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# **Master's Thesis**

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**Analysis and development of  
an enterprise development  
strategy**

**Mittweida, 2022**

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## **Analysis and development of an enterprise development strategy**

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Submission:  
**Mittweida, 29.06.2022**

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## **Bibliographic information**

Berasnevich, Yauheni:

Analysis and development of an enterprise development strategy

83 pages, Hochschule Mittweida, University of Applied Sciences,  
Faculty of Industrial Engineering, Master's Thesis, 2022

## **Abstract:**

This scientific work deals with the current opportunities of business development. Purpose of the work is study and analysis of the organization's development strategy and its development. The subject of the study is the mechanism of formation of an organization's development strategy, understanding of business development and its core methodologies and branches. This thesis is based on the operations of the real engineering company and main part of the research could be applied in reality. Main goal of the thesis is to find recommendations on the implementation of strategic changes organization's development strategy.

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## List of Abbreviations

ADL matrix	The Arthur D Little matrix
BYN	The Belarusian ruble code
C	Coefficient
CIS	Commonwealth of Independent States
IFRS	International Financial Reporting Standards
JSC	Joint-stock company
KAMAZ	Kamsky Avtomobilny Zavod (Russian truck manufacturing company)
LLC	Limited liability company
MAZ	Minskiy Avtomobilnyi Zavod (Minsk Automobile Plant)
OJSC	Open joint-stock company
ONT, RTR, NTV	TV channels
PJSC	Public Joint Stock Company
T period	Turnover period
etc.	Et cetera
i.e.	Id est (in other words)
ppl.	People
thous.	Thousand

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# Overview

Core idea of the overview chapter is to show the motivation of this Master's Thesis and discuss core ideas of the research. At the same time, there is a brief overview of the individual chapters of the work.

## 0.1 Motivation

The market economy dictates to the commodity producer specific conditions under which production relations are built on the principles of the law of value, supply and demand. The main goal of a commodity producer is to obtain the maximum possible profit from business activities, which directly depends on the level of production efficiency.

In the context of the socio-economic crisis in the Republic of Belarus, the overwhelming majority of domestic enterprises are experiencing significant financial difficulties. The low level of solvency, the growing debt on payments to the budget and off-budget social funds, delays in paying wages to employees - these and other negative phenomena of our economic life are the result of a number of external factors for enterprises that require serious miscalculations. Many other factors also have an equally significant impact on enterprises: the unpreparedness of management to work in market conditions, the inability of economic managers to adapt production to market requirements, a low level of business planning, a dismissive attitude towards marketing organization and a comprehensive justification of decisions.

In today's world, the key to the success of an organization in the market is its strategy. The concept of "strategy" entered the number of management terms in the 50s, when the problem of responding to unexpected changes in the external environment became of great importance. At its core, a strategy is a set of decision-making rules that guide an organization in its activities. The strategic plan should be developed from the point of view of the whole corporation rather than a specific individual. The strategic plan must be supported by extensive research and evidence. To compete effectively in today's business world, a firm must constantly collect and analyze vast amounts of information about the industry, market, competition, and other factors.

The strategic plan gives the firm a certain identity, which allows it to attract certain types of workers, and, at the same time, not to attract other types of workers. This plan opens the door for an organization that sends its employees, attracts new employees, and helps sell products or services.

When determining the strategy of the enterprise, management is faced with three main questions related to the position of the enterprise in the market: what business to

terminate; what business to continue; what business to move into. At the same time, attention is focused on: what the organization does and does not do; what is more important and what is less important in the activities carried out by the organization. The definition of a strategy for an enterprise fundamentally depends on the specific situation in which it is located.

## 0.2 Objectives

This topic “Analysis and development of an enterprise development strategy” using the example of MAZ OJSC is very relevant, since the importance of developing strategic plans for the growth and development of organizations is the key to their effective functioning in the market and maintaining competitiveness. Improving the strategy of economic development of the organization is one of the stages of increasing the profits and profitability of the organization.

The aim of the work is to study and analyze the development strategy of the organization and its development. Based on the goal, the following tasks are solved in the thesis work:

- Study of theoretical and methodological aspects of developing an enterprise development strategy;
- Analysis of information and analytical support for the development and implementation of the strategy of JSC MAZ;
- Development of the enterprise development strategy.

## 0.3 Chapter Overview

The Master's thesis consists of 3 chapters.

The first section discusses the basic concepts: strategy, methodological approaches to the formation of an organization's development strategy.

The second chapter analyzes the development strategy of JSC MAZ, analyzes the use of management accounting materials to assess the competitive position of the organization and studies the features of strategic accounting as a source of information for the development and implementation of the strategy.

In the third chapter, the choice and justification of options for the strategic development of an enterprise are studied, an assessment of the strategic potential for the development of enterprises in the engineering industry is given, and recommendations are developed for implementing strategic changes in the enterprises under study.

# **1 Theoretical and methodological aspects of developing an enterprise development strategy**

## **1.1 Theoretical approaches to the development of an enterprise development strategy**

To date, in the scientific doctrine of economics, there is no consensus on the interpretation of the term "enterprise strategy", and there is also no common understanding of its essence and nature. Let us analyze the main points of view on the issue under study.

A. Chandler, who is the author of scientific works in the field of strategic planning, argues that "the development strategy of a business entity is expressed in determining the fundamental and complex long-term goals and objectives of a business entity, as well as approving a course of action, distributing material resources that are necessary for achieving these goals and solving problems"<sup>1</sup>.

A fairly world-famous specialist in the field of strategic planning A. Ansoff emphasizes that: "the development strategy of a business entity acts in practice as an integral set of rules for decision-making, using which a business entity is guided in its own activities"<sup>2</sup>.

In addition, from the definition of the term "management strategy" provided by I. Ansoff, it follows that, as a rule, the strategy in practice cannot be expressed clearly and explicitly. "As a rule, they try not to detect the strategy. It exists as an idea that is not subject to publicity, or is a vague idea of the common goal of a business entity, which is shared by everyone (or the majority), however, often far from a clear and direct formulation"<sup>3</sup>.

G. Mintzberg made an attempt to formulate an interpretation of the term "development strategy of a business entity". In particular, he "considered strategy as a unity of "5P": plan, model; model; sample; positioning; perspective (fake); distracting maneuvers"<sup>4</sup>.

By virtue of the teachings of H. Mintzberg: the development strategy of a business entity acts as a plan, a certain set of courses of action that are formed due to the specifics of the situation. The development strategy of a business entity leads us to fundamental understanding of the procedure of human cognition, i.e. to what top management originally intended is realized in

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<sup>1</sup> Chandler R., 2018.

<sup>2</sup> Ansoff I., 2018.

<sup>3</sup> Ansoff I., 2018.

<sup>4</sup> Mintzberg H., 2019.



its mind. This happens within the framework of specific values (priorities) that the heads of a business entity have and apply by them in the course of making economic decisions”<sup>5</sup>.

Thus, the development strategy of a business entity, which is a plan, is formulated by the mental implementation and pre-established intentions (preferences) of the top management of the business entity<sup>6</sup>.

An example of a development strategy for a business entity of the first type is a long-term plan for the production of specific goods, which fixes the volume and range of production for each isolated time period<sup>7</sup>.

The following can also be attributed to the category of development strategies for a business entity of the second type:

- increase the share of sales volume in the market up to thirty-five percent (conditionally) without price reduction;
- penetrate into the network of product distribution, which is controlled by a competitor.

M.V. Yaroshevich emphasizes that: “the development strategy of a business entity acts as a time-ordered system of priority vectors, forms, means, methods, techniques, rules for using the resource, scientific, technological and production and marketing potential of a business entity for cost-effective and rational resolution of the set tasks and support of competitive advantage in the market”<sup>8</sup>.

According to V.S. Efremov: “in practice, it is imperative to consider the development strategy of a business entity from various angles, namely:

- development strategy of a business entity as a means of achieving final results;
- the development strategy of a business entity connects all elements of the organization into a common whole;
- the development strategy of a business entity will provide answers to key questions regarding the essence of a business entity. In particular, what is the business today; what should be the business tomorrow; what products, markets and functions should be prioritized, etc.;

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<sup>5</sup> Mintzberg H., 2019.

<sup>6</sup> Komarov, E., 2019.

<sup>7</sup> Komarov, E., 2016.

<sup>8</sup> Yaroshevich, M., 2019.

- the development strategy of a business entity, as the results of an analysis of the strengths and weaknesses of a business entity, as well as the establishment of opportunities and obstacles for its subsequent development;
- the development strategy of a business entity, as a pre-planned response of a business entity to changes that occur in the external environment.

Thus, summarizing the above, V.S. Efremov notes that: "the formulated strategy for the development of a business entity does not mean the complete abolition of the adoption of separate decisions, it represents a certain starting point, a certain common vision or boundaries within which both a top manager and the head of a structural unit of a business entity can act" <sup>9</sup>.

Factors that form the development strategy of a business entity, in practice, can be classified into two fundamental groups, namely<sup>10</sup>:

- external factors - include such factors as the state of the national economy, political and social processes in the state, features of state regulation, civil rights, competitive conditions and the attractiveness of the economic sector, specific threats and opportunities for a business entity;
- internal factors - include factors such as the strengths and weaknesses of a business entity, its ability to compete; personal ambitions, philosophy of the entrepreneur, ethnic beliefs of the manager, the impact of the shared culture and values of the business entity on the strategy.

Thus, it can be argued that the development strategy of a business entity is a single concept of how the goal of the business entity's activity is achieved, the problems and tasks that it faces are resolved, and the limited material resources necessary for this are distributed. The development strategy of a business entity includes many elements. First of all, they include the mechanism of goals, which includes the mission, corporate and special goals. The second component of the development strategy of a business entity is a policy or an integral set of certain rules of organizational actions that are focused on achieving the set general goal.

Strategy is one of the fundamental components of strategic management. Its selection and implementation in practice constitute a fundamental part of the content of strategic management activities. In strategic management, the strategy acts as a long-term qualitatively defined direction for the development of a business entity, which concerns the area, forms and means of its activity, the mechanism of mutual relations within it, as well as the position of the business entity in the surrounding area.

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<sup>9</sup> Efremova V., 2019.

<sup>10</sup> Vesnin, V., 2017.

As rightly emphasized by O.S. Vikhansky: "the strategy acts as a long-term qualitatively defined direction of development of a business entity, which concerns the area, form and means of its activity, the mechanism of mutual relations within the business entity, as well as the position of the business entity in the market, which lead it to the established goals."

This kind of understanding of the strategy in practice contributes to the complete elimination of determinism in the behavior of a business entity, because strategy, setting the direction towards the finish state, leaves the freedom of choice, taking into account changing situations. In this situation, the strategy in a generalized form can be characterized as the chosen direction, the path of subsequent behavior in the area, activities within which must necessarily lead the business entity to achieve its goals and objectives.

The strategy is formed on the basis of strategic goals, it offers the main methods for achieving them in such a way that the organization acquires a single direction of action. Thus, the strategy defines the boundaries of the organization's possible actions and management decisions, depending on the specific conditions of production and economic activity.

In practice, when talking about strategy, company leaders often mean activities aimed at changing the competitiveness of products and / or modifying the business goals followed by the company's management personnel. However, this understanding of the strategy is focused on operational activities associated with a temporary improvement in the company's market position.

In a broader sense, strategy is the long-term management "rules of the game" aimed at meeting the needs of consumers better than other competitors; strengthen the company's position in the selected market segment by increasing the organization's image; compete successfully in terms of assortment and quality, prices and service in their industry; achieve good business performance. The task of strategic planning is to think over such a variant of the organization of activities in which it could successfully implement optimal competitive strategies in all strategic business units. However, sometimes the requirements of the market lead to the fact that competitive strategies that are optimal for their strategic business units separately turn out to be internally contradictory. If this is not recognized in a timely manner by senior management, such a company can be expected to be torn between conflicting market demands, unable to provide more than a relatively mediocre level of service.

To do this, it is necessary to choose a basic competition strategy, which is the basis of the organization's competitive behavior in the market and describes the scheme for obtaining advantages over competitors, which is central to the strategic orientation of the organization. All subsequent marketing activities of the organization depend on its correct choice. This indicates the need for a thorough justification of this procedure. However, recently some

stereotypes have been formed in business circles regarding how it is necessary to compete in the Belarusian market<sup>11</sup>.

First of all, this leads to a misconception about which market is the most promising. Entrepreneurs believe that these are the markets that develop the fastest. But it's not.

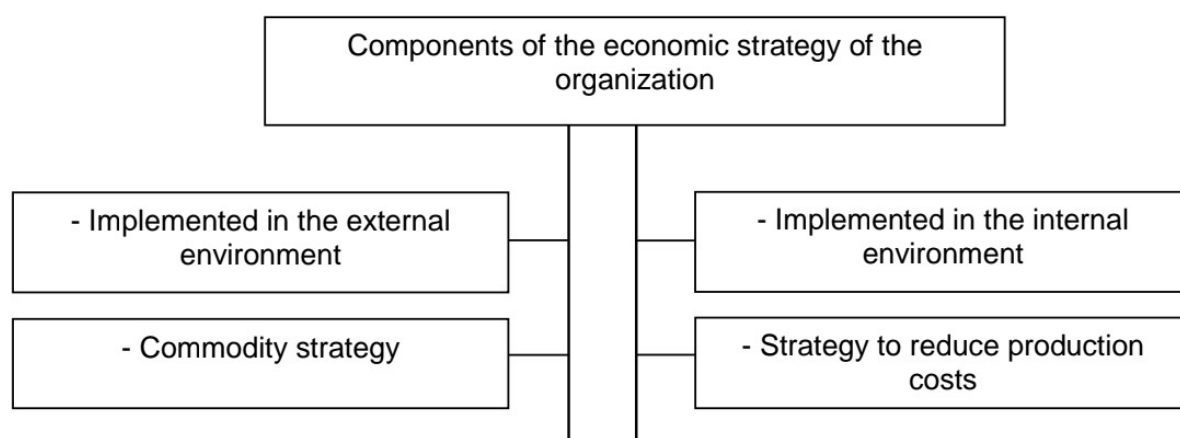
As practice shows, they have high entry barriers, government protection, a cheap supply chain, and the smallest number of alternative industries that can replace them.

But for many smaller organizations, the goal of competition is to be like their more powerful competitors. This gives them self-confidence. But if you achieve this goal, you can lose any advantage. And this is a sure way to bankruptcy. On the other hand, the desire to be the first in all areas of competition, as well as obtaining the greatest profit, often forces the organization to abandon the previously developed competition strategy, which brings confusion to the activity.

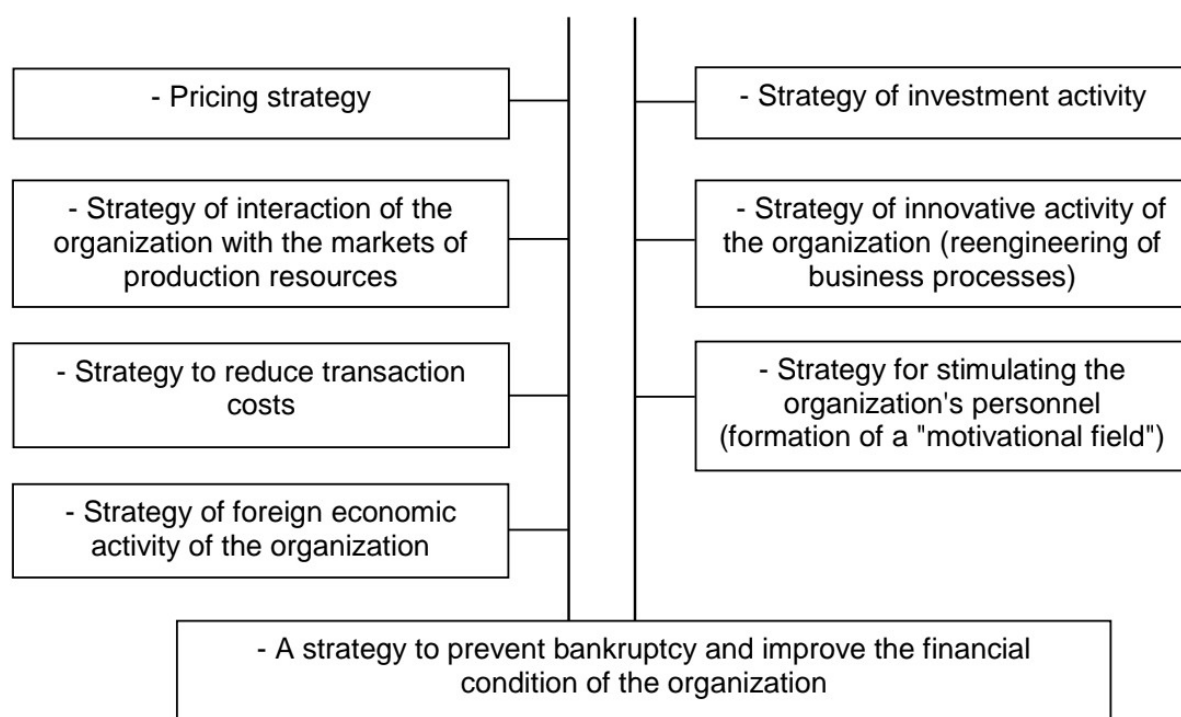
An example is: increasing the share of sales in the market to a certain percentage without reducing the price; organization of production of another product, etc. The economic strategy of the organization is divided into the following main components (Figure 1-1).

