

Research of the main factors' influence on the strategy realization in the bulgarian enterprises

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Abstract: *The practice shows that the segmentation of the company business environment is making the strategic decisions difficult task for the bulgarian managers. A cardinal unit for company's environment analysis is the so called strategic business-zone (SBZ) - separate section by the company's surrounding, that the company has or wants to receive access to. SBZ qualified itself with consumer's demand and needs and specific technology. They are characterized from parameters like: perspectives of the growth, from demand's life cycle view point; expected degree of instability and factors of successful competition for the future. The main task of survey is: to be explored the specific factors' influence on the strategic decisions in the bulgarian enterprises.*

The main exploratory theory is confirmed, that to be made enough adequately strategic decision bulgarian managers must to decide among so many different factors and select the appropriate strategic business zones with the biggest potential for the company.

Keywords: MAIN FACTORS; STRATEGIC DECISIONS; SUCCESSFUL COMPETITION; BULGARIAN ENTERPRISES

1. Introduction

In addition to resource constraints, Bulgarian companies are increasingly affected by the legislative framework, social pressure, interference in decision-making by various groups, both outside and outside companies, which makes the management process complex and difficult [1],[2],[3]. In recent decades, the number of restrictions in one form or another has increased: the ever-changing needs of buyers, governments, especially European decision-makers, and the general public, which is increasingly frustrated by companies [4],[5],[6]. Thus, relations with the neglected society become a key problem for companies. Therefore, in addition to developing market and resource strategies, companies must begin to develop strategies tailored to their relationships with society [7].

Practice shows that the segmentation of the company's environment in making strategic decisions is a difficult task for Bulgarian managers [8],[9],[10]. This is partly due to the habit of managers to see the external environment from the standpoint of their products and the reluctance to see the environment as a place for the birth of new needs [11], [12], [13], [14].

The main unit for analysis of the company's environment is the so-called strategic business area (SBA) - a separate segment of the environment to which the company has or wants to gain access. SBA is characterized by a certain need and demand, and the corresponding technology [15], [16], [17]. They are determined by parameters such as: growth prospects, in terms of demand life cycle; expected level of instability and factors for successful competition in the future [18], [19].

The main research problem is: To study the potential factors influencing the strategic decisions of Bulgarian enterprises.

The study supports the main research hypothesis, namely that in order to make a sufficiently adequate strategic decision, Bulgarian managers must assess in the process of market segmentation a large number of combinations of parameters and factors and identify appropriate strategic business areas (SBA), with the most great potential for the company. **The purpose of this study is** to assess and rank in groups and most importantly the factors influencing strategic decisions in Bulgarian enterprises.

2. Research

In order to determine the influence of factors on strategic decision-making, a study was conducted in 500 companies in Bulgaria. This BPM research report summarized information provided by 628 respondents who participated in the survey within the period of two years (2020-2021). The representative sample includes enterprises from the food industry, processing industry,

chemical industry, tourism, agricultural sector, transport, trade, telecommunications, energy sector enterprises. The survey includes 45 questions on the factors of demand growth, general management, financial management, marketing, production and technology and scientific and technical development, which are essential conditions for the company's strategy. The scale for evaluating the answers is as follows: (5) - small value, (4) - lower than the average, (3) - medium value, (2) - high value, (1) - especially high value. The survey was conducted on site, and it took the interviewed managers about 8-15 minutes to complete the questionnaire.

3. Methodology, research and discussions

After collecting the surveys, the obtained primary data are processed according to the following methodology:

1. *Tables have been drawn up* in which the data for assessment of the importance of the respective indicators are filled in.

2. *When obtaining the value of the significance*, a specific score is entered for each answer.

3. *The distribution of the values according to the specific indicators* is presented by one-dimensional frequency distribution in absolute and relative values.

4. *Separate tables are compiled*, in which the obtained values are distributed. They group the questions according to the main studied features: General Management, Financial Management, Marketing, Production, Research and Development.

5. *The weighted average value* (summary assessment) for each group of questions is derived, which ranks the studied indicators by degree of importance.

6. *The factors of influence are defined and grouped* as follows: Management - efficiency, growth, maturity, diversification, degree of risk, project management, multinational company, social functions; Financial management - analysis of sales, control functions, distribution of funds, obtaining credit, payment of taxes, cash availability, capital investments, impact of inflationary processes, movement of products on the market; Production - inventory management, production distribution, material and technical supply, labor relations, automation, product class change, technology adaptation; Marketing - market research, trial marketing, sales, advertising, mass production, production of single orders, market expansion, international marketing, research and development - research, adaptation, innovation, imitation, modernization, production technology.

