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ORGANIZATIONAL CHANGES IN THE SYSTEM OF ACHIEVING THE ECONOMIC SUSTAINABILITY OF AUTOMOTIVE ENTERPRISES IN UKRAINE

Changes occurring in the automotive market of Ukraine require the use of the most progressive management methods. Great help in overcoming the problems of reducing the efficiency of functioning of enterprises in the automotive industry can provide world-famous principles of lean manufacturing. The article considers the possibility of using separate, appropriate to the characteristics of the activities of automobile enterprises, tools of lean manufacturing, taking into account compliance with relevant quality standards. According to preliminary data of the association "Ukravtoprom", the November issue of motor transport in Ukraine decreased by 49% to 520 units compared to last year. The passenger unit of the national auto industry ended the month with a figure of 440 cars, showing a two-fold drop relative to its result a year ago. The article contains five main points to which include: factors that influence the need for organisational change, organisational change management, organisational and managerial innovations during the changes, Kurt Levin's organisational change process model, features of organisational changes in the automotive industry in Ukraine. This research was conducted by such methods as analysis, systematisation, comparison and generalisation. The scientific and methodological approach in managing the process of organisational change includes the totality of psychological principles, a set of procedures and methods, which serve as a form and condition of realising the similar principles of restructuring.

Keywords: organizational changes, organizational change management, organizational innovations, an automotive industry.

General introduction of the problem and its connection with important scientific or practical tasks. Currently, the economy is in crisis. One of the tasks of improving the efficiency of automobile enterprises is their organisational changes, which can be carried out both by enterprises that are on the verge of crisis and normally functioning enterprises in order to maintain or even increase their competitiveness and efficiency. The actions that are taken in the process of enterprise restructuring often differ significantly from each other. This environment determines the need to classify restructuring processes on a separate basis to ensure stable management of them.

An analysis of recent researches and publications in which the solution to this problem was offered and on which the author relies; emphasis on previously unsolved parts of the general problem to which this article is devoted. Despite numerous studies conducted on this topic, many theoretical aspects of organisational changes are not adequately described, which significantly

limits the possibilities of developing effective methods for its implementation and achieving the economic sustainability of automotive enterprises in Ukraine. Organisational changes are the subject of researches by many foreign and domestic scholars such as I.M. Gorbash, K.V. Kovalska, I.B. Oleksiv, W.P. Barnett, R. Greenwood, K.Z. Lewin, K.E. Weick, R.W. Woodman.

Setting an objective. The purpose of the article is to systematise and generalise scientific and methodological approaches to the definition of methods for managing the organisational changes of automotive enterprises in Ukraine.

Presentation of the main research material with justification of the obtained scientific results. Contemporary organisations are facing an operating environment characterised by volatile, uncertain, complex, and ambiguous. To sustain high performance in this context organisations must be able to change and develop as efficiently and effectively as possible. An organisation as one of the varieties of socio-economic systems is subject of the

laws. Knowledge of the laws of organisations allows us to understand the specifics of the functioning of organisational systems, to reveal the features, direction and characteristics of the process of organisational development.

Development of the organisation's strategy is a continuous process, which involves a constant change in the position of the procedure, which in turn is conditioned by changes in the external environment of the organisation. The task of strategic management is to adapt the organisation to these changes.

1. Factors that influence the need for organisational change. Modern organisations operating in a complex, dynamic environment with a high level of uncertainty should be continuously changing. One of the crucial factors contributing to change is the availability of high-tech jobs, where ideas, information and relationships take on special significance. Many changes are due to information technology and the Internet.

If organization is not in a constant phase of change management and continually assessing and adjusting then business may be at best average within its industry. For some organizations this means they may be going backwards and eventually bankrupt. Only those companies can survive which can adapt to changes. [2]

The ability to change, restructure, adapt to a continually changing environment of functioning or, more importantly, the ability to change the environment itself is an essential characteristic of today's organisations, ensuring their competitiveness and long-term survival.

In short, there are factors that activate the need for change in the organization; these include the following:

- accelerated development of new types of products under the influence of scientific and technological progress in the face of fierce competition;
- intensive introduction of innovative technologies;
- systematic introduction of new methods of organising and managing production based on the active use of computer equipment.

If we look at the classification in a more extended form, we get what we can observe in Spreadsheet 1.