As can be seen from Figure 1-1, they are all focused on the external and internal areas of the organization. This means that the results of the implementation of strategic decisions by the management of the organization are to some extent determined, on the one hand, by the influence of these areas on the nature of the decisions being made, on the other hand, by the influence of the strategic decisions themselves on the processes occurring in the internal and external spheres.

Common to all components of the economic strategy is the formation of incentive motives for making certain strategic decisions.



<sup>11</sup> Otvarukhina, N., 2021.



**Figure 1-1: Components of the economic strategy of the organization.** Source: <sup>12</sup>

Thus, the economic strategy of an organization is a set of private interrelated and interdependent constituent elements united by a single global goal - to create and maintain a high level of competitive advantage of the organization or, in other words, economic strategy is a system for ensuring the competitive advantage of an organization<sup>13</sup>.

It should be noted that, like any system, economic strategy is subject to the influence of the laws of integrity, integrativity, communicativeness, etc. Consequently, the greatest effect is achieved if all components of the economic strategy are implemented with coordination from a single center, while decisions made within each of the components must be connected in time and resources and not contradict each other.

The most important backbone elements of economic strategy should be recognized: commodity strategy; strategy of interaction with the markets of factors of production; organization's investment strategy; organization's failure prevention strategy.

Thus, strategies need to be developed in order to<sup>14</sup>:

- effectively formulate the conditions for the implementation of the company's business;

<sup>12</sup> Kazakova N., 2020.

<sup>13</sup> Ansoff I., 2018.

<sup>14</sup> Vesnin V., 2017.

- to interconnect the necessary actions and decisions of managers and all personnel, to give all production and management processes a common direction, to create a single action plan for the entire company.

It should be borne in mind that in order to achieve the same strategic goals and objectives, several strategies can be developed, the choice of which is carried out depending on the conditions of the external environment: market conditions, competition, political and social events, etc.

In many ways, the strategy is determined by the internal strategic potential of the organization and the peculiarities of the strategic vision of top management. "The strategy allows the manager to manage the company's business in the long term. The development and implementation of the company's strategy is a common cause of management and ordinary employees.

With a change in the state of the environment, a change in the leadership of the organization, other changes in the internal and external environment, there is a transition from one strategy to another.

The main task in the strategy is to move the organization from its present state to the future state desired by management. Real strategies are based on goals and objectives that specify the mission of the organization.

They provide an action plan or guide for an organization to ensure its strategic development. When talking about the strategy of an enterprise, it must be borne in mind that, on the one hand, the strategy is deterministic, i.e. clearly planned, and on the other hand, stochastic, i.e. formed under the influence of random factors. The predominance of one or another component in the final strategy of the enterprise depends on the level of instability of the operating environment of the company. The higher the instability of the external environment, the more random creative approach of managers to assessing the situation in the company's strategy.

The strategy as such is necessary both for the whole company as a whole and for its individual connecting links - scientific research, sales, marketing, finance, human resources, etc. The overall strategy of the company initially proceeds from the model of enterprise behavior and the new ideas proposed by managers<sup>15</sup>.

When forming a strategy from many feasible options, the manager acts as an indicator that reacts in a certain way to changes in the market, seeks new opportunities and is a kind of synthesizer of different trends and approaches taken at different times and in different departments of the company.

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<sup>15</sup> Astafieva L., 2015.

When determining the strategy of the enterprise, management is faced with three main questions related to the position of the enterprise in the market:

- what business to stop;
- what business to continue;

What business to go into.

At the same time, attention is focused on<sup>16</sup>:

- what the organization does and does not do;
- what is more important and what is less important in the activity of the enterprise.

The organization's strategy is constantly evolving. Naturally, the process of developing a strategy is always sensitive and the often unpredictable nature of competition, promising ups and downs in prices, reshuffles among major industrial competitors, new regulation, lowering or expanding trade barriers, and an infinite number of other events can contribute to strategy obsolescence.

Goals are the key results that the organization strives for in its activities. By setting certain goals, management formulates those main guidelines on which all the activities of the organization and its staff should be focused. To work effectively, managers set specific, measurable, relevant, challenging goals for the organization for a certain period of time. The development of effective goals strengthens incentives, sets clear guidelines for activities and creates a clear picture of the expected results<sup>17</sup>.

Thus, an organization's strategy is a general program for the development of an organization that determines the priorities of strategic tasks, methods for attracting and distributing resources, and a sequence of steps to achieve strategic goals, and to the greatest extent corresponding to the current state of the internal and external environment.

## 1.2 Classification of enterprise development strategies

In general terms, the following criteria are the main ones for compiling a classification of the strategic development of an enterprise<sup>18</sup>:

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<sup>16</sup> Artyushina E., 2019.

<sup>17</sup> Dolzhenko R., 2017.

<sup>18</sup> Andreichikov A., 2018.



- according to the level and hierarchy of the degree of decomposition;
- according to the methods of their development;
- by degrees and their implementation;
- according to their direction;
- according to the degree and their concretization;
- according to the degree of their comorbidity;
- according to the degree of their activity;
- on the basis of globality;
- according to the principle of their recognition of the company in the market;
- according to the position of this company in the competitive market;
- by degrees of risk;
- according to the direction of the specific object;
- according to the stages of their life cycle;
- by the nature of their development of the enterprise.

According to the level of hierarchy and the degree of decomposition. Those authors, such as I. Ansoff, D. Steiner, P. Lorange, and others, see the strategy as a way of setting goals for the corporate, business, and functional levels.

The levels of enterprise development strategies are related to the field and application for which they are developed and form a kind of hierarchy.

You also demonstrate 4 levels of the strategy<sup>19</sup>:

- corporate (principal) strategy of enterprise development. Such a strategy is linked to acquisition decisions in new industries and progressively moving out of undesirable situations, identifying key resource and capital allocation priorities, reinforcing some of them and selling off others;

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<sup>19</sup> Vesnin V., 2017.



- strategy for the development of a business enterprise (business strategy). This is a set of actions and behaviors that can create significant cost benefits, provide a high degree of return;
- functional strategy for the development of the enterprise. The following functional strategies are usually formed - marketing, finance, communication, research and development, organizational change, social and operational;
- operational strategy for the development of the enterprise. Represents more narrow and detailed patterns and activities of regional managers and more low-level functional managers.

By stages of the life cycle of a company, industry, product market, market, technology, strategy itself. The effectiveness and possible set of strategies will also depend on the stage of the object's life cycle. As the main stages of life cycles, one can name:

- formation (creation, origin, revival)
- development (intensive growth)
- stabilization (maturity);
- crisis (recession, aging, liquidation).

No.	Life cycle stage according to I. Adizes	Basic strategy	Typical Alternative Strategy
1	Matchmaking	survival	market niche, specialization strategy, innovation strategy
2	Childhood	survival	sale
3	Put more	growth	concentration on growing market segments in the industry
4	Youth	growth	following the leader, offensive strategy, defense strategy
5	Bloom	growth	increase revenues and reduce costs, diversification strategy
6	Maturity	stabilization	distinctive image, differentiation strategy based on quality improvement and innovation
7	Aristocracy Bureaucratization	survival	"friendly merger", the strategy of selling part of the assets to keep the rest of the business
8	Death	"Hostile takeover" strategy	

**Table 1-1: Priority strategies at various stages of the life cycle.** Source:<sup>20</sup>

<sup>20</sup> Andreichikov A., 2018.

The whole set of works on the development and implementation of an enterprise development strategy can also be conditionally divided into the following large blocks (sections):

- analysis of the investment attractiveness of the industry;
- development of a scenario forecast for the development of the industry;
- predicting changes in the conjuncture of supply and demand in domestic and foreign markets; analysis of the competitive position of the company in the industry (business strength);
- financial evaluation of strategic alternatives; shaping the image of the future of competition; development of strategic goals and objectives; a series of work on the implementation of the strategy.

The leading types of enterprise development strategies are:

- concentrated growth strategies;
- Strategies for innovative growth;
- strategies for disruptive growth.

In such a way, scientifically substantiated class of physics makes it possible to clearly define the place of each element in their overall system.

The classification of enterprise development strategies, in the end, should provide an opportunity to draw adequate conclusions about the optimality of one or another strategic management scheme. The choice of parameters for the optimality of enterprise strategies is determined by the mission, the purpose and objectives of the enterprise, the characteristics of the analyzed object, as well as the current situation.

Thus, the development strategy of a business entity acts as a time-ordered system of priority vectors, methods, forms, means, techniques and rules for using the resource, scientific, technological and production and marketing potential of a business entity for cost-effective and rational resolution of the tasks and support for competitive advantages in the market.

The reference strategy in practice expresses four different approaches to the growth of a business entity and is associated with a change in the state of the complex of the following components: products, industry, market, position of the business entity within the industry, equipment and technology. Each of the given components can be in one of two states, namely: new or existing state.

The first group includes concentrated growth strategies.

This group includes strategies that directly involve changing the market and products, but do not affect the other three components, i.e. a business entity is focused on improving its own products or launching the latest, while not possessing the entire industry. With regard to the market, the strategy allows for the search for new opportunities to improve one's own position in the existing market or gradually move to the newest market. The main types of this strategy:

Strategy to strengthen market positions - with this strategy, a business entity directs its own resources to existing markets in order to gain the best positions on it. In order to implement this strategy in practice, the implementation of "horizontal integration" is also allowed, i.e. controls competitors.

Market development strategy - the essence of this strategy is that the search for new markets for previously produced products is carried out.

Product development strategy - this strategy in practice implies the growth of a business entity through the production of new products and its promotion in already developed markets.

The second group includes strategies for integrating growth. This group includes strategies that involve the gradual expansion of a business entity by adding new structures. A business entity can implement an integrated growth strategy, both through the purchase of property (primarily real estate), and through the expansion of production from within. At the same time, in both situations, everyone changes the position of a business entity within the industry.

Main types of integrated growth strategy:

Reverse vertical integration strategy - this strategy in practice is aimed at the growth of entrepreneurship by strengthening control over suppliers and the formation of subsidiaries that implement the supply. The implementation of this strategy can bring positive effects that are associated directly with a reduction in the level of dependence on the supplier and fluctuations in prices for inputs and materials. At the same time, supplies, being the center of costs for a business entity, can turn into the epicenter of income.

Forward vertical integration strategy - the essence of this strategy is reflected in the growth of a business entity by strengthening control over the distribution and sales system, i.e. over the structures that are located directly between the business entity and end users. In practice, this kind of strategy is most beneficial in a situation where the intermediary service is constantly expanding or does not have sufficient quality.

The third group of strategies are strategies for diversified growth - this group of strategies is implemented in practice in a situation where business entities have reached their own limit in

this market with this product within this industry. The fundamental types of a diversified growth strategy are:

Strategy for centralized (centered) diversification - this strategy is based on the search and application of a set of additional opportunities in order to produce the latest products or services within the existing business. With this approach, the existing production acts as the central core, and the newest one is formed on the basis of a set of opportunities for market development and applied technologies or other strengths of the business entity.

Horizontal diversification strategy - the essence of this strategy involves the search for growth opportunities within the existing market through the latest products that require the latest technologies. This strategy directly dictates guidelines for the production of such technologically unrelated products that would use the available resources and capabilities of a business entity, i.e. the latest products must necessarily be focused on consumers of fundamental products.

Conglomerate diversification strategy - the essence of this strategy lies in the fact that a business entity plans its own growth through the sale of already manufactured products in the newest markets or their segments.

The fourth group includes reduction strategies - these strategies are predetermined by the need to regroup forces after a long period of growth or because of the need to increase efficiency and rationality, periods of recession and significant changes in the national economy. As a rule, the implementation of this strategy is not painless for a business entity. However, one must be clearly aware that, as a rule, renewal and general acceleration act in practice as mutually exclusive business development processes. The fundamental types of reduction strategies are:

Liquidation strategy - acts as a limiting situation of the reduction strategy, which is applied in a situation where a business entity cannot conduct business in the future;

Harvesting strategy - this strategy in practice implies a complete rejection of any long-term plans and maximizing income in the short term. This strategy is applied in relation to a hopeless business, which in fact cannot be realized profitably, however, it is possible to "harvest". In practice, this strategy implies a reduction in production (costs for the purchase, labor collective, etc. are reduced) and the sale of products available in warehouses.

Reduction strategy - this strategy in practice implies that a business entity closes or implements one of its own structural units or directions in order to change the boundaries of doing business in the long term. As a rule, this strategy is carried out by diversified business entities, in which one of the industries is rather poorly combined with other industries. Along with this, this

strategy is used in a situation where resources are needed to develop the most promising or start new business lines.

Cost reduction strategy - acts as a strategy that is focused on finding opportunities to reduce costs and implement measures to reduce costs. The implementation of this strategy is directly associated with a reduction in production costs, an increase in productivity levels, a reduction in hiring, incl. reduction in the workforce. The implementation of this strategy has the character of short-term or temporary measures.

Each business entity is individual and, as a rule, implements two or more strategies on a simultaneous basis (or a symbiosis of strategies, i.e. a combined strategy).

Thus, the development strategy of a business entity is a unified concept of how the goal of the business entity is achieved, the problems and tasks that it faces are resolved, and the limited material resources necessary for this are distributed. The development strategy of a business entity includes many elements. First of all, they include the mechanism of goals, which includes the mission, corporate and special goals. The second component of the development strategy of a business entity is a policy or an integral set of certain rules of organizational actions that are focused on achieving the set general goal.

Strategy is one of the fundamental components of strategic management. Its selection and implementation in practice constitute a fundamental part of the content of strategic management activities. In strategic management, the strategy acts as a long-term qualitatively defined direction for the development of a business entity, which concerns the area, forms and means of its activity, the mechanism of mutual relations within it, as well as the position of the business entity in the surrounding area.

### **1.3 Tools, methods and technology for the formation and justification of an enterprise development strategy**

The formation of the organization's strategy is based on the principles of a new management paradigm - the strategic management system<sup>21</sup>.

Among the main of these principles that ensure the preparation and adoption of strategic decisions in the process of developing a strategy, include:

1. Consideration of the enterprise as an open socio-economic system capable of self-organization. This principle of strategic management lies in the fact that when developing a

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<sup>21</sup> Galitsa I., 2014.

strategy, an enterprise is considered as a certain system, completely open for active interaction with environmental factors.

In the process of such interaction, an enterprise has the property of acquiring an appropriate spatial, temporal or functional structure without specific external influence in a market-type economy, which is considered as its ability to self-organize.

The openness of the enterprise as a socio-economic system and its ability to self-organize make it possible to provide a qualitatively different level of formation of its investment strategy.

2. Accounting for the basic strategies of the enterprise's operating activities. As part of the overall strategy for the economic development of the enterprise, which primarily ensures the development of operating activities, the investment strategy is subordinate to it. Therefore, it must be consistent with the strategic goals and directions of the enterprise's operating activities.

At the same time, the strategy itself has a significant impact on the formation of the strategic development of the enterprise's operating activities. This is due to the fact that the main goals of the operational strategy - ensuring high rates of product sales, growth in operating profit and increasing the competitive position of the enterprise are associated with the development trends of the relevant product market (consumer or production factors).

If the trends in the development of the commodity and investment markets (in those segments where the enterprise carries out its business activities) do not coincide, a situation may arise when the strategic goals for the development of the enterprise's operating activities cannot be realized due to investment restrictions. In this case, the operating strategy of the enterprise is adjusted accordingly<sup>22</sup>.

The whole variety of operating strategies, the implementation of which is designed to ensure the activities of the enterprise, can be reduced to the following basic types<sup>23</sup>:

- limited growth. This type of operating strategy is used by enterprises with a stable product range and production technologies that are not easily affected by technological change. The choice of such a strategy is possible in conditions of relatively weak fluctuations in the commodity market and a stable competitive position of the enterprise. Accordingly, the strategy of the enterprise in these conditions is primarily aimed at the effective provision of reproduction processes and the growth of assets that ensure a limited growth in production and sales. Strategic changes in activities in this case are minimized;

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<sup>22</sup> Akmaeva R., 2020.

<sup>23</sup> Alekseenko A., 2017.



- accelerated growth. This type of operational strategy is chosen, as a rule, by enterprises that are in the early stages of their life cycle, as well as in dynamically developing industries under the influence of technological progress;

- reduction (or compression). This operating strategy is most often chosen by enterprises in the last stages of their life cycle, as well as in the stage of financial crisis.

It is based on the principle of "cutting off the excess", which provides for a reduction in the volume and range of products, withdrawal from certain market segments, etc.;

- combination (or combination). Such an operational strategy of the enterprise integrates the various types of private strategies of strategic business zones or strategic economic centers considered. This strategy is typical for the largest enterprises (organizations) with a wide industry and regional diversification of operations.

3. Preferential focus on the entrepreneurial style of strategic management of activities, the behavior of the enterprise in the strategic perspective is characterized by an incremental or entrepreneurial style. The basis of the incremental style of behavior is the setting of strategic goals from the achieved level of activity with minimization of the alternativeness of the strategic decisions made.

Fundamental changes in the directions and forms of activity are carried out only as a response to changes in the operating strategy of the enterprise. This style of behavior is usually typical for enterprises that have reached the maturity stage of their life cycle.

The basis of the entrepreneurial style of behavior is the active search for effective solutions in all areas and forms of investment activity, as well as at various stages. This style of behavior is associated with the constant transformation of directions, forms and methods of carrying out activities all the way to achieving the set strategic goals, taking into account changing environmental factors.

4. Ensuring a combination of prospective, current and operational management of activities. The concept of strategic management provides that the developed strategy of the enterprise receives its further concretization in the process of current management of activities by forming a program (portfolio) of the enterprise.

In contrast to the strategy, the formation of the program is a medium-term management process carried out within the framework of strategic decisions and the current capabilities of the enterprise.

