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## METHODOLOGICAL PRINCIPLES IN DEFINING THE COMPETENCE READINESS OF ENTERPRISE FOR STRATEGIC CHANGES

*The objective of the article is to develop the methodological principles for defining the competence readiness of enterprises for strategic changes under the conditions of highly dynamic business environment. A scientific and methodical approach is offered to ground the parameters of competent readiness of enterprise to changes, which in contrast to the existing ones, structures the logic of influence at all levels of competences and involvement of basic staff categories into the formation of competence on the ability to implement changes effectively and successfully.*

**Keywords:** general readiness for strategic changes; situational readiness for strategic changes; competence readiness for changes; the readiness level of enterprise for changes.

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## МЕТОДОЛОГІЧНІ ЗАСАДИ ВИЗНАЧЕННЯ КОМПЕТЕНТНІСНОЇ ГОТОВНОСТІ ПІДПРИЄМСТВА ДО СТРАТЕГІЧНИХ ЗМІН

*У статті досліджено методологічні засади визначення компетентнісної готовності підприємства до стратегічних змін в умовах високого динамізму бізнес-середовища. Запропоновано науково-методичний підхід до обґрунтування параметрів компетентнісної готовності підприємства до змін, який на противагу існуючим, структурує логіку впливу усіх рівнів компетенцій і рівня залученості основних категорій працівників на формування компетенцій на здатність ефективно і результативно запроваджувати зміни.*

**Ключові слова:** загальна готовність до стратегічних змін; ситуативна готовність до стратегічних змін; компетентнісна готовність до змін; рівень готовності підприємства до змін.

Табл. 1. Рис. 2. Літ. 13.

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## МЕТОДОЛОГИЧЕСКИЕ ОСНОВЫ ОПРЕДЕЛЕНИЯ КОМПЕТЕНТНОСТНОЙ ГОТОВНОСТИ ПРЕДПРИЯТИЯ К СТРАТЕГИЧЕСКИМ ИЗМЕНЕНИЯМ

*В статье исследованы методологические основы определения компетентностной готовности предприятия к стратегическим изменениям в условиях высокого динамизма бизнес-среды. Предложен научно-методический подход к обоснованию параметров компетентностной готовности предприятия к изменениям, который в отличие от существующих, структурирует логику влияния всех уровней компетенций и уровня вовлеченности основных категорий работников к формированию компетенций на способность эффективно и результативно внедрять изменения.*

**Ключевые слова:** общая готовность к стратегическим изменениям, ситуативная готовность к стратегическим изменениям, компетентностная готовность к изменениям, уровень готовности предприятия к изменениям.

**Problem setting.** In the course of strategic changes management often faces the problems related to the complex estimation of the enterprise's readiness to changes. Nowadays strategic management is impossible without the efficient system of strategic change management, which in turn must be based upon the efficient mechanisms of

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determining the enterprise readiness to changes. Understanding of an enterprise as an open system requires taking into account all of its interrelated elements. Therefore, it is necessary to consider the integrated vision of all the aspects of enterprise activity in order to provide favorable inner conditions for the realization of transformations. The formation of an efficient mechanism for the definition of enterprise readiness to changes cannot be limited to the research on the readiness of its separate subsystems, i.e. financial and economic, technological, organizational, HR etc. Today steady competitive advantages are provided in the process of development of integral resources and abilities, based on the effective interaction of personnel, to create such kind of cooperation which can hardly be imitated by competitors. The most actual problem for all enterprises is the formation and improvement of competences. To keep to the current proactive approach to change management enterprises have to constantly maintain the high level of readiness to changes, which is provided by the appropriate competence and dynamic abilities. Therefore, the problem of competent readiness of an enterprise to changes is in the focus of the contemporary scientific research and requires certain theoretical and methodological reasoning.

