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CONCEPTUAL APPROACHES TO DEFINING THE ESSENCE OF STRUCTURAL CHANGES IN THE STRATEGIC CONTEXT OF ENTERPRISE DEVELOPMENT

The article presents a generalization of conceptual approaches to defining the essence of structural changes in the strategic context of enterprise development. It provides a characterization of the advantages and limitations of the traditional view of structural changes in business as the implementation of a set of processes that define transformations or indicate the need for transformations in relation to functional units of an enterprise, the enterprise as a whole, or a group of enterprises. The positions of the "subjective" (viewing business as a participant in a system of relations within the economic environment) and "objective" (enterprise as an object of targeted decision-making) approaches are summarized regarding the definition of the essence and identification of the patterns of structural transformations in the strategic development context. The article also examines the specifics of identifying the properties of variability within the internal environment of the enterprise in the aspect of determining the appropriateness of implementing structural changes and designing organizational business transformations. It establishes a set of requirements and defines criteria for assessing the feasibility of structural transformations as part of forming and implementing the enterprise development strategy. It is substantiated that implementing structural changes as a mechanism for adapting to changing environmental conditions relies on such processes as: changing the ownership structure of a production facility or facilities; changing target markets or altering market presence; and introducing significant changes in the management of multiple entities formed as a result of organizational transformations, including the formation of new management decision-making modes.

Keywords: *structural changes, enterprise development, business process, organizational transformations, enterprise strategy.*

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КОНЦЕПТУАЛЬНІ ПІДХОДИ ЩОДО ВИЗНАЧЕННЯ СУТНОСТІ СТРУКТУРНИХ ЗМІН В СТРАТЕГІЧНОМУ КОНТЕКСТІ РОЗВИТКУ ПІДПРИЄМСТВА

У статті проведено узагальнення концептуальних підходів щодо визначення сутності структурних змін в стратегічному контексті розвитку підприємства. Дано характеристику переваг та обмежень щодо використання традиційного погляду на структурні зміни в бізнесі як на здійснення комплексу процесів, що визначають перетворення або характеризують потребу у трансформаціях відносно до функціональних підрозділів підприємства, підприємства у цілому, групи підприємств тощо. Узагальнено положення «суб'єктного» (розгляд бізнесу як учасника певної системи відносин в рамках середовища господарювання) та «об'єктного» (підприємство як об'єкт втілення цілеспрямованих рішень) підходів щодо визначення сутності та встановлення закономірностей здійснення структурних перетворень в стратегічному контексті розвитку. Розглянуто особливості виявлення властивостей мінливості внутрішнього середовища підприємства аспекті визначення доцільності здійснення структурних змін

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та проектування організаційних трансформацій бізнесу. Встановлено склад вимог та визначено критерії оцінки доцільності здійснення структурних перетворень як складової формування та реалізації стратегії розвитку підприємства. Доведено, що проведення структурних змін як механізму адаптації до мінливих умов довкілля, спирається на такі процеси: зміна структури володіння виробничим об'єктом чи об'єктами; зміна цільових ринків чи зміни щодо присутності на ринках; здійснення суттєвих змін в управлінні утвореною в результаті організаційних трансформацій безліччю об'єктів, формування нових управлінських режимів прийняття рішень.

Ключові слова: *структурні зміни, розвиток підприємства, бізнес-процес, організаційні трансформації, стратегія підприємства.*

General statement of the problem and connection with important scientific or practical tasks. The examination of processes of structural change has recently been carried out on an increasing number of different factors, mechanisms, and even results of activities, and is becoming more and more comprehensive. Structural business changes, in one form or another, refer to a whole set of processes that characterize transformations or the need for transformations of the functional units of an enterprise, the enterprise as a whole, or a group of enterprises. In this context, the usefulness and applicability of structural changes are often presented as self-evident, as they encompass all possible forms of transformation.

It can be said that the desire to generalize the concept of structural changes – as a transformation of the composition and condition of structural elements, as well as the course of processes that link these elements both among themselves and with the external environment – leads to an absolutization of the utility of applying such strategic and operational decisions as a mechanism for enhancing enterprise performance. Undoubtedly, various types of changes occur within enterprises (structural changes, relationships, changes in processes), and the analysis, forecasting, planning, and purposeful implementation of these changes constitute a significant economic task. Describing and addressing this task is highly relevant in the context of the growing dynamics of today's market environment. On the other hand, the main problems associated with implementing structural changes in enterprises and the risky nature of their practical results are determined by significant limitations in current interpretations of the essence of these processes and by attempts to apply them mechanistically according to predetermined templates.

Analysis of recent research and publications. The theoretical and applied aspects of organizational design related to structural changes have been generalized in the works of many well-known scholars, such as Aldea A. [1], Bogers M. [2], Chorafas D. [3], Cichocki P. [4], Finkelstein C. [5], Hoogervorst J. [6], Iacob M. [1], Irwin C. [4], Janssen T. [7], Korneyev M. [8], Kortmann S. [9], Lankhorst M. [1], Lankhorst M. [10], Osterwalder A. [11], Pigneur Y. [11], Popov O. [8], Pylypenko A. [8], Sandkuhl K [12], Shmatko N. [8], Stirna J. [12] etc. At the same time, many important issues – particularly those related to defining the strategic context of implementing structural changes in an enterprise – remain insufficiently explored and require further investigation.