In turn, the process of current management of activities receives the most detailed completion in the operational management of the implementation of real projects and the restructuring of the portfolio of financial instruments.

5. Ensuring the adaptability of the strategy to changes in environmental factors. This adaptability is implemented in the system of a general situational approach to the future activities of the enterprise, determined by the paradigm of strategic management. The essence of this fundamental approach is that all upcoming strategic changes in the activities of the enterprise - its directions, forms, methods of planning and control, organizational structure of management and culture, etc. - is its predictable or operational response to the corresponding changes in various environmental factors.

6. Providing an alternative strategic choice. Strategic decisions should be based on an active search for alternative options for directions, forms and methods of carrying out activities, the selection of the best of them, the construction of a general strategy on this basis and the formation of mechanisms for its effective implementation.

Alternativeness is the most important distinguishing feature of the entire system of strategic enterprise management and is associated with all the main elements of strategic choice - goals, policies for certain aspects of activity, sources of resource formation, style, etc.

7. Ensuring the continuous use of the results of technological progress in activities, when forming an investment strategy, it should be borne in mind that investment activity is the main mechanism for introducing technological innovations that ensure the growth of the competitive position of an enterprise in the market.

8. Accounting for the level of risk in the process of making strategic decisions. First of all, this is due to the choice of directions and forms of investment activity, the formation of resources, the introduction of new organizational management structures. The level of risk increases especially strongly during periods of fluctuations in the interest rate and rising inflation. Due to the different mentality of behavior in relation to the level of acceptable risk in each enterprise, in the process of developing a strategy, this parameter should be set differentially.

9. Orientation to the professional apparatus of managers in the process of implementing the strategy. Whatever specialists are involved in the development of individual parameters of the enterprise strategy, its implementation should be provided by trained specialists. These managers must be familiar with the basic principles of strategic management, the mechanism for managing real projects and a portfolio of financial investments, and master the methods of strategic controlling.

10. Providing the developed strategy of the enterprise with the appropriate organizational structures of management and the principles of organizational culture.

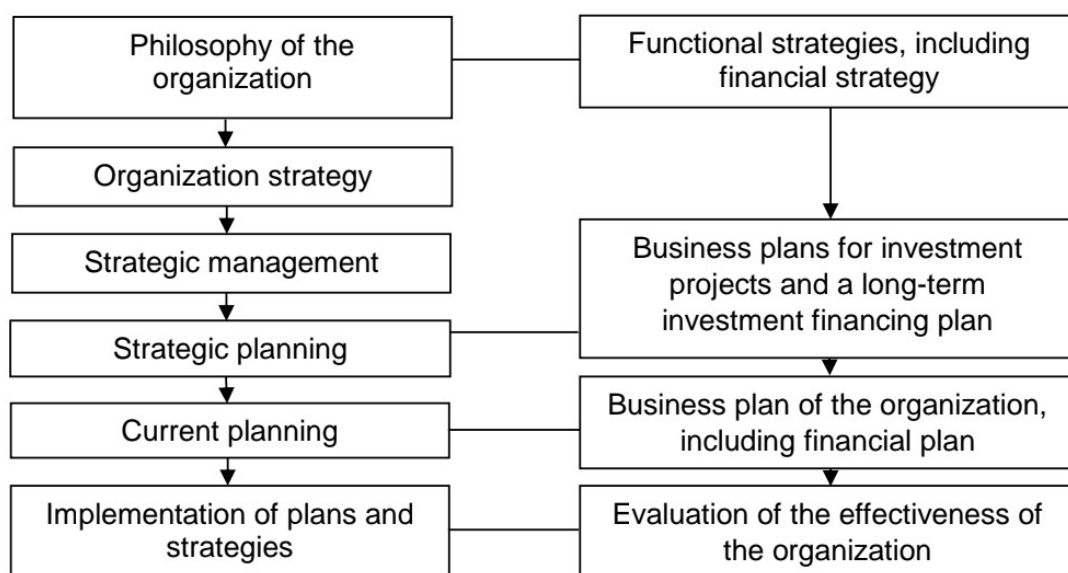


The envisaged strategic changes in the field of organizational structure and organizational culture should be an integral part of the strategy parameters that ensure its feasibility<sup>24</sup>.

The development of an enterprise strategy involves the following steps:

- determination of the strategy formation period;
- choice of strategic goals of the enterprise;
- determination of the directions of strategic measures and sources of their financing;
- specification of strategic programs (projects) and deadlines;
- evaluation of the developed strategy;
- revision of the strategy depending on changes in external conditions and the state of the internal environment of the enterprise.

Since the organization is a complex and multifunctional system, in addition to the strategy of the organization as a whole, functional strategies such as marketing strategy, financial strategy, innovation strategy, production strategy, social strategy, organizational change strategy, environmental strategy are developed (Figure 1-2).



**Figure 1.2 - Model for the development and implementation of the strategy of the organization.** Source: <sup>25</sup>

<sup>24</sup> Vesnin V., 2017.

<sup>25</sup> Vesnin V., 2017.

The duration of the first stage depends on the general state of the economy and market development, and, taking into account the last 2 decades, on the state of the global economy. In an unstable economy, the forecasts for the development of enterprises do not exceed 3-5 years. In countries with developed economies, the largest companies forecast their activities for 10-15 years. Industry affiliation also affects the period of the strategy: the longest period is typical for institutional investors (5-10 years), the shortest - for enterprises in the production of consumer goods, retail trade and services (3-5 years).

Large companies predict the results of their activities for a longer period than small ones. The main objectives of the strategic policy should be reflected in the relevant criteria indicators: the normative values of the minimum capital growth rate, the minimum level of current profitability, the maximum level of risk, the minimum share of highly liquid projects in terms of capital intensity, etc. The developed strategy is evaluated based on a number of criteria. These include:

- internal balance of goals, directions and sequence of implementation of the strategic policy;
- consistency with the external environment;
- feasibility, taking into account available resources (financial, personnel, raw materials and technological);
- acceptability of the risk level;
- financial, production and social efficiency.

Revision and adjustment of the strategy are carried out on the basis of monitoring certain areas of the enterprise's policy and constantly changing internal and external conditions for operations with a portfolio of securities. Thus, at each stage of the development and implementation of the investment process, the economic efficiency of the project is justified, its profitability is analyzed, i.e. a project analysis is carried out, which allows comparing costs with the obtained (forecast) results (benefits).

At the present stage, an increasing number of organizations are realizing the need for conscious long-term management of economic activity based on scientific methodology for foreseeing its directions and forms, adapting to the overall goals of the organization's development and changing conditions of the external economic environment. An effective tool for the long-term management of the economic activity of an organization, subordinated to the implementation of the goals of its general development in the context of ongoing significant changes in macroeconomic nature, the system of state regulation of market processes, financial market conditions and the associated uncertainty, is the financial strategy.

The methodology for developing the company's economic strategy proposed by I. Blank includes the following steps<sup>26</sup>:

1. Determination of the general period of formation of economic strategy. The conditions for determining the period of formation of an economic strategy are the predictability of the development of the economy, the sectoral affiliation of the organization, its size, stage of the life cycle, and others.
2. Based on SWOT-, SNW- and PEST-analyses, portfolio analysis, scenario analysis, comparative financial analysis, analysis of financial ratios, integral analysis according to the DuPont model, expert analysis, the study of factors of the external economic environment and financial market conditions is carried out; using these methods, you can analyze the internal and external economic environment of the company. Methods for assessing the internal and external environment of the company are more of a qualitative analysis. The disadvantages of these methods include: these assessment methods must be used in combination with other methods; they do not provide a detailed assessment of the company's strategic position. When using these methods as a tool to justify projects and strategies, it must be understood that they are only one way to systematize existing knowledge. If this knowledge is incorrect or too little, then the results of the analysis will be of little value;
3. Assessment of the strengths and weaknesses of the economic activity of the organization;
4. A comprehensive assessment of the strategic economic position of the organization;
5. Development of the company's strategic financial goals (the formation of an economic philosophy, taking into account objective limitations in achieving strategic goals, the formation of the main strategic economic goal, the formation of a "tree of strategic financial goals"). The system of strategic goals is reflected in specific indicators - target strategic standards;
6. Concretization of the target indicators of the economic strategy by the periods of its implementation, which ensures the dynamism of the presentation of the system of target strategic standards of economic activity, as well as their external and internal synchronization in time;
7. Development of targeted strategic standards for economic activity;
8. Making the main strategic financial decisions - the process of considering possible ways to achieve strategic financial goals and choosing the most effective ones for practical implementation (choosing an organization's economic strategy, formulating an economic policy on the main aspects of economic activity, forming a portfolio of possible strategic

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<sup>26</sup> Gonchar A., 2016.

financial alternatives, evaluating and selecting alternatives, drawing up a program of strategic financial development);

9. Evaluation of the effectiveness of the adopted economic strategy.

Efficiency assessment is carried out using several criteria: consistency with predicted changes in the external environment, with corporate strategy, with the internal potential of the company, feasibility, balance of individual objects, implementation efficiency, acceptable risk levels.

10. Organization of control over the implementation of the economic strategy.

Methodology for developing the economic strategy of the company proposed by Arthur D. Little. Arthur D. Little's approach to portfolio analysis is based on the concept of the life cycle of an industry or business unit, according to which each business unit goes through four stages in its development: birth, development, maturity and decline. Another parameter is the competitive position of the business: leading (dominant), strong, favorable (noticeable), strong or weak.

The combination of four industry life cycle stages and five competitive positions results in a 4x5 ADL matrix, which is complemented by a carefully considered set of refined strategies, strategic decisions. To use the matrix, it is necessary to define variables that characterize the stage of the life cycle and variables that determine the strengths of the business and its relative position in the market.

As for the strengths of the business, they are determined by such indicators as the overall competitiveness of the business, the attitude of management to risk, the availability of patents, warranty services, vertical integration, and the overall efficiency of the business.

This technique includes the implementation of three stages:

- determination of the competitive position of the business unit;
- determination of the stage of the life cycle of the industry;
- choice of a refined strategy.

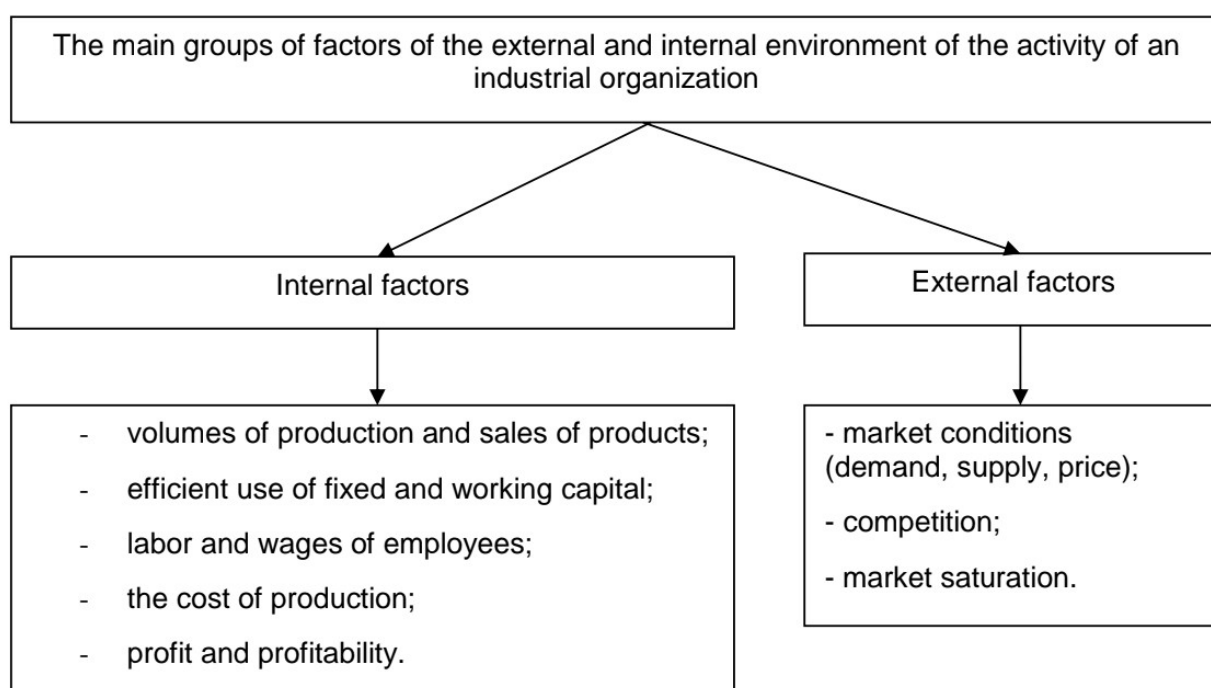
The ADL matrix allows you to establish the distribution of sales, income and investments for certain types of business, depending on the stage of the life cycle and the position of the business and industry.

Thus, we have considered several different approaches to the formulation of methodological tools for developing the economic strategy of an organization. Based on the above data, the approach of I.A. Blanca.

This technique, as mentioned earlier, maximally meets all the strategic goals of the company and approaches the planning and analysis of the economic activity of the company as comprehensively as possible. The effectiveness of the organization in a market economy determines its ability to financial survival, attracting funding sources and their profitable use. To ensure financial stability, an organization must have an organization development strategy, be able to develop it in such a way as to ensure a constant excess of income over expenses in order to maintain solvency and create conditions for self-reproduction.

Having determined the general structure of the elements of the environment, the organization identifies the most important ones, that is, each organization makes its own set of the most significant elements of the environment. It depends on the size of the organization, the nature of its activities, the objectives of the activities, geographic, historical and other features.

So, for example, for an industrial organization, a set of environmental factors can be represented in Figure 1 - 3.



**Figure 1-3: An approximate list of factors of the external and internal environment that determine the choice of an organization's strategy.** Source: <sup>27</sup>.

After the list of the most important environmental factors of the organization is determined, their detailed analysis is carried out, which makes it possible to identify the strengths and weaknesses in its activities. An analysis of the factors of the internal environment makes it possible to assess the real possibilities of an industrial organization, taking into account its

<sup>27</sup> Gromov A., 2018.

production capacities, the organization of managerial work, the composition of current assets, solvency, etc.

So, for example, it is important to assess the degree of efficiency in the use of the organization's resources in order to identify possible reserves for its increase.

Resource efficiency indicators include the following:

1. Asset turnover:

$$ATO = \frac{V}{FA+WC+WB},$$

**Formula 1-1: Asset turnover**

Where ATO – asset turnover, rubles;

V – production volumes, rubles;

FA – average annual value of fixed assets, rubles;

WC – average annual cost of working capital, rubles;

WB – wage bill of production workers, rubles.

This indicator shows the volume of production obtained by using a unit of resources.

2. Resource intensity:

$$RI = \frac{FA+WC+WB}{V},$$

**Formula 1-2: Resource intensity**

Where RI – resource intensity, rubles.

This indicator, the opposite of the asset turnover indicator, indicates how many resources were used to produce one ruble of products.

The indicators of the efficiency of the use of fixed assets include:

Return on equity:

$$ROE = \frac{P}{FA} \times 100\%,$$

**Formula 1-3: Return on equity**

Where ROE – return on equity, %;

P – Profit from product sales, rubles;

FA – average annual value of fixed assets, rubles.

Return on assets:

$$ROA = \frac{V}{FA},$$

**Formula 1-4: Return on assets**

Where ROA – Return on assets, rubles;

V – production volumes, rubles;

FA – average annual value of fixed assets, rubles.

Capital-output ratio:

$$COR = \frac{FA}{V},$$

**Formula 1-5: Capital-output ratio**

Where COR – Capital-output ratio, rubles.

The indicators of the effectiveness of the use of working capital include:

Return on working capital (ROWC):

$$ROWC = \frac{P}{WC} \times 100\%,$$

**Formula 1-6: Return on working capital**

Where P – profit from product sales, rubles;

WC – average annual cost of working capital, rubles.

Turnover ratio of working capital (WCTR):

$$WCTR = \frac{TNS}{WC},$$

**Formula 1-7: Turnover ratio of working capital**

Where TNS – Total Net Sales, rubles;

WC – average annual cost of working capital, rubles.

This indicator reflects the amount of working capital that is used to obtain one ruble of proceeds from the sale, and if it decreases, then this indicates a relative savings in working capital. The group of indicators of the efficiency of the use of living labor includes:

Labor productivity (LP):

$$LP = \frac{V}{NOE},$$

### **Formula 1-8: Labor productivity**

Where NOE – Number Of Employees, ppl.;

Product profitability:

$$PP = \frac{P}{COGS} \times 100\%,$$

### **Formula 1-9: Product profitability**

Where P – profit from product sales, rubles;

COGS – cost of goods sold, rubles.

The profitability of products shows how much profit is received per 1 ruble (100 rubles) produced. The advantages of this method of calculating profitability lie in its simplicity, clarity, and ease of use. But this indicator does not allow to judge the effectiveness of the use of available resources.

Return on sales:

$$ROS = \frac{P}{TNS} \times 100\%,$$

### **Formula 1-10: Return on sales**

Where TNS – Total Net Sales, rubles.

Return of Debt:

$$ROD = \frac{P}{TD} \times 100\%,$$

### **Formula 1-11: Return of debt**

Where TD – Total Debt, rubles.

Return on total capital:

$$ROTC = \frac{P}{TC} \times 100\%,$$

### **Formula 1-12: Return on total capital**

Where TC – Total Capital, rubles;

The calculation of profitability allows you to track the dynamics of their changes over a number of periods, identify emerging trends, make informed decisions on adjusting management actions in order to maximize profits.

