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**STRATEGY FOR THE DEVELOPMENT OF
CAR BUSINESS IN AN UNSTABLE ECONOMIC
AND POLITICAL ENVIRONMENT**

**СТРАТЕГІЯ РОЗВИТКУ АВТОМОБІЛЬНОГО
БІЗНЕСУ В УМОВАХ НЕСТАБІЛЬНОЇ ЕКОНОМІЧНОЇ
ТА ПОЛІТИЧНОЇ СИТУАЦІЇ**

ЕКОНОМІКА

Summary. Introduction. In an unstable economic and political environment, companies face difficult challenges that test their strength and flexibility. However, companies can survive in these conditions and also succeed if they have the right strategy. In this regard, this research topic is a relevant one.

In today's world, the automotive industry is facing unprecedented challenges. Geopolitical shifts, economic fluctuations and technological revolutions are shaping the new landscape for market players.

Effective functioning of the automotive business today requires not just strategic planning, but the creation of flexible business models that can quickly transform in response to external changes. Companies need to develop multi-variant development scenarios that take into account various economic forecasts and political risks.

Thus, a successful strategy for the development of the car business in turbulent times is based on the principles of adaptability, predictive analysis and technological modernisation. Companies that are able to quickly restructure their operating models and find new market niches gain a significant competitive advantage in the long term.

Purpose. To propose strategies for the development of the car business in an unstable economic and political environment.

Materials and methods. Development strategies in the automotive industry were studied and analysed by reviewing scientific publications. In addition, methodological guidelines for optimising management structures in the automotive industry were analysed.

Results. The directions of strategic development of companies, including those engaged in car reconditioning and resale in several literary sources are studied. Conclusions are drawn about the ambiguous influence of external political and economic influences on the car business. It is learnt that without the development and implementation of effective strategies, companies cannot maintain and develop their activities.

Discussion. Automotive resale companies can significantly improve their performance by implementing relevant strategic initiatives, the analysis of which should be prioritised in subsequent research papers.

Key words: auto business, instability, economic environment, political environment, development strategy.

Анотація. Вступ. В нестабільному економічному та політичному середовищі компанії стикаються зі складними викликами, які перевіряють їх стійкість та гнучкість. Однак компанії можуть вижити в таких умовах, а також досягти успіху, якщо вони мають правильну стратегію. У цьому контексті ця тема дослідження є актуальною.

У сучасному світі автомобільна промисловість стикається з безпрецедентними викликами. Геополітичні зміни, економічні коливання та технологічні революції формують новий ландшафт для учасників ринку.

Ефективне функціонування автомобільного бізнесу сьогодні вимагає не лише стратегічного планування, але й створення гнучких бізнес-моделей, які можуть швидко трансформуватися у відповідь на зовнішні зміни. Компаніям необхідно розробляти багатоваріантні сценарії розвитку, які враховують різноманітні економічні прогнози та політичні ризики.

Таким чином, успішна стратегія розвитку автомобільного бізнесу в турбулентні часи базується на принципах адаптивності, прогнозного аналізу та технологічної модернізації. Компанії, які здатні швидко перебудовувати свої операційні моделі та знаходити нові ринкові сегменти, отримують значну конкурентну перевагу в довгостроковій перспективі.

Мета. Запропонувати стратегії розвитку автомобільного бізнесу в нестабільному економічному та політичному середовищі.

Матеріали та методи. Стратегії розвитку в автомобільній промисловості були вивчені та проаналізовані шляхом огляду наукових публікацій. Крім того, були проаналізовані методологічні рекомендації щодо оптимізації управлінських структур в автомобільній галузі.

Результати. Вивчено напрямки стратегічного розвитку компаній, зокрема тих, що займаються оновленням і перепродажем автомобілів, у низці літературних джерел. Зроблено висновки про неоднозначний вплив зовнішніх політичних та економічних факторів на автомобільний бізнес. З'ясовано, що без розробки та впровадження ефективних стратегій компанії не можуть підтримувати та розвивати свою діяльність.