**Latest research and publications analysis.** Multidimensional issues of enterprise readiness for transformations are considered in the research studies by many foreign and national scientists. Most often the sociopsychological components of the readiness of enterprises for strategic changes are stressed. However, scientists also develop integrative procedures which not help to estimate the readiness of enterprises for changes, as well as to take into consideration the parameters of financial and economic support, the parameters of staff readiness for changes and the organizational parameters. Such integrative approaches are presented in the research of S.I. Ashmarina and B.N. Gerasimov (2012), A.V. Pavlova (2011), L.I. Yermolenko (2011). However, most of them refer to the methodology of the estimation of enterprises readiness for changes and are basically limited to the readiness of personnel for transformations. The most prominent publications in this field belong to M.I. Fayerman (2007), P.M. Kulikov and N.E. Belyayeva (2009), D.S. Koen (2007). However, the defined procedures do not reveal all the features of readiness at every stage of strategic change management and scarcely concern the competences component of changes, as well as do not provide details on the metrics for the estimation of the readiness for changes, and as a result they fail to present the full picture of all the factors on which the personnel maximal interest in transformations and the minimal resistance depend.

**Unresolved issues.** Hence, there is a need to specify the conceptual toolkit to define the enterprises readiness for strategic changes and identify the features of competent readiness for transformations. It is also very important to work out the methodological framework for the integral definition of the enterprise readiness to change along with the specification of the competent readiness parameters.

**The research objective** is to develop the methodological principles for the definition of enterprise competent readiness for strategic changes under the conditions of highly dynamic business environment.

**Key research findings.** The formation of the methodological framework for the comprehensive definition of enterprise readiness for changes claims for the clear theoretical definition of this concept. The general definition of readiness does not have a sufficient scientific rationale, it derives from the liberal arts. The existing scientific

consensus lies in the fact that readiness is a collective notion, which displays both formal and informal character of changes in organizations. Thus, from the psychological perspective readiness is a state, in which certain anticipations emerge in a living environment; the prestart organization which includes the estimation of the existing conditions, definition of the most apparent actions, prediction of motivational, volitional and intellectual efforts, mobilization of strengths, suggestions on the goals achievement. So, we may assure that the main characteristic of readiness is exactly the prestart individual organization, or if projected on enterprise, is the prestart organization of transformations at it. In the works by foreign and national scientists the definition of readiness of enterprise for changes adds up to the interpretation of personal readiness of each of the personnel for changes. Generally speaking, most of the approaches to the estimation of the readiness for changes recommended by the scientists interrelate and have similar characteristics. According to M.I. Diachenko and L.A. Kandibovich (1978) the readiness of personnel for changes is the special attitude for certain active behavior, orientation to successful actions towards changes caused by certain factors and personal psychological peculiarities. Large number of scientific works is dedicated to the issues of managers' readiness for changes. Further positive perception and maximal involvement of staff in transformational processes depend exactly on the comprehension of the necessity for such changes and top-managers' readiness for them. One of the key principles of the theoretical conception of strategic management by A.N. Lokshinov (2000) is the consideration that success or fail of a strategic response to sudden changes is caused by the adequacy or inadequacy of 3 variables: the level of environmental development, the aggression of organizational strategy and the inner readiness of an organization to change. The author suggests that the following theoretical ideas should be introduced into the practical mechanism of management for an enterprise's adjustment to sudden changes. This is the start for developing the main criteria of an enterprise strategic success. Firstly, to provide the optimal potential profit, the aggression of a strategy must correspond to the changes in the environment. Secondly, to achieve potential profit the readiness of management for changes must correspond to its strategy of aggressiveness. Thus, the author defines the readiness for changes as the degree of changes in the current conditions, which can be realized, accepted and overcome. The essential research in this field was made by A. Armenakis (2000), who proposed his own concept based on the long-term observations of staff's readiness for changes. His concept argues that organizational transformations are not mechanical actions, but the multilevel process, in the course of which group's behavior and attitudes to what happens is changing. That's why the readiness for changes should be treated as the state of each employee and of the whole group in general.

