

4.9 Enterprise development as a dynamic-target characteristics of the system

Economic development of society is an objective, contradictory and difficult to measure process, which is characterized by unevenness, including periods of growth and decline, quantitative and qualitative changes in the economy, positive and negative trends. It is determined by the influence of many different factors such as the state of the economy at the beginning of the study, starting point at any time, resource potential of society, development of political and social sphere, world economy, international relations, governance and more. Despite such a short period of 30 years of independence, the qualitative and quantitative changes that have taken place in Ukraine's economy show a sufficient variation in the course of the process of economic development of society.

The development of the Ukrainian economy in different periods of time was characterized by financial, political and economic instability, the main features of which are:

- general stagnation of the economy, high cost of money, lack of solvent borrowers and maintaining strict conditions for obtaining loans, which creates a tendency to limit the investment activity of enterprises;
- deterioration of competitive positions of domestic producers in the foreign and domestic markets in the short term as a result of depreciation of fixed assets and limited use of modern technologies;
- slow adaptation to rising prices for imported natural gas, insufficiently intensive introduction of energy-saving technologies and as a result – negative trends in the profitability of industrial activities with a high level of dependence on gas prices;
- inflationary processes that negatively affected the purchasing power of the population due to a significant increase in tariffs for housing and communal services as a result of meeting the conditions of the International Monetary Fund regarding the provision of credit;

- closure of investment projects by foreign companies given the high degree of risk of not receiving the planned profit and continuing the trend of withdrawal of capital by European banks from Ukraine, which restrained the growth of investment;
- reduction of domestic production and increase in imports;
- the accumulation of both external and internal debt obligations, along with the inability to pay for them without new borrowing, which in turn had a very negative impact on the state of most industrial enterprises.

At while increasing the negative impact of external factors and the accumulation of contradictions in the internal environment of the enterprise are the causes of problems in its organizational, economic and production mechanisms of operation and their dynamic growth in the absence of timely precautionary measures. To ensure effective functioning in competition in domestic and foreign markets, domestic enterprises should diagnose and neutralize threats and plan their development processes taking into account the negative impacts.

Among the features of enterprise management in difficult periods are preventive measures to prevent the crisis [279]. In our opinion, at any time the decision to prevent negative impacts on the activities of the enterprise and their implementation is reflected in the category of «economic security of the enterprise». Since each socio-economic system has two driving forces - the desire to survive (preserve themselves, have a certain stability) and the desire to develop (self-improvement) [280, 281], it makes sense to define the concept of «safe development», which will reflect the desired result. To explain this, we first determine what is the essence of enterprise development as an economic category.

The concept of «development» is considered not only in economics. Various interpretations can be observed in scientific research, which causes difficulties in solving theoretical and practical problems. As a result of the analysis, we have identified three groups of definitions that differ in the object of development:

- development of objects in general as a philosophical concept;
- development of systems, including socio-economic;
- enterprise development.

Each group of definitions has its own, different from others, features in revealing the essence of the concept of «development».

In philosophy, «development» is a category of dialectics that expresses the process of movement, gradual, continuous quantitative changes in material and spiritual systems, which are the basis for qualitative changes [282, p. 49]. Having considered the components of various definitions, we came to the conclusion that development in general is inherent in material and ideal objects. It represents certain changes in these objects, processes of change or transition from one state to another. In the dictionary of the Ukrainian language «change» is described as a transition, transformation, mostly state, into a qualitatively different; «Process» - as a consistent change of state, which occurs in a regular manner; course of development; «State» – as circumstances, conditions in which the object is, exists; situation due to certain circumstances, conditions; «Move» – movement, movement in a certain direction and «development» – a process as a result of which there is a change in quality – the internal certainty of the object, which is the specificity that distinguishes it from all others [283]. Thus, in formulating the definition of «development» we can focus on the phrase «consecutive changes» – changes that follow one after another, instead of «process», which in turn will mean the transition, the transformation of the object into a qualitatively different (better, more perfect generalizing the studied definitions), ie lead to the presence of other, compared to the previous state, circumstances, conditions in which the object exists, as well as other internal certainty of the object. Thus, in short: development is a gradual change of the object. following one another, instead of «process», which in turn will mean the transition, the transformation of the state of the object into a qualitatively different (better, better summarizing the studied definitions), ie lead to other, compared to the previous state, circumstances, conditions, in which the object exists, as well as other internal certainty of the object. Thus, in short: development is a gradual change of the object. following one another, instead of «process», which in turn will mean the transition, the transformation of the state of the object into a qualitatively different (better, better summarizing the studied definitions), ie lead to other, compared to the previous state, circumstances, conditions, in which

the object exists, as well as other internal certainty of the object. Thus, in short: development is a gradual change of the object.