➤ The main factors of the **General Management group**, ranked by the weighted average summary score, are ranked in the sequence shown in Fig. 1.

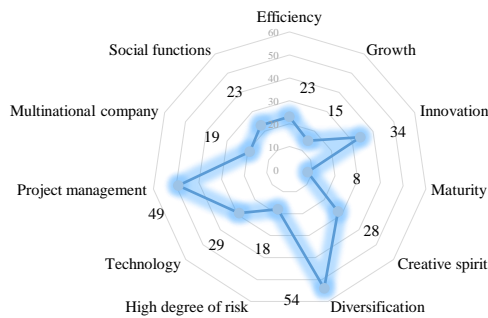


Fig. 1. Distribution of the factors from the General Management group that influence the strategic decisions in the Bulgarian enterprises

Diversification - This indicator was assessed with great importance, as about 79% of respondents rated it with great importance, and 20% with great importance.

Project management is ranked second, with nearly 60% attaching particular importance to it and 31% attaching great importance to it. This distribution shows that managers align their future strategic decisions with the need to absorb funds from European projects as an effective tool for working in times of crisis and subsequent depression.

Innovation is ranked third, with 51% describing it as an indicator of particular importance, 26% of great importance and only 10% underestimating it. This suggests that this factor strongly influences strategic decision-making in Bulgarian companies, although many of them do not have the financial resources to afford them.

Technology is ranked 4th. 30.7% identified it as a factor of particular importance, 39.1% as a factor of great importance and only 3.5% underestimated it.

In fifth place is the **Creative Spirit** indicator. 38% attached great importance to it when compiling the company's strategy, just as many -38% attached great importance to it and only 5.8% answered that it is irrelevant.

Efficiency is ranked 6th. 34.9% rated it too high, 23.8% attached great importance to it, and 5.2% gave it little importance in making strategic decisions.

Social functions is ranked 7th, with about 21% giving it great importance, 37.9% great importance, 32.8% average importance and 1.2% underestimating it.

The multinational nature of the company is ranked 8th. 19.5% rated it with great importance, 39.9% with great importance, 16% gave it medium importance and about 5% underestimated it.

High level of risk is ranked 9th among the factors that influence strategic decision making. 19.5% attached great importance to it, 34.1% attached great importance to it and 12% underestimated it.

The growth as a stage of the product life cycle is ranked 10th. Only 5% rated it as an indicator of great importance, 9.9% of great importance, 48.4% - of medium importance and 32.7% - with a value below average.

Maturity as a stage of the product life cycle is ranked last. Only 2% rated it as an indicator of particular importance, 12.9% of great importance, 50.4% - of medium importance and 30.4% - with a value below average.

➤ The main factors from the **group Financial Management**, classified by means of the weighted average summary assessment, are ranked in the sequence shown in Fig.2.

Sales analysis - this indicator was assessed with great importance, as about 81% of respondents rated it with great importance, and 19% with great importance.

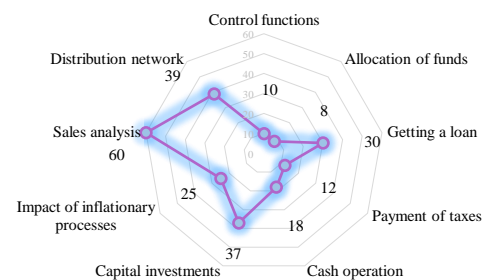


Fig. 2. Distribution of the factors from the group Financial Management, which influence the strategic decisions in the Bulgarian enterprises

Capital investment is ranked second, with nearly 49% attaching particular importance to it and 30% attaching great importance to it.

The development of the distribution network is ranked third, with 61% describing it as an indicator of particular importance, 28% of great importance and only 11% underestimating it.

Obtaining a loan is ranked 4th. 32.9% defined it as a factor of particular importance, 34.3% as a factor of great importance and only 4.1% underestimated it.

In fifth place is the indicator **Impact of inflation**. 42% attached great importance to it when compiling the company's strategy, 28% attached great importance to it and only 6.8% answered that it was irrelevant.