Thus, the generalization of the existing explorations demonstrates that the readiness of enterprises for changes cannot be considered only as the readiness of staff. It is very necessary to take into account all the key aspects of enterprise functioning as an open system – organizational, technological, financial and the personnel. From this perspective, the definition by the managers of Onix-trade Company (2012) can be considered as the exact and precise one. They interpret the readiness as the state of mechanic and trade system or of the pattern which meets all the terms required for actions (for opening or closing a position), except the last one (input).

Thereby, the readiness of an enterprise to change is a balanced state of this enterprise when all its subsystems are aimed at favorable conditions for starting new planning, implementation or results fixation of change processes. For the balanced state of all subsystems the absolute determination to changes happens seldom, the definition of the level or the readiness state of the enterprise for changes is required. Among numerous scientific works on the methodological or scientific definitions of the enterprise readiness to change, two aspects can be distinguished. According to the first one, the ultimate objective is the determination of the level of enterprise or staff readiness for changes, which can be high or low with individual possible levels. The second aspect of readiness is the typology of management readiness for changes, in other words – readiness as the way of response by management to the necessity of changes. The estimation of the level of the enterprise readiness for changes is indeed.

To estimate the level of enterprise readiness for changes it is essential to emphasize the two types of readiness: general and situational. The idea of such division was proposed by scientists, but it referred to the readiness for changes of only individual employees and not the whole enterprise. In particular, the general (or timely, continuous) readiness of an employee is considered as the acquired abilities, knowledge and reasons for the employee's activity. This facilitates the readiness for tasks performance with regard to current or future transformations, which are not accurately defined or scheduled at this level. Situational readiness is considered as the dynamical state of a person, his/her inner attitude to certain behavior, mobilization of all efforts to act actively at the period of changes. Thus, such kind of readiness illustrates the most obvious response of an employee to the necessity of urgent changes.

From this perspective, we suggest that the process of the estimation of enterprise readiness for strategic changes should be started with specifying the two types of readiness – general and situational and the definition of their main features. The general readiness must represent the enterprise ability to provide timely and adequate response to transformational processes in business environment or at an enterprise. The main conditions for such a response are the high level of changeability of organizational structure of an enterprise, the general resilience flexibility of the assets and their market fluctuations tolerance. The situational readiness for changes characterizes the ability of an enterprise to provide an adequate response to particular, directly linked with enterprise activities challenges of external (or internal) environment. Thus, the general readiness of an enterprise demonstrates the positive attitude to changes at the level of the whole enterprise and as a rule represents the development of its dynamic abilities, aimed at the formation of new combination of resources. Dynamic abilities of an enterprise characterize its capability for searching activity under the conditions of high market uncertainty, accompanied by massive flows of information and knowledge. The parameters of general readiness, consequently, will be almost the same for every enterprise. The parameter of situational readiness should be determined for every single enterprise, depending on the particular situation, that enforces enterprise's transformations. To our point of view there exist 4 key parameters of enterprise readiness for strategic changes: financial and economic provision; organizational favourableness; technological provision and professional and psychological readiness of personnel. With the increasing need for resource and dynamic abilities in enterprise management the latter three types of readiness should be united into one unit named "organization-

al favourableness and competent readiness". This unit represents all the required elements of readiness from the perspective of resources development inside an enterprise.

Competent readiness of an enterprise for changes is one of the most important components of a complex readiness. But to define the general competent readiness is insufficient for the entire and precise understanding of enterprise abilities to transform, since competences have a multilevel structure. I.P. Otenko and O.S. Preobrazhenska (2012) distinguish individual (personal) competences, which belong to individual employees, and the competences at the whole enterprise level, i.e. formed by the group of employees. Secondly, employees of various hierarchy levels can be involved into competences formation and development. In some particular cases competence is formed with the participation of managers only, and sometimes it requires the involvement of employees of all levels.

Thus, to estimate the competent readiness of enterprise for changes it is proposed to take into consideration the level of competencies development by their hierarchical structure and then to match it with the hierarchy level of employees, involved in the formation of appropriate competences. Following this logic, the two-factor matrix of general competent readiness for changes estimation is formed. The matrix for the estimation of the parameters of general competent enterprise readiness for strategic changes represents the successive steps of its formation, emphasizing the main abilities, which provide the required level of readiness (Figure 1).

