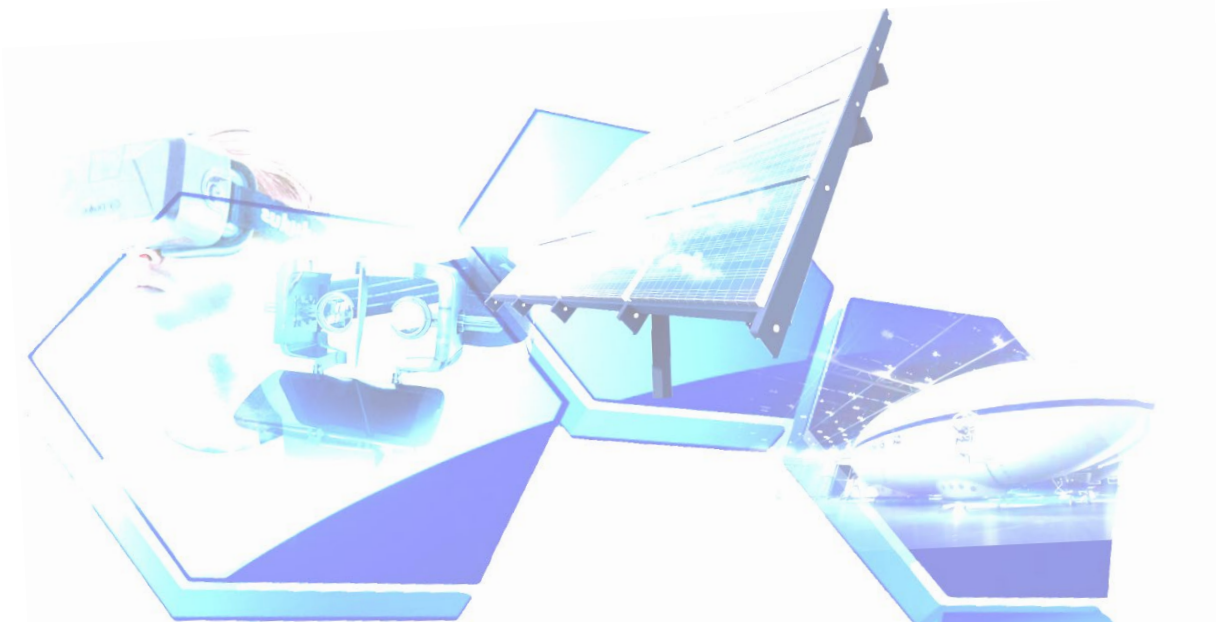




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## THE PLACE OF DIAGNOSTICS IN MANAGEMENT AND ITS IMPORTANCE FOR DECISION-MAKING

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**Abstract.** The study is devoted to managerial diagnostics as a tool for improving the efficiency of enterprises through informed management decision-making. The urgency of the problem of analyzing the internal and external environment in the context of changes affecting the functioning of enterprises is outlined. The main approaches to diagnostics are considered, including data analysis, identification of strengths and weaknesses, assessment of threats and opportunities. The stages of the diagnostic process and their importance for the formation of practical solutions that allow optimizing internal processes and adapting the enterprise to external conditions are determined.

**Keywords:** Management diagnostics, management decisions, management efficiency, diagnostic methods, decision justification, management processes, economic analysis, management improvement, enterprise management.

**Introduction.** Modern businesses operate in a world where constant changes in the economy, technology, and society force managers to look for new approaches to management. The effectiveness of work largely depends on the ability to timely analyze external conditions and internal processes, as well as to find the best ways to improve them. In this context, management diagnostics is of particular importance as a tool for assessing the state of the enterprise and finding ways to improve it.

The main problem is the lack of a systematic approach to analysis, which makes it difficult to make informed management decisions. This creates a need for a clearly structured diagnostic process that includes an assessment of both the external environment and internal processes.

The purpose of this study is to highlight the methods and stages of management diagnostics, as well as to analyze its importance for improving the performance and sustainable development of enterprises.

**Main text.** The term “diagnostics” comes from the Greek word “*διαγνωστικός*”, which means the ability to recognize signs of a system's state, assess its current condition, predict possible deviations, and prevent disruptions [4]. Initially, this term was used in medicine, where its purpose was to identify symptoms that help predict possible disorders and ensure the stability of the human body. Over time, the term “diagnostics” has become widely used in various fields, such as engineering, economics, politics, and social sciences. This allowed for a more comprehensive approach to the study of phenomena and processes.

The term “management” is derived from the Latin word “*administracio*”, which means conscious guidance or influence on objects in order to direct their activities in a certain direction to achieve the desired results. Management covers various areas of activity - from organizing work processes to making decisions on long-term tasks [5]. Management diagnostics combines these two components: an analytical approach to research and management tools.

Management diagnostics is a research process aimed at studying internal and external factors that affect the functioning of an enterprise [1]. Its main goal is to provide information for making informed management decisions. This analysis allows assessing the current state of the business, identifying its strengths and weaknesses, and seeing potential threats or opportunities for development.

