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## STRATEGIC PLANNING FOR THE CORPORATE ENTERPRISE'S INTEGRATIVE DEVELOPMENT

*This article is dedicated to the systematization of theoretical positions and the development of approaches concerning the strategic planning of integrative development for corporate enterprises. It identifies the role and place of integrative strategy (as a set of strategic decisions determining the type and depth of interaction between the enterprise and other business entities or their associations) within the strategic planning system of corporate development. It establishes that the main provisions of the integrative strategy of a corporate enterprise should stem from and be fully aligned with other aspects of strategic development planning. The formation of an integrative strategy for a corporate enterprise is proven to be an integral element in reducing uncertainty and risks during the processes of integrative-type development. This paper substantiates the approach to the sequence of forming an integrative strategy for a corporate enterprise and defines the nature of strategic decisions, which play a pivotal role in ensuring further sustainable development of the business through the implementation of integrative interaction projects (entry into new markets; achieving a monopolistic position in the market; obtaining economies of scale; necessity for complementing or improving existing technologies; cost savings on expensive product development and creation; reduction of costs through the expansion of the supplier or distribution network; need to reduce risks). It establishes the prerequisites for justifying strategic plans for integrative processes, which include the following elements: a complex of desired qualitative and quantitative parameters of the corporate enterprise, the achievement of which is the goal of the overall corporate strategy; principles, rules, and norms for aligning the interests of participants in integrative processes; methods and forms of regulation predominantly used in the implementation of an integrative strategy; principles, rules, and norms for selecting sources of financing for integrative development; principles, rules, and standards for determining partners to form a corporate integrative association.*

*Keywords:* integration, integrative strategy, integrative development, corporate enterprise, strategic planning, corporate integrative association.

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## СТРАТЕГІЧНЕ ПЛАНУВАННЯ ІНТЕГРАЦІЙНОГО РОЗВИТКУ КОРПОРАТИВНОГО ПІДПРИЄМСТВА

*Стаття присвячена систематизації теоретичних положень та розробці підходів щодо стратегічного планування інтеграційного розвитку корпоративного підприємства. Визначено роль та місце інтеграційної стратегії (як сукупності стратегічних рішень, які визначають різновид та глибину взаємодії підприємства з іншими суб'єктами бізнесу або їх об'єднаннями) в системі стратегічного планування корпоративного розвитку підприємства. Встановлено, що основні положення інтеграційної стратегії корпоративного підприємства мають витікати та бути повністю погодженими з іншими аспектами стратегічного планування розвитку. Доведено, що формування інтеграційної стратегії корпоративного підприємства є невід'ємним елементом зниження невизначеності та ризиків під час здійснення процесів інтеграційного типу розвитку. Дано*

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*обґрунтування підходу щодо послідовності формування інтеграційної стратегії корпоративного підприємства. Визначено характер стратегічних рішень щодо забезпечення подальшого сталого розвитку бізнесу при реалізації проектів інтеграційної взаємодії (вихід на нові ринки; досягнення монопольного становища на ринку; отримання економії за рахунок ефекту масштабу; необхідність доповнення або вдосконалення технологій, що існують; отримання економії на дорожніх роботах по розробці і створенню нових видів продукції; зниження собівартості за рахунок розширення мережі постачальників або збуту; необхідність зниження ризиків). Встановлено передумови обґрунтування стратегічних планів щодо здійснення інтеграційних процесів, до складу яких віднесено наступні елементи: комплекс бажаних якісних та кількісних параметрів корпоративного підприємства, досягнення яких є метою загальнокорпоративної стратегії бізнесу; принципи, правила та норми погодження інтересів учасників інтеграційних процесів; способи і форми регулювання здійснення інтеграційних процесів, які мають переважно використовуватися при реалізації інтеграційної стратегії; принципи, правила та норми вибору джерел фінансування інтеграційного розвитку; принципи, правила та норми визначення партнерів для утворення корпоративного інтеграційного об'єднання.*

*Ключові слова:* інтеграція, інтеграційна стратегія, інтеграційний розвиток, корпоративне підприємство, стратегічне планування, корпоративне інтеграційне об'єднання.