It goes without saying that before making changes in the organisation (company), it is necessary

to conduct an in-depth and thorough analysis of the company's previous development, the current state of the enterprise and opportunities in the future (future). It is also necessary to analyse the structure of the enterprise, its goals and objectives, management system, employees (personnel system), a social and psychological atmosphere in the company and teams.

Let us try, from the information above, to analyse the relevance of organisational and change management, to find features of this type of activity and to understand the underlying mechanisms for the work of change.

2. Organizational Change Management. The state of unceasing profound changes makes one doubt the many approaches and tactics with the help of which the so-called “change management” is implemented in organisations.

It is often believed that good communication and a little bit of training are needed, the results of which can be reliably measured. However, such an approach, except that only a tiny part concerns the surface of the organisation and its culture – it is almost entirely connected only with its top, “head”.

While digital transformation started gradually over 25 years ago, this new wave of data driven innovation has steadily gained momentum. Today, digital transformation includes a wide umbrella of technologies – including the cloud, Big Data, analytics, artificial intelligence, mobile/mobility, and IoT. [3]

However, high-quality change management should, along with this, touch hands and hearts, that is, deal with people's feelings and beliefs in order to understand what influences their behaviour and performance [3].

In the process of determining the features of organisational change management, the following problems mostly reveal:

1) in most cases, management's understanding of the need for change is late, changes most often do not accompany with other processes, but are a forced response to environmental challenges. Such facts indicate that the management of enterprises underestimates the effect of organisational change management on the state of the internal environment and the level of competitiveness of an enterprise.

2) managers ignore the technology of developing and implementing organisational changes (or do not own it), making the decision to carry out the change without proper justification and

discussion, and the changes introduced are very often experimental.

Spreadsheet 1 – Factors influencing organisational change

Type of Factor	Description
History and Ownership	The one-person organisation, the family organisation, the small-group entrepreneur will determine influence, power, style which is due to its centralized ownership.
Size	As the organisations grow and expand, tight ownership and control may dwindle and other outside forces will start having an influencing effect on their style and culture.
Technology	High cost, high-tech, high touch, fast changing technologies like telecommunications require a more flexible culture than those technologies that are expensive (machinery) where a more formal, well-structured culture is required.
Leadership and Mission	It is a well known fact that individuals and their values have an impact on the culture of an organisation through various ways, which are explained by the use of the cultural web
Analysing Organisational Culture	The workplace and the work content need to encourage the building of the community spirit and therefore culture. The same principle applies to organisations, but an important factor to recognise is that “culture and this includes organisational culture, is not all that easy to define and even more difficult to change” (2000 McLaughlin)
Understanding the Concept of Organisational Culture	An important factor in analysing organisational culture is to look for the details, as they provide evidence of the type of culture that is in place. The physical setting is a silent language that express the culture of the space, the behavioural norms and the framework for relating the physical work environment impacts on the company, culture, how people behave and relate”
The Power Culture	A problem with these kinds of initiatives are that they became increasingly difficult for the centre to keep control and manage as the organisation grows and expands, even if subgroups of managers develop their plans and initiatives, it ultimately reflects the preferences of the top or centre of the organisation who are deemed to be the real power brokers.
The Role Culture	In this environment the management of change is often a problem and difficult to achieve, especially in an unstable environment where the managers often do not see the changes coming and do not know how to manage them.
The Task Culture	The major problem with this kind of culture is that it is less capable of large-scale work and control relies largely on the efficiency of the team and top management is obliged to allow the group day-to-day autonomy.
The Personal Culture	The individual works and exists purely for her or himself. The organisation is tolerated as the way to structure and order the environment to certain useful purposes, but the prime area of interest is the individual.

Source: compiled by author on the basis of [1]

3) managers underestimate the role of convincing executors, enhancing their potential, using mostly rigid authoritarian relations in the process of managing changes. The studied enterprises do not use, for example, severe methods for the selection of personnel with innovative potential.

In part, this situation is a consequence of the established practice of hiring, when practically all significant vacant positions of the company are accepted by “protégé” who do not have the proper

abilities. In modern conditions, when creative teams win the competition, the desire to improve the activities of the enterprise in isolation from the development of staff potential is a dangerous trend.

