JEL Classification: M11; O10; O12; O33

## ENTERPRISE POTENTIAL MANAGEMENT AS A BASIS OF ITS PURPOSEFUL DEVELOPMENT DIRECTION

This article summarizes the management of enterprise potential as a basis for its development direction. The main purpose of the study is to form a system of enterprise potential management, which would allow its purposeful development direction. It is proposed to realize this goal by working out the conceptual and categorical apparatus of economic potential management and enterprise development by revealing the essence of the categories «enterprise' potential» and «development» through the prism of their relationship. Systematization of literature sources and approaches to solving the problem of enterprise potential management as a basis for managing its development shows that the ambiguity of understanding the essence of potential, its structure causes difficulties in forming a methodological basis for determining economic potential in the context of enterprise development direction.

The urgency of solving this scientific problem is that the development of scientific approaches to managing the enterprise potential as a basis for its development direction makes it appropriate to further study such terms as "potential" and "development" to reveal their essence, components, types in order to form the latest methodological basis for their management.

The research of the outlined topic in the work is carried out in the following logical sequence: the content of the economic potential of the business entity is revealed, which is unique that has certain properties inherent in this business entity is disclosed; the enterprise' economic potential which is a complex system, the formation of which is influenced by the peculiarities of its operation, as well as one that contains a number of other types of potential that are its elements and have a narrower meaning is researched; it is proved that the economic potential determines the ability of the enterprise to develop, ensure economic security, financial stability and competitiveness; it is established that the economic potential is the basis of development and an integral element of enterprise development management; it is proved that development should be considered as a process of positive qualitative changes, the main criterion of which is the acquisition of a new quality that strengthens the viability of the enterprise; it is established that the development process is phased, so in its implementation the company moves from one stage of development to another.

The results of the study can be useful for both scientists and managers of any enterprise, because the effectiveness of the use of economic potential, as well as the overall efficiency of economic activity depends on the quality of management carried out by the company's management.

**Keywords:** enterprise potential; enterprise development; potential management; development management; economic growth.

# УПРАВЛІННЯ ПОТЕНЦІАЛОМ ПІДПРИЄМСТВА ЯК ОСНОВА ЦІЛЕСПРЯМОВАНОГО КЕРУВАННЯ ЙОГО РОЗВИТКОМ

У цій статті узагальнено питання управління потенціалом підприємства як основи керування його розвитком. Основною метою дослідження є формування такої системи управління потенціалом підприємства, яка б дозволяла цілеспрямоване керування його розвитком. Реалізувати цю мету пропонується шляхом опрацювання понятійно-категоріального апарату управління економічним потенціалом та розвитком підприємства через розкриття сутності категорій «потенціал підприємства» і «розвиток» через призму їх взаємозв'язку. Систематизація літературних джерел і підходів до вирішення проблеми управління потенціалом як основи керування розвитком підприємства свідчить, що неоднозначність розуміння сутності потенціалу, його структури зумовлює труднощі щодо формування методологічного базису визначення економічного потенціалу в контексті управління розвитком підприємства.

Актуальність вирішення даної наукової проблеми полягає в тому, що розвиток наукових підходів до питань управління потенціалом підприємства як основи керування його розвитком зумовлює доцільність подальшого дослідження таких термінів, як «потенціал» та «розвиток» для розкриття їх

сутності, складових елементів, видів з метою формування новітнього методологічного базису управління ними.

Дослідження окресленої теми у роботі здійснюється в такій логічній послідовності: розкрито зміст економічного потенціалу господарюючого суб'єкта, який є унікальним, тобто таким, що має певні властивості, притаманні саме цьому суб'єкту господарювання; досліджено економічний потенціал підприємства, який є складною системою, на формування якої впливають особливості його функціонування, а також такою, що містить у своєму складі низку інших видів потенціалу, що є його елементами та мають вужче значення; доведено, що економічний потенціал визначає здатність підприємства до розвитку, забезпечення економічної безпеки, фінансової стійкості та конкурентоспроможності; встановлено, що економічний потенціал є підґрунтям розвитку та складовим елементом управління розвитком підприємства; доведено, що розвиток слід розглядати як процес позитивних якісних змін, основним критерієм якого виступає здобуття нової якості, що зміцнює життєздатність підприємства; встановлено, що процес розвитку є поетапним, тому при його здійсненні, підприємство переходить від однієї стадії розвитку до іншої.