Summarizing the above interpretations of development as a general scientific and philosophical concept (Fig. 1-2), we can say that its main properties are:

- irreversibility. The course of economic processes is accompanied by the combined influence of internal and external, relative to the system, factors. In real life, it is not possible to re-achieve a similar set of factors, which eliminates the possibility of reproducing an identical process. Moreover, it is not possible to achieve diametrically opposite influence of a set of factors, which excludes the possibility of the process of returning to the previous state. However, it should be noted that the objective coincidence of multidirectional influences of another set of factors can lead the object to the state in which it was in previous moments;
- orientation. Changes are happening in a certain direction, adhere to a certain vector of motion, regardless of the presence of random oscillations;
- regularity. Changes occur in accordance with the laws of nature or society, due to these laws.

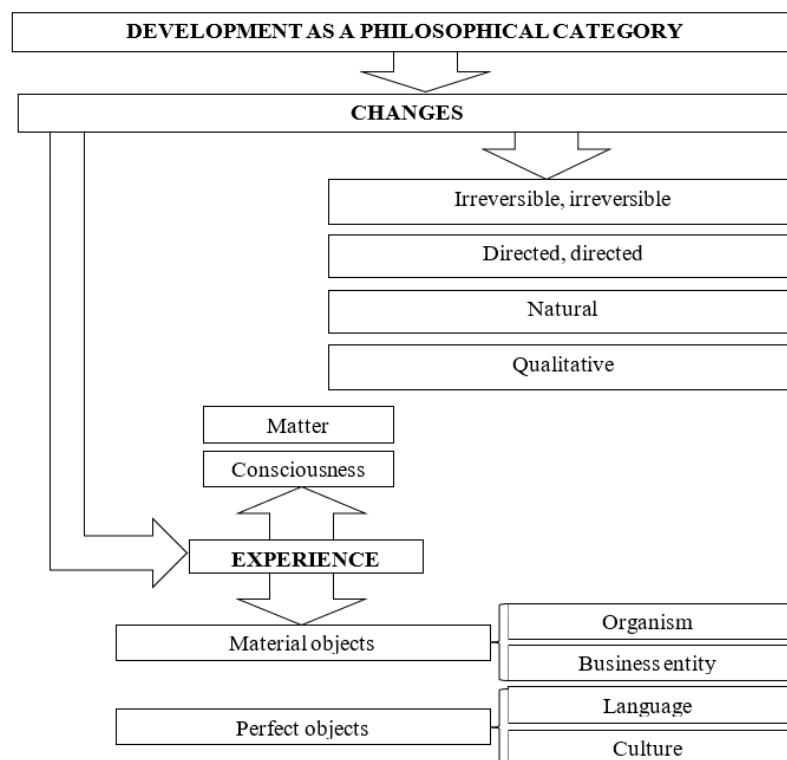


Figure 1. Analysis of the composition of definitions of development as a philosophical category: development as change [283-302]

As noted V.A. Verba and O.M. Hrebeshkova, only the simultaneous presence of all three of these properties separates development from other changes: the reversibility of changes characterizes the processes of functioning (which means to perform their functions, act -cyclic reproduction of system functions); changes in the absence of patterns are characteristic of random catastrophic processes; in the absence of direction, changes can not accumulate, and the process does not have a characteristic of the development of a single, internally interconnected line [284, p. 35]. These features of the development process are also determined by A.N. Azriliian, M.M. Burmaka, T.P. Varlamova, E.V. Raievniewa, V.G. Shynkarenko, and others. [285-288].