		Hierarchy level of the employees, involved in the formation of competences		
		From average personnel to managers of all ranges	From middle managers to top managers	Top managers
Hierarchy level of competences	Leading (system)	Possibility of effective and efficient implementation of strategic changes	Ability to forecast and plan strategic changes	Ability to provide the entire strategic management
	Standard (group)	Ability to interact in groups	Ability to create concordant aims and the objectives of strategic changes	Ability to create balanced reproduction of management functions
	Personal	Ability to maintain high professional competences; ability to maintain high role competences	Ability to solve managerial problems; ability to be a leader	Ability to solve strategic managerial problems; ability to be a strategic leader

**Figure 1. The matrix for determination of the parameters of enterprise competent readiness for strategic changes, developed by the authors**

Let's try to explain the logic of formation and application of this matrix. The analysis of the existing approaches to the classification of competences in the hierarchy allows to describe the authors' vision on this issue. Within the given research context we identify six levels of competences, which are closely interrelated. These are: 1) professional competences, which include basic knowledge and abilities of a person; 2) role competences, which characterize leadership and communicative qualities, social activity and flexibility of an employee in the process of organization and implementation of common tasks; 3) functional competences as the characteristic compe-

tences of enterprise subsystems to fulfill the necessary industrial, sales and other functions in the most effective way; 4) strategic competences, which represent particular characteristics of the general and competitive strategies of enterprise according to their compliance with the dynamic business environment; 5) key competences, which refer to profitable activities that can be hardly imitated by competitors. Usually this type of competences provides a steady competitive advantage and is related to the main enterprise activity. Key competences help in solving unusual and particular tasks; 6) unique competences, which characterize the highest level of key competences development and the absence of the similar ones at competitors. The creation of such competences occurs mainly under the conditions of innovative development of enterprises.

So, the first two levels of competences – professional and role competence – belong to particular persons, meaning employees. Other levels of competences are not individual and are formed only on the basis of effective interrelation of groups of employees and based on knowledge, i.e. these competences are not an occasional coincidence of circumstances. The next two levels – functional and strategic competences – are related to standard enterprise competences. Standard competences represent such abilities, which enable to accomplish business processes, simple for every enterprise under the conditions of those markets, where this enterprise functions. Logically, every enterprise can have standard competences, because without them any enterprise is uncompetitive and leaves the market quickly. Standard competences don't differ essentially from the competences of competitors, so they cannot secure any competitive advantage. But such competences are very important for enterprise development, since later they can transform into higher level competences which are key and unique. These two type of competences should be united into one group of the so called leading competences, which can not only secure leadership in the field of main activities of an enterprise, but are also very important in the development of strategically possible kinds of activity in future.

On the one hand, creating the standard (group) and leading (system) competences fosters the high level of personal competences. On the other hand, to provide the required level of the key personal competencies, i.e. the ability of any range employee to maintain high professional and role abilities, it is very important to successfully manage these aspects. So, if an employee has such personal competences as the ability to solve strategic managerial problems and the ability to be a strategic leader, further development of employees' personal competences can be developed.

Nowadays there is an obvious trend of enterprise consolidation and integral processes development, it is quite logical that a lot of management approaches are based on decentralization and, thereafter, on authority delegation. So, it is reasonable to distinguish two managerial levels – the top and the middle level, and to define the parameters of competence readiness of an enterprise, taking into account the objectives and the aims at both levels. As it was mentioned, the most distinctive feature of the top level readiness for changes is the initiative and personal managerial and leadership qualities of top management. For further advance of effective management of changes and creating favorable conditions for their improvement, it is important to develop such group competence as the "ability to reproduce managerial functions PAIE", which belongs to top managers level only. The methodological basis for enterprise management at every stage of the life cycle named "Adizes code PAIE" allows to

define the most actual strategic competency (Adizes, 2011). The main theory of this competency is the ability to provide 4 managerial aspects in strategic management: high efficiency (short-term key point), accurate management (short-term key point), strategic planning (long-term key point) and integrative intervention (long-term key point). According to this theory, since the combination of all these 4 managerial elements is impossible to be managed by a single person, it is proposed to create top managers group. In this way, on the basis of the agreed collaboration of at least several managers, the balanced reproduction of necessary managerial functions can be available. The next level is the creation of special conditions for the formation of the leading competency of top management, i.e. "the ability to provide the entire strategic management of enterprise" (Adizes, 2011).

