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THE LAW OF SELF-PRESERVATION AS THE BASIS OF ORGANIZATIONAL HEALTH

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Key words: enterprise; the law of self-preservation; survival; development; business environment; management; innovations.

The article is devoted to the issue of ensuring industrial enterprises' health. The definitions have been studied as well as the main provisions of the health concepts have been generalized, the components of the concept have been purified. The mainstream of the conceptual bases of sustaining the health of industrial enterprises' practical application has been proposed. They are presented in the form of the guidelines for the formation of initial conditions for their functioning and further development. It has been recommended to implement strategies to increase organizational health of industrial enterprises in the process of their development on the basis of managerial adaptation to changes in business environment grounded on the flexible management. The health system has the following main distinctive features: irreversibility; permanence and long-term effects. Enterprise survival is one of the key concepts in modern theory and practice of management. It is considered as one of the important criteria for assessing business effectiveness as of a social and economic system. Research has shown that nowadays the main areas that contribute to the enterprise survival are: effective management, aimed at long-term success determinants; well-timed restructuring of production to new product lines; effective investment policy that determines the choice and ways of implementing the most efficient ways of updating and expanding its production and R&D capacity; higher creditworthiness of business, which promotes the attraction of cheaper credit resources; enhancement of corporate culture, which determines the limits of enterprise flexibility in extreme situations, it expresses the degree of team readiness to implementing change; introduction of innovations in all spheres of enterprise activity. It has been proved that organizational health includes two elements: sustaining existence and development support. It has been substantiated that in the context of competitive market environment, the development itself is the basis for the survival and effective functioning of business structures. It has been determined that enterprise development is a result of evolutionary changes that involve progressive qualitative transformations on the basis of enterprise adaptation to business conditions and its radical revolutionary innovation transformation.

ЗАКОН САМОЗБЕРЕЖЕННЯ ЯК ОСНОВА ЖИТТЄДАТНОСТІ ПІДПРИЄМСТВА

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Ключові слова: підприємство; закон самозбереження; виживання; розвиток; бізнес-середовище; менеджмент; інновації.

Статтю присвячено проблемі забезпечення життєдатності промислових підприємств. Розглянуто понятійний апарат та узагальнено основні положення концепцій життєдатності, виокремлено складові елементи поняття. Запропоновано основні напрями практичного застосування концептуальних основ забезпечення життєдатності промислових підприємств, які викладені у вигляді рекомендацій щодо формування вихідних умов їх функціонування та подальшого розвитку. Упровадження заходів підвищення життєдатності промислових підприємств у процесі їх розвитку рекомендовано здійснювати на основі адаптації менеджменту до змін бізнес-середовища на основі забезпечення гнучкого управління. Для системи життєдатності характерні такі основні риси: необоротність, перманентність і довгостроковість наслідків. Виживання підприємства – одне з ключових понять у сучасній теорії і практиці управління, розглядається як один із важливих критеріїв оцінки ефективності

функціонування підприємства як соціально-економічної системи. Дослідження показали, що основними напрямками, що сприяють виживанню підприємства в сучасних умовах, є: ефективний менеджмент, спрямований на реалізацію довгострокових факторів успіху; своєчасна перебудова виробництва на нові види продукції; ефективна інвестиційна політика, що визначає вибір і способи реалізації найбільш раціональних шляхів оновлення і розширення виробничого і науково-технічного потенціалу; підвищення кредитоспроможності підприємств, що сприяє залученню кредитних ресурсів нижчої вартості; підвищення корпоративної культури, що визначає межі гнучкості підприємства в екстремальних ситуаціях, у ній виражається міра підготовленості колективу до здійснення перетворень; упровадження інновацій у всіх сферах діяльності підприємства. Установлено, що життєздатність підприємства включає дві складові: забезпечення існування й забезпечення розвитку. Обґрунтовано, що в конкурентному ринковому середовищі саме розвиток є основою для виживання і ефективного функціонування підприємницьких структур. Визначено, що розвиток підприємства має відбуватися як шляхом еволюційних змін, які передбачають поступальні якісні перетворення на основі адаптації підприємства до умов бізнес-середовища, так і його докорінною революційною інноваційною трансформацією.