Результати дослідження можуть бути корисними як для науковців, так і для менеджерів будьякого підприємства, оскільки результативність використання економічного потенціалу, як і загалом ефективність господарської діяльності, залежить від якості управління, що здійснює керівництво підприємства.

**Ключові слова:** потенціал підприємства; розвиток підприємства; управління потенціалом; управління розвитком; економічне зростання.

Statement of the problem in general and its connection with important scientific and practical tasks. Every dynamically functioning socio-economic system needs constant renewal and development by its nature. Effective organizations become such first of all due to the ability to develop and adapt to a changing environment. Thinking in terms of continuous development is a paradigm of a modern efficient and competitive enterprise. Therefore economic entities of different levels, forms of ownership, organizational and legal forms grow and change in accordance with the requirements of the external environment, taking into account global processes of globalization, digitalization, the emergence of new competitive factors. Together this puts forward the latest demand from domestic enterprises for the development of new, more modern forms of production, technology, sales, promotion, informatization, and also raises the issue of forming a relevant management system for their development. However, this is impossible without management which will be based on substantiated management decisions and functional management technologies, which would be efficient, flexible, and innovative.

From this point of view modern innovation management should provide the management of enterprise potential as a basis for its purposeful development direction. Economic potential has many meanings, which in essence is an interpretation of the explicit and implicit capabilities of the enterprise, organization, institution, mostly unrealized and unused. When researching the economic potential we definitely mention the development of the enterprise, which indicates their close relationship. Strengthening the economic potential and its effective use opens opportunities for the business entity to develop various types of its activities, allows to achieve the planned results, solve tasks and achieve the purpose of operation. The importance of economic potential for the company becomes especially important in conditions of uncertainty, risk, which characterizes not only the domestic business environment, but also the world. In general many factors determine the need to analyze the economic potential of the enterprise, identify and create opportunities for its rapid adaptation to changing conditions, changes in internal and external environments.

This determines the feasibility of studying the economic potential management features, its structure and essence to improve the methodological support of social and economic development of the entity by disclosing and using its capabilities.

Analysis of recent research that has begun to solve the problem. Various aspects of the study of different levels and forms of social and economic systems development (from defining the essence, classification, typification to the formation of methods, levers, tools, mechanisms, subsystems and strategies for development management) are devoted the works of a number of foreign and domestic scientists, in particular Ye. P. Karlin, Ya. V. Kotlyarevsky,

S. I. Kryuchko, M. A. Kushner, A. A. Lytvynenko, V. V. Pavlov, O. P. Pashchenko and others. Domestic scientists such as I. A. Azhaman (*Azhaman and Zhydkov*, 2018), Ya. O. Baribina (*Barybina*, 2011), N. I. Verkhoglyadova (*Verkhohliadova and Kovalenko*, 2016), M. O. Dergalyuk and P. V. Krush (Krush and Derhaliuk, 2018), D. S. Kobyzsky (*Kobyzsky*, 2018), L. V. Koval (*Koval*, 2010), A. I. Orekhova (*Orekhova*, 2018), I. J. Plikus (*Plikus*, 2012), K. I. Chumakov (*Chumakov*, 2012), T. S. Shabatura (*Shabatura*, 2015) and others paid attention to the issue of enterprise potential management as the basis of its development. Various types of potential, some aspects of its management have been considered in the works of foreign scholars, including J. M. Stankiewicz (*Stankiewicz*, 2010), Timothy Hart (*Hart*, 2015), Alfreda Kamińska (*Kamińska*, 2017), Wioletta Kilar (*Kilar*, 2015), Murtaz Maghradze and Demur Sitchinava (*Maghradze and Sitchinava*, 2017), Marek Matejun (Matejun, 2010), Katarzyna Szymanska and Anna Walecka (*Szymanska and Walecka*, 2015), Agnieszka Zakrzewska-Bielawska (*Zakrzewska-Bielawska*, 2016) and others.