Обговорення. Компанії, що займаються перепродажем автомобілів, можуть значно покращити свої показники, впроваджуючи актуальні стратегічні ініціативи, аналіз яких має бути пріоритетом у наступних дослідницьких роботах.

Ключові слова: автомобільний бізнес, нестабільність, економічне середовище, політичне середовище, стратегія розвитку.

Problem statement. In today's world, the automotive industry is facing unprecedented challenges. Geopolitical crises, sanctions restrictions and sharp currency fluctuations create a turbulent environment for the functioning of the automotive business at all levels.

Economic instability has a multifactorial impact on market participants. Dealerships are forced to adapt their business models to new realities, when traditional supply chains are being destroyed and consumer demand demonstrates unpredictable dynamics. The problem of planning becomes especially acute in conditions when long-term forecasts lose relevance literally within weeks.

In parallel, political factors are transforming the regulatory environment. The introduction of new technical regulations, changes in customs legislation and the transformation of government programmes to support the industry are happening at kaleidoscopic speed. Market participants often have no time to adapt to one change before new ones appear.

Logistic chains built by car manufacturers over decades are collapsing under the pressure of external circumstances. There is a need to find alternative routes to deliver components and finished products, which inevitably affects production costs and the final price for the consumer.

The investment climate in the industry is also undergoing serious changes. Uncertainty about the future is forcing investors to reconsider long-term strategies and focus on short-term projects with minimal risks. This slows down the technological renewal of the automotive industry and postpones the introduction of innovations [1, p. 102].

Nevertheless, crisis phenomena also open up new opportunities. Companies that are able to quickly adapt to changing conditions are gaining competitive advantages. The development of local production facilities, diversification of suppliers and implementation of flexible business processes are becoming key factors of survival in a turbulent environment. Only a systematic approach to solving the accumulated problems will allow the automotive industry not only to withstand difficult economic and political condi-

tions, but also to lay the foundation for sustainable development in the future.

Analysis of recent research and publications.

In today's world of business and organisational development, it is difficult to overestimate the importance of effective leadership. Scientific management, formed as a discipline in the early 20th century, has undergone significant evolution, incorporating many directions and approaches. Among them strategic management occupies a special place — a fundamental direction in the theory of administration, which accumulates intellectual achievements of researchers from different countries and continents.

Numerous scientific schools around the world continuously contribute to expanding the boundaries of understanding of strategic management, enriching it with new concepts and methodologies. This is not surprising given that this field combines elements of economics, psychology, sociology and even philosophy. The globalisation of business processes and the increasing complexity of market relations only strengthen the need for further development of this critical component of management science.

Thus, strategic management is not just one of the sections of management, but its cornerstone, which is based on an extensive body of international research and continues to actively evolve in response to the challenges of modernity. The founders of strategic management theories are W. King and D. Cleland [5, p. 98], F. Kotler [6, p. 65], M. Porter [10, p. 301], D. Strickland and A. Thompson [14, p. 146] and others. The strategies of enterprises from the position of analysing the impact of the external environment, time factor and uncertainty were studied by P. Doyle and F. Stern [4, p. 34], R. Oldcorn [9, p. 78].

Development of theoretical and methodological foundations of strategic management under uncertainty. Researchers in the field of economics and management increasingly pay attention to the growing influence of exogenous factors on the functioning of organisations of various scales. This trend requires a rethinking of traditional concepts of corporate governance. Analysts of economic systems study in detail

how the turbulence of the external environment forces companies to adapt their management paradigms. The fundamental conceptual frameworks and directions of strategic management that allow businesses to remain stable in the face of unexpected market fluctuations are becoming particularly important. Modern research demonstrates that it is the flexibility of management models that becomes a critical factor of survival in the face of unpredictable economic realities. The scientific community conducts systematic analyses of the distinctive characteristics and specifics of various approaches to strategic planning in the context of a constantly changing business environment. This makes it possible to identify the most effective tools for enterprises to adapt to the new challenges of the global economy. Integration of innovative management methodologies becomes not just a competitive advantage, but a necessary condition for long-term success in the era of permanent changes and technological breakthroughs [3, p. 121]. The works devoted to the issues of strategic management in the period of serious macroeconomic shocks, such as pandemic and sanctions of Western countries are of particular relevance [12, p. 188].