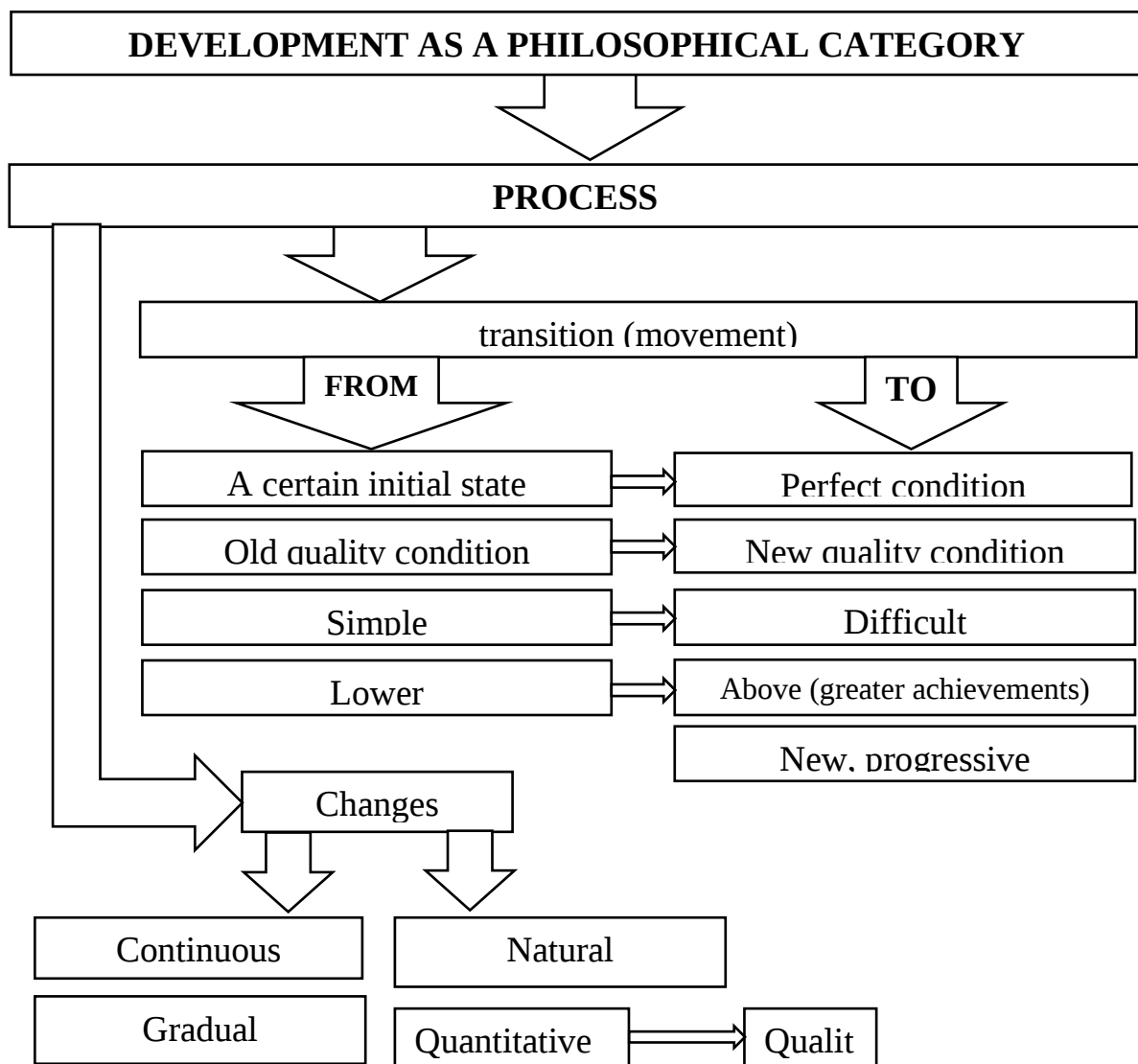


Figure 2. Analysis of the composition of definitions of development as a philosophical category: development as a process [283-302]

It should be noted that in philosophy the process of development is characterized as a change in quantity, structure and quality. Quantitative changes are the increase or decrease of the constituent parts of a whole by changing their numerical values. Structural changes are changes in the ratio of components that are not necessarily accompanied by an increase or decrease in their number. Qualitative changes mean transformations of the regularity of quantitative and structural changes that have taken place before. However, most authors do not focus on these characteristics of development.

Summarizing the results of the study, we will treat development as gradual, natural, directed, irreversible qualitative changes in the state of objects of any nature, which mean the emergence of other circumstances, living conditions, qualitatively better internal certainty.