4) to implement the process of management of organisational changes are not allocated to those responsible for that process, endowed with the appropriate authority. As a result, the company does not have a centre of responsibility for the implementation of the changes.

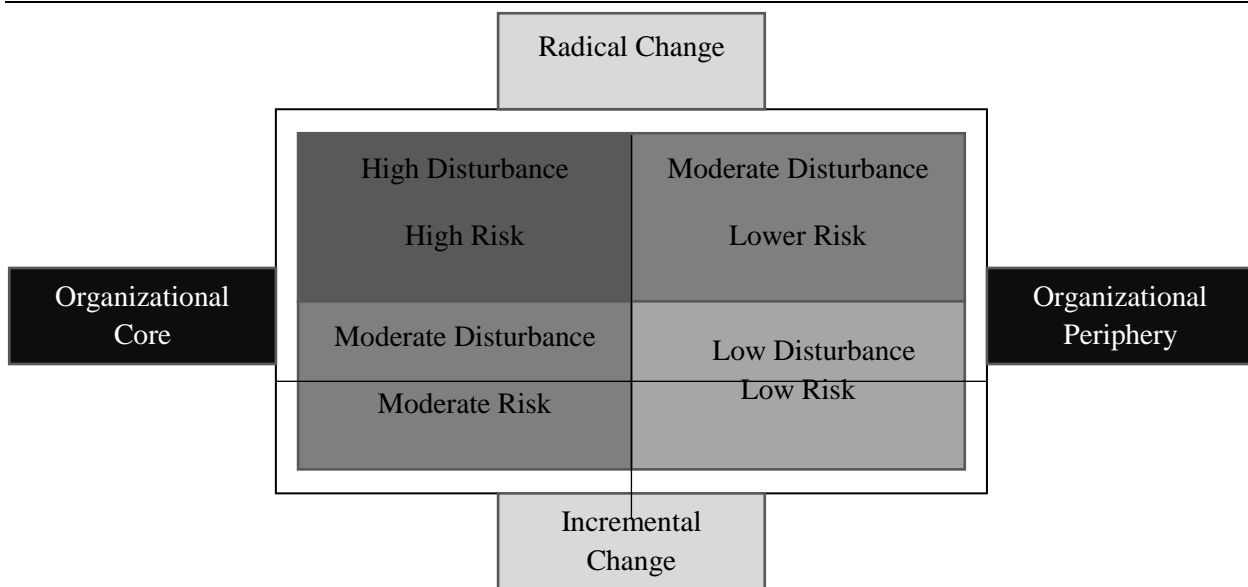


Figure 1 – Need for Organizational Change Management Heat Map

Source: compiled by author on the basis of [3,5,6]

If nothing changes in the established practice, then the systemic, harmonious development of such enterprises is hardly possible, such enterprises can exist only in the absence of serious competition.

To improve the process of managing organizational changes in an enterprise, we can offer the implementation of the following activities:

- 1 •To standardise the process of managing organisational changes in the enterprise.
- 2 •Organise regular monitoring of external and internal driving forces of organisational change. The goal is to ensure modern understanding by managers of the need for change.
- 3 •To determine the policy of introducing organisational changes, the most appropriate for the enterprise in the current environment.
- 4 •Create a project team to implement organisational change, giving it the necessary authority to achieve goals.
- 5 • Plan the upcoming organisational change within the project, discuss possible options, scenarios and consequences of the implementation of changes.
- 6 •To assess the relationship of the upcoming changes with other changes, the objectives of the enterprise for the planning period.
- 7 •It is argued to explain to the collective the causes, nature and expected consequences of the changes introduced.
- 8 •To fix the parameters of the effect of the introduced changes on the efficiency of the processes implemented in the enterprise.
- 9 •Upon completion of the project, it is necessary to analyse the target performance of the project, identify the leading causes of failures.

Source: compiled by author on the basis of [3,4]

In this case, managers would have the opportunity to reduce the likelihood of failures, more

objectively assess the effectiveness of managing organisational changes in the enterprise.

3. Organisational and managerial innovations during the changes. The implementation of any innovation, generally, is associated with various problems of enterprise routine. It does not matter whether it is a question of technical, technological, economic, social or managerial innovations. Experience shows that problems with the implementation of managerial innovations are much more significant than, for example, problems with the implementation of technological innovations. The fact is that managerial innovations have a much higher degree of methodological, organisational and personal consequences for the employees of the enterprise that, for example, technical and technological.