Statement of the problem

Nowadays, domestic enterprises face economic difficulties and rapidly changing business environment that requires their adaptation to the market. The sustainment of organizational health, that is, the ability of a business entity to coordinate its activities, achieve goals and renovate faster than competitors do, is as important as attention to traditional factors that determine the effectiveness of entrepreneurship. Healthy enterprises are not just learning to adapt to the current situation or solve topical problems; they develop the ability to master new strategies and continuously develop themselves, forming competitive advantages.

The theoretical background for analysing business performance is the law of self-preservation. Every tangible system seeks to preserve itself as a whole, that is, to survive, and uses its full potential to achieve this. Business self-preservation depends on the external and internal environment, characteristics of its activities, resource availability, management quality, etc. Business survival is one of the key concepts in modern theory and practice of management, which is used for the final characteristics of the process of its performance. It is considered as one of the important criteria for assessing the effectiveness of an enterprise as a social and economic system.

Analysis of recent studies and publications

V.P. Martynenko [1], I.Y. Andriuschenko [2], L.N. Serhieiva [3], Y.S. Pohorelov [4], N.V. Tsopa [5], V.P. Chernenkyi [6], L.O. Lihonenko [9] and other scholars studied the issues of self-preservation and development as the basis of organizational health.

Thus, according to V.P. Martynenko, the principles of enterprise health are: its solvency; financial sustainability; business environment; resource intensity; competitiveness. The researcher I.Y. Andriuschenko says that the key components of enterprise health are its resilience and adaptability to changes in the business environment. Professor L.N. Serhieiva includes the following components to the enterprise health: sustainment of business existence and development support.

V. Kuznetsov argues that enterprise's survival has three goals: enterprise self-preservation as a whole; sustaining

enterprise adaptation to the market environment; well-balanced finite goals.

These problems require systematization and generalization of theoretical and methodological developments regarding the formation of enterprises health. Therefore, the issues of identifying and studying the main components that affect enterprises self-preservation and development to increase their health become relevant.

Objectives of the article

The objective of the article is to study the law of development and its role in the formation of the organizational health system as of a generalizing model of economic activities aimed at supporting business entities' stability and efficiency in the context of uncertainty in the business environment.

The main material of the research

Both practitioners and theorists analyse conditions of enterprise health. Scholars in economical and socio-humanitarian fields define the category of "health" as the object of their research. Definition of the essence of enterprise health as an economic category is necessary to determine the criteria to identify unhealthy enterprises, which do not make normal profits in a competitive environment.

The comprehensive dictionary of modern Ukrainian language determines the category of "health" as the possibility to maintain, sustain life [7].

Health can be understood as the ability of the subject to ensure its survival through self-improvement. The category of health is close to the category of reproduction, that is, the ability of a subject to reproduce itself and the relationships in spite of the endless flow of risks, overcoming them. In a broader sense, health is a combination of system's sustainability and its adaptability, self-identity, relevance, utility, suitability, optimality and non-optimality [8].

V.P. Martynenko determines health as business necessary and sufficient capacity to overcome the imbalance of the economic system and maintain a certain level of economic activity to avoid loss. The main features that characterize the importance of organizational health are solvency, financial sustainability, business environment, resource intensity,

competitiveness. It is also defined by the essential nature of the main economic categories: profit, finance, loan, which are organizational health's background [1].

I.Y. Andriuschenko considers the essence of the category "enterprise health" as the system's ability to maintain its existence to carry out the mission effectively by the combination of the following system properties, such as adaptability and sustainability in the current business environment. She defines sustainability and adaptability as the key components. Their common features are described by their aptitude to the environmental changes [2].