And we agree with the opinion of V.G. Shynkarenko and M.M. Burmaka [286], that «development» should be understood as:

- the immanent property of the system – the transition of the object of development from the current to a qualitatively new state;
- law – a natural transition to a qualitatively new;
- process – a set of quantitative, structural and qualitative changes;
- principle – improvement of the object in accordance with the established purpose;
- phenomenon – a manifestation of the properties of the new state of the object;
- result – a set of differences between the two states of the object.

The described characteristics are reflected in this definition (Fig. 3).

The immanent property is inherent in the nature of the system itself, inherent in its characteristic internal certainty. That is, the development of the enterprise is a natural property of this system, generated by the internal need to solve problems related to changes in the internal and external environment of the enterprise. According to a well-known expert in the field of management, Professor I. Adizes, changes always exist, they never stop and therefore the problems associated with them arise constantly. If businesses want to survive, they need to learn to manage

change and set them in the right direction [285].

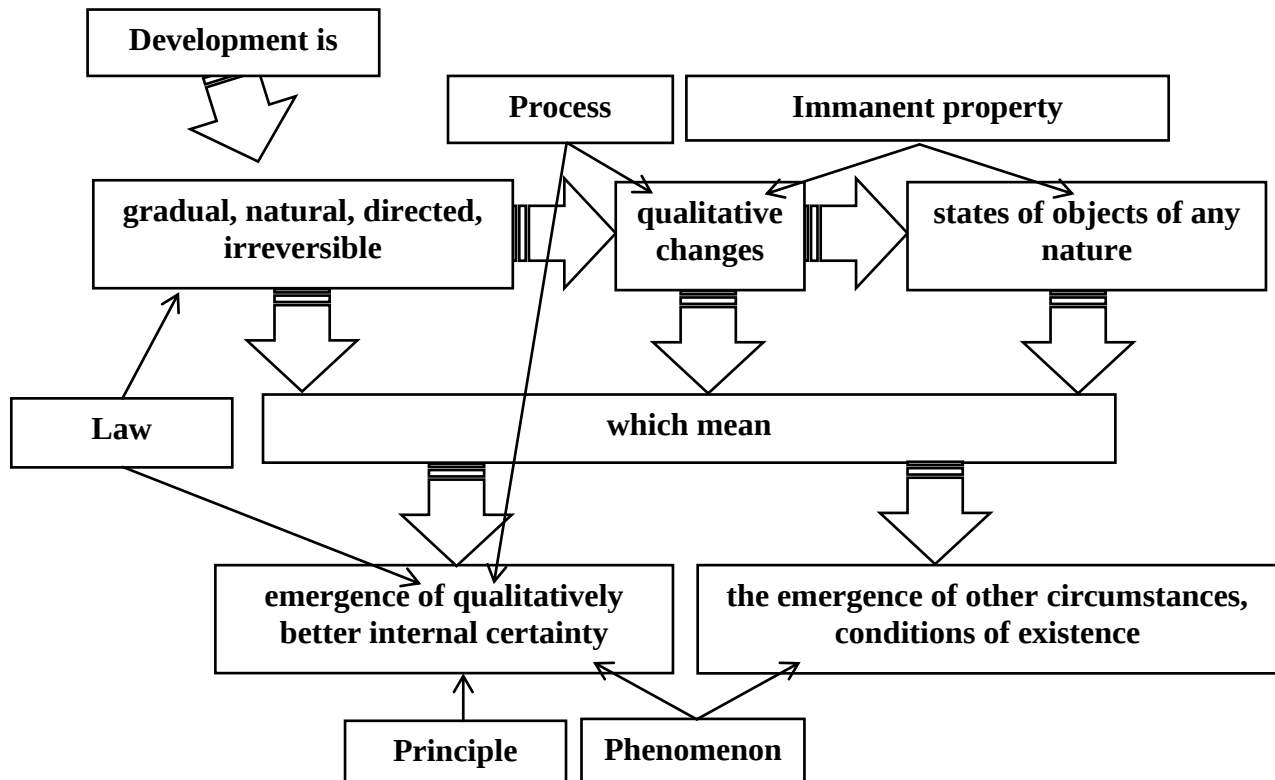


Figure 3. Reflection of characteristics in the definition of «development»

Thus, due to the constantly changing conditions of operation, the enterprises have contradictions between its current, in a certain way a certain state and a qualitatively different external environment. The company cannot be in such a state of non-compliance for a long time. Achieve the goal-efficiency and effectiveness of activities, it is possible by reconciling the interests of the external environment and the internal state of the enterprise, which is the impetus for change, the source of development according to our definition. To paraphrase I. Adizes, as long as companies want something bigger and better, they have the motivation to change, they develop.