The human element is critical in all the stages of transformation (culture, empowerment, collaboration, ecosystems) as well as in the goals of digital transformation. People value face-to-face interaction and may not necessarily want “digital” for everything. However, a digital transformation will play a role in non-digital interactions as well, for instance, by empowering customer-facing agents. The digital transformation journey will need a flexible approach with organisations being nimble and agile enough to adapt to change quickly. Globalization of activities – when implementing a global strategy, attention should be paid to the following points: changes in exchange rates, labor costs, productivity, local opportunities, prices, which plays a significant role in solving the problem of locating production facilities

Today’s business environment has the characteristics of a VUCA (volatility, uncertainty, complexity, and ambiguity) world, which can aggravate the effects of digital disruption on a firm’s operating model. Indeed, many companies are struggling with the impact of digitalization on its people, processes, and systems.

The problem cannot be solved by simply identifying change management strategies—firms should pay attention to how these strategies will be implemented because there is a social angle to it. Unfounded fears, employee resistance, and behind-the-scenes power play between departments have the potential to unravel change management efforts.

In such an environment, the change management process is important because commitment is required throughout the lifecycle of change for results to be seen. It is not a quick-fix

solution to a project that isn’t progressing as desired. With proper understanding and implementation, the right change management strategy enables successful change during times of digital transformation and disruption. [4]

Innovation is generally defined as the generation (development) or adoption (use) of new ideas, objects, or practices (Amabile 1988; O’Toole 1997; Rogers 1995). The generation of innovation results in an outcome—a product, service, or practice that is new to the state of the art (or at least to an organizational population); the adoption of innovation results in the use of a product, service, or practice new to the unit of adoption—individual, team, or organization (Damanpour and Wischnevsky 2006). This study focuses on the adoption of innovation new to an organization. [5]

In most cases, the personnel of the enterprise are unwilling and fearful of managerial innovations due to fear of losing their former positions, both powerful and financial, as well as the impossibility or unwillingness to meet new requirements, especially in adulthood. The figure shows the systematisation of symptoms of occurrence of resistance of personnel.

The implementation of managerial innovations is always associated with resistance due to such factors as:

1. enterprise infrastructure;
2. management culture and values;
3. management staff qualifications;
4. employee motivation and other.

In order to successfully overcome the resistance of personnel to managerial innovations, it is necessary to understand the primary motives and forms of manifestation of personal resistance, that is, symptoms.

4. Kurt Lewin's organisational change process model. The Kurt Lewin change theory model is based around a 3-step process (Unfreeze-Change-Freeze) that provides a high-level approach to change. It gives a manager or other change agent a framework to implement a change effort, which is always very sensitive and must be made as seamless as possible.

The Kurt Lewin change theory or model can help a leader do the following three steps:

1. Unfreezing – Make a radical change.
2. Change – Minimize the disruption of the structure’s operations.
3. Freezing – Make sure that the change is adopted permanently [6].