The effectiveness of the organization's activities is also evidenced by the presence of profit and its growth in dynamics, as well as an increase in profitability.



Then, a study of the factors that influenced the change in the amount of profit from the sale is carried out. The change in total profit is influenced by the following factors: a change in selling prices for products sold, a change in the volume of production, a change in the volume of production due to changes in the structure of products, savings from cost reduction, a change in cost due to structural changes in the composition of products.

The change in the profit of the reporting period is influenced by factors that changed the profit from sales, as well as changes in the amount of profit from operating and non-operating activities. The impact of these changes is determined by the method of absolute differences.

In the process of profitability analysis, the dynamics of indicators, factors of change in their level are studied, a comparative analysis is carried out, reserves for profitability growth are determined. The sequence of analysis is determined by its purpose. For example, when choosing solutions, the profitability of individual products and the factors of its change are studied; when evaluating performance results - the profitability of products sold, etc.

The most common indicators of profitability in the practice of domestic organizations are the profitability of products, sales, equity, borrowed capital, total capital, current and long-term assets of the organization.

Many factors influence the change in profitability. Therefore, the cost of production and the volume of products sold, the calculation of which is carried out according to the following formulas, influence the change in profitability: a change in profitability due to a change in the cost of production, a change in profitability due to a change in sales proceeds.

However, in order to fully understand the strategic activities of an industrial organization, one should also evaluate its external environment, and above all, suppliers, consumers and competitors.

Thus, the strategy is a generalized model of actions necessary to achieve the goals. Goals are the key results that the organization strives for in its activities. The strategy defines the purpose of the organization, its goals, action plans and allocation of resources. Choosing a strategy means defining a competitive niche.

The formulation of the strategic, tactical and current goals of the organization, the development of plans for its development, the specification of the expected results, the calculation of the expected values of the main technical and economic indicators - all this is the content of the planning process.

The effectiveness of the organization in a market economy determines its ability to financial survival, attracting funding sources and their profitable use.

Strategies need to be developed to:

- effectively formulate the conditions for the implementation of the company's business;
- to interconnect the necessary actions and decisions of managers and all personnel, to give all production and management processes a common direction, to create a single action plan for the entire company.

The main task in the strategy is to move the organization from its present state to the future state desired by management.

## **2 Information and analytical support for the development and implementation of the strategy of JSC MAZ**

### **2.1 Financial reporting as the basis for information support of strategic planning**

JSC "Minsk Automobile Plant" is one of the largest enterprises in Eastern Europe for the production of heavy vehicles, as well as passenger and trailer vehicles.

His birthday is August 9, 1944. On this day, the State Defense Committee adopted a resolution on the organization of a car assembly plant in Minsk. Already by November 7, 1944, on time, the first 50 vehicles were assembled and handed over to the army in the field. By December 1945, 18174 cars were assembled from incoming components and parts, after which the issue was painted over.

A new page in the history of the plant was opening - accelerated preparations began for the production of its own MAZ vehicles. The design developed back in the years of guilt at the car factory in Yaroslavl was being finalized. On August 9, 1947, the production of the first units of future MAZs began - front axles and cardan shafts. In addition, on November 7, 1947, the first 5 dump trucks MAZ-205 passed at the head of the festive column of car manufacturers, announcing the birth of a new industry of the republic - the automotive industry.

Production Open Joint Stock Company "Minsk Automobile Plant" is the largest state enterprise of the Republic of Belarus for the production of heavy vehicles, as well as buses, trolleybuses and trailers.

The range of manufactured vehicles includes truck tractors, flatbed, medium-tonnage low loaders, dump trucks, timber carriers, log trucks, cross-country vehicles, chassis vehicles for a complete set of all kinds of special equipment and installations. In total, MAZ produces more than 300 vehicle modifications.

Since 1995, the production of city, suburban and intercity tourist buses has been carried out, in 2001 MAZ mastered the production of trolleybuses. Today, 1800 buses of over 100 models and modifications are produced annually.

Open Joint Stock Company "Minsk Automobile Plant" was established on the basis of the order of the State Committee for Property of the Republic of Belarus dated December 30, 2008 No. 387 by transforming the Production Republican Unitary Enterprise "Minsk Automobile Plant",

registered by the decision of the Minsk City Executive Committee dated May 31, 2007 No. 1186, into USR No. 100320487, in accordance with the legislation of the Republic of Belarus on the privatization of state property.

On May 16, 2012, the BELAVTOMAZ holding was registered in the State Register of Holdings by the Ministry of Economy of the Republic of Belarus.

List of participants of the holding "BELAVTOMAZ":

1. Open Joint Stock Company "Minsk Automobile Plant" managing company of the holding "BELAVTOMAZ";
2. Open joint-stock company "Baranovichi auto-aggregate plant";
3. Open Joint Stock Company "Osipovich Plant of Automobile Units";
4. Open Joint Stock Company "Forging Plant of Heavy Forgings";
5. Open Joint Stock Company "Dzerzhinsky Experimental Mechanical Plant";
6. Open Joint Stock Company "Kletsk Mechanical Plant";
7. Open Joint Stock Company "STROYMAZTREST".

Branches and divisions:

- JSC BAAZ, Baranovichi;
- JSC "BRESTMASH", Brest;
- JSC "Volmet", Volkovysk;
- OJSC Grodno Mechanical Plant, Grodno;
- OJSC "Dzerzhinsky Experimental Mechanical Plant", Dzerzhinsk;
- OJSC "Kletsk Mechanical Plant", Kletsk;
- OJSC "Forging Plant of Heavy Forgings", Zhodino;
- OJSC OZAA, Osipovich;
- JSC "TAiM", Bobruisk;
- LLC "Plant of car trailers and bodies "MAZ-Kupava", Minsk;

- Plant "Mogilevtransmash" OJSC "MAZ" - the management company of the holding "BELAVTOMAZ", Mogilev;
- Branch of JSC "MAZ" "Service Center", Minsk;
- Branch of JSC "MAZ" "Trading House".

The MAZ trademark has been working stably and effectively all over the world for more than 70 years. The company has established itself as a manufacturer of high-quality high-tech equipment, which includes saddle and flatbed main road trains, dump trucks, timber trucks, chassis for assembly, trailers and semi-trailers for trucks and cars, as well as 8 models of buses and more than 50 modifications based on them, which have proven themselves in the EU, Russia and the CIS, Africa, Southeast Asia, Latin America, the Middle East. The volume of production of MAZ vehicles is 35 thousand units per year, and it is supplied to more than 40 countries of the world.

Along with automotive equipment, the plant produces spare parts for it, finished units, parts and blanks for inter-factory cooperation, special technological equipment, tools, consumer goods, provides services to the public and third-party organizations.

The plant is an independent economic entity with the right of a legal entity, is included as a parent company in the holding company "BelavtoMAZ", which also includes: the plant "Mogilevtransmash", JSC "Baranovichi auto-aggregate plant", JSC "OZAA", JSC "Forging plant of heavy forgings, OJSC Dzerzhinsky Experimental Mechanical Plant, OJSC Kletsk Mechanical Plant, LLC MAZ-KUPAVA, agricultural unitary enterprise AgroMAZ, OJSC Brestmash, OJSC VolMet, OJSC Grodno Mechanical Plant, OJSC TAIM.

JSC "MAZ" includes all types of operating industries typical of modern large machine-building plants, including: foundry, forging, tool-die, mechanical assembly, automotive units, press-body, spring, thermogalvanic, painting, car assembly.

On the basis of the order of the State Committee for Property of the Republic of Belarus No. 387 of December 30, 2008 and the order of the Ministry of Industry of the Republic of Belarus No. 163 of February 19, 2009, on February 19, 2009, the Production Republican Unitary Enterprise "Minsk Automobile Plant" (RUE "MAZ") was reorganized by transformation into the Open Joint Stock Company "Minsk Automobile Plant".

MAZ OJSC, the managing company of the BELAVTOMAZ holding, is a dynamically developing, socially oriented, commercially successful company striving to become a key player in the CIS automotive market.

Primary production:

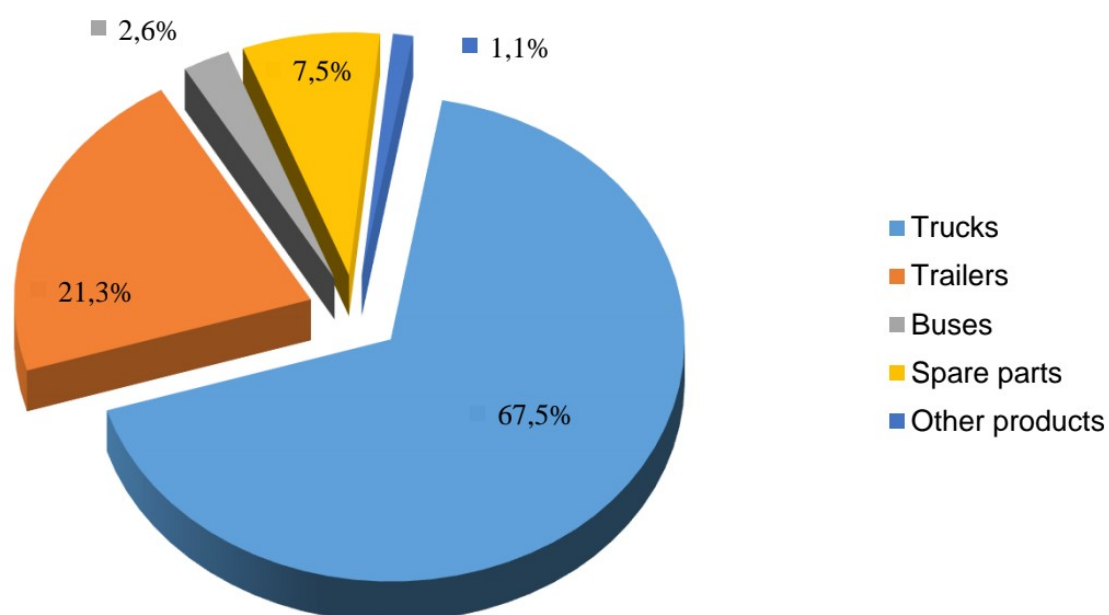
- procurement: cutting; Foundry; blacksmith building; press-forging production;

– processing: thermo-galvanic body; mechanical assembly production (workshop of normals and assembly shop);

- assembly: final assembly (trailer production, car assembly); mechanical assembly production (shop of gearboxes, front suspension).

Auxiliary production: mechanical repair (RMC, RCC); tool (die production); energy (thermal power, electric power shops). Service production: container; transport; warehouse.

Minsk Automobile Plant specializes in the production of vehicles designed to perform almost all types of road transport. The plant produces more than 300 modifications of vehicles for various purposes. The largest share in the total output is occupied by trucks (Figure 2-1).



**Figure 2-1: The share of certain types of products manufactured by MAZ JSC in 2019.**

Source: own development based on data from JSC MAZ.

Today, the enterprise produces more than 260 modifications of cars, about 100 models and modifications of trailers and semi-trailers, 23 of them - in the Mogilevtransmash branch, 33 modifications of buses and trolleybuses, seven varieties of truck cranes.

As before, as in previous years, the main consumer of MAZ products is Russia. At the beginning of 2017, there were problems with the sale of products. A large number of unsold cars have accumulated in the sales department. Because of this, the need for short-term loans for working capital has sharply increased. OJSC "MAZ" has its own funds to increase



production volumes, create residual stocks of material circulating assets, and timely upgrade of equipment is not enough.

In 2019, MAZ OJSC produced 1,700 buses. The growth rate was 165.9%, which is almost the same as in 2018. This year, 1,690 units of equipment were shipped, which is 166.1% compared to 2017. In 2020, the production plan at MAZ OJSC provides for bringing the use of the plant's production capacities to 85% for cars, for trailers - up to 80%, on buses - 100%.

The organizational structure of the current enterprise management system consists of performers of functions, their functional duties, and the relationship of performers in the process of activity and is a linear-functional structure in form. The quantitative and qualitative composition is determined by the staffing table, approved regulations for departments and job descriptions.

The enterprise management structure consists of the general directorate, technical directorate, departments and departments of the plant. The main governing body is the General Directorate (Appendix I).

The organizational structure of OJSC "MAZ" is a set of specialized functional units, interconnected in the process of substantiation, development, adoption and implementation of management decisions aimed at achieving the goals of the organization. The elements of the organizational structure are individual employees (managers, specialists and employees), services and units of the management apparatus, performing certain functional duties within the framework of their powers. Subdivisions are officially created groups of employees responsible for performing a certain set of production, financial, managerial and other functions. They differ in status, number, size of disposable material and financial resources.

The management functions of the divisions are carried out in accordance with the regulations on independent structural divisions of the plant, regulations on officials, job descriptions, enterprise standards, management procedures, and instructions.

Particular attention in the production of passenger vehicles of the MAZ brand is paid to its environmental friendliness and safety for passengers.

The geography of sales of buses of the Minsk Automobile Plant extends from Germany to Khabarovsk. Constant purposeful work is underway to promote our buses to the markets of Central and Southeast Asia, Central and Southern Europe, the Middle East, North Africa, Latin and Central America.

JSC "MAZ" has a well-formed, sufficiently strong and recognizable brand for customers. Thus, analyzing the possibility of the emergence of competitors, we can conclude that the threat of the emergence of new competitors exists, and this factor has a significant impact.

Name of indicator	Years			Growth rate, %	
	2018	2019	2020	2019 / 2018	2020 / 2019
Revenue from sales, thous. BYN	1289640	1303209	1489936	133,3	101,1
Average number of employees, ppl.	12352,0	12314,0	12319	100	99,7
Labour productivity, thous. BYN	104,4	105,8	104,5	132,8	101,3
Cost of goods sold, thous. BYN	1139879	1133604	1297747	131,1	99,4
Revenue from sales, thous. BYN	30986	45222	69832	-767	145,9
Profit before tax, thous. BYN	-80481	65	282	195,2	-0,08
Net profit, thous. BYN	-80351	33	142	194	-0,04
Level of profitability of products sold, %	2,4	3,5	3,2	x	x
Annual payroll, BYN	1082035	1185001	1345674	118	109,2
Average monthly wage per employee, thous. BYN	0,730	0,752	0,987	118	103
Average annual value of fixed production assets, thous. BYN	592548	584733	623450	102,9	98,7
Return on assets, BYN	2,18	2,21	2,34	129,8	101,4
Capital-output ratio, BYN	0,46	0,45	0,45	76,7	97,8
Capitalization, BYN	48	48,2	48,6	102,3	100,4
Average annual value of current assets, thous. BYN	917083	896699	134567	115	97,8
Turnover of current assets, turns	1,41	1,45	1,98	116,5	102,8

**Table 2-1: Main technical and economic performance indicators of MAZ OJSC for 2018-2020.** Source: own development based on data from the organization

Thus, according to Table 2.1, we can conclude that MAZ OJSC has seen a 1.1% increase in revenue. At the same time, it should be noted that a multiple increase in profit from sales, which was due to the exit from the loss zone in 2019, which, accordingly, led to an increase in profitability from -0.4% in 2018 to 2.4% in 2019 and up to 3.5% in 2020. A positive moment in the activity of the enterprise in the analyzed period is the growth of the average monthly wage of one employee. At the same time, it should be noted that the growth rate of labor productivity of 164% exceeds the growth rate of wages of the enterprise (118%), which indicates an effective organization of labor at the enterprise. A positive moment in the activity of the

enterprise is the growth of the return on assets of the enterprise from 1.68 in 2018 to 2.21 in 2020, which in turn indicates an increase in the efficiency of the use of fixed assets of the enterprise.

It should also be noted the increase in the turnover of the company's working capital from 1.21 turnover to 1.45 turnover, which indicates an increase in the efficiency of the use of working capital.

## **2.2 Using management accounting materials to assess the competitive position of an organization**

There are various approaches to competitive analysis: SWOT analysis, matrix method, methods based on the theory of effective competition, complex methods. Assessment of environmental factors and strengths and weaknesses of the internal environment of JSC MAZ makes it possible to make a general assessment of the possible directions of the enterprise restructuring strategy. Table 2-2 presents the SWOT matrix, which allows you to determine the most preferable strategy for the development of the enterprise and its possible directions for implementation.

SWOT (strength, weakness, opportunities and threats) is a widely recognized approach for analyzing the environment, which allows for a joint study of the external and internal environment. The SWOT methodology involves first identifying strengths and weaknesses, as well as threats and opportunities, and then establishing chains of links between them, which can later be used to formulate a strategy.

As the constructed SWOT-matrix and the conducted assessment of strengths and weaknesses show, MAZ OJSC, in order to develop a restructuring strategy, should pay special attention to its weaknesses. In particular, using the possibilities of the external environment and the existing experience in managing the resources of enterprises, MAZ OJSC should pay special attention to the following aspects of its activities:

- increasing the efficiency of the use of working capital - in particular, accounts receivable in terms of its management;
- increasing the efficiency of the use of labor resources, as one of the types of resources that are most responsible for the growth of costs in the enterprise and the decrease in financial results with a reduction in production and sales volumes.