The article's objectives. This article aims to generalize conceptual approaches to defining the essence of structural changes in the strategic context of enterprise development.

Main part. At the same time, many important issues, particularly those related to defining the strategic context of implementing structural changes in an enterprise, remain insufficiently studied and require further consideration.

Understanding the conceptual foundations of modern perspectives on structural business changes can be approached through the "subjective" and "objective" frameworks outlined below. The differences between these approaches stem from the fact that concepts like "efficiency" and "appropriateness" are relative and cannot be considered in isolation from the "object of observation," i.e., for whom specific changes are beneficial.

The first (subjective) approach involves viewing the enterprise as a "subject" in its interactions with the external environment. This approach is justified when considering the enterprise from the perspective of a more organized socio-economic system (e.g., the state, a politically and geographically distinct region, or a specific industry). It is also applicable when forecasting the enterprise's development dynamics from the standpoint of an interacting party (e.g., supplier, consumer, competitor, etc.). This approach finds practical application in business process reengineering, specifically constructing the enterprise's P-model.

This "subjective" approach considers structural changes manifestations of the enterprise's adaptive and/or purposeful variability. From the perspective of assessing changes occurring in and around the enterprise, this approach can effectively evaluate and predict the enterprise's "trajectory," its potential reactions to external stimuli (changes in the external environment, actions of competitors, authorities, etc.), changes in its value characteristics, aggressiveness, and other attributes. This approach assesses internal changes based on their impact on the "trajectory," viability, and so forth.

Generalizing the variability of an object into a unified concept of "structural changes" within the "subjective" approach is meaningful and can be considered as follows:

1. The degree of enterprise variability can characterize how well its structure and management align with the need to account for the unpredictability and variability of the external environment. According to modern interpretations of strategic planning models, the optimal degree of enterprise variability may correspond precisely to the variability (turbulence) of the external environment. A lower degree of variability indicates strategic lag, while a higher degree suggests unjustifiably high costs.
2. The speed of variability, i.e., the enterprise's responsiveness to unforeseen external changes, is a characteristic of its adaptability, reflecting the quality of its organizational and managerial structure.
3. The direction of changes can indicate the enterprise's strategic orientation, shedding light on its strategic plans, management system, and the influence of interested groups (owners, managers, employees, authorities, etc.).
4. The degree of randomness in changes may reflect the enterprise's lack of strategic culture.

In this context, monitoring enterprise variability can be effectively utilized by target groups such as competitors, authorities, buyers, suppliers, stock market participants, and others. From the enterprise management perspective, studying variability can be a foundation for making internal structural decisions that enhance competitiveness. Considering the necessity of variability is particularly relevant when modeling the enterprise during business reengineering processes.

Within the "subjective" approach, structural changes, if understood as purposeful and adaptive variability, can be seen as an extension and/or addition to the list of categories used for external company assessment, such as "profitability," "survivability," and "competitiveness."

The second approach views the enterprise as an "object" of management. Here, the internal structure of the enterprise and its system of connections with the external environment are considered objects of purposeful managerial decisions. Under this approach, all changes occurring in the system of structural components and processes connecting the enterprise's structural elements and the external environment should ideally be strictly aligned with the goals or goal vectors of the respective interested groups and optimal adaptation to external conditions.

Viewing the enterprise as an object of purposeful management is characteristic primarily of rationalist strategy schools (such as organizational design, planning, and positioning approaches). Accordingly, strategic planning and management models are applicable for considering restructuring, with the most fully developed being the strategy formation model, which implements the following principles: First, the starting point for strategy development is a system of goals (or goal vectors) and constraints. Second, based on these, a set of tasks and prospective strategic business areas and resources is determined. Third, under the formulated tasks and additional resource constraints, mechanisms are developed that lead to changes in the company's structure and system of interactions with the external environment.

The "objective" and "subjective" approaches to analyzing and planning enterprise activities offer different evaluations of the conceptual approach to understanding the essence of structural changes. Let's examine these differences step by step.

The "subjective" approach demonstrates the fundamental possibility and particular appropriateness of the first step described above, i.e., combining any changes into the category of "restructuring." However, from the author's perspective, it is more accurate to use the concepts of "variability" and/or "strategic flexibility" concerning this step.

In the approach where the enterprise is an object of purposeful management ("objective" approach), structural changes cannot be considered a beneficial activity criterion or a characteristic of enterprise variability. Changes in themselves are meaningless outside the framework established by the system of goals and constraints and the tasks derived from them. Regarding strategic planning, such restructuring can only be viewed as one of the tools for achieving goals, applicable to various strategic aspects. The criteria for appropriate changes, including structural ones, will always be higher-level goals. Structural change as a strategic tool cannot benefit or harm the enterprise. The application of such a tool can only be deemed appropriate or inappropriate and more or less effective compared to other strategic reorganization tools.