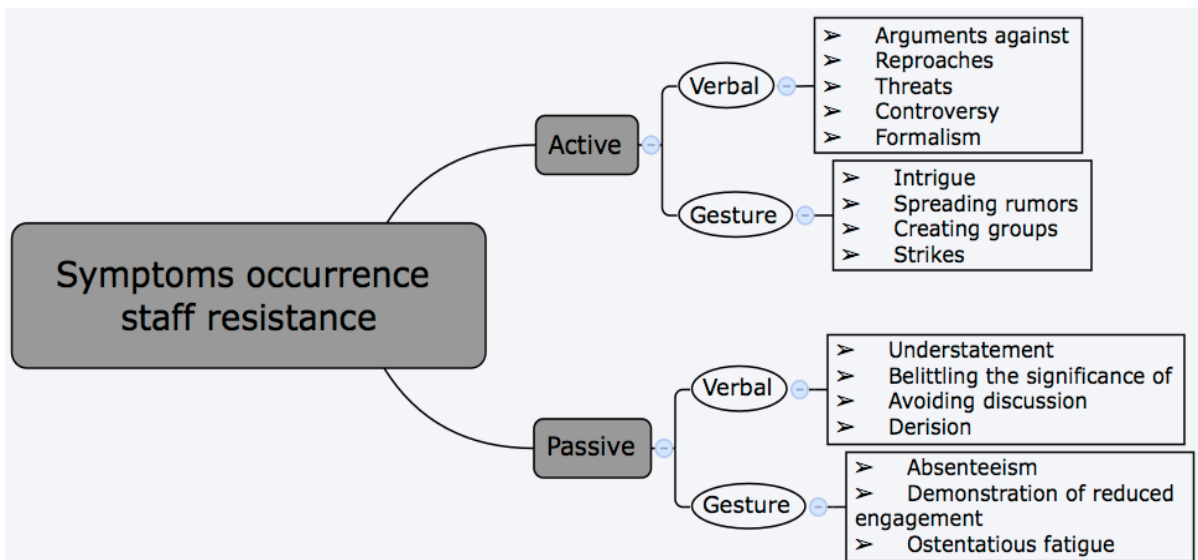


Figure 2 – Symptoms occurrence staff resistance

Source: compiled by author

Stage 1: Unfreezing

This first stage is about preparing ourselves, or others, before the change (and ideally creating a situation in which we want the change).

Unfreezing and getting motivated for the change is all about weighing up the 'pro's' and 'con's' and deciding if the 'pro's' outnumber the 'con's' before you take any action. This is the basis of what Kurt Lewin called the Force Field Analysis.

Stage 2: Change – or Transition

Transition is the inner movement or journey we make in reaction to a change. This second stage occurs as we make the changes that are needed.

That said this stage is often the hardest as people are unsure or even fearful. Imagine bungee jumping or parachuting. You may have convinced yourself that there is a great benefit for you to make the jump, but now you find yourself on the edge looking down. Scary stuff! But when you do it you may learn a lot about yourself.

Stage 3: Freezing (or Refreezing)

It's often at this point that people laugh and tell me that practically there is never time for this 'freezing' stage. And it's just this that's drawn criticism to the Kurt Lewin model.

That said this stage is often the hardest as people are unsure or even fearful. Imagine bungee jumping or parachuting. You may have convinced yourself that there is a great benefit for you to make the jump, but now you find yourself on the edge looking down. Scary stuff! But when you do it you may learn a lot about yourself.

Source: compiled by author on the basis of [5,7]

It is possible to complicate these stages, but not everyone sees it as a necessity. When working with it, it is necessary to realise that this theory has often been criticized for its “simplicity”. Much has changed since the first appearance of the theory in 1947, but the Kurt Levin model is still relevant. Many modern models of change are based on it. So, let's consider in turn all three stages of the model.

5. Features to ensure organisational changes in the automotive industry in Ukraine. In the course of digital transformation, it is essential for a business to respect the priority on critical products and services, fundamental values; otherwise the focus and positioning will be blurred. Complementary products and services go to digital platforms, forming an ecosystem of them. One of the methods of organising the production process that meets the above criteria, which has recently been increasingly introduced in domestic production enterprises, is lean manufacturing.

The topic of lean manufacturing is today increasingly being discussed both at the level of representative offices and internal dealer training. Indeed, the prospect of increasing production opportunities cannot but worry owners of the automotive business. Nevertheless, almost all dealers face difficulties in applying the theory in practice.

Over the past ten years, the Ukrainian auto industry has declined at an impressive pace. So, according to the data of the Association of automakers of Ukraine "Ukravtoprom" in May 2018, 442 vehicles came out of the factories of Ukraine. This is ten times less than the production of cars a decade ago, and the figure continues to decrease. [8]

The economic turbulence of 2008 and the consequences of the confrontation with Russia hit Ukraine's producers the most. In 2012, the introduction by Russia of the utilisation tax on cars reduced the attractiveness of Ukrainian cars for the Russian market.

Also, starting from 2016, another problem for Ukrainian automakers was competition with legally and illegally imported Western cars.

Decades ago, due to the signing of an agreement with the World Trade Organization (WTO), Ukraine was forced to reduce import duties on foreign cars from 25 to 10% and remove many preferences for domestic producers. Moreover, the signing of an agreement on a free trade zone with the EU forced the Ukrainian side to introduce the Euro-5 environmental standard.

Therefore, in Ukraine ceased to collect brands such as Geely, Chery and Daewoo, whose engines did not meet the new requirements.