Improvement of methods and tools of strategic management in conditions of uncertainty. Management professionals carry out a comprehensive analysis of existing management mechanisms, building them into logically structured systems. Experts in management sciences develop detailed taxonomies of tools used in the management of organisational processes. They do not limit themselves to theoretical constructs, but demonstrate the real-world application of these techniques in a variety of business contexts. The applied aspect is central to their research, allowing them to transform abstract concepts into concrete algorithms of action. Based on an extensive empirical base, multi-factor models are developed to assess the effectiveness of applied management techniques. Modern analysts offer innovative methodologies to quantitatively measure the impact of implementing certain management approaches. These calculations allow organisations to make informed decisions about the choice of optimal management strategies. Ultimately, the systematisation and evaluation of the effectiveness of management tools contributes to the formation of a scientifically sound foundation for the development of management theory and practice in the dynamically changing economic environment [7, p. 158].

Consideration of strategic planning at the enterprise as the most important function of management under conditions of uncertainty. Here the forms, methods and tools of planning are actualised and improved in order to reduce the risks of uncertainty, to expand the production potential of the enterprise even in an unstable environment [15, p. 54].

The purpose of the article is proposing a strategy for the development of the car business in an unstable economic and political environment.

Materials and methods. Development strategies in the automotive industry were studied and analysed by reviewing scientific publications. In addition, methodological guidelines for optimising management structures in the automotive industry were analysed.

Presentation of the main material. An unstable geopolitical environment, currency volatility and ever-changing trade barriers are creating a new business reality for companies in the automotive sector. In such an environment, traditional strategic planning methods often prove ineffective. This issue is particularly acute for companies operating in the car restoration and resale niche, where margins are directly dependent on macroeconomic indicators.

Global experience shows that organisations that have implemented adaptive management systems demonstrate significantly greater resilience during periods of market instability. That is why the development of specialised management strategies for car restoration and sales business becomes not just a desirable option, but a necessary condition for survival in the conditions of unpredictable economic dynamics and political transformations [13, p. 121].

Thus, the timely formation of crisis-resistant management models will allow companies in this segment not only to overcome recessionary periods, but also to use market instability as an opportunity to strengthen their competitive position and strategic growth.

Companies engaged in car reconditioning and resale may face a number of challenges during periods of unstable political and economic environment (Figure 1).

Thus, companies specialising in automotive distribution today face numerous structural barriers that radically transform traditional business models.

Currency volatility is becoming a critical uncertainty factor for car dealers, as it significantly affects the pricing of imported vehicles and components. In case of sharp devaluations of the national currency, dealerships are forced to promptly adjust their pricing policy, which often leads to a decline in customer interest and reduced margins.

An equally significant challenge is the transformation of logistics chains in the context of geopolitical tensions. The introduction of sanctions restrictions, revision of trade agreements and new customs barriers dramatically change established supply routes, forcing dealers to look for alternative import channels and increasing transaction costs.

Economic crises provoke a significant drop in the purchasing power of the population, which is particularly painful for the market of expensive goods, such as cars. Vehicle resellers are forced to adapt their strategies by expanding value-added services and developing after-sales services to compensate for declining core sales.