At the same time the ability of top managers to reproduce managerial functions PAIE allows to delegate a part of functional authority on the lower level, i.e. on the middle one, and to achieve common strategic aims and objectives among top and middle managers.

This managerial competence focuses on the already formed professional and role competences and progressively creates and strengthens the ability to manage interaction at all levels. As it has already been proved, this competence becomes one of the key guarantees of employees' approval of strategic changes. Defining the key competences of an enterprise in the field of strategic changes great attention should be paid to another type of competences.

There is evidence that enterprise can effectively manage changes only under such conditions: firstly, when at the level of top management the effective strategic system is introduced and secondly, when at all levels managers have the agreement to share common aims, objectives and effective ways to follow the change strategy. On the basis of the metrics proposed by the authors, the survey of top and middle managers was carried out to define the level of competence readiness for changes (Table 1).

According to this table the company's managers were interviewed. They had to estimate every statement on the ten-point scale or to present the calculated value of the coefficient. Then on the basis of the fuzzy-set theory the integral estimation of the level of readiness for changes for every managerial stage and every hierarchy level of staff was made.

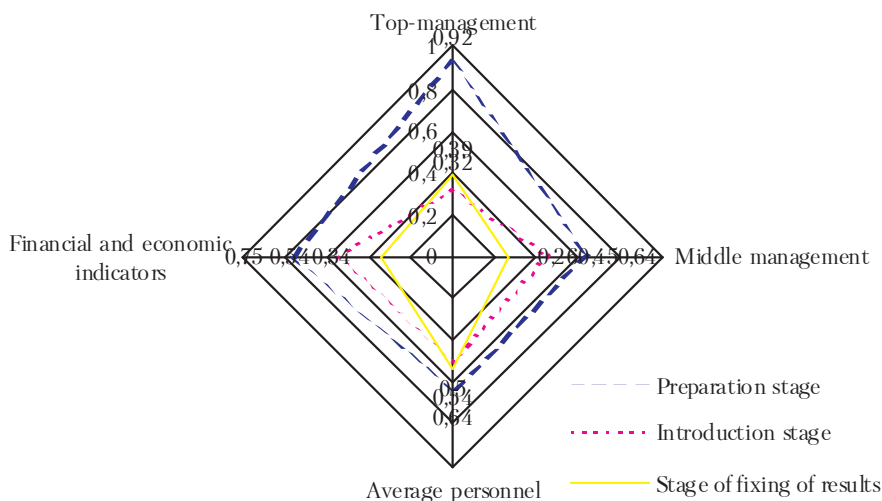
Finally, the five level staged scale of readiness for changes was drawn, including such levels of readiness: very low, low, average, sufficiently high, absolute readiness. According to it, the factual level of readiness for every stage and group of employees was defined (Figure 2).

According to the research, the scientific and methodical approach to define the directions of assessment of the readiness of enterprise to strategic changes was suggested. The approach consists of two levels: general and situational readiness, and also includes the system of interrelated readiness factors and the particularities of every change control stage. To define the competent readiness of enterprise for changes the scientific and methodical matrix approach to the parameters of the competence readiness of enterprise is used. For the estimation of the level of competence readiness of enterprise for changes the system of indices was recommended which allows to determine the current level and the potential development level of competences and dynamic capabilities of enterprise as the main levers of strategic transformations.

