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## FLEXIBILITY OF ENTERPRISE'S BEHAVIOR AS A NECESSARY CONDITION FOR SURVIVAL IN AN UNSTABLE ENVIRONMENT

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In today's unstable economic conditions, many domestic enterprises are on the verge of survival. Therefore, the issue of creating conditions to ensure their flexible behavior is relevant in order to quickly adapt financial and economic activities to an unstable market environment which has become the main factor in the viability of the enterprise in the market competition. It is substantiated that the flexibility of the enterprise is to create conditions to ensure its maneuverability, efficiency and adaptability as an appropriate response to changes in external and internal environment in order to prevent problems that may arise. It is established that the practical interest in the formation of flexible behavior of the enterprise has its delimitation into external and internal, which will allow to adapt to changes in market conditions and financial capabilities of the enterprise. It is proved that the formation of flexible behavior of the enterprise should be carried out on an innovative basis through the interconnection of its components: production flexibility; marketing flexibility; assortment flexibility; financial flexibility; innovative flexibility. It is substantiated that it is impossible to ensure flexibility of enterprise's behavior in an unstable business environment without its evaluation. The level of flexibility of the enterprise should be evaluated on the basis of an integrated indicator. However, the existing methods of its calculation are usually complex and not enough to reflect the factors that determine its level. Therefore, such approaches of calculating the level of flexibility of the enterprise are often problematic to effectively apply in practice. It is established that restructuring is the tool of flexibility formation for financially insolvent enterprises; for financially stable enterprises – reforming the system of commodity flows, the formation of the optimal flow process; for economically strong enterprises – increase the investment potential on an innovative basis.

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## ГНУЧКІСТЬ ПОВЕДІНКИ ПІДПРИЄМСТВА ЯК НЕОБХІДНА УМОВА ЖИТТЄЗДАТНОСТІ В НЕСТАБІЛЬНОМУ СЕРЕДОВИЩІ

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гнучкість, адаптивність, підприємство, невизначеність, життєздатність, виживання, ринок, бізнес-середовище, конкурентоздатність

В сучасних нестабільних умовах господарювання багато вітчизняних підприємств перебувають на межі виживання. Тому актуальним є питання формування умов для забезпечення їх гнучкої поведінки з метою швидкої адаптації фінансово-господарської діяльності до нестабільного ринкового середовища, що стало головним фактором життєздатності підприємства в конкурентній боротьбі. Обґрунтовано, що гнучкість підприємства полягає в створенні умов для забезпечення його маневреності, оперативності та адаптивності як відповідної реакції на зміни зовнішнього і внутрішнього середовища з метою попередження проблем, що можуть виникнути. Встановлено, що практичний інтерес стосовно формування гнучкої поведінки підприємства має розмежування її на зовнішню і внутрішню, що дозволить адаптуватися відповідно до зміни ринкових умов господарювання

і фінансових можливостей підприємства. Доведено, що формування гнучкої поведінки підприємства слід здійснювати на інноваційній основі через взаємозв'язок її складових: виробничої гнучкості; маркетингової гнучкості; асортиментної гнучкості; фінансової гнучкості; інноваційної гнучкості. Обґрунтовано, що забезпечити гнучкість поведінки підприємства в нестабільному бізнес-середовищі неможливо без її оцінювання. Рівень гнучкості підприємства слід оцінювати на основі інтегрального показника. Проте існуючі методики його розрахунку як правило складні і недостатньо комплексно відображають фактори, що визначають її рівень. Тому такі підходи до оцінки рівня гнучкості підприємства часто проблематично ефективно застосувати на практиці. Встановлено, що для фінансово неспроможних підприємств інструментом формування гнучкості є реструктуризація; для фінансово стійких підприємств – реформування системи товарних потоків, формування оптимального потокового процесу; для економічно сильних підприємств – збільшення інвестиційного потенціалу на інноваційній основі.

### Statement of the problem

Market transformation of Ukraine's economy system has put enterprises as economic entities in fundamentally new conditions for functioning in a competitive market environment, characterized by dynamism, variability and risk. It puts forward the new requirements for the nature and mechanisms of enterprise's management in terms of their adaptability, ability to actively respond to changes in external and internal environment in order to ensure competitiveness and sustainable dynamic development. It is about the flexibility of the enterprise, the inner essence of which is the appropriate response to the challenges of the business environment.