The digitalisation of the customer experience is creating additional competitive pressure on traditional car dealers. The development of online direct

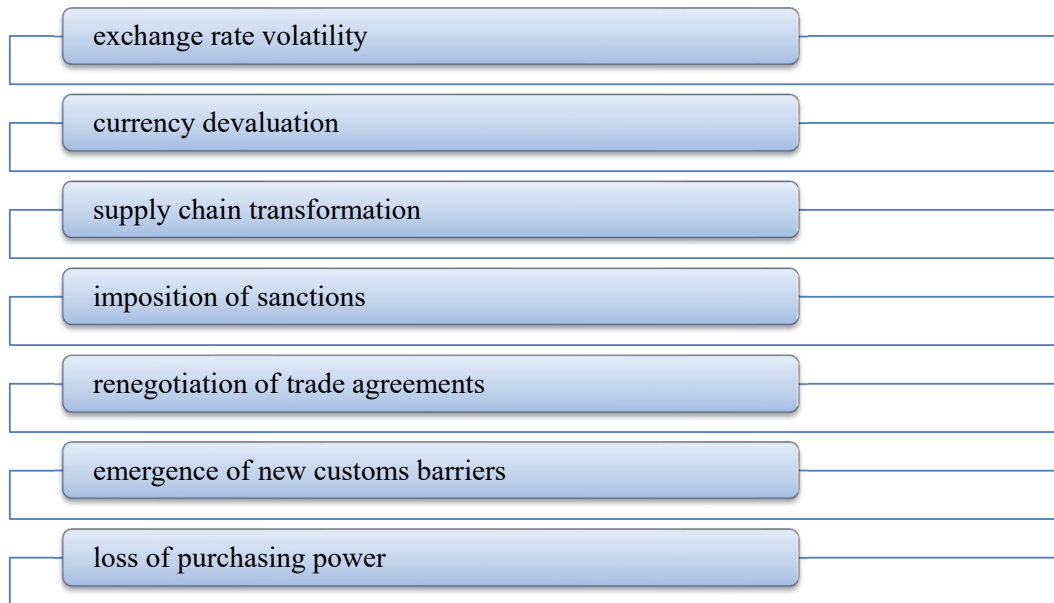


Fig. 1. Problems of car business in periods of unstable political and economic environment

Source: developed by the author

sales platforms from manufacturers, the emergence of used car marketplaces and long-term rental services are eroding the classic dealer model, requiring a fundamental rethinking of approaches to customer interaction.

In conditions of permanent uncertainty, adaptability and diversification become the key factor of car dealership business survival. The most stable market players are actively developing the areas of trade-in, certified used cars, long-term leasing and subscriptions, creating integrated mobility ecosystems instead of simple resale of vehicles [11, p.557].

Figure 2 shows the directions of the car business development in the unstable economic and political environment.

The instability of the global geopolitical system creates the need to find new ways of development for companies involved in automotive refurbishment and resale:

1. Digital revolution as the foundation of transformation. The introduction of digital technologies is becoming not just a trend, but a prerequisite for the survival of companies in the automotive sector. The creation of digital ecosystems connecting manufacturers, dealers and consumers is shaping a new reality of interaction in the market. The integration of artificial intelligence into the processes of vehicle refurbishment, customer service and inventory management makes it possible to achieve a fundamentally new level of efficiency.