		Strengths	Score	Weaknesses	Score
		1. Opportunities for differentiation	4	1. Low efficiency in the use of financial resources and circulation funds	5
		2. Some products have virtually no competitors	4	2. Inefficient use of labor resources	5
		3. Efficient use of material resources	5	3. Deterioration in financial results	5
Opportunities	Score	Total	13	Total	15
1. Governmental support	4	14 x 13 = 182  —		14 x 15 = 210  Preferred direction: getting rid of weaknesses using opportunities	
2. Organization of marketing activities	5				
3. Presence of a stable segment in foreign markets	5				
Total	14				
Threats	Score	14 x 13 x 182		14 x 15 = 210	
1. Reducing the solvency of counterparties	4	—		Preferred direction: getting rid of weaknesses in order to level the threats from the market	
2. High competition in foreign markets	5				
3. Limited domestic market	5				
Total	14				

**Table 2-2: SWOT matrix for JSC MAZ.** Source: own development based on data from the organization

Therefore, a partial restructuring strategy can be recommended for JSC MAZ, aimed at restructuring the management systems for the allocated types of enterprise resources. Such a strategy can be attributed to the financial type of restructuring, since we are talking about a change in the approach to managing individual financial resources of an enterprise. In addition, in order to reduce personnel costs, it is possible to carry out a partial organizational restructuring regarding individual financial divisions of the enterprise. So, it is important to remember that the best management structure of an organization is one that does not create problems for itself, in particular in the field of reliability and efficiency in the implementation of

various business processes. Each stage of the implementation of these processes should also be able to be controlled. Each enterprise independently solves this problem, since in each organization it is possible to find links that do not have the volume of the necessary qualifications, create obstacles to optimal workflow, and seek to strengthen their influence, which is unnecessary for the organization, based on personal influence on the head of the organization. Next, we will conduct a PEST-analysis of the aspects of the external environment that affect the activities of JSC MAZ.

<b>Factors</b>	<b>Weight coefficient</b>	<b>Influence level</b>	<b>Weighted score</b>
<b>Political</b>			
Current legislation in the market	0,07	5	0,35
International law	0,07	5	0,35
Government policy, changes	0,05	4	0,4
Ecology	0,02	5	0,1
<b>Economic</b>			
Economic situation and trends	0,08	5	0,4
Foreign economic systems and trends	0,08	5	0,4
Exchange rate dynamics	0,05	4	0,2
Taxation and tax code	0,06	4	0,24
Inflation and interest rates	0,02	5	0,1
Dumping	0,16	3	0,67
<b>Social</b>			
Advertising	0,05	5	0,25
Opinion and attitude of consumers	0,05	5	0,35
Requirements for product quality and service level	0,08	5	0,4
Lifestyle and consumption habits	0,04	4	0,16
<b>Technological</b>			
R&D spending	0,02	2	0,04
Change and adaptation of new technologies	0,04	4	0,24
Information and communication, the impact of the Internet	0,03	4	0,2
Potential for innovation	0,03	2	0,06
<b>TOTAL</b>	<b>1</b>		<b>4,91</b>

**Table 2-3: PEST-analysis for JSC "MAZ".** Source: own development based on data from the organization

The total weighted score is 4.91. This suggests that the macro environment has a strong impact on the enterprise. MAZ OJSC needs to develop an optimal strategy that ensures the achievement of all the set strategic development goals.

The optimal strategy should correspond to the existing competitive position of MAZ OJSC in the goods market. Let's evaluate the threats by five Porter forces in Table 2-4.

Strength	Score
Competition Threat Assessment	4
Assessment of the threat of the emergence of substitute products	3
Assessing the Threat of New Players	4
Vendor Threat Assessment	4
Consumer Threat Assessment	5

**Table 2-4: Porter's five forces threat assessment.** Source: own development based on data from the organization

#### 1. Assessment of the threat of competition.

JSC "MAZ" has a well-formed, sufficiently strong and recognizable brand for customers. Thus, analyzing the possibility of the emergence of competitors, we can conclude that the threat of the emergence of new competitors exists, and this factor has a significant impact.

#### 2. The threat of the appearance of substitute products.

There is a threat of substitute products, but it should be noted that the quality of buses can hardly be compared with others. Assessing the threat of new players. Thus, we can conclude that the factor of competition in the industry is especially significant for our company.

#### 3. Threat assessment by suppliers.

This is an important link in the system of creating and distributing the company's customer value. This is due to the fact that the quality of the final product depends on the quality of the incoming raw materials.

#### 4. Assessing the threat to consumers.

The main consumers of MAZ products in the domestic market are residents and organizations throughout the country.

The analysis of the macro environment allows us to identify the following factors in the development of the automotive market:

- increasing the size of the target market;
- gradual increase in the production of buses;
- a stable and rather high share of products in the structure of goods consumed by organizations (about 25%).

Based on the analysis of the macro environment of MAZ OJSC, we will compile Table 2.5 with the opportunities and dangers of the macro environment. The identified opportunities and threats of the macro environment should be taken into account when forming the marketing strategy of JSC MAZ.

Opportunities	Threats
1. Creation of a holding	1. Strengthening of competitors, both in domestic markets and in foreign markets
2. Entering the network	2. Linkage to commodity prices
3. Ability to produce a new direction	3. Development of the Russian automotive industry
4. Growth trend in product consumption in the Republic of Belarus	4. Release of new products
5. Purchase of new production lines	5. Launch of new products by competitors

**Table 2-5: Opportunities and dangers of the macro environment.** Source: own development based on data from the organization

The activities of the enterprise under consideration are influenced by various competitive factors. The main external factors influencing the activities of the enterprise are:

- 1) Demographic factors: in the context of the negative dynamics of demographic development, a policy should be pursued to attract young, enterprising people, provide them with special training, and retain highly qualified personnel at the enterprise.
- 2) Scientific and technological progress: in order to ensure competitiveness, an enterprise needs to maintain a course towards updating production equipment using resource-saving, waste-free and low-waste technologies, new methods of processing raw materials and automating process control, in order to expand the range and improve the quality of products and services.

3) The level of monopolization: OJSC "MAZ" is a monopolist in the national market, but there is a strong pressure of competitors in the international market.

4) Political and social conflicts: currently the republic is in a period of political and social stability, which has a positive impact on the development of the economy and investment processes.

5) State regulation: JSC "MAZ" is state. The state quality control program in place at the enterprise ensures the development of safe products and the provision of services.

6) The state of the currency and monetary system: the state of the currency and monetary system in the Republic of Belarus is unstable, because The national monetary system of the Republic of Belarus was formed taking into account the structural principles of the world monetary system, since the country is striving for integration into international financial mechanisms. It is an integral part of the country's monetary system. This system is in the process of formation and has not yet been fully formed. Therefore, at the moment it has a significant impact on the development of the enterprise.

7) Environmental and energy problems.

Analyzing the situation in the product sales market, we can conclude that the main competitors are the Russian enterprise KAMAZ PJSC and the automobile concern MAN, SE (Germany).

The results of the study of competitors can be presented in the form of a comparative table 2.6. The research was carried out in 2021.

Indicators	«MAN», SE	PJSC "KAMAZ"	JSC «MAZ»
1. Product quality	5	4	4
2. Quality of service	5	3	3
3. Acceptable price	4	4	5
4. Advertising	4	3	4
5. Location of the organization	5	4	4
6. Attractive appearance	4	3	3
7. Workplace automation	4	4	4

**Table 2-6: Research of the main competitors of the enterprise OJSC "MAZ".** Source: own development based on data from the organization

From these tables we see:

- the main competitor in the presented analysis is the MAN concern, which has higher estimates in almost all parameters than JSC MAZ;

- a study of the positions of competitors showed that JSC MAZ has sustainable advantages in terms of product quality and reasonable price. Therefore, we can assume that OJSC "MAZ" is holding on quite firmly in the automotive production market;

- it is necessary to maintain the existing image and continue to create it. To do this, it is necessary to improve the range of products, as well as improve the quality of service and promotional activities to attract new customers.

We will also list the key competitive advantages (CP) of MAZ OJSC and the main competitors, for which we will analyze. Let's use the following list.

Options	Options interpretation
Uniqueness	Not found in competitors
Longevity	Will be relevant for another 3-5 years
Inspires confidence	The target audience believes that the products correspond to the quality
Sells goods	Products are relevant and able to attract new customers

**Table 2-7: Competitive advantages.** Source: own development based on data from the organization

Next, we will evaluate on a 3-point scale where:

- 1 point = the parameter is not fully reflected in the competitive advantage of the product;
- 2 points = the parameter is not fully reflected in the competitive advantage of the product;
- 3 points = the parameter is fully reflected in the competitive advantage of the product.

The main competitors of OJSC MAZ in the field of production of machines for the separation of raw materials are the German enterprise MAN, as well as the domestic enterprise PJSC KAMAZ.

Parameter	JSC «MAZ»	«MAN», SE	PJSC "KAMAZ"
Uniqueness	3	2	1
Longevity	1	3	2
Inspires confidence	2	3	1
Sells goods	3	1	2
Total score	8	9	6
% of ideal CP	66,7%	75%	50%

**Table 2-8: Competitive advantages of MAZ OJSC and its main competitors for 2020.**

Source: own development based on data from the organization

The next step is to analyze which of the enterprises causes more trust among buyers. To analyze this competitive advantage, forums were studied where customer reviews of products purchased from the enterprise were posted and the following conclusion was made:

1. The products of MAZ OJSC cause little confidence in terms of quality, as they are produced on outdated machines. Processing and fulfilling orders takes a long time. Most believe that the enterprise has no future. Few advise to purchase products.
2. The products of the MAN plant favorably distinguish them from similar ones manufactured in Russia and the CIS countries. There are few reviews on product quality and service, but 95% of the reviews are positive. This manufacturer is recommended to purchase products.
3. At the moment, KAMAZ PJSC has many negative reviews, both in terms of quality and order fulfillment, as well as unprofessional communication with the buyer.

Thus, in order for the sales market to be stable and developing, it is necessary, first of all, to increase competitiveness, primarily in the markets of the CIS countries and developing countries. At present, the situation on the market is quite favorable for the plant, allowing it to realize its own competitive advantages. Further expansion of the sales market for MAZ vehicles should be carried out both by increasing the competitiveness of products, and by developing and mastering new types of products. Compliance of MAZ automotive equipment with constantly growing international requirements for technical level, safety, environmental and health requirements will allow maintaining and expanding sales markets not only in the CIS countries, but also in other countries of the world.

## 2.3 Features of strategic accounting as a source of information for the development and implementation of strategy

Let us analyze the effectiveness of the economic strategy of JSC MAZ. To begin with, let us analyze the composition and structure of the asset balance (table 2-9).

Balance sheet line	Sum, thous. BYN		Deviation		Spec. weight, %	
	2019	2020	by sum	%	2019	2020
1	2	3	4	5	6	7
I. LONG-TERM ASSETS						
Fixed assets	584794	598857	14063	102,4	34,3	28,7
1	2	3	4	5	6	7

Intangible assets	5863	5621	-242	95,9	0,3	0,3
Profitable investments in tangible assets	2521	1459	-1062	57,9	0,15	0,07
Investments in long-term assets	36305	44409	8104	122,3	2,1	2,1
Long-term financial investments	133306	140700	7394	105,5	7,8	6,7
Deferred tax assets	267	254	-13	95,1	0,02	0,01
Long-term accounts receivable	48185	65156	16971	135,2	2,8	3,1
Other long-term assets	385	445	60	115,6	0,02	0,02
TOTAL for section I	811626	856901	45275	105,6	47,5	41
II. SHORT-TERM ASSETS						
Stocks	499833	553692	53859	110,8	29,3	26,5
Long-term assets held for sale	1227	132	-1095	10,8	0,07	0,006
Future expenses	45600	200206	154606	439	2,7	9,6
VAT on purchased goods, works, services	8711	9109	398	104,6	0,5	0,4
Short-term accounts receivable	334818	461446	126628	137,8	19,6	22,1
Short-term financial investments	1007	1621	614	161	0,06	0,08
Cash and cash equivalents	4658	6136	1478	131,7	0,3	0,3
Other current assets	522	591	69	113,2	0,03	0,03
TOTAL for section II	896376	1232933	336557	137,6	52,5	59
BALANCE	170800 2	2089834	381832	122,4	100	100

**Table 2-9: Analysis of the composition and structure of the asset balance for 2019-2020.** Source: own development based on data from the organization

The amount of fixed assets increases in 2020 by 14,063 thousand rubles or by 2.4%, the share in the balance sheet decreases by 5.6% and amounts to 28.7%. The amount of intangible assets decreased by 242 thousand rubles or by 14.3%, profitable investments increase by 185 thousand rubles or by 4.1%, investments in long-term assets increased by 8104 thousand rubles or by 22.3%, long-term financial investments increased by 7394 thousand rubles or by 5.5%, deferred tax assets decreased by 13 thousand rubles or by 4.9%, long-term accounts receivable increased by 16,971 thousand rubles or by 35.2%. The total amount of long-term assets increased by 45270 thousand rubles or 5.6%.



The amount of reserves increased by 538,594 thousand rubles or by 10.8%, the amount of accounts receivable is reduced by 126,628 thousand rubles or by 37.8%, short-term financial investments increased by 614 thousand rubles, as well as a significant increase in cash - by 31.7%. The total amount of short-term assets increased by 336,557 thousand rubles or by 37.6%.

The amount of assets increased by 381,832 thousand rubles or by 22.4%.

Further, in Table 2-10, we present an analysis of the composition and structure of the balance sheet liability for 2019-2020.

Balance sheet line	Sum, thous. BYN		Deviation		Spec. weight, %	
	2019	2020	by sum	%	2019	2020
III. EQUITY						
Authorized capital	528467	532747	4280	100,8	30,9	25,5
Reserve capital	22239	22239	-	100	1,3	1,1
Extra capital	445384	444402	-982	99,8	26,1	21,3
Retained earnings (uncovered loss)	-443738	440990	884728	-99,3	-26	21,1
TOTAL for Section III	552352	558398	6046	101,1	32,3	26,7
IV. LONG TERM LIABILITIES	453991	487055	33064	107,3	26,6	23,3
V. SHORT-TERM LIABILITIES						
Short-term credits and loans	84760	105408	20648	124,4	5	5
Current part of long-term liabilities	294563	418066	123503	141,9	17,2	20
Short-term accounts payable	319103	517799	198696	162,2	18,7	24,8
TOTAL for section V	701659	1044381	342722	148,8	41,1	50
BALANCE	1708002	2089834	381832	122,4	100	100

**Table 2-10: Analysis of the composition and structure of the balance sheet liability for 2019-2020.** Source: own development based on data from the organization

The authorized capital of the company amounted to 532,747 thousand rubles, the share was 25.5%. The reserve capital also did not change and amounted to 22239 thousand rubles. Additional capital decreased by 982 thousand rubles or by 0.2%, the specific all amounted to 21.3%. In general, equity capital increases by 6046 thousand rubles or by 1.1%, the share was 26.7%. Long-term liabilities increased by 33,064 thousand rubles or by 7.3%.

Current liabilities include short-term loans and borrowings, the current portion of long-term liabilities and accounts payable. There is an increase of 342,722 thousand rubles or by 48.8%, the share is 50%.

In table 2-11 we present an analysis of cash flows

The name of indicators	2019	2020	Spec. weight 2019, %	Spec. weight 2020, %	Change by sum	Change by spec. weight, %
1	2	3	4	5	6	7
<b>Cash flow from current activities</b>						
Cash received - total	1707140	2116580	100	100	409440	124
including:	886573	1363450	51,9	64,4	476877	153,8
from buyers of products, goods, customers of works, services						
from buyers of materials and other stocks						
royalty	-	1	-	0,004	1	-
other supply	753615	742464	44,1	35,1	-11151	98,5
Funds sent - total	1761654	2012440	103,1	95,1	2507863	114,2
including:	815549	986860	47,8	46,6	171311	121
for the purchase of supplies, works, services						
for wages						
to pay taxes and fees	58421	94817	3,4	4,5	36396	162,2
for other payments	746750	748925	43,7	35,4	2175	100,3
The result of cash flows from current activities	-54514	104140	-3,2	4,9	158654	-191
<b>Cash flow from investing activities</b>						
Cash received - total	2994	18038	100	100	15044	602,5
including from buyers of fixed assets	21	299	0,7	1,7	278	14,2 times
return of granted loans	17	15	0,6	0,08	-2	88,2
income from participation in the authorized capital	1807	1513	60,4	8,4	-294	83,7
interest	219	502	7,3	2,8	283	229,2

End of table 2-11

1	2	3	4	5	6	7
other supply	930	15709	31,1	87,1	14779	16,9 times
Funds sent	4784	73178	159,8	405,6	68394	15,3
including for the purchase of fixed assets	1937	2697	64,6	14,9	760	139,2
for loans	-	5336	-	29,8	5336	-
for contributions to the authorized capital of other organizations	2847	11618	95,1	64,4	8771	408,1
other payments	-	53527	-	296,7	53527	-
<b>Cash flow from financing activities</b>						
Cash received - total	790722	853087	100	100	62365	107,9
other supply	2643	2108	0,3	0,2	-535	79,8
Funds sent - total	733892	846088	92,8	99,2	112196	115,3
including:	680378	792401	86	9,3	112023	116,5
to repay loans and borrowings						
for interest payments	51216	51003	6,5	6	-213	99,6
other payments	2298	2684	0,3	0,3	386	116,8

**Table 2-11: Analysis of cash flows.** Source: own development based on data from the organization

According to the analysis of the company's cash flow, the following conclusions can be drawn:

- for the period of analysis 2019-2020. the amount of outflow and inflow of cash is basically the same.
- the largest share in the composition of cash receipts is the proceeds from the sale of products.
- the largest share in the expenditure of funds is the payment for purchased goods, works and services.

Net assets are the real value of the company's property, annually determined minus its debts. The indicator of net assets indicates the financial stability of the enterprise.

The negative value of net assets means that, according to the financial statements, the amount of debts exceeds the value of the entire property of the company. The financial condition of a

company with an unsatisfactory balance sheet structure (negative net assets) has a different term - "lack of property". The calculation is given in table 2-12.