Management diagnostics is usually divided into two main areas:

- external environment analysis
- analysis of the internal environment.

The analysis of the external environment is the starting point for identifying problems and opportunities that arise as a result of the interaction of the enterprise with the macro- and micro-environment. The main purpose of this analysis is to identify potential opportunities and neutralize threats that external factors pose to the company's operations.

For an effective study of external conditions, the main components of the macro environment, such as economic, social, political, technological, environmental and legal factors (PESTEL analysis), are first identified. At the next stage, attention is paid to the microenvironment, which includes industry analysis, assessment of the competitive environment, and interaction with suppliers, partners, and customers.

The main tool for analyzing the external environment is the SWOT analysis, which allows to:

- identify opportunities that can be used for development;
- identify threats that may create risks for the company's operation
- identify the strengths and weaknesses of the company.

After forming a list of factors affecting the company's activities, it is advisable to apply a correlation SWOT analysis. This approach allows you to establish relationships between factors, determine their impact and priority for further planning of the company's activities. The method of pairwise comparisons, which is based on expert opinion and helps to identify the dominant factors, is particularly useful. These factors, which have the greatest impact on performance, become the basis for making management decisions.

The next stage of management diagnostics is to study the internal components of the business, such as:

- financial resources;
- production potential;
- personnel composition;
- level of innovation;
- organizational culture and other internal indicators.

This analysis allows us to assess the internal structure, processes and resources that form the main competitive advantages of the enterprise. The combination of the

results of the external and internal environment analysis creates a comprehensive picture that becomes the basis for developing a company's development strategy.

One of the important tasks of management diagnostics is to assess the consistency of enterprise development plans with the external environment [2]. For this purpose, the quality of existing management approaches is analyzed, with a special emphasis on the economic component, which is the most informative in the context of long-term development. The validity of the planned measures is considered as an integral element of effective functioning.

Special attention is paid to the study of the dynamics of changes in external conditions. This includes not only the current state of the environment, but also the study of development trends that affect the business. The main tasks of such analysis are to study changes in the macro environment (economic, social, political, technological factors), assess the ability of the business entity to respond to these changes and determine their impact on the functioning of the management system.

Quantitative indicators are an important tool for performance analysis. They include current data that reflect the state of key indicators, rates of change that allow assessing development over time, and comparative growth rates for comparing different areas of activity. Regular monitoring of these indicators allows you to respond to changes in the external environment in a timely manner and determine the effectiveness of your decisions.

Analyzing the business environment using these approaches makes it possible to assess the overall effectiveness of management actions, the level of competence of managers and the results of the work performed. This creates the basis for improving management processes and achieving sustainable development of the enterprise.

Management diagnostics is a tool that provides an opportunity to make informed management decisions to improve the efficiency of the enterprise [3]. This process can be carried out internally, with the involvement of external consultants or in the form of cooperation between internal specialists and external experts. Each of the approaches has its own peculiarities in terms of costs and possible consequences for the further implementation of the proposed changes.

The diagnostic procedure includes several stages, each of which is aimed at in-depth research and assessment of the state of management. The first step is to familiarize ourselves with the company's operations, which includes studying available sources of information, such as a website or market research. This allows us to get an initial idea of the structure and areas of activity.

The next step is to collect data on the internal management system. This process involves studying documents that characterize the company's activities. If the available information is insufficient, external experts are involved to form a more holistic view.

Based on the information collected, a comprehensive analysis is carried out to help identify weaknesses in the company's operations. This stage ends with a report that describes the current state of affairs in detail, establishes cause-and-effect relationships in the functioning of internal processes, and outlines ways to improve.

The final stage is the creation of a plan that contains specific recommendations for improving efficiency. This document is agreed upon with the customer, and changes are made if necessary to take into account the actual conditions. During the

implementation process, it is important to maintain feedback, which allows for changes and refinements to be made in accordance with current needs.

As a result of this approach, diagnostics becomes a powerful tool for making informed decisions. It helps to reduce risks, increases management transparency, and allows you to control the dynamics of development, ensuring the stability and efficiency of the enterprise.

**Summary and conclusions.** Management diagnostics is an effective tool that helps to ensure the rational management of an enterprise through an in-depth analysis of internal processes and the external environment. The use of diagnostic methods allows us to identify strengths and weaknesses, assess the impact of external factors, and formulate reasonable recommendations for improving the management system.

The results of the diagnostics contribute to making informed decisions, reducing risks and increasing management transparency. Identifying the interrelationships between external and internal factors allows enterprises not only to improve their current performance but also to lay the foundation for sustainable development in the long term.

The study confirms that management diagnostics is an indispensable tool for making informed decisions in today's environment. It helps to optimize resources, improve the performance of all levels of management and ensure the effective implementation of goals. Thus, a systematic approach to diagnostics is becoming an important component of the effective functioning of an enterprise in today's environment.

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