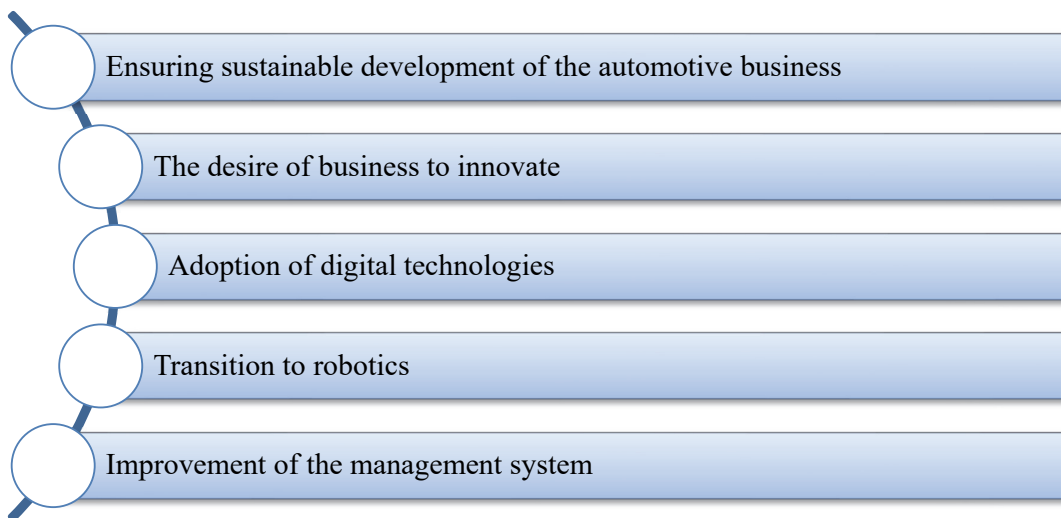


Fig. 2. Directions of car business development in an unstable economic and political environment

Source: developed by the author

2. Innovation activity as a competitive advantage. The pursuit of innovation in an environment of economic turbulence is becoming a key differentiator in the automotive business. Companies investing in research and development even in times of crisis form the groundwork for future technological leadership in the field of automotive refurbishment. Innovations aimed at reducing repair and logistics costs and increasing the customer value proposition are of particular importance.

3. Automation and robotisation of repair operations. The transition to robotics is accelerated by the need to optimise costs and increase the flexibility of repair work in the process of restoring vehicles and preparing them for sale. Robotisation affects not only the remanufacturing process itself, but also logistics operations, maintenance and even customer interaction. In an unstable environment, this reduces dependence on labour market fluctuations and ensures stable quality.

4. Transformation of management paradigms. Improving the management system of the auto business involves the introduction of flexible methodologies and adaptive organisational structures. Classical hierarchical models are giving way to network models capable of reacting quickly to changes in the external environment. Development of distributed leadership and formation of cross-functional teams become the key to successful adaptation to changing market conditions.

5. Ensuring sustainable development in the long term. Achieving sustainable development of the automotive business in the current environment requires a balanced approach to economic, social and environmental aspects of operations. Companies that integrate the principles of sustainable development into their strategy demonstrate greater resilience to external factors and better results in the long term. Being responsible to the environment and society becomes not only an ethical imperative, but also an economically sound decision.

Ultimately, the success of the transformation of the automotive business in conditions of instability will be determined by the ability of companies to proactive adaptation and systematic implementation of innovations in all aspects of activity [8, p.172].

Based on the above-mentioned directions of development of the automotive business, it is possible to define specific strategies of enterprise development (Figure 3).

Flexibility is the key to success in times of economic uncertainty. Companies in the automotive business must be able to adapt quickly to changing market conditions, as this allows them to better survive and capitalise on new opportunities that may arise. This means that the auto business must be flexible, adaptive and ready to make any necessary changes at any time.

It is necessary to carefully analyse what the organisation has at the moment, critically evaluate and then review everything from the beginning; identifying weaknesses as well as areas where the company excels. Are there any products/services that are no longer generating sufficient profit? What parts of the business are still performing well despite the current economic and political challenges? Answers to such questions from an assessment will help companies think strategically during such volatile periods.

In volatile economic and political periods, it is more important than ever for car businesses to focus on what generates day-to-day revenue — or, rather, what makes people choose this particular organisation over competitors. Core competencies (areas in which the company excels) should form part of the strategy.

This way, even though the operating environment may become unfavourable due to lack of demand or strong competition etc. due to certain economic and political circumstances, it will still benefit customers because the strengths have been considered during the design phase. This helps in gaining a comparative advantage over competitors in the same industry/niche.