The importance of processing this issue has been highlighted in the work of foreign scholars including Timothy Hart (*Hart*, 2015), who has focused on developing long-term business development programs and strengthening enterprises economic potential. He considered the economic potential as a basis for enterprise development. It is worth noting that Timothy Hart used both categories together, which shows that they are closely related. Alfreda Kaminska (*Kamińska*, 2017) also considered the potential, namely innovation, as a basis for enterprise development. The author notes that the enterprises development is determined by their innovation potential level. At the heart of the innovation potential she sees the ability of the company to rationally and efficiently manage resources during the implementation of innovative projects. The understanding of the potential of the enterprise as the basis of economic development is emphasized by domestic scientists, in particular, P. V. Krush and M. O. Dergalyuk (*Krush and Derhaliuk*, 2018), A. I. Oriekhova (*Orekhova*, 2018) and others.

Katarzyna Szymanska and Anna Walecka (Szymanska and Walecka, 2015) explore organizational culture as an element of the positive potential of the enterprise, which contributes to a broader understanding of the category of «enterprise potential». They draw attention to the fact that in recent years some aspects and processes of enterprise functioning that contribute to its dynamic development have been identified and analyzed, emphasizing that one of them has a positive potential. The potentially positive impact of organizational culture on enterprise development is also discussed in (*Zanora*, 2018).

At the same time given the strong theoretical and methodological basis of the subject area of development management research, aspects of formalization of the development management system in modern enterprises and the characteristics of its components are reflected in a rather fragmentary way. The urgency of the chosen problem and the need to develop scientific bases and practical recommendations aimed at forming a management system for enterprise development has determined the purpose of the study.

Focusing on unresolved issues of enterprise potential management as a basis for its purposeful development direction and considering the scientific works of scientists and practitioners who studied the enterprise potential and its individual types, we conclude that their understanding of potential essence and its structure is indistinct. This causes difficulties in forming a methodological basis for economic potential determining in the context of enterprise development management. Special attention should be paid to the analysis of foreign scientific works to understand the opinion of foreign scientists and experts on the nature of economic potential, its relationship with development and areas of application of this category. Note that the perception of the categories «potential», «economic potential» among domestic and foreign scientists has not only common features but also differs.

The above determines the expediency of further study of such terms as «potential» and «development» to reveal their essence, constituent elements and species in order to form the latest methodological basis for their management.

**Objectives of the article.** The main purpose of this work is to form a system of enterprise potential management as a basis for its purposeful development direction. It is

proposed to realize this goal by elaborating the conceptual and categorical apparatus of economic potential management and enterprise development by revealing the essence of the categories «potential», «economic potential», «enterprise' potential» and «development» through the prism of their relationship.

Presentation of the main material of the research with substantiation of the obtained scientific results. Despite the obvious nature of enterprise' economic development, in the theory and practice of management can be found different points of view on the definition of this concept and the characteristics of its features. Therefore, there is a need to analyze the concept of «development». All the variety of views on development, presented mainly in the philosophical theory of development, can be reduced to four points of view (*Diachkov et al.*, 2021): the first group of researchers associates development with the purposefulness of change, which is not a necessary condition and even more attribute of development (*Zanora et al.*, 2019; *Perederiyenko and Kotlyarevskyy*, 2012; *Pohoryelov*, 2006); the second group considers development as a process of adaptation to the environment, which is also only a necessary but insufficient condition (*Zanora et al.*, 2019; *Koverha*, 2015); the third group of researchers replaces its development with its source – the contradictions of the system (*Rayevnyeva*, 2006; *Lytvynenko*, 2015); the fourth identifies development either with one of its properties – the progress or complexity of systems, or with one of its forms – evolution (*Pavlov*, 2015; *Pashchenko*, 2011).

