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**O. I. Garafonova**, Doctor of Economics,  
Associate Professor**«CHANGES» IN THE ENTERPRISE: GENESIS APPROACH TO THE DEFINITION AND CLASSIFICATION**

**Abstract.** The article concerns theoretical approaches to the definition of the notion "change." The classification of changes is provided, taking into account the approaches to its definition. A distribution of basic concepts of economic theory with regard to the author's point of view is made.

**Keywords:** changes; restructuring; reorganization; incremental changes; strategic changes; organizational changes; redesign; reconstruction.

**O. I. Гарафонова**, д. е. н., доцент**ПОНЯТТЯ «ЗМІНИ» У ПІДПРИЄМСТВІ: ГЕНЕЗИСНИЙ ПІДХІД ДО ЙОГО ВИЗНАЧЕННЯ І КЛАСИФІКАЦІЇ**

**Анотація.** У статті розглядаються теоретичні підходи до визначення поняття «зміна». наводиться класифікація змін з урахуванням підходів до його визначення, а також представлений авторський розподіл основних понять економічної теорії.

**Ключові слова:** зміни; реструктуризація; реорганізація; поступові зміни; стратегічні зміни; організаційні зміни; модернізація; реконструкція.

**O. И. Гарафонова**, д. э. н., доцент**ПОНЯТИЕ «ИЗМЕНЕНИЯ» В ПРЕДПРИЯТИИ: ГЕНЕЗИСНИЙ ПОДХОД К ЕГО ОПРЕДЕЛЕНИЮ И КЛАССИФИКАЦИИ**

**Аннотация.** В статье рассматриваются теоретические подходы к определению понятия «изменение», приводится классификация изменений с учетом подходов к его определению, а также представлен авторское распределение основных понятий экономической теории.

**Ключевые слова:** изменения, реструктуризация, реорганизация, постепенные изменения, стратегические изменения, организационные изменения, модернизация, реконструкция.

**Background information.** Today, the crisis in the country hampers industrial transition to a qualitatively new level of development, and exacerbating the problem of rational use of national competitive advantages of domestic producers. In order to become effective enterprises, it is necessary to focus not on narrow functional specialization, but on diverse production based on new technologies, which is possible to provide only through integration processes in management.

Currently there is no single point of view on defining the words "change", "potential change", "change-management mechanism of the enterprise."

**Problem statement.** The article reveals the theoretical approaches to the definition of "change" and also gives the grounding for the classification of changes in the company.

**Actual scientific researches and issues analysis.** Various issues concerning the change management in industrial enterprises have become the subject of much research and debate both in Ukraine and abroad. A significant contribution to the development of theoretical and methodological aspects of change management gave the following well-known national and foreign scholars as I. Adyzes, M. Aistova, A. Amosha, A. Armenakis, S. Bai, N. Beliaev, Alexander Vinogradov, D. Voronkov, A. Hyde, V. Geyets, L. Hreyner, V. Griniova, Huiyar F., A. Gusev, George. Duck, R. Daft, S. Dovbnia, IV Ignatiev, James. Kelley, James. Cotter, T. Lepeyko, Lepa R., I. Mazur, I. Markin, Vladi-

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mir Mikitenko, A. Mohnenko, A. Nalyvaiko, Otenko V., V. Ponomarenko, J. Pfeffer, A. Pushkar, G. Savin, B. Trenev, R. Hall, M. Hannan, C. Filonovych, K. Fraylinher, B. Shapiro, A. Szegdy, Z. Shershnev, G. Shirokova. However, paying tribute to the theoretical and practical value of the previous scientific achievements, we should note the need for generalized theoretical and methodological systematic study of scientific and theoretical problems of the process of change management in the enterprise.

