

*the Annex of Recommendation 2003/361/EC. 9. www.facebook.com. 10. Malak P., *Polskie firmy na platformach społecznościowych*, retrieved from <http://www.hbrp.pl/news.php?id=70>. 11. Universal McCann. (2009). *Power to the people: Social media tracker wave 4*. Retrieved from <http://universalmccann.bitecp.com/wave4/Wave4.pdf>*

УДК: 338.33:658.621

JEL O 32

O. O. Tsohla

Lviv Polytechnic National University,
Department of Accounting and Analysis

DIVERSIFICATION ACTIVITIES MANAGEMENT AT ENTERPRISES

© Tsohla O. O., 2014

In the article traces the major problems of managing diversity activities at the enterprise level and singled management. The factors that determine the effective management and proposed an innovative approach in managing the diversity of the enterprise.

Key words: management, diversification, innovation, market prospects, best alternatives.

О. О. Цогла

Національний університет “Львівська політехніка”,
кафедра обліку та аналізу

УПРАВЛІННЯ ДИВЕРСИФІКАЦІЙНОЮ ДІЯЛЬНІСТЮ НА ПІДПРИЄМСТВІ

© Цогла О. О., 2014

Простежено основні проблеми управління диверсифікаційною діяльністю на підприємстві та виокремлено рівні управління нею. Виділено фактори, що визначають ефективне управління й запропоновано інноваційний підхід в управлінні диверсифікаційною діяльністю підприємства.

Ключові слова: управління, диверсифікація діяльності, інноваційний підхід, ринкова перспективність, оптимальні альтернативи.

Statement of the problem

The structure of management of any company covers the interrelated elements that are related together with the established horizontal and vertical connections, which are developed as a whole. However, the relationship in the structure of management can be linear, which provide a smooth movement of management decisions and information between line managers and functional ones to ensure the movement of the information management decisions in accordance with the specific management functions. In traditional approaches to the adoption of a management decision to diversify the activities of the enterprise the main attention is paid to elaboration of rational managerial decisions and the organization of a body of units that form the management level.

Analysis of recent researches and publications

The author [3] asserts that the formation of the management system of diversification activity is carried out on the basis of perfection of existing categories and the creation of new approaches: the analysis, forecasting and planning of innovative activities.

The authors [4] affirm that “the important aspect of management decisions is the development of technological process of development of rational management decisions, which should be understood as the optimal alternatives. The management of a diversified company, according to authors [8] is the definition of objectives, development and implementation of strategy on the three administrative levels: the corporate, business unit and functional ones.

The authors [6] stated about the essential elements that form the management of a diversified enterprise. That includes: the latitude and the type of diversification; the conditions that bind diversification that defines the personality of the enterprise; the approach to the allocation of investments between areas; the efforts that are aimed at achieving the competitive advantage; the decision on refusal of nonprofit activity; the actions that are directed at creating new positions in attractive industries; the efforts that are aimed at increasing the profitability of the existing spheres of activity.

The author [7] points out two stages of the process of managing by the diversified company: firstly the solution of questions of combination by product lines and markets and define the means of achieving the competitive advantages of the organization at the first organizational level, and the second one is based on the practical steps and measures of individual structural units.

The concept of managing the diversification of the activities of the enterprise according to the study [9] includes: the definition of the essence of diversification; the substantiation of the possibility and the need for diversification at the level of the individual enterprise; the identification of subject and object, the types of diversifications; the definition of the methodological foundations of governance in the terms of justified principles and methods of management; the development of the mechanism of management; the formulation of methodical bases of the formation and the implementation of diversification policy, the assessment of the socio-economic impacts of this policy.

The formulation of objectives

Nowadays, the practice is ahead of research management processes by the diversification activity of the enterprise. No thorough theoretical analysis of the main problems on the level of management of a diversified enterprise. The objectives of this work are: to consider the main problems of management of diversified activities and to allocate the levels of management. And also to offer an innovative approach in the management of diversified activity of the enterprise.

Presentation of main materials

The main problems of management of diversified companies are associated with the division of powers. Thus, the diversified activity of the enterprise cannot be managed from a single center, you should build such a system of directing that would delegate managers in a broad powers to proper control of their activity to the central leadership, correspond with functional division of labour and the scope of powers of employees of management, socio-cultural environment and the organizational structure of the enterprise.