Name of indicator	2019	2020
1	2	3
I. Assets		
Long term assets	811626	856901
Current assets	896376	1232933
Total assets accepted for calculation	1708002	2089834
II. Liabilities		
Long term liabilities	453991	487055
Short-term liabilities	701659	1044381
Total liabilities taken into account	1155650	1531436
The value of the net assets of a joint-stock company	552352	558398

**Table 2-12: Calculation of net assets.** Source: own development based on data from the organization

Net assets are calculated on the basis of balance sheet data. The value of net assets is determined by subtracting from the amount of the organization's assets, accepted for calculation, the amount of its liabilities, accepted for calculation. The value of net assets decreased by 6046 thousand rubles. The decrease is due to the outstripping growth rates of liabilities compared to assets taken into account.

The net assets of the organization as of December 31, 2020 far exceed the authorized capital. This ratio positively characterizes the financial position, fully meeting the requirements of regulations for the value of the organization's net assets. The excess of net assets over the authorized capital and at the same time their increase over the period indicates a good financial position of the organization on this basis.

Assessment of the financial condition of the organization is carried out in stages.

First, an analysis of the property of the organization and the sources of its formation is carried out.

When conducting an analysis of property and sources of its formation, they study the dynamics, interrelations and interdependencies between indicators characterizing the financial stability of an organization. One of the main methods of analyzing the financial condition of an organization is "reading" the balance sheet and other forms of reporting, i.e. the study of their

data, which allows us to assess the nature of the change in the balance sheet total, its individual sections and articles, the correct placement of funds, the main sources of their formation. One of the main indicators for assessing the structure of the balance sheet is the coefficient of asset mobility, as the ratio of working capital to the balance sheet total.

Maneuverability of own short-term assets (CMSC) characterizes that part of own short-term assets that is in the form of cash, i.e. funds with absolute liquidity

$$CMSC = \frac{Cash}{OCA}$$

#### **Formula 2-1: Return on total capital**

OCA (the amount of own current assets of the organization) = Current Assets - Current Liabilities

$$2019 = 896376 - 701659 = 194717$$

$$2020 = 1232933 - 1044381 = 188552$$

This indicator usually varies from zero to one.

$$2019: 4658 / 194717 = 0.02.$$

$$2020: 6136 / 188552 = 0.03.$$

The maneuverability of own short-term assets is negative.

The share of own short-term assets in covering reserves ( $C_{cacr}$ ) characterizes that part of the cost of reserves that is covered by own short-term assets:

$$C_{cacr} = \frac{OCA}{IC}$$

#### **Formula 2-2: The share of own short-term assets in covering reserves**

Where IC – inventory and costs.

$$2019 = 194717 / 499833 = 0.39$$

$$2020 = 188552 / 553692 = 0.34$$

The recommended lower limit of this coefficient is 0.5. The share of own short-term assets in covering reserves is positive.

**Financial independence** characterizes the dependence of an enterprise on external sources of financing and is assessed by the following indicators:

The **autonomy coefficient** (CA) shows how much equity (EQ) falls on one ruble of all sources of enterprise funds (SEF). Calculated according to the formula

$$Ac = \frac{EQ}{SEF},$$

**Formula 2-3: The autonomy coefficient**

Recommended value:  $Ac \geq 0.5$ . This means that for one ruble of all sources of funds, at least 50 kopecks must be own. The growth of the coefficient indicates an increase in the financial independence of the enterprise.

The **financial stability ratio** (FSr) shows what part of the assets is financed by equity and long-term liabilities, i.e. sustainable liabilities. Calculated according to the formula:

$$FSr = \frac{EQ + LTL}{FA + CA},$$

**Formula 2-4: The financial stability ratio**

The higher the value of this indicator, the more stable the financial condition of the enterprise. In foreign practice, the value of this coefficient is 0.75 - 0.9. From 75% to 90% of assets should be formed from equity and long-term liabilities in order to provide the enterprise with sustainable financing of economic activities.

Let's analyze the main financial and economic performance indicators (table 2-13).

The name of indicators	2019	2020	Change, +/-	Growth rate, %
Sales revenue (net of taxes and fees included in revenue)	1303209	1489936	186727	114,3
Cost price	1133642	1297747	164105	114,5
Profit (loss) from sales	44954	69832	24878	155,3
Profit (loss) from other current activities	19538	36074	16536	184,6
Profit (loss) from financial and investment activities	-20003	-35792	-15789	179
Net profit	-497	142	639	28,6

Profit (loss) before tax	-465	282	747	-60,6
Product profitability, %	4	5,4	1,4	x
Return on sales, %	-0,04	0,02	0,06	x
Return on assets, %	-0,03	0,007	0,037	x
Profitability of own, %	0,09	0,03	-0,06	x

**Table 2-13: Dynamics of the main performance indicators for 2019-2020.** Source: own development based on data from the organization

Product profitability is calculated as the ratio of profit from sales to cost.

Return on sales is calculated as the ratio of profit before tax to revenue.

Return on assets and equity are calculated as the ratio of net profit to the sum of assets and equity, respectively.

At the enterprise, very low values are observed, which reflects the low efficiency of the activity.

Financial indicators can be divided into the following main groups.

1. Profitability ratios. It is important for a company not just to earn profit, but to use the company's resources with maximum efficiency. This is reflected in the profitability indicators (table 2-14).

The name of indicators	2019	2020	Change, +/- 2020 to 2019
Product profitability, %	4	5,4	1,4
Return on sales, %	-0,04	0,02	0,06
Return on assets, %	-0,03	0,007	0,037
Profitability of own, %	0,09	0,03	-0,06

**Table 2-14: Profitability indicators for 2019-2020.** Source: own development based on data from the organization

2. Liquidity ratios. The company needs to make many payments in a timely manner: settlements with counterparties, wages, taxes, etc. Liquidity indicators make it clear how much money is enough to "repay" all obligations in a timely manner.

The calculation of the coefficients shows an unstable financial situation. Current liquidity, absolute liquidity, capitalization and financial independence ratios are unsatisfactory.

Indicators	2019	2020	Standard value
Current liquidity ratio (C1): C1 = CA / CL, or C1 = balance line 290 / balance line 690	1,36	1,37	C1 ≥ 1,5
Working capital adequacy ratio (C2): C2 = (EQ + LTL - LTA) / CA, or C2 = (balance line 490 + balance line 590 - balance line 190) / balance line 290	0,27	0,27	C2 ≥ 0,2
Coverage ratio of liabilities with assets (C3) C3 = (CL + LTL) / TB	0,61	0,68	C3 ≤ 0,85
Absolute liquidity ratio (Cabs) Cabs = (balance line 260 + balance line 270) / balance line 690	0,05	0,18	Cabs ≥ 0,2

**Table 2-15: Solvency and liquidity indicators.** Source: own development based on data from the organization

3. Turnover ratios. For a business to operate efficiently, all company resources must be used without downtime. Turnover ratios show how quickly money and material assets are "spinning".

Indicators	Beginning of the year	The end of the year	Deviation	Growth rate, %
Asset turnover ratio	0,67	0,75	0,08	111,9
Accounts receivable turnover ratio	35	89,8	54,8	256,6
Accounts payable turnover ratio	4,3	3,8	-0,5	88,4

**Table 2-16: Turnover indicators.** Source: own development based on data from the organization

4. Coefficients of the capital structure. Any businessman uses his own and borrowed funds. Even if he does not take loans, at any moment there is a current debt to suppliers, employees,



the budget, etc. To control the balance between own and borrowed resources, indicators of the capital structure are needed.

Indicators	Beginning of the year	The end of the year	Deviation, +/-	Growth rate, %	Recommended value
Autonomy coefficient	0,27	0,33	0,06	122,2	$\geq 0,5$
Debt to equity ratio	2,71	1,99	0,72	73,4	$\leq 1$

**Table 2-17: Indicators of the capital structure.** Source: own development based on data from the organization

Analysis of the presented data allows us to conclude that the financial independence of the enterprise at the end of the analyzed period has decreased. The ratio of borrowed and own funds has significantly decreased from 2.71 to 1.99, but does not correspond to the recommended value.

In real life, most often the calculation of turnover indicators is performed according to the following schemes:

1. Transformation ratio (turnover of enterprise assets)

(balance line 010) / (balance line 290)

$$2019 = 1303209/896376 = 1.45$$

$$2020 = 1489936/1232933 = 1.21$$

In this case, we see how many times during the analyzed time there was a complete turnover of all the funds of the enterprise. Asset turnover is the higher, the more worn out the main elements of the production process (equipment, production lines, etc.).

2. The turnover ratio of accounts receivable of the enterprise

(balance line 010) / (balance line 250)

$$2019 = 1303209/334818 = 3.9$$

$$2020 = 1489936/461446 = 3.2$$

The indicator provides information on how many times during the analyzed period the company is able to pay off receivables. It is useful to compare the ratio with the accounts payable ratio to find the optimal ratio between the funds issued to other enterprises on credit and the funds that this organization consumes as a credited person.

### 3. Duration of receivables turnover

$T \text{ period} / ((\text{balance line 010}) / (\text{balance line 250}))$

$$2019 = 360/3.9 = 92 \text{ days}$$

$$2020 = 360/3.2 = 113 \text{ days}$$

The calculation of the turnover ratio in this way shows how long the debtor will be able to repay its debt. The indicator is compared for the given enterprise in different periods of its production activity.

### 4. The turnover ratio of accounts payable of the enterprise

$(\text{balance line 020}) / (\text{balance line 630})$

$$2019 = 1133642/319103 = 3.6$$

$$2020 = 1297747/517799 = 2.5$$

The essence of the indicator: to show how many turnover periods will be required for a given enterprise to pay off accounts payable. The higher the ratio, the faster the company will be able to pay off its accounts payable.

### 5. Duration of accounts payable turnover

$T \text{ period} / ((\text{balance line 020}) / ((\text{balance line 630})))$

$$2019 = 360/3.6 = 100 \text{ days}$$

$$2020 = 360/2.5 = 144 \text{ days}$$

The resulting value indicates the period during which the company is able to repay the loan taken from third parties.

Thus, from the analysis given in the second chapter of the thesis, we can draw the following conclusions:

JSC "Minsk Automobile Plant" is one of the largest enterprises in Eastern Europe for the production of heavy vehicles, as well as passenger and trailer vehicles.

Today, the enterprise produces more than 260 modifications of cars, about 100 models and modifications of trailers and semi-trailers, 23 of them - in the Mogilevtransmash branch, 33 modifications of buses and trolleybuses, seven varieties of truck cranes.

JSC "MAZ" is experiencing a growth in revenue by 1.1%. At the same time, it should be noted that a multiple increase in profit from sales, which was due to the exit from the loss zone in 2019, which, accordingly, led to an increase in profitability from -0.4% in 2018 to 2.4% in 2019 and up to 3.5% in 2020. A positive moment in the activity of the enterprise in the analyzed period is the growth of the average monthly wage of one employee. At the same time, it should be noted that the growth rate of labor productivity of 164% exceeds the growth rate of wages of the enterprise (118%), which indicates an effective organization of labor at the enterprise. A positive moment in the activity of the enterprise is the growth of the return on assets of the enterprise from 1.68 in 2018 to 2.21 in 2020, which in turn indicates an increase in the efficiency of the use of fixed assets of the enterprise.

It should also be noted the increase in the turnover of the company's working capital from 1.21 turnover to 1.45 turnover, which indicates an increase in the efficiency of the use of working capital.

As the constructed SWOT-matrix and the conducted assessment of strengths and weaknesses show, MAZ OJSC, in order to develop a restructuring strategy, should pay special attention to its weaknesses. In particular, using the possibilities of the external environment and the existing experience in managing the resources of enterprises, MAZ OJSC should pay special attention to the following aspects of its activities:

- increasing the efficiency of the use of working capital - in particular, accounts receivable in terms of its management;
- increasing the efficiency of the use of labor resources, as one of the types of resources that are most responsible for the growth of costs in the enterprise and the decrease in financial results with a reduction in production and sales volumes.

The total weighted score is 4.91. This suggests that the macro environment has a strong impact on the enterprise. MAZ OJSC needs to develop an optimal strategy that ensures the achievement of all the set strategic development goals.

Thus, in order for the sales market to be stable and developing, it is necessary, first of all, to increase competitiveness, primarily in the markets of the CIS countries and developing countries. At present, the situation on the market is quite favorable for the plant, allowing it to realize its own competitive advantages. Further expansion of the sales market for MAZ vehicles should be carried out both by increasing the competitiveness of products, and by developing and mastering new types of products. Compliance of MAZ automotive equipment with constantly growing international requirements for technical level, safety, environmental and health requirements will allow maintaining and expanding sales markets not only in the CIS countries, but also in other countries of the world.

The amount of fixed assets increases in 2020 by 14,063 thousand rubles or by 2.4%, the share in the balance sheet decreases by 5.6% and amounts to 28.7%. The amount of intangible assets decreased by 242 thousand rubles or by 14.3%, profitable investments increase by 185 thousand rubles or by 4.1%, investments in long-term assets increased by 8104 thousand rubles or by 22.3%, long-term financial investments increased by 7394 thousand rubles or by 5.5%, deferred tax assets decreased by 13 thousand rubles or by 4.9%, long-term accounts receivable increased by 16,971 thousand rubles or by 35.2%. The total amount of long-term assets increased by 45270 thousand rubles or 5.6%.

The amount of reserves increased by 538,594 thousand rubles or by 10.8%, the amount of accounts receivable is reduced by 126,628 thousand rubles or by 37.8%, short-term financial investments increased by 614 thousand rubles, as well as a significant increase in cash - by 31.7%. The total amount of short-term assets increased by 336,557 thousand rubles or by 37.6%.

The amount of assets increased by 381,832 thousand rubles or by 22.4%.

The authorized capital of the company amounted to 532,747 thousand rubles, the share was 25.5%. The reserve capital also did not change and amounted to 22239 thousand rubles. Additional capital decreased by 982 thousand rubles or by 0.2%, the specific all amounted to 21.3%. In general, equity capital increases by 6046 thousand rubles or by 1.1%, the share was 26.7%. Long-term liabilities increased by 33,064 thousand rubles or by 7.3%.

Current liabilities include short-term loans and borrowings, the current portion of long-term liabilities and accounts payable. There is an increase of 342,722 thousand rubles or by 48.8%, the share is 50%.

According to the analysis of the company's cash flow, the following conclusions can be drawn:

- for the period of analysis 2019-2020. The amount of outflow and inflow of cash is the same.
- the largest share in the composition of cash receipts is the proceeds from the sale of products.
- the largest share in the expenditure of funds is the payment for purchased goods, works and services.

Analysis of the presented data allows us to conclude that the financial independence of the enterprise at the end of the analyzed period has decreased. The ratio of borrowed and own funds has significantly decreased from 2.71 to 1.99, but does not correspond to the recommended value.

The calculation of the coefficients shows an unstable financial situation. Current liquidity, absolute liquidity, capitalization and financial independence ratios are unsatisfactory.

### **3 Development of an enterprise development strategy**

#### **3.1 Selection and justification of options for the strategic development of the enterprise**

As the constructed SWOT-matrix and the conducted assessment of strengths and weaknesses show, MAZ OJSC, in order to develop a restructuring strategy, should pay special attention to its weaknesses. In particular, using the possibilities of the external environment and the existing experience in managing the resources of enterprises, MAZ OJSC should pay special attention to the following aspects of its activities:

improving the efficiency of the use of working capital - in particular, accounts receivable in terms of its management;

increasing the efficiency of the use of labor resources, as one of the types of resources that are most responsible for the growth of costs in the enterprise and the decrease in financial results with a reduction in production and sales volumes.

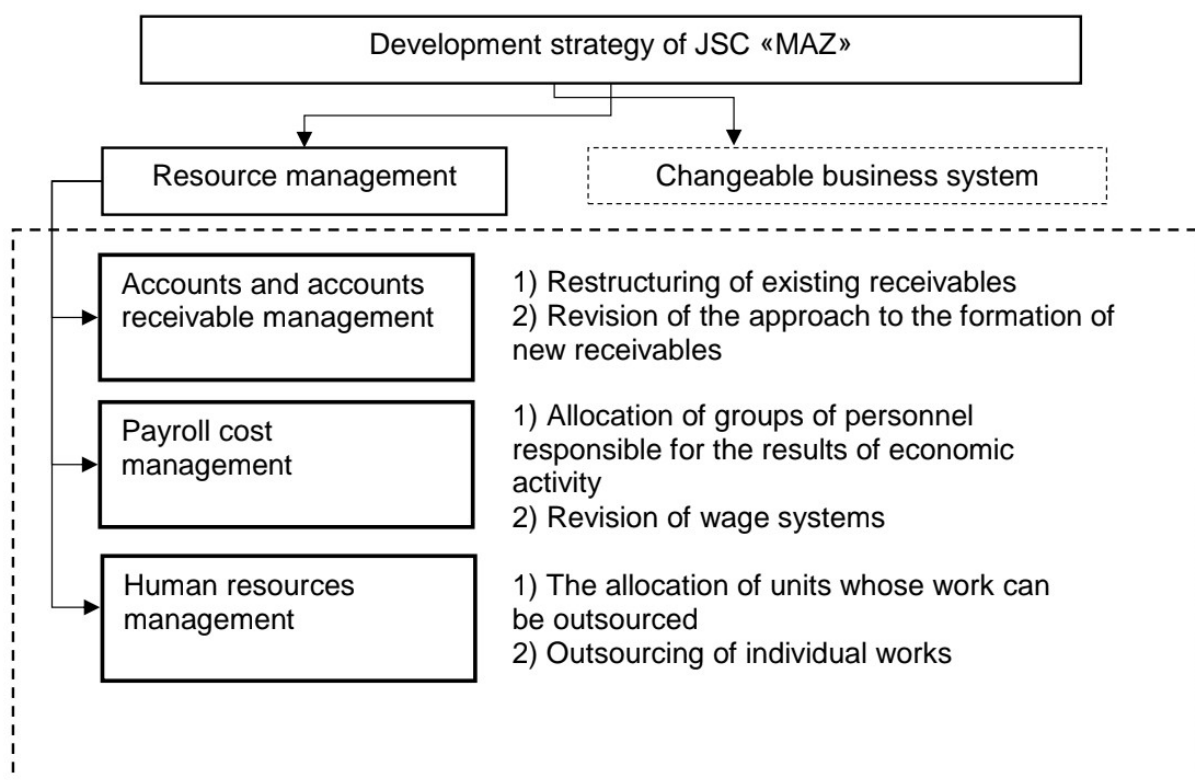
Therefore, a partial restructuring strategy can be recommended for JSC MAZ, aimed at restructuring the management systems for the allocated types of enterprise resources. Such a strategy can be attributed to the financial type of restructuring, since we are talking about a change in the approach to managing individual financial resources of an enterprise. In addition, in order to reduce personnel costs, it is possible to carry out a partial organizational restructuring regarding individual financial divisions of the enterprise.