Given the above within the framework of the study it is proposed to define the development of the enterprise as a consistent change of activity spheres, naturally caused by both reactive and proactive management response to environmental and external factors in order to achieve stable and effective state. This interpretation does not limit the development of the social and economic system to one of its lines (progress) or one of its forms (evolution or revolution) and provides for any qualitative change in the system. That is why the classification of types and forms of enterprise development generalized in the research (Fig. 1) allows us to consider its multifaceted and diverse nature.

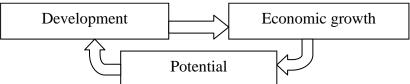


Fig. 1. Relationship between economic categories «development», «economic growth» and «potential»\*

Fig. 1 shows the classification of enterprise development types in terms of features that characterize the studied concept from different angles. It should be noted that there may be many other states between the above gradations of classification features of enterprise development in practice that differ only in the degree of certain properties expression.

It should be noted that the development of the enterprise is the emergence of something new that leads to improvement or increase the enterprise activity efficiency and forms its competitive advantages and adapts its internal potential to the conditions of external environment dynamics. Under the potential of the enterprise in this case should be considered a set of different types of resources (*Rayevnyeva*, 2006). At the same time the availability of the company's potential is not a guarantee of achieving the goal, it requires the ability to manage development processes, and its main tasks should be to agree on the goals of the company and eliminate contradictions. Therefore changes, economic growth and improvement are the necessary conditions for enterprise development. That is if there are only changes that do not result in growth then there is no improvement and development. If there was economic growth without changes so development and improvement also did not happen (*Zhylinska*, 2016).

The need for constant changes in management and business methods is due to both

<sup>\*</sup> generated by the author.

internal and external problems. Internal problems are usually functional and organizational imbalances, outdated management style and methods, archaic stereotypes of behavior, shortcomings in planning, accounting, and so on. The transition to a saturated market and the intensification of competition puts forward as a priority task of management to ensure the enterprise competitiveness. Today competition is increasingly a struggle of ideas rather than a struggle of resources. Organizations that constantly offer new innovative solutions are winning in the market. At the same time the speed of practical implementation of ideas becomes extremely important. The dynamism of the organization (its ability to quickly and large-scale maneuver with its own resources or to effective partnership in the market) becomes a crucial factor in competitiveness. Change is becoming a way of life and effective organization management becomes the dominant of the management.

An important aspect of enterprises' productive economic activity is the understanding of the possibilities (both internal and external), achieving the goal and fulfilling the tasks in an unstable, dynamic environment of their operation. These opportunities are interpreted as the potential, the level of which is the basis for enterprise development and a mandatory element of planning its activities (Fig. 1). Investigating the problem of ensuring the efficiency of Ukrainian industrial enterprises economic activity in conditions of limited resources, uncertainty and risk we must take into account the characteristics of their potential, its types and factors that affect them. This relationship is the result of understanding the economic potential as the ability of the enterprise to increase the market value of the business in the future through the use of existing combinations of resources and key competencies (*Shabatura*, 2015).

Consider the definition of potential in explanatory and other dictionaries and encyclopedias. In the «Great Explanatory Dictionary of the Ukrainian language» potential is considered as a set of all available tools, opportunities, productive forces that can be used in a particular field, industry, area; stock of something, reserve; hidden abilities, forces of any activity that can be manifested under certain conditions (*Busel*, 2002). In the «Encyclopedia of Businessman, Economist, Manager» potential is seen as available opportunities, resources, stocks, tools that can be used to achieve, accomplish something (Encyclopedia of businessman, 2000). In the «Economic Encyclopedia» it is noted that the potential is available resources to the economic entity, their optimal structure and the ability to rationally use them to achieve this goal (*Economic encyclopedia*, 2002).