We believe that the most valuable definition of the enterprise health essence is presented in the monograph, written by the authoring team monitored by professor L.N. Serhieiva [3], which includes two components:

- maintenance of existence (sustainability characterizes the interaction of an enterprise with its environment, soundness characterizes the internal business environment);
- development support (vitality characterizes business capacity aimed at the development, motivation characterizes the duration and intensity of activities aimed at the development).

It should be noted that McKinsey's managers have developed the "Organizational Health Index" (OHI), which includes nine elements of organizational health [10]: leadership; capabilities; environment and value; innovation and learning; external orientation; corporate organizational skills; motivation; accountability; coordination and control. Thus, eight of nine determinants formed by the enterprise management, affect its health. This proves the need to improve the quality of corporate management.

It should be pointed out that three main distinguishing features characterize the health system: irreversibility; permanence and long-term effects. That is, it adjusts enterprise capacities and it becomes impossible to return to the status quo, and if it is possible, then it takes considerable spending of time and resources. The perennial nature is reflected in enterprises' permanent development and adjustment of their strategies determined by the uncertainty of the business environment, partners, competitors, instability of business climate, and market situation [8].

Thus, it can be concluded that the health system is of great importance for enterprises in a competitive environment because it provides early detection of the features of insolvency, development and implementation of anti-crisis measures, competition control in internal and foreign markets, strengthening of market reputation and expansion of the customer base, diversification of production by entering new product markets, seeking funding for strategic projects and the entire range of measures of operations and production business behaviour aimed at sustaining its organizational health.

It is worth noting that the theoretical basis for analysing enterprise health is the law of self-preservation. Every material system seeks to preserve itself as a whole, that is, to survive, and uses its full potential to achieve this goal. Self-preservation of an enterprise depends on its external and internal environment, the nature of its activities, resources availability, quality management, etc. It is affected by two opposing organizational

determinants – stability and development. Thus, survival, balance and stability build the background of self-preservation.

Survival of an enterprise is one of the key concepts of the contemporary management theory and practice, which is used as a final record of its life cycle. It is considered as one of the important criteria for assessing the effectiveness of an enterprise performance as of a social and economic system.

Comprehensive dictionary of modern Ukrainian language gives the following definition of the category "to survive." It is the ability to keep alive, despite danger, difficult conditions for existence, to be able to survive with funds and necessities [7].

Professor L.O. Lihonenko compares enterprise's survival with its self-preservation and considers it as an opportunity to develop a situation positively. The results are the economic system normalization, restoration of business competitiveness and the effective management. The scholar defines enterprise survival as a form of its development, which implies timeliness and adaptation efficiency to the changing internal and external environment maintaining the basic laws of development: purposefulness, dynamism and control [9].

We believe that enterprise survival is the ability of management to ensure enterprise's adaptive activities to the ever-changing environment, its ability to support the lowest level of profitability, sustaining attractiveness for investment.

The source [11] emphasizes priorities that help to ensure enterprises survival in the current business environment, namely:

- effective management, aimed at long-term success determinants;
- well-timed restructuring of production to new product lines;
- effective investment policy that determines the choice and ways of implementing the most efficient ways of updating and expanding its production and R&D capacity;
- higher creditworthiness of business, which promotes attraction of cheaper credit resources;
- enhancement of corporate culture, which determines the limits of enterprise flexibility in extreme situations, it expresses the degree of team readiness to implementing change;
- introduction of innovations in all spheres of enterprise activity.

The following characteristics are used as health parameters in [11]: 1) net assets; 2) assets to ensure fulfilment of commitments to repay borrowings and the required level of asset liquidity by borrowed funds; 3) financial equilibrium, that is, the ability to generate cash-flow in full and on time sufficient to fund cash expense of operational and investment activities of an enterprise; 4) break-even point performance or achievement of target indicators of economic and financial activity according to the set strategic goals and tasks of an enterprise. The healthy enterprise's economic system takes place only if there is the consistent availability of all four health parameters.