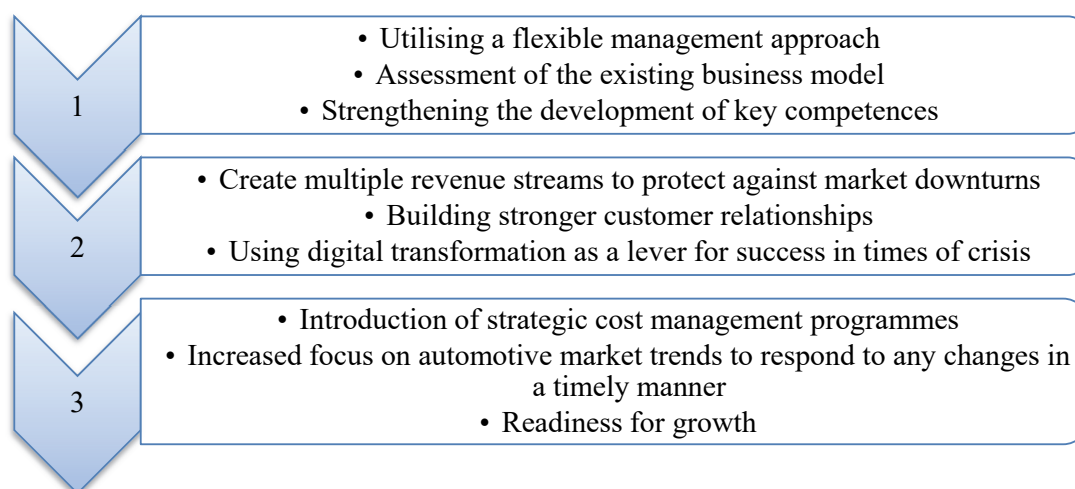


Fig. 3. Strategies of car business development in the unstable economic and political environment
Source: developed by the author

Dependence on a single source of income can lead to the collapse of a business in difficult economic times. Therefore, it would be prudent to diversify the sources of income to stabilise the operation of the auto business and reduce the impact of changes that occur in the markets. This can be achieved by offering different products/services or even venturing into new territories where doing business is possible given the resources available to the company. This approach can lead to growth as well as reduce dependence on a single source of income.

In unstable times where people are facing their own challenges, it is essential that companies work closely with customers to provide excellent service, listening carefully to their needs and responding appropriately depending on what they want. This will make them feel that they are cared for and they will remain loyal despite any economic and political turmoil they may face. Therefore, customers need to be communicated with more often than usual to know how best to serve customers during this period characterised by increased uncertainty about prospects in various industries including technology [16, p.52].

In today's world, everything has become digital, including the car business, which a few years ago was considered traditional, is no exception. The advent of the internet has revolutionised many areas, including running a car business and the financial industry, where online banking has become the norm and so on.

With the economic downturn, controlling costs has become even more important for the survival of an auto business. It has always been believed that revenues can easily dry up due to decreasing demand levels among other things. Thus, management must act without delay rather than simply waiting for the situation to improve over time.

As a result, every cost item should be carefully analysed and minimised wherever possible without compromising on quality. This helps to ensure profitability even when sales volume drops drastically.

Companies in the car business should never relax, especially during periods characterised by high levels of uncertainty. Therefore, it is essential to keep abreast of what is happening in the car resale industry, including consumer behaviour and general economic indicators. This will help them to quickly make the right decisions when necessary and always stay ahead of the competition, regardless of the changes that occur in the external business environment over time.

You need to think beyond the present, you need to keep an eye on the future. The economy and politics will not always be unstable and those car companies that plan their growth in the long term will be in a better position when things stabilise.

You should also focus on developing new ideas, strategically planning goals, and preparing for what's next in the company's growth. This approach will allow you to take advantage of new opportunities as they arise.

Conclusions and prospects for further research. Adapting business strategy in times of economic and political uncertainty is not just about survival, but about preparing for long-term success. Flexibility, focus on core competences, diversification of revenue streams and digital transformation are some of the ways in which the automotive business can successfully navigate this challenging period and emerge stronger than ever. It is always important to remember that economic and political uncertainty tests the mettle, but with a good plan in place, any organisation can thrive.

The volatile economic environment creates both risks and opportunities for businesses in the automotive sector. Forecasting long-term trends becomes a critical tool for survival during periods of market turbulence [2, p.75].

In further scientific research it is proposed to give special importance to analyse the uncertainty factors affecting the future development of automotive businesses.

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