Potential is also defined as the power degree, the totality of any means, opportunities, as well as the totality of available means, opportunities in any field (*Azhaman and Zhydkov*, 2018; Barybina, 2011; Verkhohliadova and Kovalenko, 2016; Krush and Derhaliuk, 2018; Kobyzsky, 2018; Koval, 2010; Orekhova, 2018; Plikus, 2012; Chumakov, 2012).

Having analyzed the main statements of scientists we believe that firstly it is not correct to specify the definition of the category «potential» as it is a generalization of any capabilities of the enterprise rather than their individual type; secondly it is appropriate to pay attention to the etymology of the concept. Thus the potential should be defined succinctly taking into account a certain feature. The authors are of the opinion that potential is a set of opportunities that can be used for development under some possible external conditions. The set of opportunities is formed by numerous internal and external factors, which include a variety of tools, resources, organizational culture, intellectual abilities of employees and market conditions. The definition focuses firstly on the probability of opportunities realization due to the need to take into account both the positive and the negative impact of internal and external factors and secondly the relationship of potential with development resulting from its implementation. As noted in the work of A. I. Orekhova (Orekhova, 2018), the possibility is the presence of conditions conducive to something, circumstances that help something; internal forces, resources, abilities (Busel, 2002). It will be recalled that both the economic activity of the enterprise in general and its potential, as well as development in particular are negatively, neutrally or positively affected by numerous external and internal conditions of its operation.

Examining the term «enterprise potential» it becomes clear that it has a narrower meaning than the concept of «potential», but in turn reflects the more specific limits of its

meaning and helps to determine what is based on such a category as «potential» in terms of enterprises as a business entity. The potential of the enterprise as an economic system can be considered from different points of view based on the resource concept, functional, resource-target and other concepts (*Chumakov*, 2012). I. J. Plikus in his scientific works argues that the effective operation and development of the enterprise, of course, are associated with its potential (potential) (*Plikus*, 2012). The study of scientific works of scientists gives an understanding that between the concepts of «economic potential» and «enterprise potential» they often do not see the difference while understanding the same.

In the conceptual and terminological dictionary «Economy: from A to Ya» «economic potential» is defined as the ability of the economy, its industries, enterprises, farms to carry out production activities, produce products, goods, provide services, meet public demand, social needs, ensure development production and consumption (*Kurochenko et al.*, 2008).

According to L. V. Koval as noted in (*Koval*, 2010) the economic potential of the enterprise is a set of organically interconnected resources and their ability to provide the main business processes within the specified risk limits in order to obtain economic benefits.

However, there is a scientific position according to which the enterprise economic potential is a broader concept than the potential of the enterprise. The main element that determines the magnitude and conditions of growth of economic potential is the potential of the enterprise, which is part of the economic potential and differs from the latter that its structure does not include economic ties, which fully belong to the production links of primary industry and considered as the aggregate potential of the maximum possible volume of production of material goods and services in conditions that ensure the most efficient use of time and productivity of available economic resources. According to this interpretation, the concept of economic potential in relation to an individual enterprise characterizes not so much production potential as the integrated ability of the enterprise to meet consumer needs and take into account the interests of the state, making optimal use of available economic resources (Koval, 2010). The economic potential of the enterprise reflects the abilities and capabilities that are formed in the enterprise in the presence at a certain point in time of a set of resources, production potential, other reserves (*Azhaman and Zhydkov*, 2018).

As for foreign publications (Stankiewicz, 2010; Hart, 2015; Kamińska, 2017; Kilar, 2015; Maghradze and Sitchinava, 2017; Matejun, 2010; Szymanska and Walecka, 2015; Zakrzewska-Bielawska, 2016; Tsetskhladze, 2016), they determine the economic potential firstly in the context of opportunities for development, economic growth at the macro and micro levels and secondly as opportunities to implement certain economic processes and types of resources or products. Economic potential studies are generally conducted if certain resources have not been used, for example, by an enterprise, country or underutilized. The economic potential of the enterprise is mentioned in connection with development and economic growth as a category that is the narrower meaning of the capabilities of the entity. Note that domestic scientists, in particular in (Kobyzskyi, 2018), also consider economic potential as an opportunity to implement various business processes in the context of improving the efficiency of the enterprise and draw attention to the need for research, in particular, human resources in the context of innovative development of Ukraine.