It is worth noting that not all changes in the environment cause problems. Changes create events that can be sources of both problems and opportunities. In the case when the company has favorable opportunities, they are also a source of change, ie development.

Changes in the internal environment usually occur in response to changes in the external environment. However, problems may also arise in the internal environment

of the enterprise, for example, in the decision-making process: inaction, delay, inefficiency. Following the logic of previous considerations, such problems also need to be addressed and are a source of development.

Development as a principle is to focus on the emergence, discovery and implementation of new opportunities, properties, qualities, characteristics in accordance with the established goal. Development as a law and as a process is an objectively existing, constant and necessary relationship between the consistent change of the state of the enterprise. To solve any problem you need to make decisions and act. Any action in itself will be a change that will create new problems. Every problem or opportunity caused by change again leads to the need to make a decision that will cause even more change, and businesses will face a new reality, a new set of problems or opportunities. Problems and opportunities will arise as long as changes take place, ie the company develops. And vice versa.

If for a person, as he claims I. Adizes, reducing the number of problems means not living well, but dying [285, p. 36], then for the company it is tantamount to destruction. If management fails to act, ignoring changes, the company will be destroyed by external forces, and if changes are prevented, the company as a system will be destroyed by itself. It follows that in any case, for the survival of the enterprise changes need to be managed, ie, assess the situation, make effective decisions and implement them faster than competitors, forecast changes in external and internal environment and plan preventive measures to neutralize their negative effects or enterprise. In case of forecasting favorable opportunities – to plan decisions on their use. Thus, development can be considered as a phenomenon which means any way to resolve the contradictions of its functioning – a change in organizational structure, new products, changes in technology, management methods, etc. The result – the final, final result, will be a new state of the enterprise at a certain point in time. The result will be characterized by coordination between the interests of the external environment – customers' expectations for product quality and range, investors' expectations for return on investment, employees' expectations for development and evaluation of their capabilities and management system, which ensures efficiency and success in the

market. Over time, the interests of the external environment will change, other problems will arise in the internal environment and the process described above will be repeated. management methods, etc. The result – the final, final result, will be a new state of the enterprise at a certain point in time. The result will be characterized by coordination between the interests of the external environment – customers' expectations for product quality and range, investors' expectations for return on investment, employees' expectations for development and evaluation of their capabilities and management system, which ensures efficiency and success in the market. Over time, the interests of the external environment will change, other problems will arise in the internal environment and the process described above will be repeated. management methods, etc. The result – the final, final result, will be a new state of the enterprise at a certain point in time. The result will be characterized by coordination between the interests of the external environment – customers' expectations for product quality and range, investors' expectations for return on investment, employees' expectations for development and evaluation of their capabilities and management system, which ensures efficiency and success in the market. Over time, the interests of the external environment will change, other problems will arise in the internal environment and the process described above will be repeated. The result will be characterized by coordination between the interests of the external environment - customers' expectations for product quality and range, investors' expectations for return on investment, employees' expectations for development and evaluation of their capabilities and management system, which ensures efficiency and success in the market. Over time, the interests of the external environment will change, other problems will arise in the internal environment and the process described above will be repeated. The result will be characterized by coordination between the interests of the external environment – customers' expectations for product quality and range, investors' expectations for return on investment, employees' expectations for development and evaluation of their capabilities and management system, which ensures efficiency and success in the market. Over time, the interests of the external environment will change, other

problems will arise in the internal environment and the process described above will be repeated.

Modern society is a complex and organized social system that includes individuals and social communities, which are united by a variety of connections and relationships specific in nature. An important subsystem of society, the basis of the social system is the economic system – a set of all economic activities of people in the process of their interaction, aimed at production, exchange, distribution of consumption of goods and services, regulation of economic activity. The basis of any economy is the production of goods with which trade, exchange and consumption are possible. These types of economic activity are carried out by enterprises – business entities that are the main subjects of the economy, its main, primary organizational and economic links.