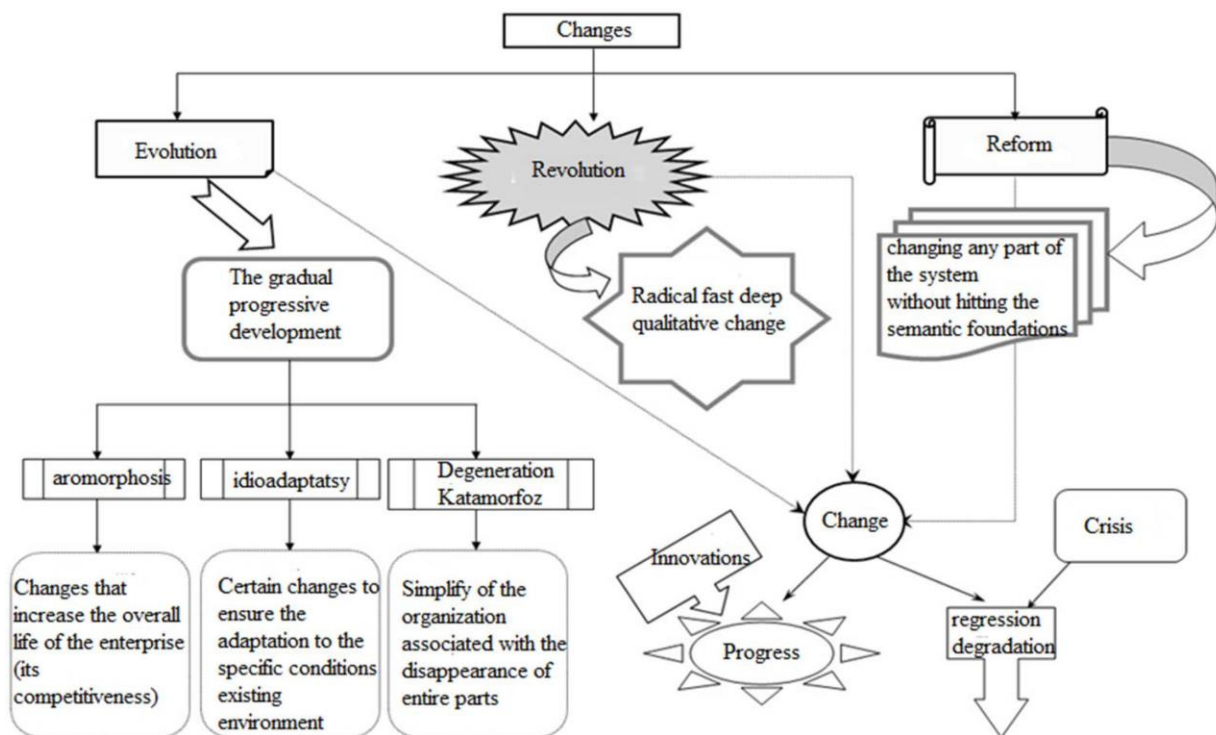
**The statement of basic materials.** If considering the evolutionary theory of changes, change is defined as a category of a philosophical discourse that characterizes the state alternative to stability, the transition from one state to another, changing content over time. According to localization of changes in space and time we can define changes in space (mechanical motion) and change over time.

Differences in interpretation of time defining understanding of change - reversible and irreversible, directed, spontaneous, self-organized and organized. Any changes associated correlative with something invariant, stable, and, conversely, invariant patterns suggest variability.

A change is transformation into something else, conversion to another, the transition from one defined quality of life as defined qualitatively different existence.

Changing determined by the volume and direction, duration and speed. Change characterised by direction, intensity, speed and duration.

Changes may typically occur gradually (evolution) and fast or radical (revolution) (Fig. 1). In addition to the above table, it is important to reform as a kind of change. Aromorphosis, idioadaptation, degeneration associated with gradual changes taking place in the enterprise. Revolutionary changes occur quickly, usually even spontaneously. Reforms aimed at changes that their actions did not really hurt the content of the process of change. The reform - is the transformation (conversion process).



**Fig. 1. Approaches to the definition of "change" \* [1]**  
 \* Source: developed and constructed by the author.

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Ancient Greek philosophers came to this determination very carefully. Heraclitus believed that the change should be interpreted as a movement of universal property. Anaxagoras, Empedocles, Democritus, Epicurus erected changes in the combination and dissociation constant of elementary particles (atoms). In the philosophy of Plato sensual things are in constant change, but their prototypes, ideas remain motionless. Aristotle, the first of the philosophers considered the problem of change as scientific, consisted of four types of change: change of place, quality, quantity, substance [2].