Cash operation is ranked 6th. 31.8% rated it too high, 28.8% attached great importance to it, and 8.2% attached little importance to it when making strategic decisions.

Payment of taxes is ranked 7th, with about 26% attaching great importance to it, 40.1% great importance, 30.1% medium importance and 3.2% underestimated it.

Control functions is ranked 8th. 14.5% rated it with great importance, 45.4% with great importance, 13% gave it medium importance and about 4.7% underestimated it.

Allocation of funds is ranked 9th among the factors that influence strategic decision making. 15.7% attached great importance to it, 44.1% attached great importance to it and 11% underestimated it.

➤ The main factors from the **Marketing group**, ranked by the weighted average summary score, are ranked in the sequence shown in Fig. 3.

Sales - this factor was assessed with great importance, as about 85% of respondents rated it with great importance, and 15% with great importance.

Advertising is placed in second place, with nearly 67% attaching great importance to it, and 33% attaching great importance to it.

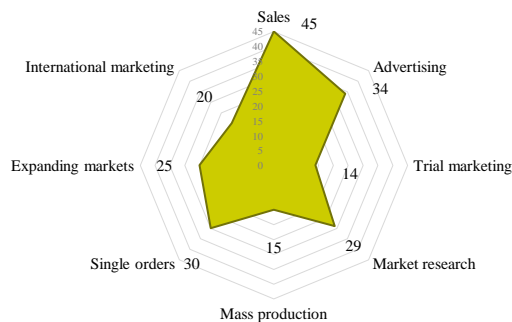


Fig. 3. Distribution of the factors from the Marketing group that influence the strategic decisions in the Bulgarian enterprises

Single orders were ranked third, with 56% describing it as an indicator of particular importance, 36% of great importance and only 9% underestimating it. This shows that more and more managers are adapting their strategies to the individual client.

Market research is ranked 4th. 34.9% described it as a factor of particular importance, 35.1% as a factor of great importance and only 4.5% underestimated it.

In fifth place is the indicator **Market expansion**. 35% attached great importance to it when compiling the company's strategy, just as many as -35% attached great importance to it and only 9% answered that it is irrelevant.

International marketing is ranked 6th. 40.9% rated it too high,

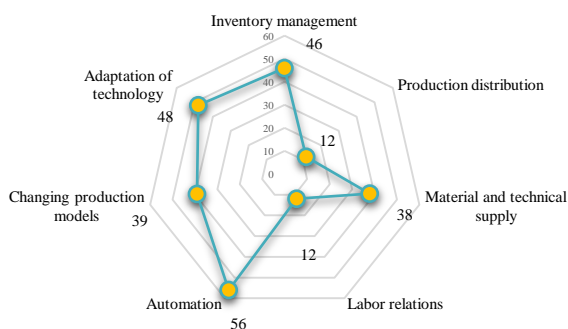


Fig.4. Distribution of the factors from the group Production, which influence the strategic decisions in the Bulgarian enterprises

21.3% attached great importance to it, and 8.2% gave it little importance in making strategic decisions.

Mass production is ranked 7th, with about 28% attaching particular importance, 33.3% importance, 31.8% medium importance and 2.3% underestimating it.

Trial marketing is ranked 8th. 15.9% rated it with great importance, 42.1% with great importance, 19% gave it medium importance and about 3% underestimated it.

➤ The main factors from the **Production group**, classified by means of the weighted average summary assessment, are ranked in the sequence shown in Fig.4.

Automation - this factor was assessed with great importance, as about 87% of respondents rated it with great importance, and 13% with great importance. **Adaptation of technology** is in second place, with nearly 59% attaching particular importance to it and 38% attaching great importance to it.

Inventory management is ranked third, with 61% describing it as an indicator of particular importance, 23% of great importance and only 16% underestimating it.

Changing the product model is ranked 4th. 29.7% described it as a factor of great importance, 41.9% as a factor of great importance and only 8.5% underestimated it.

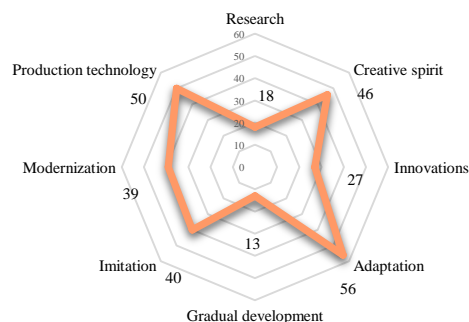


Fig. 5. Distribution of the factors from the Research and Development group that influence the strategic decisions in the Bulgarian enterprises

In fifth place is the indicator **Material and technical supply**. 34% attached great importance to it when compiling the company's strategy, 40% attached great importance to it and only 6.2% answered that it was irrelevant.