**Problem Statement.** Modern industrial enterprises represent autonomous entities organizationally and economically distinct within the economic system. They are characterized by the freedom to make business decisions and responsibility for legally binding obligations, among other attributes. An enterprise is a complex production-economic system that, on the one hand, is subordinate to or part of a higher hierarchical system (such as territorial and national economic systems, industrial sectors or subsectors) and, on the other hand, plays an integrative role in terms of goal-setting, coordination, and management of activities within its lower-level production subsystems (divisions, groups, and individual employees). The state and dynamics of an enterprise's ongoing activities and development are primarily influenced by changes in its external environment or internal transformations associated with its internal drive for self-organization and self-regulation, as well as its initiatives to form various types of cooperation with other economic entities. As a result of such formations, an integrative association may be created that operates more efficiently, stably, and profitably than each of the enterprises forming the association individually.

The implementation of integrative processes has become most prevalent in corporate business (notably in joint-stock companies), a trend influenced by the unique features and distinctions of this business operation. A vital characteristic of the joint-stock form is the corporate relationships within and around corporate enterprises.

**Analysis of Recent Research and Publications.** The theoretical and methodological foundations for planning integrative processes have been considered in the works of scholars such as Boer-de Wit M. [11], Chang Y.-M. [1], Cimino-Isaacs C. [2], Fengel J. [6], Herrera Z.J. [9], Hufbauer G.C. [2], Kok H. [11], Lampert M. [3], Myrick C.B. [10], Osterwalder A. [4], Paulheim H. [6], Perez C. [5], Pigneur Y. [4], Rebstock M. [6], Sawyer T.Y. [7], Schott J.J. [2], Teece D.J. [8], Vakkur N.V. [9], Vieiro M. [2], Wada E. [2], Whittle R. [10], Wiggers P. [11], Xiao R. [1], Zhang D. [12], among others. However, the issue of defining the essence of an integrative strategy and its place in the system of corporate enterprise strategies still needs to be explored.

**Research Objective.** This study aims to systematize theoretical positions and develop approaches to strategic planning for integrative development in corporate enterprises.

**Research Findings.** Integrating a specific enterprise entails a complex process of organizational, structural, functional, and other changes that affect all aspects of enterprises forming a corporate integrative association (CIA). The implementation of integrative processes is a critical element in the broader context of the business's socio-economic development.

The core provisions of an integrative strategy for a corporate enterprise must originate and be fully aligned with other aspects of strategic development planning. The absence of such alignment and the lack of necessary knowledge among corporate enterprise managers and those responsible for carrying out integrative processes at joint-stock companies often leads to the formation of CIAs through an extensive approach. During such CIA formations, the overall corporate strategy and its organizational structure, which are not adapted for expansion, remain unchanged. In this case, the formation is only realized by increasing the number of workers and subordinate structures. Often, this results in creating a CIA whose structure does not comply with economic laws and principles.

Forming an integrative strategy for a corporate enterprise is an indispensable element in reducing uncertainty and risks during the execution of integrative-type processes by a joint-stock company. Without an integrative strategy in the corporate enterprise's system of strategies, businesses often operate "post facto," that is, they react to changes in the environment only after they have occurred. In contrast, formulating and implementing an integrative strategy allows a corporate enterprise to anticipate possible development scenarios and make necessary adjustments to its behavior. Thus, forming an integrative strategy significantly reduces the risks associated with integration and overall development.

Covering all strategic aspects of implementing an integrative strategy can lead to the loss of key clients and employees, uncontrollable expenses, and ultimately, a decrease in the value of the corporate enterprise and the cessation of the integration process.

The success of integration depends on how effectively the unique opportunities that arise from integrating the economic and social systems of different corporate enterprises are utilized.

The development program for a joint-stock company should include a detailed consideration of all types of development, from internal growth to the formation of conglomerates and merger-acquisition processes. These processes are interconnected and require coordination. Thus, even if a corporate enterprise does not pursue an aggressive integrative strategy, including the possibility of integration in the strategic plan is necessary for sustainable and predictable development.

