extract maximum profit, as well as the creation of innovation for subsequent cooperation with large business structures. The small business management model in most cases has a different logical sequence: an entrepreneur, when deciding to create a business, analyzes his strengths and competencies that can be used in any area to achieve the goal. At different stages, we can identify several of the most significant roles that an entrepreneur has to play, answering the key questions of doing business: "what to do?" (the role of the entrepreneur); "what to sell?" (the role of the innovator); "how to create a product?" (owner role); "how to promote it?" (the role of the manager).

However, the position of the organization occupied in the market may turn out to be unstable due to the influence of environmental factors, globalization processes, increased competition, which may lead to the closure of the enterprise. In the event of successful operation, the firm runs the risk of becoming an object of capture by big business, which is especially typical for Russian reality.

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Thus, the strategy can be seen as the main link between what the organization wants to achieve and the course of action chosen to achieve the goals. Strategic management is the activity of making and implementing strategic decisions regarding the direction of an enterprise's development, based on a comparison of its existing resource potential and the threats of a dynamic external environment. This process differs in large and small businesses due to

different development opportunities and interests of the subjects. In large associations, strategic management is aimed at ensuring coherence of actions at organizational levels: corporate, business unit, functional. The management of a small company is based on the analysis of one's own prospects for doing business and the definition of the appropriate field of activity.

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