Studying the scientific works of scientists it becomes clear that each of them understands the economic potential from different points of view regarding the corresponding deviation in one direction or another. As a basis for defining the term «economic potential of the enterprise» we use the concept of «potential». As a result the economic potential of the enterprise will be defined as a set of opportunities of the enterprise that can be used in economic activities for its development under certain possible external conditions. Enterprise development is defined as a continuous increase in the efficiency of the enterprise and ensuring current efficiency in changing conditions. This is possible due to changes in different parts of the organizational system and ways of implementing management functions (*Matejun*, 2010).

Among the main approaches used to understand the potential some authors distinguish resource, functional and effective (*Shabatura*, 2015). At the same time such approaches as

systemic, organizational, dynamic (Barybina, 2011), entrepreneurial, target, effective, activity (Verkhohliadova and Kovalenko, 2016) and others are also considered. Summarizing these approaches used to determine the potential (Azhaman and Zhydkov, 2018; Verkhohliadova and Kovalenko, 2016; Krush and Derhaliuk, 2018; Koval, 2010; Orekhova, 2018; Plikus, 2012; Chumakov, 2012) it is necessary to identify those that in our opinion are the main and relevant today, in particular: 1) resource; 2) system; 3) dynamic; 4) complex. We describe these approaches to potential building in more details. Thus, according to the resource approach the potential is considered as a set of available resources that have a certain socio-economic system (Verkhohliadova and Kovalenko, 2016). According to the systematic approach the basis of enterprise potential is a systematic set of means of labor, objects of labor, employees, taking into account their intellectual and moral and ethical qualities, work experience, motives, incentives and traditions that have developed in the team. The use of a dynamic approach involves considering the potential of the enterprise as a dynamic criterion of management efficiency in the processes of operation and development of the enterprise (Barybina, 2011). An integrated approach is one of the types of systemic which involves taking into account the whole set and diversity of potential determination aspects.

In our opinion the integrated approach is the latest and meets the modern requirements of managers taking into account many different aspects of economic activity of the enterprise when managing its potential. Given that in the process of economic activity ralisation there is a need to take into account one or another type of opportunities in certain operating conditions, it is appropriate to develop a classification of potential types, the use of which will facilitate optimal management decisions. According to the results of systematization of well-known characteristics of potential, as well as analysis of scientific and professional literature, the classification of potential was formed, which is given in the table 1.

Table 1. Classification of potential types\*

| No. | Classification feature  | Potential types                                 |
|-----|---|---|
| 1   | By the nature of the manifestation                            | Hidden; apparent                                |
| 2   | By appointment  | Basic; auxiliary (providing)                    |
| 3   | By environment of origin                                      | Internal; external                              |
| 4   | Depending on the tasks performed                              | Base; individual, target                        |
| 5   | By economic component   | Unprofitable; profitable                        |
| 6   | Depending on the degree of implementation                     | Actual (achieved result); promising             |
| 7   | By relevance  | Actual; irrelevant                              |
| 8   | By frequency of action  | Temporary (short-term; long-term); constant     |
| 9   | Measurable  | Measurable; poorly measurable; immeasurable     |
| 10  | According to the degree of expediency and economic return     | Useful; useless                                 |
| 11  | By the nature of management decisions                         | Relevant; not relevant                          |
| 12  | According to the degree of security                           | Sufficient; limited                             |
| 13  | If possible   | Relative; the most real                         |
| 14  | By degree of use  | Active; passive                                 |
| 15  | According to the period of coverage                           | Current; tactical; strategic                    |
| 16  | By properties   | Typical; specific                               |
| 17  | By structure  | Complex; simple                                 |
| 18  | By ability to develop   | Static; dynamic                                 |
| 19  | By degree activity  | Hyperactive; active; passive                    |
| 20  | By the nature of origin                                       | Objective; subjective                           |
| 21  | By the nature of the impact on activities                     | Clean; speculative                              |
| 22  | Predictable   | Provided; unforeseen                            |
| 23  | By level of efficiency  | Effective; inefficient                          |
| 24  | On a scale  | Minimum; minor; considerable; maximum           |
| 25  | According to the probability of formation, implementation and | Impossible; unlikely; probable; quite probable; |
|     | development   | possible  |
| 26  | According to the consequences                                 | Positive; neutral; negative                     |
| 27  | According to the features of management                       | Relational; non-relational                      |