The problem of enterprise flexibility is actualized by the complication of economic relations and the intensification of competition, which is associated with the inclusion of the national economy in international economic processes.

The enterprise as a socio-economic system has the highest level of unpredictability of decision results. Managers often have to develop management decisions in conditions of insufficient or unreliable information, and the results of their implementation do not always coincide with the planned ones. The main reasons for the uncertainty of the external environment are: uncertainty and randomness of many economic processes; high cost of obtaining relevant information. Uncertainty of the external environment leads to increased risks and losses in the course of management decisions, which threatens the company with a financial crisis. In such conditions, the key factor in the successful viability of the enterprise is the speed and adequacy of its management's response to changes in the enterprise environment, ie flexibility.

### Analysis of recent studies and publications

Such scientists as I. Ansoff [1], G. Minzberg [2], O.V. Grachev [3], L.A. Machkur [4], N.M. Shmatko [5] and others have paid in-depth attention to the study of the problem of economic flexibility of enterprises.

The scientists note that economic flexibility is the basis for the adaptation of the enterprise in an unstable environment, which helps to create conditions for its effective operation and development. In their research, they focus on the components of economic, in particular financial flexibility, and the factors that influence the

formation of flexibility of the production system. Most scientists believe that the determining of the level of economic flexibility of the enterprise should be based on the following algorithm: analysis of partial indicators of economic flexibility; calculating of economic flexibility based on an integrated indicator. All researchers point out that there is a direct correlation between the economic flexibility of the enterprise with the provision of financial resources, their structure.

### Objectives of the article

The main aim of the article is to study approaches of interpreting the essence of enterprise's flexibility and calculating the level of economic flexibility of industrial enterprises, identifying their advantages and disadvantages and making conclusions about the feasibility of their use in the practice of functioning and development of corporate structures.

### The main material of the research

One of the main shortcomings of the entire previous stage of development of the domestic industrial complex is the low ability of most enterprises to respond quickly to market needs, and therefore they were unprepared for the conditions of fierce competition.

Studies show that in this situation, one of the most effective directions for further development of domestic industry is to increase the degree of adaptation and flexibility of enterprises to market needs, which has become a major factor in the viability of the enterprise in competition.

The concept of flexibility is interpreted differently, and today there is no definition that would fully reveal the essence of this concept. There is no accordance among scientists on the interpretation of differences and the relationship between the definitions of flexibility, adaptability and resilience of enterprises, which complicates the search for prospects for creating an effective system for managing their flexibility as a means of strategic and tactical competitiveness.

The proposals of scientists to define the essence of the term «flexibility» are presented in table 1.

In our opinion, the flexibility of the enterprise is to create conditions to ensure its maneuverability, efficiency and adaptability as an appropriate response to changes

Table 1 – The proposals of scientists to define the essence of the term “flexibility”

Author, the source	Definition
Large explanatory dictionary [7]	Flexibility – the ability to skillfully and quickly adapt to various circumstances associated with the automatic readjustment of equipment to the changing needs of production.
Economic encyclopedia [9]	Flexible production systems – a set of means of production that have the ability to quickly re-equip for the production of other products.
Economic encyclopedia-electronic [8]	Flexibility – the choice of the most rational and effective forms of market activity, entrepreneurship, their changes in accordance with market conditions in order to ensure the profitability of business entities.
Grachov O.V. [3]	Flexibility of the enterprise – the ability of the business entity to update the range of products through organizational and technological changes in production and management of the enterprise, to ensure profitability and competitiveness of its activities.
Ansoff I. [1]	Flexibility – the organization of the company's funds, which allows you to quickly and efficiently move to new products.
Sethi A.K., Sethi S.P. [10]	Flexibility is the ease with which an organization can increase its capacity and capabilities when needed.

in external and internal environment in order to prevent problems that may arise.

Thus, the vast majority of scientists define flexibility in general as the ability to easily change, skillfully and quickly adapt to conditions and circumstances.

We consider that the practical interest in managing the formation of enterprise flexibility is the proposal [1] to distinguish two types: external and internal (Fig. 1).

External flexibility is achieved through the use of a diversified model of market investment, and internal flexibility is expressed in the liquidity of resources.

Offensive flexibility is much less pronounced, it is harder to achieve. Here, the company must strive to increase the efficiency of innovation.

The main task of internal flexibility is to create a mechanism for responding to sudden complications. This is especially true for small businesses, which should have higher internal capabilities to counter the sudden deterioration of the economic situation.