The organizational structure of management by the diversified activity of the enterprise is determined by the horizontal multi-level relations, which have its hierarchical, in particular horizontal and vertical distribution. The effective management of diversified activities of the company provides each level of management that solves its own specific tasks and carries out the assigned functions. Namely:

the highest level (top management). At this level functions the supervisory council and the board. The board of directors determines the overall strategy of the company, the board is responsible for its implementation. The specific allocation of responsibilities between them is regulated by national legislation;

the average level (middle management). It is presented by the central management services, that carry out the most important management functions, so called functional services: service marketing, financial and planning, NDPKR, coordination, accounting, control, etc. They provide the preparation of

information, making recommendations on all matters within their competence for decision-making of managers of higher level;

the lower level (lower management). It consists of the production units and the strategic business unit. The managers of this level have a certain autonomy, the boundaries of which depend on the system of enterprise management. The most specific is exactly on this level [2].

The specificity of designing the diversified organizational structure is that it cannot be adequately presented as a problem of formal selection of the best option of organizational structure for explicit, unequivocal, mathematically expressed optimality criterion. A complex set of criteria of effectiveness of the management system is formed in accordance with the two areas of assessment of its functioning: the degree of compliance of the results and the goals to be achieved by the diversification of production and economic organization; and the degree of compliance of the process of functioning of the system. These are the objective requirements according to the content, organization and the results.

Thus, the organizational structure of management by diversified activities of the enterprise need to be divisional, as it implies the solution of problems of management of the enterprise by dividing the organization of elements and blocks according to industry, the range of products, markets, technologies and resources. Divisional management structure of diversified activity of the enterprise has a number of advantages: a clear delineation of responsibilities; unloading of senior management; a structural connection between subdivisions; easy adaptability to changes in the market; the transparency structures; the knowledge of the specific surrounding conditions; more integrated solutions that are tailored to meet specific needs; the direct link with every unit and the best opportunities for improvement of each one [1]

In practice, the most often it is used in a synergistic and conglomerate management style. The synergistic style of corporate management monitors the degree of effective cooperation of various departments of the organization; conglomerate – each division, subsidiary are independent towards the aims of growth and profitability [10].

Any ramified organization selects an option in accordance with its own characteristics (it may be used in the production structure, in another – functional, design or matrix). The product structure makes sense, if the company regularly increases the range of products that requires the creation of a complex of branches for certain types of products. Such a system gives the opportunity to pay for individual product as much attention as pays a small firm. It ensures the effective cost control and adherence to the schedule of shipments [5]

In the management of diversified activity of the enterprise it is important to use the approach to innovation with regard to its marketability. That is why the diversification is often considered as a global strategy that is aimed at radical changes in the organization and the structure of production. Thus, the innovative approach in the management of the diversified activities on the regional level includes:

- the research of the market of a new product, starting from the development of strategy of the region;
- the forecasting of activities, the nature and the stages of the life cycle of a new product.
- the determination of ways of promotion and sales of the new product in the region;
- the research of the market and finding resources subcontractors;
- the elaboration of a possible variants of cooperation with the partners;
- the implementation of the complex analysis on costs, prices, volumes of manufacture and sales of the new product and also the financial opportunities;
- the planning and the estimation of efficiency of innovations;
- the analysis of risks, determination of methods of their minimization insurance and compensation;
- the choice of organizational form of the structure of creation, the development and putting on the market a new product.

In the process of diversifying the important is the intensification of a scientific-research and the experimental-design works. It will enable to develop the concept of new goods; to use the latest, flexible technologies; to remove promptly from the market and production of outdated products; to provide the necessary pace of reform supply line of the enterprise; to enter quickly to new markets; to concentrate efforts on solving the problems of selected groups of consumers; to spread its activities to other regions.

Therefore, for the effective management of diversified activities of the enterprise needs to be the following:

- to set the priorities among administrative tasks, namely: the establishment of institutional relations, the creation of satellite systems, the distribution of resources, etc.;

- to establish the correspondence between the strategy of diversification and the internal organizational processes, namely: the structure of the organization, the motivation system, the incentives and the staff qualifications, etc.;

- to align the selected strategy of leadership style.

In view of the above, the main aspects of management of the diversified activity of the company is:

- the responsibilities of leadership, which is: in the policy development and in the diversification goals; the communicating ideas strategy to employees with the aim of involving them in the implementation of the diversification of activity of the enterprise;

- the definition of the necessary requirements to information, infrastructure and the environment, and making the necessary changes;

- the ensuring the availability of effective utilization and management of essential resources, according to the chosen variant of diversification;

- the definition, planning, introduction and production of necessary products, and also development of new kinds of production and markets;

- the assessment, analysis and coordination of activity of the enterprise.