In Figure 3-1, we present the scheme and mechanism for implementing the strategy for a possible partial restructuring of the management of individual financial resources. Thus, for JSC MAZ, the strategy of partial restructuring will be aimed at a gradual change in the management systems of receivables and wages at the enterprise, as well as restructuring the management of individual business processes at the enterprise.

As part of increasing the efficiency of using and managing receivables, it is recommended for MAZ OJSC to:

- restructure existing receivables by using factoring operations;
- to define a new approach to the formation and accounting of receivables, which will be based on the principles of IFRS, assuming discounting of receivables, which will ensure its more

adequate accounting at the enterprise, and when making settlements with buyers, encourage them to pay contracts faster.



**Figure 3-1: The content and directions of partial restructuring of the management of resources of MAZ OJSC.** Source: own development.

The restructuring of labor resources management should be aimed at increasing the incentive function of wages for certain categories of employees of MAZ OJSC, on whose work the financial results of the enterprise directly depend. In particular, for the following categories of workers, it is necessary to develop a remuneration system that is more tied to the results of the work of specialists:

- for employees of the supply and marketing department - the remuneration system should be tied to the efficiency of management and provision of production with material resources (delivery time, quality of raw materials and materials, failures in production, compliance with product quality);
- for employees of the marketing department - the remuneration system should be tied to the efficiency of sales and development of new markets (sales growth, development of new markets, conclusion of contracts with new large buyers, etc.);
- for employees of the sales department - the remuneration system should be tied to the efficiency of settlements and payment (timeliness of payment, the amount of receivables, the degree of customer satisfaction, the frequency of repeated customer requests, etc.).

For the purpose of organizational restructuring of the management of individual business processes at MAZ OJSC, it may be recommended, first of all, to outsource the maintenance of networks and Internet communications of the enterprise.

Next, we will consider the mechanism for the practical implementation of certain areas of the proposed restructuring and give its economic assessment.

### **3.2 Assessment of the strategic potential for the development of enterprises in the engineering industry**

The purpose of the development of the financial policy of the JSC "MAZ" is to build an effective financial management system aimed at achieving the strategic and tactical goals of its activities.

The financial service of the enterprise OJSC "MAZ" needs:

- calculate the need for borrowed funds (in its absence, the possible benefit from their attraction);
- choose the right credit institution (taking into account the availability of a license, the size of the interest rate, methods of its calculation - compound interest or simple interest, repayment terms, forms of issuance, reputation in the securities market, conditions for prolonging loans, etc.);
- draw up a plan for repayment of borrowed funds and calculation of the interest amount, taking into account the peculiarities of taxation of profits.

It is expedient for the financial service of JSC MAZ of the enterprise to constantly monitor the sequence of terms for financing assets, choosing one of several methods that exist in practice:

- 1) hedging (compensation of assets by liabilities with an equal maturity);
- 2) financing on short-term loans;
- 3) financing on long-term loans;
- 4) financing mainly on long-term loans (conservative policy);
- 5) financing mainly on short-term loans (aggressive policy).

Under these conditions, MAZ OJSC can maintain the security of loans taken by the following methods:



- a) increase in the share of liquid assets;
- b) lengthening the terms for which loans are issued to the enterprise.

As a result of the analysis of the turnover of receivables and payables, taking into account their standard values, it is recommended to carry out the following activities:

1. Making a decision to replace non-monetary forms of payment or at least to establish their optimal critical level based on an analysis of the effectiveness of bill payments or transactions for the assignment of debt claims.
2. Consideration of the possibility of restructuring the debt on payments to the federal budget and off-budget state funds.

In order to manage costs and choose a depreciation policy, it is recommended to use data from financial and economic analysis, which give an initial idea of the level of costs of the enterprise, as well as the level of profitability. When developing an accounting policy for an enterprise, it is recommended to choose such costing methods that provide the most visual representation of the structure of production costs, the level of fixed and variable costs, and the share of selling expenses.

In order to create the prerequisites for effective analytical work and improve the quality of financial and economic decisions made, it is necessary to clearly define and organize separate management cost accounting for the following groups:

- variable costs that increase or decrease in proportion to the volume of production. These are the costs of purchasing raw materials and materials, electricity consumption, transportation costs, trade commissions and other expenses;
- fixed costs, the change of which is not directly related to the change in production volumes. Such costs include depreciation, interest on a loan, rent, expenses for maintaining the management apparatus, administrative expenses, etc.;
- mixed costs, consisting of a fixed and a variable part. Such costs include, for example, the cost of current repairs of equipment, postal and telegraph expenses, etc.

An important role in the formation of the financial policy of the enterprise is the choice of depreciation policy. An enterprise can apply the accelerated depreciation method, thereby increasing costs, revalue fixed assets taking into account market value or at recommended rates, which again will affect production costs, the amount of property tax, and, consequently, the level of non-operating expenses. In addition, the amount of depreciation affects the taxable income of the enterprise.

The creation of a reliable and flexible financial management system aimed at resolving issues of budgetary, credit, investment policy will significantly accelerate the reorganization of the enterprise. The functioning of such a system requires close interaction between marketing, sales, production and other services of the enterprise. The new financial planning system should aim at:

1. Increasing the manageability and adaptability of the enterprise to changes in the commodity and financial markets.
2. Ensuring prompt receipt of information about the need to adjust the strategy and tactics of enterprise management.

With the transition to a qualitatively new level of current planning, the enterprise expands the internal possibilities of savings for the modernization of production, and becomes more attractive to outside investors. The introduction of a system of end-to-end financial planning makes the enterprise information-transparent for commercial banks and investment companies, which can expand the company's ability to provide long-term loans.

### **3.3 Development of recommendations for the implementation of strategic changes in the enterprises under study**

#### **3.3.1 Participation in industry exhibitions abroad**

As a result of the analysis carried out, a conclusion can be drawn. that the company needs to review the financial strategy of the company, namely:

- it is necessary to identify reserves and mobilize all available resources for the most rational use of the production capacities of fixed assets;
- increase in working capital of the enterprise;
- ensuring the effective investment of mobilized funds in order to obtain maximum profit,
- development of ways to prepare for overcoming a crisis situation;
- coordination of the entire workforce to overcome the financial crisis;
- development of conditions for the preparation of all possible options for the formation of financial resources and actions of financial managers in the current crisis financial condition of MAZ OJSC.

To do this, first of all, it is necessary to take measures to increase the profitability of the enterprise. The optimal financial strategy of OJSC "MAZ" should be aimed at ensuring the growth of sales and profits. This can be achieved in the following ways:

- acquisition of new equipment and use of modern technologies for the production of goods;
- rapid improvement of products, works, services;
- expansion of the list of manufactured products and services;
- strengthening the promotion of products on the market (strengthened marketing, advertising, and so on);
- Consistent cost reduction, accompanied by a reduction in administrative expenses, the elimination of non-core expenses, as well as debt restructuring;
- sale of a part of unused or rarely used assets of the enterprise in order to increase cash;
- improvement of product pricing (flexible prices).

With the growth of production, the company's profit increases not only due to lower costs, but also due to an increase in the number of products produced. The larger the volume of production, the more equal, the more profit the company receives.

Compliance with the strictest economy rules at all production and business sites is paramount in the fight to reduce production costs. Consistent introduction of the accumulation regime in companies is manifested primarily in reducing the cost of material resources per unit of output, reducing production and management costs, eliminating damages from marriage and other unrelated losses. production costs.

In the field of sales promotion, JSC MAZ should take the following measures:

- stimulation of dealers (providing bonuses, discounts, depending on the fulfillment of the obligations assumed, holding joint promotions of events, organizing exhibitions);
- improvement of the system and forms of payment for products;
- improvement of the concept of corporate identity (corporate color, composition of the booklet, prospectus, envelope, design elements of corporate sections and premises);
- constant updating of the company's website posting information about prices, new types of products, news of the company and the industry as a whole, open financial reports, reference information, etc.

When setting prices for the products of JSC MAZ, two aspects must be taken into account: firstly, the different distance of consumers from the enterprise causes different transportation costs that buyers must directly or indirectly bear; secondly, buyers in different regions have different requirements.

A number of promotional events can also be offered for MAZ OJSC:

1. Development of advertising texts for printed materials, publications in the media;
2. Placement of advertisements and banners on the Internet, on specialized sites;
3. Development of promotional products: booklets, calendars, folders, pens;
4. Carrying out advertising campaigns in the regions where the company's products are sold.

It is proposed to place articles in specialized publications abroad (Russian publications, European publications).

The purpose of the annual exhibitions and fairs is to strengthen its position in the market, to study the demand for products through direct contact with consumers, as well as to conclude direct and long-term contracts with wholesale buyers. In order to conquer new markets and consolidate on the old ones, MAZ OJSC should intensify its exhibition activities.

In this regard, MAZ OJSC can be recommended to participate more often in industry exhibitions abroad.

Close cooperation has been established with enterprises of the printing industry of the Republic of Belarus on the development and creation of new types of packaging for finished products, advertising booklets, leaflets, posters, calendars are printed and distributed.

So for 2022, in order to stimulate demand, a schedule of promotional events has been developed (table 3-1).

Also in 2021, demand will be stimulated as follows: discounts, free samples of new types of products, contests, lotteries.

JSC "MAZ" needs to specify and detail the marketing strategy, the following main goals can be distinguished:

1. Ensuring survival;
2. Maximization of current profit;

3. Maximum market coverage. This goal is often set by large companies that have a network of automotive workshops. It can be achieved, in particular, by setting different price levels (respectively, different levels of quality of auto-mechanical services) in their workshops in order to cover certain segments of the population as much as possible (to position services for selected market segments).

No	Name of events		Period of execution
Marketing research			
1	Assessment and analysis of customer satisfaction (questionnaire)		1,3 quarter
2	Studying the opinions of consumers within the framework of exhibitions		January December
3	Studying prices (monitoring prices) and working conditions of competing enterprises		January December
4	Analysis of growth in sales volumes and balances of finished products		Quarterly
5	Conducting sociological research using the focus group method		1 quarter
6	Summing up the results of the enterprise for the year		December - January
Advertising activity			
1	RUE "Belteleradicompany"	Belarus 1, Belarus 5, NTV	during a year
2	RUE "Belteleradiocompany"	Radio FM	during a year
3	Placement on Republican TV	ONT, RTR, NTV, Belarus 1	during a year
4	Placement of advertising on vehicles	Own transport	during a year
5	Media placement	Belarus	during a year
6	Brand development	Belarus	during a year
Participation in exhibitions			
1	Specialized exhibitions and fairs	Russia	November
2		Belarus	November
3		Kazakhstan	September
4		China	October
5		Other	during a year

**Table 3-1: Schedule of promotional activities.** Source: own development based on data from the organization

When visiting thematic exhibitions, as a rule, at least 15 contracts are concluded based on the results, while the average revenue per contract is 32.2 thousand rubles.

Thus, the additional revenue ( $\Delta R$ ) as a result of participation in the four exhibitions listed above will be

$$\Delta R = N_c \times R_c \times N_e,$$

**Formula 3-1: The additional revenue**

Where  $N_c$  – number of contracts signed at the exhibition, units;

$R_c$  – average revenue per contract, thous. BYN;

$N_e$  – number of exhibitions in which the enterprise will additionally take part, units

$$\Delta R = 15 \times 32,2 \times 4 = 1932 \text{ thous. BYN}$$

The average level of return on sales is 5,47%.

Thus, the additional profit from the sale ( $\Delta Pa$ ) will be

$$\Delta Pa = \Delta R \cdot ROS_{fm} / 100,$$

**Formula 3-2: The additional profit from the sale**

Where  $ROS_{fm}$  is the average level of profitability of sales in foreign markets, %.

$$\Delta Pa = 1932 \times 5,47 / 100 = 105,7 \text{ thous. BYN}$$

Expenses for participation in the exhibition will consist of transportation expenses, travel expenses, rental expenses, exhibition participation fee, exhibition stand expenses and promotional materials expenses. According to the previous experience of JSC MAZ, transportation costs ( $C_{tr}$ ) for participation in one similar exhibition are about 3.0 thous. BYN. Two employees of the marketing service are enough to work at the exhibition.

The average cost of renting 1 m<sup>2</sup> of exposition space for the duration of the exhibition is 350 BYN. The required area for the exposition is 10 m<sup>2</sup>. Rental costs ( $C_r$ ) will be

$$C_r = R_c \times S,$$

**Formula 3-3: Rental costs**

Where  $R_c$  – average cost of renting 1 m<sup>2</sup> of exposition area, thous. BYN;

$S$  – required area for exposure, m<sup>2</sup>.

$$Rc = 350 \times 10 = 3,5 \text{ thous. BYN}$$

The fee for participation in the exhibition ( $C_p$ ) is an average of 200 BYN

Average cost of an exhibition stand  $C_s$  – 780 BYN

The cost of advertising and information materials ( $C_{ai}$ ) will be about 500 BYN

Thus, the total cost of participation in one exhibition ( $C$ ) will be equal to

$$C = C_{tr} + C_r + C_p + C_s + C_{ai},$$

**Formula 3-4: The total cost of participation in one exhibition**

$$C = 3,0 + 3,5 + 0,2 + 0,78 + 0,5 = 7,98 \text{ thous. BYN}$$

Therefore, the additional profit ( $\Delta P_{ta}$ ) received from participation in one exhibition will be

$$\Delta P_{ta} = \Delta P_a - C \times 4,$$

**Formula 3-5: The additional profit from participation in one exhibition**

$$\Delta P_a = 105,7 - 7,98 \times 4 = 73,78 \text{ thous. BYN}$$

Thus, due to participation in industry exhibitions, MAZ OJSC can receive additional revenue from sales in the amount of 1932 thousand rubles. At the same time, the company's sales revenue will increase by 86.0%, and additional profit will amount to 73.78 thousand rubles per year and improve the financial condition of the organization.

### 3.3.2 Improving the efficiency of the management of pay systems

As part of the restructuring of the remuneration system, a number of recommendations can be formulated to motivate the work of employees of MAZ OJSC:

a) first of all, it is necessary to choose no more than two or three bonus indicators with the definition of priority areas for stimulating the organization's activities.

The current indicator - the implementation of the plan for the volume of production of marketable products is not interested in achieving the final process of production of products, its sale and profit. It seems that today, due to the financial crisis and the fall in sales and profits, such indicators should be:

- a decrease in the percentage of the ratio of finished product residues and production volumes
- will stimulate an increase in shipments and sales;
- the growth of profitability of sold products - will stimulate profit growth and cost reduction.



b) the provisions of Decree of the President of the Republic of Belarus No. 54 “On some measures to improve state regulation in the field of wages” should be taken into account, which provides for greater flexibility in determining the amount of additional payments to an employee and, in addition, the amount of bonus payments and allowances of various kinds can be for ordinary employees up to 80% of the salary.

This approach to bonuses allows us to develop a bonus system that adequately takes into account the contribution of each specialist to the achievement of the final result. 30% of the bonuses paid now are perceived by many as a fixed salary supplement, which reduces its stimulating role.

Meanwhile, here lies a reserve, especially for young and energetic employees, due to their more active work, not only to compensate for the low allowance for seniority due to their age, but also to earn a bonus higher than that currently existing. The main thing is that the bonus should not be a permanent additional payment, but should be earned every month, its size depending on the real labor contribution of the employee.

c) it should also be noted the complexity of applying the current bonus system for calculation. And to solve the problem outlined above, the bonus system should be simple in calculations, so that each employee himself can, using simple and unambiguous methods, calculate how his salary can increase when one or another indicator is reached.

d) it is recommended not to apply penalties, since it is better to reward an employee than to fine. Therefore, it is proposed not to apply the clause of the current Regulations on bonuses regarding the deprivation of bonuses for failure to achieve certain indicators.

Based on the foregoing, it is advisable to propose the following approach for use. The maximum amount of bonuses and allowances can be set at 80% of the salary. At the same time, this value will consist of the allowances provided for by the current legislation (for length of service, for working at night or in harmful working conditions, etc.), and the bonus itself, defined as the amount of the additional percentage remaining up to 80%.