At the enterprise as the primary link of the national economy is concentrated a certain set of factors of production: means of production, financial resources, workers, etc.; there are economic property relations between members of the enterprise, other business entities (when buying means of production, providing and receiving services, obtaining loans and paying interest on them), the state (when paying taxes, etc.), foreign enterprises (in production contractors), specializations, etc.), etc.; direct production of goods or services required by society, consumers (buyers), the primary distribution of newly created value on primary income (income of entrepreneurs, employees, the state). Thus, we can state that the company has the characteristics of the organization as a socio-economic system.

Definitions of system development also differ significantly. In addition to the main characteristics of development, the authors highlight and additional, as presented in table 1.

In defining the development of systems, researchers more specifically formulate what is the source of development, and emphasize the effectiveness of change, namely that changes in the state of the system are needed to resolve contradictions between the system and the external environment or within the system. to resist, to resist destabilizing influences of external environment. According to J. Schumpeter,

economic development is the transition of the economic system from one stationary state to another at a qualitatively different level based on new ways of combining the efficient use of available limited resources for the production of capital and non-capital goods [303, p. 157]. Thus developing the theory of economic development, J. Schumpeter puts in the center of analysis the internal factors that cause economic development of the system.

Table 1.

Additional essential characteristics of the concept of «system development»

Additional characteristics of the concept
The result is an increase in the ability to resist the destructive effects of the environment and efficiency
This is a process of transformation, internally subordinated to the achievement of its global goal and takes place in an open system of uncertainty and constant changes in the market environment
The set of changes that strengthen the vitality of the system, its ability to resist the destructive effects of the environment
The result is increased efficiency and resistance to destabilizing environmental influences
The process of successive transitions in the hierarchical system of dissipative structures
The process of forming a new dissipative structure, which manifests itself in a lesion or crisis form and is aimed at achieving changing global goals of the enterprise
The development of the system is carried out under the influence of internal and external factors
The changes are aimed at resolving the contradictions between the system and the external environment or within the system in accordance with the established goal, which leads to a socio-economic effect

As a result of comparing and comparing the existing definitions of «system development», we can conclude that these are gradual, natural, directed, irreversible qualitative changes in system states, aimed at resolving conflicts between the system and the external environment or within the system. stability and efficiency of the system and agree on the purpose of its existence.

Analysis of existing definitions of enterprise development allows us to identify two of its causes – internal and external factors and the fundamental laws of nature and patterns of systems. The development of the enterprise as a principle is expressed in the transition of the management system to a new qualitative state, which is reflected in the vast majority of definitions. In this case we mean the transition to a qualitatively higher level, ie the development of the enterprise is defined as synonymous with the concepts of «growth» – to increase qualitatively, in size, volume, quantity,

«improvement» – change for the better, the result of such a change. we can agree. The identification of these concepts leads to a narrowing of the definition of «development», focusing on one of its possible directions. So it is worth noting that in everyday use the concept of «development» is also closely related to the concept of progress – development towards improvement; any positive change. However, the essential manifestations of the process of «development» in the practice of enterprises are quite diverse. This is not only progress, as it is often understood, but a set of changes due to the dynamic properties of the system, the characteristics of which are presented in Fig. 3.

If we assume that in the process of enterprise development, by definition, are constantly improving their condition and can not be otherwise, the issues of development management, its planning automatically become irrelevant and unnecessary. But since the activities of any enterprise constantly have problems of varying complexity, which require management decisions, the state of the enterprise may deteriorate rather than improve over time, the qualitatively better state of the economic system can be considered as a task of enterprise management. property.

N. Vashchenko defines the development of the enterprise as a phenomenon as a process associated with the improvement of tangible and intangible subsystems [304]. The vast majority of authors in the definitions of enterprise development do not focus on characterizing it as a natural phenomenon.

Earlier we formulated development as gradual, natural, directed, irreversible changes in the state of objects of any nature. This essence of development extends to the enterprise. V.P. Chernenkyi [305] adds that changes must also be manageable, measurable, purposeful. In our opinion, these characteristics are more relevant to the process of managing the development of the enterprise.