The study concludes that solvency, financial sustainability and profitability are factors that determine the health of industrial systems. Accordingly, their health level can be determined by the indices of liquidity, financial sustainability and profitability.

The primary goal of any enterprise is its survival (the long-term performance of an enterprise), as well as the goals of growth and diversification. The main idea of a long-term performance is to earn profit sufficient for its capacity-building and developing competitive advantages. Managerial experience of highly developed countries proves that it is possible to provide when a person is considered as the highest value for a company.

Development is the basis for the survival and effective functioning of business structures in the context of competitive market environment. Today, more and more business owners and corporate management are beginning to acknowledge the importance of systematic development. Many scholars are studying the priorities of business entities' development. Their implementation will enable enterprises to sustain the appropriate organizational health level.

Table 1 – Essence of the category “enterprise development”

Authors, source	Essence
A.V. Amelchenko [14]	Objective and time-continuous process of system's adaptation to the requirements of the business environment
Y.S. Pohorelov [4]	A long-term set of processes of quantitative and qualitative change in business activities that lead to its improvement by the capacity-building, adapting to the external environment and internal integration
O.V. Raievnjeva [15]	The process of an open system transformation in space and time, characterized by the revision of its global goals by the formation of a new or modified dissipative structure, and the system transition into a new attractor of development
E.G. Velykaia [16]	New level of enterprise development, which increases the ability of an enterprise to resist the destructive external environment
N.V. Tsopa [5]	Directed, regular change in the enterprise performance, which has inherent properties of saving and growth of business operation's quality values above the safety threshold, the growth rate of business operation's quality not lower than economic growth and the specific market environment
N.V. Kasianova [17]	The process of time-changing of enterprise's structure and functions, which determines the process of its transition to a qualitatively new one
Author's definition	Evolutionary changes with progressive qualitative transformations on the basis of the business adaptation to the ever-changing environment or its fundamental revolutionary innovation transformation

V.M. Koshelnyk believes that economic development is the main among the existing types of enterprises development ensuring its performance and forming the basis for other types of development. Economic development is associated not only with the problems of organizational functioning, but reflects the evolution of the management mechanism, which leads to total system changes [18].

Thus, when we analyse the economic development, we mean that it causes significant improvement of business performance.

Conclusions

The law of self-preservation helps to solve problems of business entities survival that is any organization as a social-economic system is characterized by the desire for self-preservation making optimal use of labour and material resources. The law of self-preservation serves as the basis for assessing enterprise's ability to survive in the changing environment, forecasting its further development.

Development is not just a change, but the change associated with the transformation of the object's internal structure inside the structure that is a set of interconnected elements, relationships and dependencies. These are its characteristics:

- quite complex, with different uncertainty levels;
- innovativeness;
- structural changes in all spheres of object's activity;
- resource constraints;
- agreed with the criteria of object's development;
- long-term, difficult inverse effects;
- current object's shift to the desired or predicted future [13].

Thus, development refers to irreversible object's change promoting a new quality or status.

Academic sources pay much attention to the category “enterprise development” (Table 1).

Hence, the enterprise development is analysed as directed, irreversible object's movement, its qualitative change based on evolutionary or revolutionary development.

Enterprises health is the basis of their effective functioning and development. The development of enterprises can be grounded on evolutionary changes characterized by qualitative transformations on the basis of enterprise's adaptation to the ever-changing environment or its fundamental revolutionary innovation transformation. The health system provides in time detection of financial insolvency indices, development and implementation of anti-crisis measures, monitoring of the competitive environment in the domestic and foreign markets, strengthening of market reputation and expansion of the customer base, diversification of production by entering new product markets, seeking funding for strategic projects and the entire range of measures of operations and production business behaviour.

The high organizational health level is formed by the internal business factors aimed to improve the quality of their management.

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