The control mechanism of the diversified activity of the enterprise sets:

- the dismemberment of the general process of diversification of the enterprise as little as possible stages and the definition to the amount of work;

- the duration of each phase and the adjusting one if it is necessary;

- the necessary resources for the implementation of the diversification of activity of the enterprise;

- the possibility of combining of the stages in time with the necessary adjustments of resources;

- the overall complexity, the cost and the duration of diversification.

The diversified activity of the enterprise is characterized by the accelerated modernization of production, as a consequence of increased competition, the technological progress and orientation of the manufacturing of equipment for the consumer, therefore, the management of the diversified activities of the enterprise should be:

- flexible, that means the ability to provide without any significant changes in techniques, technology and organization of production, transition to new products in the shortest possible time and with minimal labor and material resources, regardless of the changes of structural and technological characteristics of the products;

- corresponding to the situation of reaction of all levels of management to the changes in the internal and external environment of the enterprise;

- adaptive, the control system with incomplete information management process, which varies depending on the accumulation of data and is used for improving the quality of the system;

- stable, that are characterized by a constant composition and structure of an ordered set of units that form the management level for a certain time;

- effective, which ensures high productivity and minimum labor and material costs during changes in production facilities.

Through research, the highlight factors that determine the effective management of diversified activity of the enterprise are the following:

- a focus on the customer's needs, as the company depends on their customers and therefore should understand current and future customer needs, to fulfill their requirements and strive to exceeding their expectations;

- the maintenance of mutually beneficial relations with the suppliers, since the company and suppliers are interdependent;

- the encouragement of workers of all levels of industrial activity, which will give the opportunity to use their abilities in favor of diversification of activity of the enterprise;

making any managerial decisions on the basis of analysis of the facts and information;
using a systematic approach to management.

Conclusions

The managerial decision-making at the enterprise towards the diversified activity involves the development of rational management decisions, which should be understood as the optimal alternatives that may ensure the effective functioning of the organization and contribute to the productive use of the opportunities of the diversification. This work deals with the main problems of management of diversified activities and the levels of management. And also it is offered an innovative approach in the management of diversified activity of the enterprise.

The prospects for further research

The results of research can be used by managers of enterprises who decided to diversify their activities, in order to adequately determine the best variants of the managerial solutions that will definitely improve the effectiveness of functioning.

In the further research it should be conducted a detailed analysis of the level of control of diversified activity of the enterprise.

1. Dozhansky I. Z. *Management potential of the enterprise: tutorial* / Dolzhansky I. Z., Zagorna T. O., Udalykh O. O., Gerasymenko I. M., Rashchupkina V. M. – K.: Center of educational literature, 2006. – 362 p.
2. Klivets p. g *Strategy of the company: Textbook. manual.* – M: Akademvydav, 2007. – 320 p.
3. Korinko PPM and Control analysis of activity of subjects of managing in conditions of diversification: theory, methodology, organization: Avtoref. dis. On getting the PhD degree of Econ. Sciences: special 08.00.09 – accounting, analysis, audit (by economic activities) / M. D. Korinko. – Kiev, 2008. – 36 p.
4. Kuzmin O.. *Management of competitiveness of enterprises: theoretical foundations, problems and applied aspects // Competitiveness: problems of science and practice: a Monograph.* / AU Kuzmin and others. Agricultural: ID "ИЖЭК" 2006. – 248 c.
5. Malenkov Y. A. *The need for a new system of strategic planning in the Russian economy* // the Issuer. Material facts, events, actions. Unified informational and analytical provision of industry and enterprise of the North-West region of RF, 2006. – N45(176).
6. Myshenko A. P. *Strategic management: tutorial.* / Myshenko A. P.-Dnepropetrovsk, 2003. – 250 c.
7. Radieva M. M. *Process of strategic management of a diversified company* / NN. Radeva // Academic review. – 2004. – №1. – P.54–60.
8. Thompson A. A. *Strategic management: the Art of design and implement development strategies: textbook for universities* / A. A. Thompson A. J.. Strickland, translated from English. Ed. Zaitseva L. G., M. I. Sokolova. – M: Banks and exchanges: UNITY, 1998. – 576 p.
9. Shishkin V. A. *Management, diversification of business* / V. A. Shishkin // State and the regions; series: Economics and entrepreneurship. – 2006. – №4. – C.399–401.
10. <http://gufer.net/srategy/899-upravlnnya-diversifkovanimi-pdpriyemstvami.html>