Production Distribution and **Labor Relations** are ranked 6th. As the Allocation of Resources -33.2% rated it too high, 28.7% attached great importance to it, and 8.2% attached little importance to it when making strategic decisions. While Labor Relations - 28% attached great importance, 40.9% great importance, 26.8% medium importance and 4.3% underestimated it.

➤ The main factors from the **Research and Development group**, ranked by the weighted average summary assessment, are ranked in the sequence shown in Fig. 5.

The adaptation of innovations from the outside - this factor was assessed with great importance, as about 83% of respondents rated it with special importance, and 17% with great importance.

Production technology is in second place, with nearly 61% attaching great importance to it and 39% attaching great importance to it.

Creative spirit is ranked third, with 59% describing it as an indicator of particular importance, 20% of great importance and only 13% underestimating it.

The imitation is ranked 4th. 32.7% defined it as a factor of great importance, 38.5% as a factor of great importance and only 5.9% underestimated it.

In fifth place is the indicator **Modernization**. 36% attached great importance to it when compiling the company's strategy, 43% attached great importance to it and only 7.2% answered that it was irrelevant.

Innovations are ranked 6th, with -28.2% rated it too high, 32.7% attaching great importance to it, and 9.2% attaching little importance to it when making strategic decisions.

The surveys are ranked seventh in importance - 23% gave special importance, 42.9% great importance, 25.4% medium importance and 2.3% underestimated it.

Gradual development is ranked eighth. 29.9% rated it too high, 31.3% attached great importance to it, and 9.2% attached little importance to it when making strategic decisions.

The results of this study confirm the hypothesis, namely that in order to make an adequate strategic decision, Bulgarian managers must assess in the process of market segmentation a large number of combinations of parameters and factors and identify appropriate strategic business areas with the greatest potential. For the company.

The five groups of factors considered as conditions are essential for the success of the company's strategy:

- ❖ General management pays attention to the growth and efficiency of production. In addition, it detects and eliminates everything that hinders the reduction of unit costs. For Bulgarian companies, it turns out that the most important of this group of factors is Diversification. While European companies take into account the factor Innovations from the General Management group with the greatest importance when forming their strategic decisions.
- ❖ Financial management operates with the available funds and performs the functions of control - with the greatest weight of this group of factors for Bulgarian enterprises is the factor Sales Analysis. European companies assess the factor Capital investments from the group Financial Management with the greatest weight.
- ❖ Marketing deals with sales and their analysis - here with the greatest weight for the formation of strategic decisions in Bulgarian companies is the Sales factor. The factors Market Research and Market Development are the factors in this group with the greatest weight for European companies.
- ❖ The organization of the production process is a major function in the company's strategy - in this group of factors with the greatest weight for the company's strategy are Automation and Inventory Management. It turns out that European companies value the factor Adaptation of technology with the highest weight of other factors in the group when forming their strategic decisions.
- ❖ Research and development comes down to improving the technology of the production process and the gradual improvement of production. For Bulgarian enterprises it turns out that the most important of this group of factors is the factor Adaptation of innovations. For European companies, the most important factors are Research and Innovation.

4. Conclusion

Due to the new conditions, today there is a clear reduction of the life of the strategic business zones, which puts before the leaders of the Bulgarian enterprises important decisions:

1. Constantly adding new activities and giving up those that are not consistent with the company's growth prospects.
2. Changes in the phases of the demand cycle should be foreseen and the company's strategy should be reviewed in accordance with the changing conditions of competition and the factors influencing its performance.
3. In the conditions of unstable technology, managers must recognize the earliest signs of technological obsolescence and not allow innovations to be reduced to technically obsolete products. The main research hypothesis has been confirmed that in order to make a sufficiently adequate strategic decision, Bulgarian managers must determine the appropriate strategic business areas with the greatest potential for the company. The results of the study can be useful to Bulgarian managers, both large and small and medium enterprises, to form adequate strategic decisions and remain competitive, taking advantage of the good practices of European enterprises.

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