Forming an integrative strategy begins simultaneously with the formation of the overall corporate strategy. According to the author, the sequence of creating an integrative approach for a corporate enterprise consists of six main stages: formulating the general corporate strategy of the enterprise, its goals and objectives; analyzing the conditions of the corporate enterprise's activity; determining the development option and type of CIA; identifying a partner for forming the CIA; planning the integration process; and analyzing the overall plan for implementing integrative processes.

Formulating an integrative strategy for a corporate enterprise consists of several key stages. Here, we delve deeper into each phase, highlighting its significance and the strategic actions involved.

**First Stage: Formulating the General Corporate Strategy, Goals, and Objectives.** At this initial stage, the overarching corporate strategy is developed, priorities are set, and specific objectives that the enterprise aims to achieve are formulated. This foundation sets the direction for all subsequent strategic considerations and integrative efforts.

**Second Stage: Analyzing the Operating Conditions of the Corporate Enterprise.** During this stage, a thorough assessment of the current state and development prospects of the internal environment (economic potential) and the external surroundings of the corporate enterprise is conducted. This includes comparing the characteristics of both environments and understanding the potential implications of external changes on strategic business positions. Key distinctions of transformations in the external environment, such as directionality, intensity, predictability, and timing, are evaluated. The internal environment of the enterprise is also heterogeneous, with components that may react differently to market changes. A critical differentiation criterion here is resilience, defined as the ability of internal environment elements and their interconnections to maintain stability (unchanged composition and structure) under external transformations. The degree of resilience is associated with the intensity, character, and direction of external influences, under which there is no need for internal transformations while maintaining a certain level of internal efficiency (to preserve and develop adaptive properties).

**Third Stage: Strategic Synthesis and Refinement.** Comparing the properties of the internal and external environments leads to the refinement of the general corporate strategy. This encompasses the most general target settings and the cultural-ideological orientations that characterize the enterprise's activities' purpose (mission) and principles. Such analysis is crucial for defining the future direction of development and, in the case of integration, for shaping the integrative strategy of the corporate enterprise. During this analysis, the preconditions that push the business towards integration are identified, as are the reasons why the corporate enterprise cannot continue to develop independently. The nature of these preconditions entirely dictates the integrative strategy and its implementation form. They also influence the organizational and legal form of the future corporate integrative association and the type and degree of synergistic effect required to achieve the general corporate strategy.

**Fourth Stage: Industry and Market Analysis.** An essential part of this stage is analyzing the corporate enterprise's industry, its market position, technologies, products, resources, structure, and growth dynamics. It involves defining and forecasting the balance of forces, assessing the impact of macroeconomic factors, and studying potential technological, legislative, and competitive changes and demand fluctuations. It is essential to identify the driving forces to determine the industry's critical success factors and evaluate its competitiveness and prospects.

**Fifth Stage: Prospective Analysis for Integration.** This involves analyzing the prospects for the corporate enterprise's further development within its chosen industry and assessing the potential for entering new industries through forming a corporate integrative association (CIA).

Each of these stages contributes to a comprehensive understanding of the enterprise's current and future positioning, guiding the formulation of a robust integrative strategy that aligns with both immediate and long-term objectives. This strategic formulation process ensures that the enterprise is reacting to environmental changes and proactively shaping its destiny through deliberate, strategic integration.

Based on the analysis of each activity condition block conducted in the preliminary phase, specific recommendations are formulated regarding the further development path (independent or integrative). The corporate enterprise's strategic decisions regarding the assurance of sustainable business development are determined based on the analysis of activity conditions and their alignment with the overall corporate strategy. These decisions include entering new markets, achieving a monopoly position, leveraging economies of scale, the necessity of supplementing or enhancing existing technologies, achieving cost savings through high-cost development and production of new products, reducing production costs by expanding the network of suppliers or distributors, and the need to mitigate risks.

Each strategic decision is a pivotal point that shapes the future of the corporate enterprise. These decisions, whether it's diversifying activities, expanding market reach, or adopting a vertically integrated approach, are aimed at achieving the necessary strategic outcomes. The results of the analysis of activity conditions, the establishment of an overarching corporate strategy, and the determination of the development path serve as a foundation for formulating a comprehensive set of methods for the corporate enterprise, which includes an integrative component.