#### Continuation of tabl. 1

| 1  | 2                                   | 3   |
|----|-------------------------------------|---|
| 28 | By type of main groups of resources | Natural; intellectual and informational; financial; |
|    |                                     | personnel (labor); material                         |
| 29 | By degree of implementation         | Implemented (used); partially implemented           |
|    |                                     | (partially used); unrealized (unused)               |
| 30 | By involvement                      | Involved; idle                                      |

<sup>\*</sup> formed by the author on the basis of (Barybina, 2011; Koval, 2010; Orekhova, 2018; Plikus, 2012; Chumakov, 2012; Shabatura, 2015; Stankiewicz, 2010; Zakrzewska-Bielawska, 2016; Tsetskhladze, 2016).

According to the results of the study we can state that the potential has a broad classification and it is a category that reflects various aspects of economic activity of the enterprise (institution, organization).

The potential was classified according to thirty characteristics which makes it possible to reflect its various aspects in the process of enterprise management. Among the features of Western scientific thought about the potential and its types we determine the use of its type as a positive potential. Thus the subject of research of Polish colleagues is, for example, positive organizational potential which is understood as the state, levels and configuration of organizational resources that determine a positive climate and a positive organizational culture (Stankiewicz, 2010).

The interest of scientists and specialists in the problem of determining and managing the potential is due to its impact on business, development, economic growth, economic security, competitiveness, financial stability of the entity. That is due to the economic potential of the company stabilizes and develops its activities as well as creates advantages in the market over competitors. The importance of economic potential for the proper enterprise functioning determines the need to elaborate strategic management issues.

**Conclusions, discussions and recommendations.** Based on the results of the study we can draw the following conclusions:

- 1) the potential (economic potential) of each individual enterprise is unique and has certain properties inherent in this particular business entity;
- 2) the potential (economic potential) of the enterprise is a complex system, the formation of which is influenced by the peculiarities of its operation and contains a number of other types of potential that are its subsystems (elements) and have a narrower meaning;
- 3) potential (economic potential) determines the ability of the enterprise to develop and ensure economic security, financial stability, competitiveness, etc.;
- 4) potential (economic potential) is the basis of development and an integral element of enterprise development management;
- 5) development is seen as a process of positive qualitative changes and the main criterion of development is the acquisition of new quality which strengthens the viability of the enterprise. The development process is phased and in its implementation the company moves from one phase (or stage) of development to another.

A systematic approach to the organization is a link between the concepts of enterprise development management and other areas of management. Its use allows you to move from general management of enterprise development to specific activities in the company functional areas. The enterprise in this model acts as a combination of three subsystems (cultural, social and technical) and many constituent elements, continuously interacting with each other and forming a complex dynamic system. Thus the sphere of development management is divided into several spheres which fully cover the life of the enterprise.

It should be noted that the effectiveness of the enterprise potential usage as well as the efficiency of economic activity in general depends on the quality of management carried out by the enterprise' top management. Economic potential strategic management is important because it envisages its development in the future and should ensure the gradual growth of indicators.

#### **Copyrights**

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