I. Ansoff prefers external flexibility of the enterprise in comparison with internal flexibility.

Researches show that to ensure the flexibility of the company it is required, first of all, to monitor the external environment, to model possible relationships of the internal environment of the enterprise with market factors, which gives reason to understand the patterns of opportunities to achieve their own goals with strategic and tactical actions of competitors, industry attractiveness, changing consumer preferences, etc.

According to the need to focus on managerial innovation to ensure flexibility as a priority in the formation of strategic and tactical advantages of the enterprise as an open economic system operating in a global environment, efficiency in managing the flexibility of the enterprise should be achieved through the relationship of such components as:

- production flexibility – is associated with the capabilities of the internal environment of the enterprise and is characterized by the length of time spent and additional costs in the transition to the production of a new range of parts, as well as the diversity of this range. In this context, all indicators of production flexibility relate

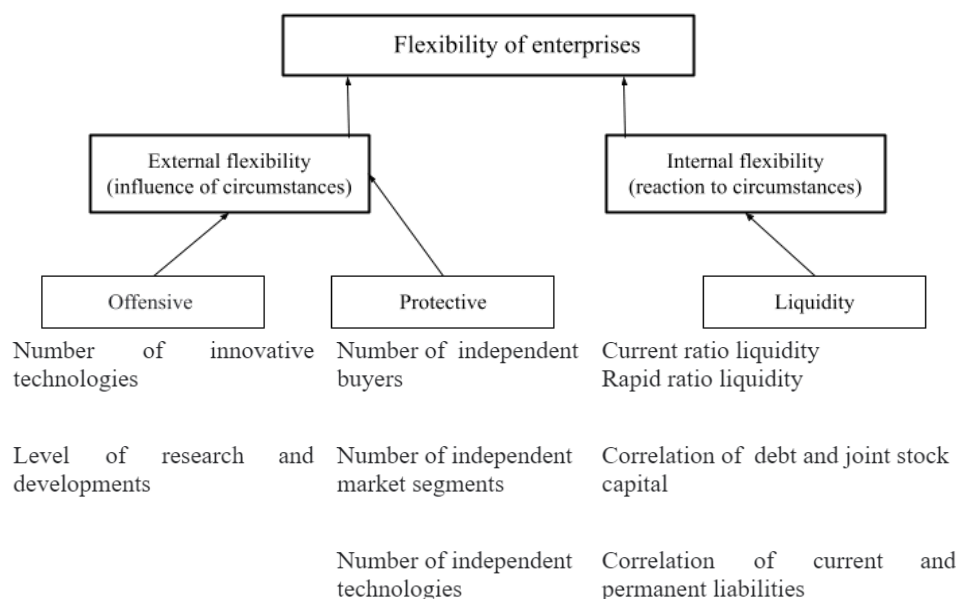


Fig. 1. Types of enterprise’s flexibility [1]

mainly to technological production systems such as flexible automated production, it certainly affects the mobility of the enterprise, but can not characterize it as a whole. In this case, flexibility indicators are usually measured in relative terms, so they are convenient for comparing systems and forecasting trends, but can not guarantee the successful operation of the enterprise in a market environment without taking into account the factors of flexibility associated with the enterprise as a subsystem higher order – competitive environment;

- marketing flexibility – the company's ability to make timely decisions in the field of marketing taking into account changes in consumer needs, company requirements, long-term consumer interests and long-term interests of society based on innovation and constant updating of products to meet the needs of different market segments;

- assortment flexibility – is associated with the need to develop the product range based on market environment monitoring and the use of the latest marketing research technologies to anticipate possible changes in consumer demand and the emergence of new needs in the market environment. In addition, important factors in the development of the product range are: the feasibility of using spare capacity; the desire of intermediaries to purchase a wide range of goods; expediency of using by-products of production;

- financial flexibility – allows you to effectively manage the processes of formation, distribution and use of financial resources and funds in an uncertain environment and lack of time for decision-making. Current theory and practice of management offers a wide range of financial instruments, the situational use of which allows to increase the flexibility of the enterprise, especially in times of crisis (problems with obtaining loans, delaying the approval and implementation of projects, etc.);

- innovative flexibility – the ability of an entity to use new ways and areas of realizing the potential of the enterprise in a changing environment, within the chosen mission and accepted motivation, and which is associated with the modification of existing and new markets.