A growth strategy for the corporate enterprise is identified from the analysis of activity conditions and their alignment with the overall corporate strategy. This strategy, which may align with one of the following: market penetration, market development, product development, backward vertical integration, forward vertical integration, concentric diversification, horizontal diversification, conglomerate diversification, harvesting, cost reduction, or divestiture, is a result of a meticulous process that takes into account various factors and scenarios.

For the selected strategy, key factors that ensure competitiveness are identified. The choice between an integrative or independent development path for the corporate enterprise is made through several stages: evaluating internal factors that contribute to competitiveness, assessing external factors, determining the volume of strategic resources needed to maintain competitiveness, identifying corporate needs for strategic resources, evaluating opportunities for sourcing strategic resources externally, and deciding on the sources and conditions for resource utilization to sustain competitiveness.

In scenarios where increasing the absolute volume of strategic resources available to the corporate enterprise is impossible, any change in resource consumption will only be possible through a shift in the ratio of substitutable resource utilization or external sourcing. Therefore, if the effective use of existing strategic resources is insufficient to achieve the overarching corporate strategy, acquiring additional resources or merging with another corporation possessing the necessary resources becomes essential.

At the core of strategic planning for integration processes lies the crucial task of identifying a minimal number of genuinely critical and scarce resources. These

resources, once acquired, often require significant financial and time investments. Experience has shown that the number of such genuinely critical, primary strategic resources typically falls within the range of ten. The key objective in assessing resource needs during the formation of an integration strategy for a corporate enterprise is not to precisely calculate the need for necessary strategic resources, but rather to evaluate their profound impact on the enterprise's competitiveness.

For each development strategy of a corporate enterprise, the factors determining competitiveness will vary, and different factors will drive the business towards integrative or independent development paths. Some methods do not involve the integration development of the corporate enterprise; these are reduction strategies, including harvesting, cost reduction, and liquidation.

For other strategies, specific factors and strategic resources play a pivotal role in effective activity, ensuring competitiveness, and determining further development paths. Once the key factors influencing a particular development path for the corporate enterprise are identified and their significance assessed, they undergo a rigorous comparison through expert analysis. This analysis forms the basis for the formulation of general recommendations, guiding the selection of a specific path.

By analyzing the activity conditions of the corporate enterprise and identifying the main critical factors for implementing a specific strategy, it becomes possible to formulate specific strategic plans for conducting integration processes. These plans encompass a wide range of elements, including: a set of desired qualitative and quantitative parameters of the joint-stock company, which serve as the goal of the overall corporate strategy; principles, rules, and norms for harmonizing the interests of participants in integration processes; methods and forms of regulating integration processes that should be predominantly used in implementing the integration strategy; principles, rules, and norms for selecting financing sources for integration development; and principles, rules, and standards for determining partners for forming a corporate integration association.

Thus, the outcome of this stage is not just the determination of the corporate enterprise's development path, but the potential for significant growth and success. In the case of choosing integrative development, the formation of a certain set of strategic recommendations regarding the principles, rules, and sequence of development through the execution of integration processes opens up new horizons for our corporate enterprise.

Comparing the overall corporate strategy and analyzing both the external and internal environments allows for identifying specific sources of synergistic effects necessary for the development of the corporate enterprise and the likelihood of achieving them.

**Conclusions.** Implementing integration processes significantly enhances the resilience of enterprises and strengthens the position of integrated structures in the market. It also aids in achieving a dominant market position, reducing costs through scale effects and savings on research and development activities, entering new markets, reducing operational risks, facilitating the penetration of technological innovations, and much more. Even in cases where an enterprise does not adhere to a development strategy through integration, elements of the integration strategy as a constant component of the enterprise's strategic plans are still incorporated into other

strategies. Therefore, defining "integration strategy" and its place within the enterprise's strategy complex is crucial. An integration strategy comprises a set of strategic decisions that define the type and depth of an enterprise's interaction with other business entities or their associations.

Directions for further research in this field are linked to the development of organizational and methodological support for forming corporate integration associations through mergers and acquisitions. This involves enhancing frameworks that facilitate the strategic alignment and operational execution of integration, ensuring that enterprises can maximize the benefits of such endeavors efficiently and sustainably.

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