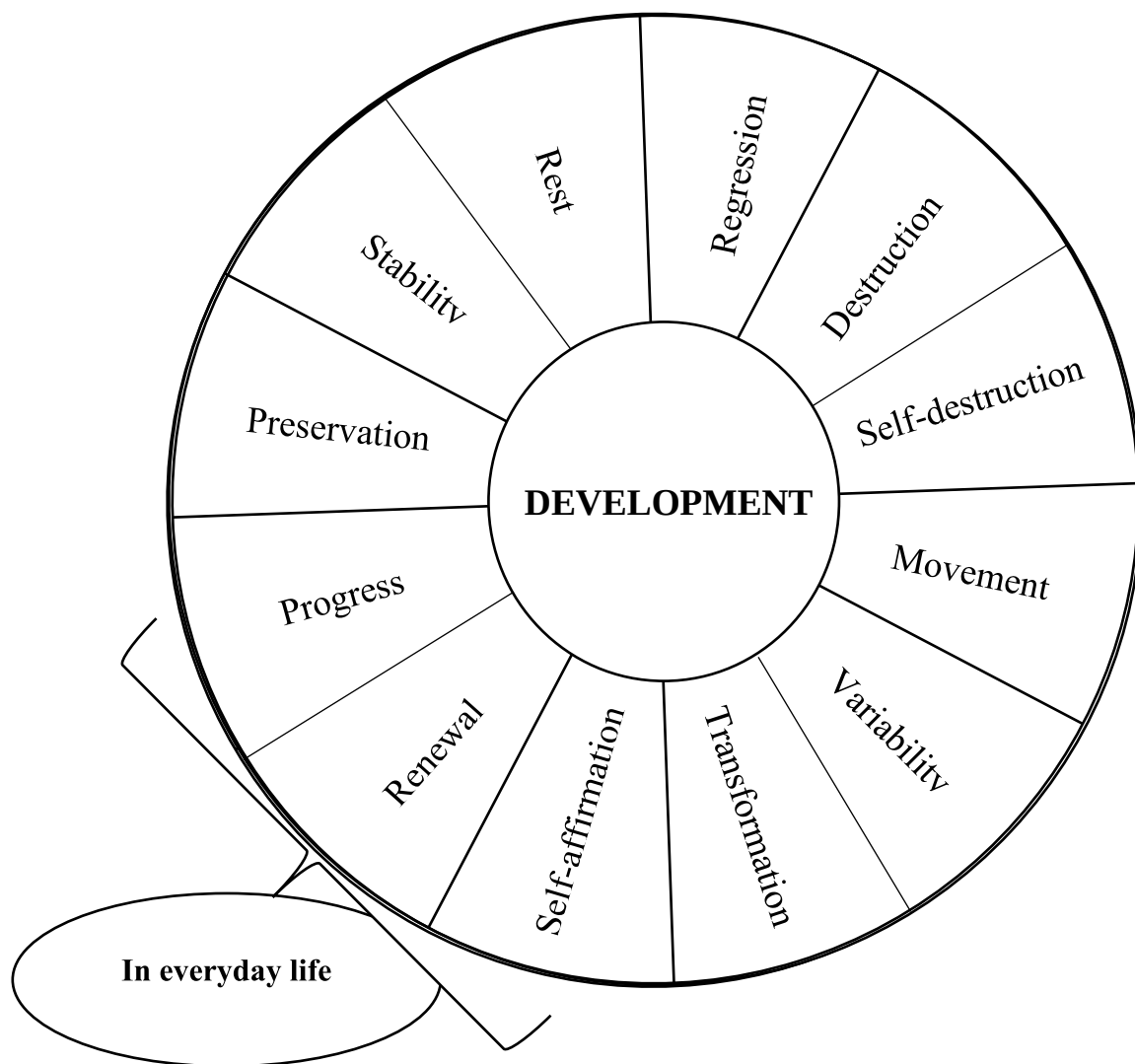


Figure 3. Essential manifestations of the concept of «development» in philosophy and science and in everyday use

The authors pay the greatest attention in the definitions of enterprise development to development as a process and focus on results. For example, in the definition of L.L. Bazylevych [306, p. 15; 307]: qualitative transformations of the organization of production and management; in V.P. Chernenkyi [305]: quantitative and qualitative and essential changes in the economic system; in S.P. Dunda [308]: a set of targeted, intensive and qualitative changes of economic nature. In general, development as a process is almost unanimously defined as a set of changes in the economic system, the difference is to clarify and supplement their characteristics. In our opinion, the most appropriate, given that changes in technology, technology, labor

organization and management together cause the transition to a new state of the entire economic system, it is appropriate to take into account the proposed V.A. Verba [284, p. 38] definition: irreversible, directed,

Summarizing the definition of development as a result, the achievements are presented in Fig. 4.