**Table 1. Metrics for the estimation of general and situational readiness for strategic changes at the public JSC "Winter"**

Metrics of general readiness	Metrics of situational readiness
Top managers level	
1. The ability to provide strategic management	1. The ability to form a competent team for change management
2. The ability to forecast and plan strategic changes	2. The ability to coordinate the processes of development of strategic changes project, aimed at the development of vertical integration
3. The ability to reproduce managerial functions PAEI	3. The ability to enforce key competences on the basis of outsourcing logistic and marketing business processes
4. Correspondence of organizational structure to organizational culture	4. Social and economy effectiveness of changes implementation
Middle to top managers level	
1. The ability to study and effectively use new managerial knowledge	1. The ability to improve production business processes according to the principles of economic production
2. The ability to create adaptive organizational system	2. The ability to create effective sales system of new goods of enterprise
3. The ability to create common aims, objectives and the mechanism for strategic changes implementation	3. The ability to effectively interact with new suppliers
Average personnel to top managers level	
1. The ability to study and use the acquired knowledge in practice	1. The ratio of personnel stability
2. The level of knowledge development at an enterprise	2. Average working period of an employee
3. The ability to adapt quickly to work in a new team	3.3. Positive outlook and attitude to future changes of staff
4. The level of development of socially oriented programs	4. Professional level of staff
5. The level of involvement of non-managers in change management	5. The loyalty level

Developed by the authors.



**Figure 2. Determination of the factual competent and financial and economic readiness of the public JSC "Winter", developed by the authors**

**Conclusions.** Therefore, the ability to manage changes effectively can be entirely realized only when firstly, the effective system of strategic management is formed and secondly, when managers of all levels agreed on common aims, objectives and effective methods for the realization of the change strategy.

So, for the competence readiness of enterprise for changes it is required to have an absolutely developed system of 11 competencies of all levels, 8 of which are the managerial ones. Only under such conditions any enterprise can effectively and successfully introduce strategic changes, having the support of the whole staff.

Scientific novelty. We have improved the concept and the category framework for the determination of integral readiness of an enterprise for strategic changes, which in contrast to the existing interpretation, distinguishes the general and situational levels of readiness and takes into consideration the system aspects of readiness. We have provided recommendations and methodology to estimate the parameters of competence readiness of an enterprise for changes, which in contrast to the existing ones, structure the logic of influence of all levels of competence and of basic categories of workers on the ability to implement changes effectively and successfully. We also recommended the system of indices for the estimation of the competence readiness level of enterprise for changes which unlike the existing one, allows to identify the present level and potential development of competence and dynamic capabilities of enterprise, which are the main levers of strategic transformations.

Further prospects in this field are related to constant improvement and development of metrics of competence readiness of enterprise for changes; the development of methods for economic and mathematical modelling for multiple classification of general and situational abilities of an enterprise to introduce strategic changes.

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### КНИЖКОВИЙ СВІТ



СУЧАСНА ЕКОНОМІЧНА ТА ЮРИДИЧНА ОСВІТА  
ПРЕСТИЖНИЙ ВИЩИЙ НАВЧАЛЬНИЙ ЗАКЛАД

### НАЦІОНАЛЬНА АКАДЕМІЯ УПРАВЛІННЯ

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**Фінансово-економічний розвиток України в умовах глобалізації: Колективна наукова монографія / За ред. Я.В. Белінської. — К.: Національна академія управління, 2008. — 212 с. Ціна без доставки — 25 грн.**

Монографія присвячена фінансово-економічним проблемам розвитку економіки України в умовах глобалізації. Викладені теоретико-методологічні питання розробки стратегії входження України у світове господарство та формування фінансово-економічного механізму цього процесу. В основу викладу матеріалу монографії покладені багаторічні дослідження науковців в галузі економічної теорії, фінансів та банківської справи, які були апробовані на сторінках авторитетного журналу "Актуальні проблеми економіки" в 2004–2007 роках. В монографії обґрунтовано шляхи забезпечення структурно збалансованого економічного зростання економічної системи України та її ефективного міжнародного співробітництва, визначені напрями вдосконалення всіх ланок господарської системи.