Today, the problem of strategic flexibility as the main way of survival of enterprises in a complex and changing environment is acute for domestic enterprises. The goal of strategic flexibility management is associated with achieving the optimal level of efficiency and competitiveness of goods and the enterprise as a whole [10].

Renowned American manager of management G. Minzberg outlines a debatable question: what exactly is provided by the strategy: flexibility or stability? In this regard, he points out that the basis of any strategy is a fundamental dilemma – the need to reconcile two disparate principles: stability and variability. On the one hand, achieving the maximum effect involves the concentration of efforts, and on the other – the necessary adaptation to changing conditions [2].

The tactical flexibility of the enterprise involves the development of measures to achieve strategic goals and covers the issue of adaptation to the «payment crisis», short-term fluctuations in demand, shortages of labor and raw materials and more.

Operational flexibility refers to the organizational capacity to solve problems of current debt, eliminate deviations of the technological process from the planned schedule, resolve conflicts with partners.

Within the management of enterprise flexibility, the key role is played by the problem of its evaluation, without which it is impossible to make informed decisions in this area. Attempts to solve this problem were made in the works of scientists such as O.V. Grachev, L.A. Machkur, S.O. Komarinets, N.M. Shmatko, etc., but a common, generally accepted approach to assessing the flexibility of the enterprise in modern management science has not yet been formed.

The scientist O.V. Grachev [3] to measure the flexibility of the enterprise proposes to use a comprehensive indicator containing two components: the first takes into account the financial capabilities of the enterprise to develop its flexibility and is formed by indicators that are factors in profitability; the second is an assessment of the organizational and technological prerequisites for the creation of flexible production and is expressed by the coefficient of consolidation of operations.

The scientist L.A. Machkur [4] applies a more comprehensive approach, proposing to calculate the integrated indicator of flexibility of the enterprise on the basis of three groups of partial indicators: internal flexibility, external defense flexibility and external offensive flexibility.

The set of indicators proposed by the author to determine the integrated flexibility index of the enterprise mainly contains indicators that characterize the flexibility of certain functional areas of its activities (marketing, supply, production, innovation, financial management, information resource management), and therefore does not allow us to calculate the real flexibility of the enterprise and make informed management decisions.

According to N.M. Shmatko, among the components that determine the level of flexibility of the enterprise, it is advisable to highlight the number of states of the system, the flexibility of which is assessed, and the duration of the transition from one state to another. To do this, he proposes to identify the main functions in each business process, and for each function to form a list of functional states, ie states of the business process, characterized by alternative options for implementing a particular function [5].

The procedure for calculating the level of flexibility of the enterprise, according to the author, should include the following stages:

1. Determining the process structure of the enterprise.
2. Selection of subprocesses within each individual business process, which are relatively homogeneous in terms of functionality.
3. Determining the speed of transition from one method (procedure, technology) to implement the process to another.
4. Calculation of values of indices of flexibility of separate business processes.
5. Calculation of the value of the integrated flexibility index of the enterprise.
6. Interpretation of the value of the integrated flexibility index of the enterprise.

In our opinion, the considered approaches to the assessment of enterprise flexibility do not comprehensively reflect the factors that determine its level. Most of them are aimed at determining the level of flexibility of the enterprise due to factors, some of which are not directly related to the flexibility of the enterprise. In addition, to implement such complex proposed approaches in practice is quite problematic.

### Conclusions

One of the main mechanisms for ensuring the efficiency of the enterprise in an unstable environment is the flexibility of its economic behavior. The main element of this complex concept is the ability of the enterprise to effectively implement alternative development options. Clarification of the concept of flexibility of economic behavior of the firm allows to more accurately determine the mechanism of its increase.

We consider that the flexibility of the enterprise is to create conditions to ensure its maneuverability, efficiency

and adaptability as an appropriate response to changes in external and internal environment in order to prevent problems that may arise.

Determining the flexibility of enterprise behavior should take into account external flexibility (offensive and defensive) and internal flexibility. The first is leading, which provides strategic flexibility through the introduction of innovations in business processes. The second – should provide operational flexibility based on the formation of the required level of liquidity of assets.

In order to effectively manage the flexibility of the enterprise, a key role should be given to the problem of its evaluation, as a generally accepted approach to assessing the flexibility of the enterprise in modern management science has not yet been developed.

The basic tools of the algorithmic process of ensuring the flexible development of the enterprise, interconnected, are restructuring, logistics and capitalization, which provides a dynamic, sustainable development of the enterprise.

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