Applying the principles of the "objective" and "subjective" approaches reveals that the main parameters of "efficiency" presented in studies of structural changes are based on the following criteria: assessing the enterprise's competitiveness and survivability; evaluating the potential and practical consequences of structural changes from the perspective of national interests or the enterprise owner; evaluate the company's value; and a set of general principles of organizational design.

A prevalent theoretical approach to understanding this problem is the attempt to absolutize the usefulness of structural transformations and the practical absence of analysis regarding the relative value of specific changes for various strategic interest groups.

The best approach in terms of scope and the worst in terms of developed criteria for considering the parameters of efficiency and appropriateness of structural changes can be attributed to attempts to express universal efficiency prescriptions for all interested strategic groups (state, owners, managers, employees, environment). Characterizing the complexity of these processes (both conceptual and organizational) and the ambiguity in determining the prerequisites for the real effectiveness of structural changes, the practice of forming a change plan and defining its goals through the involvement of external consultants is widespread. This approach removes goal-setting issues from the strategic interest groups' domain. The development of this direction leads some researchers to recommend that consultants, upon identifying discrepancies between the structural change goals developed by consultants and those of managers, immediately take action to prevent the negative influence of managers on the process.

Furthermore, decomposing structural transformations by various criteria makes sense concerning the "subjective" approach. However, such classification should be helpful from the observer's (interested group's) perspective. Moreover, decomposition and the attempt to completely separate the system of changes into independent, non-interacting elements disrupt the system's integrity. Consequently, isolating, separately analyzing, and planning a typologically distinct process can lead to any, including adverse, practical outcomes.

Structural changes in the "objective" approach, as a strategy implementation tool, are always oriented toward a set of transformations of both the object itself and the processes connecting it with other objects. Under this approach, it makes sense to analyze the prerequisites determining the potential applicability of the structural change tool and compare the forecasts of its application results with other tools based on the resulting effect. In this consideration, decomposition and typological classification can only relate to the set of current and prospective characteristics of the "enterprise-external environment" system and link the restructuring tool with a set of prerequisites arising from the qualitative analysis of the enterprise's current and prospective state.

The "subjective" approach in developing enterprise development plans and forecasts can also be applied, for example, in analyzing the behavior and variability of key influence groups (resource suppliers, including stock market participants, buyers, substitutes, potential competitors, authorities), as well as analyzing the reaction of influence groups to external manifestations of changes in the enterprise (how these groups will assess the company's variability) from the perspective of their competitive actions.

From the above analysis, the strengths and weaknesses of works by groups of authors limiting the concept of restructuring to "downsizing" enterprises or conglomerate formations are also evident. The strengths include considering restructuring as a specific tool, which initially lends such consideration a practical character in analyzing managerial decisions. The main weakness lies in using concepts characteristic of the "subjective" approach in analyzing the restructuring tool, where restructuring is a category reflecting the enterprise's purposeful variability. Combining instrumental decision-making based on an inappropriate categorical approach almost inevitably leads to ineffective decisions.

Thus, implementing structural changes as a mechanism for adapting to changing external conditions often relies on processes such as changing the ownership structure of production facilities; altering markets or changing market presence (including reducing or ceasing presence); making significant changes in managing the multitude of objects formed as a result of organizational transformations, creating new management schemes, plans, and establishing management, directly related to strategic planning and management tasks.

Based on this, the connection between structural changes and enterprise strategy is quite evident. However, in practice, strategy development is almost always considered a consequence of setting the task of structural transformations and, thus, is part of the reform process, or organizational transformations are generally singled out as a separate area of strategic planning. This means that structural changes become the highest goal of the developed strategic plans, which automatically leads to an incorrect system of objectives and constraints, serving as the basic system for evaluating the effectiveness of all mechanisms developed during the strategy's development and implementation.

The prevailing theoretical approach to this issue today shows that the reasons for the negative consequences of structural changes are pretty evident. Incorrect logical transitions between steps of the concept and/or a direct attempt to combine the "subjective" and "objective" approaches, being the fundamental premise for planning changes in the internal environment and the enterprise's system of relationships with the external environment, in most cases, predetermine the negative outcome of reorganization.

Moreover, this approach, combined with the lack of clear goal-setting and consideration of the effectiveness of structural changes from the perspective of a specific strategic group, leads to the possibility of formally solving the task of adapting the enterprise to new market conditions by its managers.

Conclusions from this study and prospects for further research in this area. Summarizing modern approaches to defining the essence of structural changes in the strategic context of enterprise development shows that several features characterize research in this area, the main ones being: attempting to define structural transformations as any changes in the enterprise's activities and its system of connections with the external environment; absolutizing the usefulness of structural changes as a process of adapting the enterprise to changing external conditions.

It is proposed that limitations on analyzing and planning transformations be introduced to improve conceptual approaches to defining the essence of structural business changes.

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