As we can see, political and economic factors played a crucial role in the deterioration of the situation in the automotive industry of Ukraine. That is external factors that do not depend on the efficiency of the operating activities of automotive manufacturing enterprises. However, in this case, we will also try to find a way out of the current situation, and to understand how and through what management tools the automobile industry can restore the scale of production of previous years and improve the existing organisational processes in the present.

Firstly, we will try to formulate the basic principles for working with lean production on the example of the automotive industry in Ukraine.



Figure 3 – Five Lean Principles

Source: [9]

Lean manufacturing management is maximally focused on identifying market needs and creating maximum value for the client with minimal resources: human effort, equipment, time, production space, and other. Lean manufacturing is the basis of a new production management philosophy.

The most popular tools and methods of lean manufacturing are:

1. Mapping value stream (Value Stream Mapping);
2. Pulling production line;
3. Kanban;
4. Kaizen – continuous improvement;
5. System 5S – technology to create a productive workplace;
6. System SMED (Single-Minute Exchange of Dies) – Fast equipment changeover;
7. System TPM (Total Productive Maintenance) – Universal care for the equipment;
8. JIT (Just-In-Time);

In practice, lean manufacturing is an operating philosophy that yields a number of long-term benefits that aren't always obvious to those who are considering adopting it. The first thing most

manufacturing entrepreneurs think when they hear the term, lean manufacturing, is “cost cutting.” This is especially true when a private equity investor is the first to raise the idea. But it's just one of many misperceptions about “lean,” an approach that provides efficiencies to help a company grow and make it more investable [10].

For decades, organisations that embraced this machine model and the principles of scientific management dominated their markets, outperformed other organisations, and drew the best talent. From Taylor on, 1911 to 2011 was “the management century.”

Now, we find the machine paradigm shifting in the face of the organisational challenges brought by the “digital revolution” that is transforming industries, economies, and societies.[11]

Conclusions of this study and prospects for further exploration in this direction. The strategies and approaches to organisational changes that exist in foreign and domestic practice, as well as the most comprehensive measures to reform business, allow formulating appropriate conclusions about the standard features and differences in the practice.

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Організаційні зміни в системі досягнення економічної стійкості підприємств автобудування в Україні

Зміни, що відбуваються на автомобільному ринку України, вимагають використання найбільш прогресивних методів управління. Використання простих у роботі та ефективних у реалізації підходів, по-перше, економить час на шляху до досягнення успішного функціонування підприємства, по-друге, сприяє швидшому росту працівників, та, по-третє, є складовою, яка покращує взаєморозуміння між керівниками та підлеглими. У даній статті в якості основного інструменту для подолання проблем зниження ефективності функціонування підприємств автомобільної промисловості ми розглянули всесвітньо відомі принципи японської системи бережливого виробництва. Більш детально розглянуто можливість використання окремих методів бережливого виробництва з урахуванням відповідності нормативам та стандартам якості, які є необхідними для успішної діяльності автомобілебудівних підприємств. Принцип бережливого виробництва був вперше впроваджений у компанії Toyota у 1950 роках, у післявоєнний період, коли японцям довелося вчитися ефективно працювати, створюючи багато різних моделей в умовах невисокого попиту на кожну модель. У певній мірі в схожій ситуації знаходиться зараз Україна. За попередніми даними асоціації «Укравтопром», у листопаді 2018 року випуск автомобілів в Україні скоротився на 49% порівняно з минулим роком, і склав – 520 одиниць. Ринок легкових автомобілів з цифрою 440 автомобілів, що в два рази менше, ніж рік тому. Стаття містить п'ять основних підрозділів, до яких відносяться: 1) фактори, що впливають на необхідність організаційних змін, 2) управління організаційними змінами, 3) організаційні та управлінські нововведення в процесі змін, 4) модель організаційних змін Курта Левіна, 5) особливості організаційних змін в автомобільній промисловості України. У дослідженні було використано такі методи як: аналіз, систематизація, порівняння та узагальнення. Науково-методичний підхід в управлінні процесом організаційних змін включає в себе сукупність психологічних принципів, сукупність процедур і методів, які служать формою і умовою реалізації подібних принципів для впровадження змін.

Ключові слова: організаційні зміни, управління організаційними змінами, управлінські інновації, автомобільна промисловість.

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