The bonus fund, therefore, will be formed at the rate of 80% of the salary minus the allowances provided for the employee. It is obvious that for each employee of the department, due to the difference in their length of service, the amount of the fund remaining for bonuses will be different. Nevertheless, the number of employees of the department is relatively small, and the length of service of each, as well as other allowances provided for by his position and working conditions, are not a secret, which will make it easy to implement the procedure for calculating the amount of the bonus fund for each employee even in MS Excel.

In order to accrue a bonus to a specific employee and the latter was truly stimulating, it is necessary to define a number of criteria and give each of them a weight in accordance with



the significance of the latter. The fulfillment or non-fulfillment of each of these indicators will serve as the basis for calculating the amount of the bonus earned by the employee.

It is obvious that for employees of different departments it is necessary to develop their own criteria (a list of technical and economic indicators), on the change of which the results of the employee's work have a significant impact. So for employees of the marketing department who are busy with the problems of finding new markets and increasing the sales volume of products, increasing their competitiveness, conducting active marketing, allowing them to sell products at a higher price (as a result, with greater profitability), etc., as such criteria can be defined:

- fulfillment of the main indicators for the department (for example, achieving a certain level of sales per month);
- decrease in the ratio of warehouse stocks to manufactured products, including products that are in less demand;
- increase in product profitability.

Each of these criteria is in one way or another dependent on the work of marketers, which means that it can be used as a measure of the effectiveness of their work during the month and the basis for calculating the bonus. Meanwhile, not all criteria are equivalent, for example, the impact of an employee on increasing sales is more obvious than its impact on increasing profitability. This circumstance can be taken into account by introducing weight coefficients for different criteria.

So, for example, the following weights can be proposed, which are presented in Table 3.2.

Criteria	Weight value
Implementation of the sales plan	0,4
Reduced inventory	0,4
Increasing profitability	0,2
Total	1,0

**Table 3-2: Weighted values of bonus criteria.** Source: own development based on data from the organization

Thus, it becomes obvious what the bonus is paid to the employee and how its size was determined. At the same time, an employee can either receive the maximum amount of additional payments to the salary if all the stipulated indicators are achieved, or be completely left without a bonus if the results of his work do not deserve additional rewards.

We will conduct a comparative analysis of the formation of the salary of an employee of the marketing department Ivanov I.I. under the current and proposed systems, a comparative analysis is presented in table 3-3.

Current motivation system	Proposed motivation system
Salary according to the tariff – 556,6 BYN	Salary according to the tariff – 556,6 BYN
Seniority allowance (10%) – 55,66 BYN	Seniority allowance (10%) – 55,66 BYN
Difficulty and tension bonus (10%) – 55,66 BYN	Difficulty and tension bonus (10%) – 55,66 BYN
Bonus (30%) – 166,98 BYN	Maximum amount of the bonus fund (60%) – (80 – 10 – 10)
Total accrued per month – 834,9 BYN	Performance of bonus indicators:
	Completed:
	– Required sales plan
	Not completed:
	– Reduced inventory
	– Increasing profitability
	Total bonus accrued – $556,6 \times 0,6 \times 0,4 = 133,584$ BYN
	Total accrued – 801,504 BYN

**Table 3-3: Comparative characteristics of the employee's salary, using the current and proposed bonus system.** Source: own development based on data from the organization

It would seem that the new bonus system is not entirely beneficial for employee Ivanov. In this case, he receives less than 33 rubles. However, it is necessary to focus on the fact that in this case he does not “receive”, but earns.

And the decrease in his total accrued wages is caused only by the corresponding result of his work. Meanwhile, the system leaves the opportunity not only to lose, but also to add in wages with appropriate efforts.

Obviously, if all the stipulated indicators were met, Ivanov's salary would be:

$556.6 + 55.66 + 55.66 + 333.96$  (maximum 60% premium) = 1001.88 rubles,

or 166.98 rubles more than the current one.

$1001.88 - 834.9 = 166.98$  rubles.

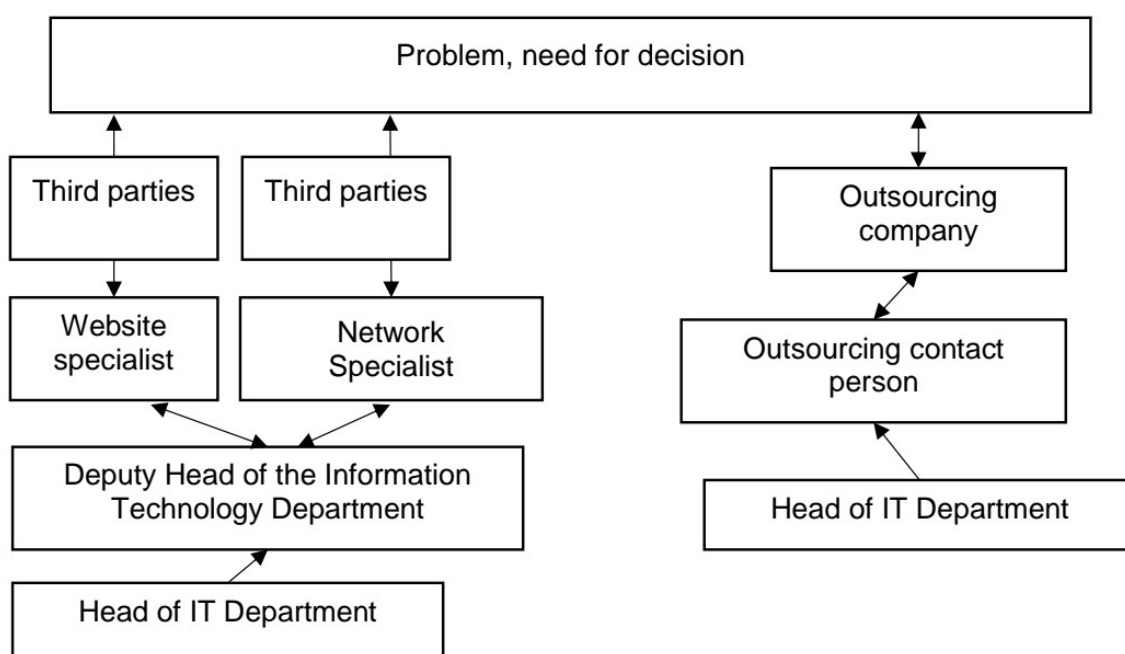
At the same time, an increase in the employee's wage fund would occur only if, as a whole, an increase in the volume of sales of products was provided for MAZ OJSC, that is, the possibility of such an increase in the wage fund would be provided.

### 3.3.3 Efficiency of outsourcing the management of enterprise computer networks

As noted above, it is proposed for MAZ OJSC to outsource professional system administration of servers, workstations and computer networks, as well as the company's website.

As an outsourcer, it is proposed to choose Omitex Company LLC, a leading domestic outsourcer located in the city of Gomel, cooperating with dozens of the largest enterprises in the Gomel region, including state-owned enterprises.

Figure 3-2 is a schematic representation of the network administration action decision process currently in use and a possible process if network management is outsourced.



**Figure 3-2: Change in the process of making a decision on the administration of networks and site management in the case of transferring the process to outsourcing.**

Source: own development.

The outsourcing of the administration of computer networks and the maintenance of the Internet site of JSC MAZ will allow the enterprise to:

- accelerate the process of making managerial decisions due to higher qualification of the outsourcer's specialists, accumulated experience and the use of more advanced technologies

for building and maintaining networks that are not available at MAZ OJSC due to insufficient funding;

- reduce labor costs and the resulting costs of maintaining redundant personnel by reducing the number of personnel employed in the management of information technology.

Number of management staff before outsourcing	Number of people, ppl.	Numbers of management after outsourcing	Number of people, ppl.
Head	1	Head	1
Deputy Chief	1	Deputy Chief	1
Chief Network Specialist	1	Contact administrator for outsourcing	1
Network administrators	4	Network administrators	1
Web Service Specialists	2		
Total	9	Total	4
Staff reduction			5

**Table 3-4: Changes in the staffing structure of information technology management in the case of outsourcing the administration of networks and the company's website.**

Source: own development based on data from the organization

Thus, as can be seen from Table 3-4, the outsourcing of network administration and management of the Internet site will allow MAZ OJSC to reduce the number of management employees by 5 people.

The average annual savings in the payroll fund due to such a release of personnel will be:

$$5 \text{ people} \times 475.0 \text{ r.} \times 12 \text{ months} = 28.5 \text{ thousand rubles}$$

In addition, savings will be achieved by reducing the amount of deductions for wages, the amount of savings of which will be:

$$28.5 \text{ thousand rubles} \times 35\% = 9.975 \text{ thousand rubles}$$

That is, the total savings only at the expense of the wage fund of the released workers and deductions for wages will amount to 38.475 thousand rubles (9.975+28.5) per year. In addition, OJSC MAZ will be able to reduce the cost of ongoing maintenance and maintenance of the jobs of these specialists. Taking into account the cost of IT outsourcing and website maintenance services provided by Omitex Company LLC, Table 3.5 shows the calculation of

the possible economic effect for MAZ OJSC from outsourcing the process of network administration and management of the enterprise website.

Savings through outsourcing	Sum, thous. BYN	The cost of outsourcing processes	Sum, thous. BYN
Staff maintenance	38,475	Subscription network administration	7,13
Job content	0,45	Subscription administration of the website	3,56
Costs for electricity and heat	0,48		
Training	0,58		
Total	39,985		10,69
Economical effect		39,985 – 10,69	29,295

**Table 3-5: Calculation of the economic effect for MAZ OJSC from outsourcing the process of network administration and management of the enterprise website.** Source: own development based on data from the organization

As the calculations in Table 3-5 show, by outsourcing the process of network administration and management of the Internet site of the enterprise, MAZ OJSC will be able to reduce costs by 29,295 thousand rubles per year, that is, an equivalent amount to increase the annual profit from sales.

The overall effect of the revision and restructuring of the network management system at the enterprise will be 29.295 thousand rubles.

## Conclusion

The strategy is a generalized model of actions necessary to achieve the goals. Goals are the key results that the organization strives for in its activities. The strategy defines the purpose of the organization, its goals, action plans and allocation of resources. Choosing a strategy means defining a competitive niche.

The formulation of the strategic, tactical and current goals of the organization, the development of plans for its development, the specification of the expected results, the calculation of the expected values of the main technical and economic indicators - all this is the content of the planning process.

The effectiveness of the organization in a market economy determines its ability to financial survival, attracting funding sources and their profitable use.

Strategies need to be developed to:

- effectively formulate the conditions for the implementation of the company's business;
- to interconnect the necessary actions and decisions of managers and all personnel, to give all production and management processes a common direction, to create a single action plan for the entire company.

The main task in the strategy is to move the organization from its present state to the future state desired by management.

Thus, from the analysis given in the second chapter of the thesis, we can draw the following conclusions:

JSC "Minsk Automobile Plant" is one of the largest enterprises in Eastern Europe for the production of heavy vehicles, as well as passenger and trailer vehicles.

Today, the enterprise produces more than 260 modifications of cars, about 100 models and modifications of trailers and semi-trailers, 23 of them - in the Mogilevtransmash branch, 33 modifications of buses and trolleybuses, seven varieties of truck cranes.

JSC "MAZ" is experiencing a growth in revenue by 1.1%. At the same time, it should be noted that a multiple increase in profit from sales, which was due to the exit from the loss zone in 2019, which, accordingly, led to an increase in profitability from -0.4% in 2018 to 2.4% in 2019 and up to 3.5% in 2020. A positive moment in the activity of the enterprise in the analyzed period is the growth of the average monthly wage of one employee. At the same time, it should be noted that the growth rate of labor productivity of 164% exceeds the growth rate of wages of the enterprise (118%), which indicates an effective organization of labor at the enterprise. A

positive moment in the activity of the enterprise is the growth of the return on assets of the enterprise from 1.68 in 2018 to 2.21 in 2020, which in turn indicates an increase in the efficiency of the use of fixed assets of the enterprise.

It should also be noted the increase in the turnover of the company's working capital from 1.21 turnover to 1.45 turnover, which indicates an increase in the efficiency of the use of working capital.

As the constructed SWOT-matrix and the conducted assessment of strengths and weaknesses show, MAZ OJSC, in order to develop a restructuring strategy, should pay special attention to its weaknesses. In particular, using the possibilities of the external environment and the existing experience in managing the resources of enterprises, MAZ OJSC should pay special attention to the following aspects of its activities:

- increasing the efficiency of the use of working capital - in particular, accounts receivable in terms of its management;
- increasing the efficiency of the use of labor resources, as one of the types of resources that are most responsible for the growth of costs in the enterprise and the decrease in financial results with a reduction in production and sales volumes.

The total weighted score is 4.91. This suggests that the macro environment has a strong impact on the enterprise. MAZ OJSC needs to develop an optimal strategy that ensures the achievement of all the set strategic development goals.

Thus, in order for the sales market to be stable and developing, it is necessary, first of all, to increase competitiveness, primarily in the markets of the CIS countries and developing countries. At present, the situation on the market is quite favorable for the plant, allowing it to realize its own competitive advantages. Further expansion of the sales market for MAZ vehicles should be carried out both by increasing the competitiveness of products, and by developing and mastering new types of products. Compliance of MAZ automotive equipment with constantly growing international requirements for technical level, safety, environmental and health requirements will allow maintaining and expanding sales markets not only in the CIS countries, but also in other countries of the world.

The amount of fixed assets increases in 2020 by 14,063 thousand rubles or by 2.4%, the share in the balance sheet decreases by 5.6% and amounts to 28.7%. The amount of intangible assets decreased by 242 thousand rubles or by 14.3%, profitable investments increase by 185 thousand rubles or by 4.1%, investments in long-term assets increased by 8104 thousand rubles or by 22.3%, long-term financial investments increased by 7394 thousand rubles or by 5.5%, deferred tax assets decreased by 13 thousand rubles or by 4.9%, long-term accounts receivable increased by 16,971 thousand rubles or by 35.2%. The total amount of long-term assets increased by 45270 thousand rubles or 5.6%.

The amount of reserves increased by 538,594 thousand rubles or by 10.8%, the amount of accounts receivable is reduced by 126,628 thousand rubles or by 37.8%, short-term financial investments increased by 614 thousand rubles, as well as a significant increase in cash - by 31.7%. The total amount of short-term assets increased by 336,557 thousand rubles or by 37.6%.

The amount of assets increased by 381,832 thousand rubles or by 22.4%.

The authorized capital of the company amounted to 532,747 thousand rubles, the share was 25.5%. The reserve capital also did not change and amounted to 22239 thousand rubles. Additional capital decreased by 982 thousand rubles or by 0.2%, the specific all amounted to 21.3%. In general, equity capital increases by 6046 thousand rubles or by 1.1%, the share was 26.7%. Long-term liabilities increased by 33,064 thousand rubles or by 7.3%.

Current liabilities include short-term loans and borrowings, the current portion of long-term liabilities and accounts payable. There is an increase of 342,722 thousand rubles or by 48.8%, the share is 50%.

According to the analysis of the company's cash flow, the following conclusions can be drawn:

- for the period of analysis 2019-2020. The amount of outflow and inflow of cash is the same.
- the largest share in the composition of cash receipts is the proceeds from the sale of products.
- the largest share in the expenditure of funds is the payment for purchased goods, works and services.

Analysis of the presented data allows us to conclude that the financial independence of the enterprise at the end of the analyzed period has decreased. The ratio of borrowed and own funds has significantly decreased from 2.71 to 1.99, but does not correspond to the recommended value.

The calculation of the coefficients shows an unstable financial situation. Current liquidity, absolute liquidity, capitalization and financial independence ratios are unsatisfactory.

The third chapter proposes activities:

#### 1. Participation in industry exhibitions abroad

Due to participation in industry exhibitions, MAZ OJSC can receive additional sales revenue in the amount of 1932 thousand rubles. At the same time, the company's sales revenue will increase by 86.0%, and additional profit will amount to 73.78 thousand rubles per year and improve the financial condition of the organization.



## 2) Improving the efficiency of wage systems management

We will conduct a comparative analysis of the formation of the salary of an employee of the marketing department Ivanov I.I. under the current and proposed systems. It would seem that the new bonus system is not entirely beneficial for employee Ivanov. In this case, he receives less than 33 rubles. However, it is necessary to focus on the fact that in this case he does not “receive”, but earns. And the decrease in his total accrued wages is caused only by the corresponding result of his work. Meanwhile, the system leaves the opportunity not only to lose, but also to add in wages with appropriate efforts.

At the same time, an increase in the employee's wage fund would occur only if, as a whole, an increase in the volume of sales of products was provided for MAZ OJSC, that is, the possibility of such an increase in the wage fund would be provided.

## 3) The efficiency of outsourcing the management of enterprise computer networks

As noted above, it is proposed for MAZ OJSC to outsource professional system administration of servers, workstations and computer networks, as well as the company's website.

As an outsourcer, it is proposed to choose Omitex Company LLC, a leading domestic outsourcer located in the city of Gomel, cooperating with dozens of the largest enterprises in the Gomel region, including state-owned enterprises.

Due to the outsourcing of the process of network administration and management of the Internet site of the enterprise, MAZ OJSC will be able to reduce costs by 29.295 thousand rubles per year, that is, an equivalent amount to increase the annual profit from sales. The overall effect of the revision and restructuring of the network management system at the enterprise will be 29.295 thousand rubles.

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## Statement of Authorship

I hereby certify that Master's thesis presented here has been composed by myself and is the result of my own investigations, unless otherwise acknowledged in the text. All references and all sources of information have been specifically acknowledged. This thesis has not been submitted, either in part or whole, for a degree at this or any other University. This work has not been published.

Mittweida, 29.06.2022

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