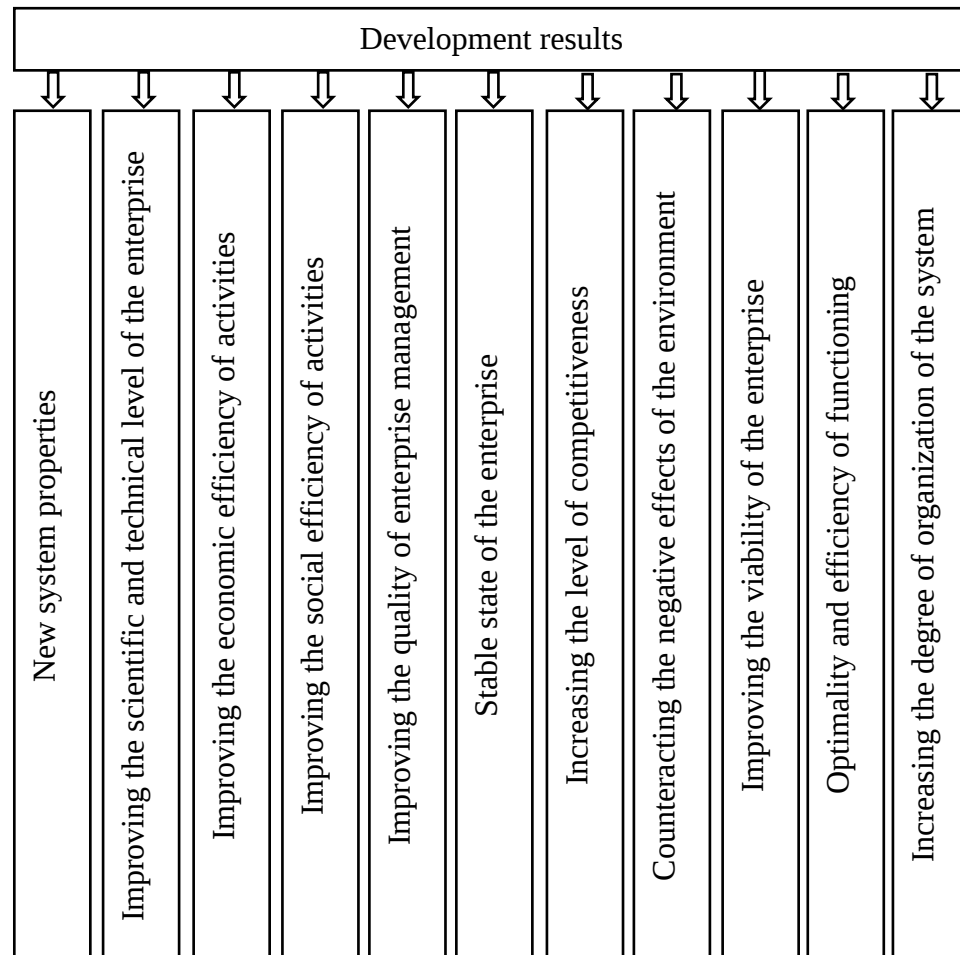


Figure 4. Characteristics of the effectiveness of the system.

In this case, the company gets the opportunity to easily achieve its goal - the production of new goods, entering a new market, using a new source of raw materials or a new organization of the enterprise. Contrasting the processes of development and functioning of the enterprise, which is the realization in time and space of its purpose, we note that development determines the radical transformation of the enterprise as a system, including as part of the process of functioning.

This is due to the fact that the process of functioning reflects the activities of the enterprise to achieve a specific goal, and the process of its development involves the production of new goals depending on changing conditions, as well as creating conditions for transition from one goal to another. Thus O.V. Raievnieceva explains the development of the enterprise as «the environment in which the process of functioning takes place» [288, p. 196], or as a process of successive transitions from one state to another, which correspond to the peculiarities of the external and internal environments of the enterprise. As the main result of the enterprise development we will define its possibility to function successfully at the problems of external and internal character constantly accompanying its existence, that is consistently and continuously to formulate new purposes and to reach the set purpose.

Thus, the development of the enterprise we understand the process of successive transitions of the enterprise as a system from one state to another due to irreversible, directed, natural changes in technology, labor organization and management, which depending on changing conditions involves the production of new goals and conditions for transition from one specific goal achieved in the operation of the enterprise to another.