Change - a gradual or step process of transferring to a new level using existing ideas and concepts. Let's consider the main theoretical approaches in contemporary literature to the definition of "change."

Innovation- the process of developing new ideas and concepts and use them in a specific organization.

Convert (Eng. Transformation) - a big change, reform [3]; the process of rapid fundamental change in the methods of the organization caused by rapidly changing conditions environment.

Development - translational motion, evolution, the transition from one state to another. As a rule, opposed to the development of "creation", "bang", the appearance of nothing, and spontaneous formation of chaos and "catastrophic", implying sudden, one-stage replacement. In most cases of the development - (Eng. Development) - multidimensional process usually involves change of state from less to more satisfactory. This is a particular view of the normative concept because it has no single universally accepted definition. As a result, we have a new quality of state of the object of its composition or structure.

Reorganization - the transformation of the organizational and management structure of the enterprise while maintaining fixed assets and production potential of the company. Most scholars [4-6] consider the concept of restructuring as a process of transformation, restructuring [7].

Reforming - processing; alteration, conversion, change, reorganization, processing, reshaping [is based on 1, 4-6]. The result of this action is the reform and transformation. But reform largely relates to changes that occur in the industry.

Transformation - (from Lat. Transformatio - change) converting of the structures, forms and methods of economic activity, changing its target orientation [3].

Transformation - the process of organizational and economic transformation of the enterprise in which the changing composition of the entities involved in the transformations carried out restructuring of organizational and economic mechanism of their operation, including management system as a whole and organizational and management restructuring in particular.

Evolution - (Eng. Evolution) - is one of a number of words that mean such things as growth, development, change, natural change in the system or structure over time. However, the word evolution definite into a fixed meaning: gradual [1; 3].

The term "reframing" is derived from the Eng. frame - frame skeleton and associated with reproduction, redesign, reformulation and others. [8]. The term "frame" was introduced in 1974 an expert on artificial intelligence M. Minsk for better representation and modelling of the phenomenon of "speed" of the human mind. According to the theory of M. Minsky human mind contains a hierarchical (sub frame, frames, super frames) system frames.

The term "restructuring" literally means "to change the structure of something" [1]. Under the restructuring of enterprises around the world meant a continuous process of improving its competitiveness through the adoption of internal management of complex measures for adapting business management system to constantly changing market conditions.

Regardless of the conditions in which the company operates, restructuring interpreted as "internal restructuring"; "A radical change in the structure"; "Comprehensive transformation of"; "Adaptation way"; "Permanent manager"; "Way to ensure optimal functioning"; "Organizational, economic, legal and technical measures."

Restructuring - an important step that allows the company to achieve a level of efficiency that will provide him a fairly high level of competitiveness.

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Under the reorganization we understand "the process of radical change in the structural components in the form of mergers and acquisition, division and separation, transformation» [7, p. 294]. From these positions L. Fedulova, R. Zakharchenko, N. Korsikova, L. Vodachek, S. Rummyantsev consider restructuring the company as its reorganization. Vladimir Kondratyev, V. B. Krasnov enterprise restructuring interpreted as "changing organizational structure" [1], equating the term "reorganization" and "restructuring".

It should be noted that the essence of enterprise restructuring is associated not only with the reorganization of the company, but also with the production and transformation processes. Although this process in the economy is always associated with the adjustment of enterprises in response to environmental changes in economic transition in Ukraine we have a different approach: fundamental changes are required, as is changing the foundations of the social system and the economic system as a whole.

So this point of view in some studies is not observed. Often the research content associated restructuring or reorganization purposes or with the ways and means of achieving these goals.

In addition to the reorganization, the term "restructuring" is often defined as the "re-engineering" [1; 3; 4-6], which completely contradicts the consistency of definitions. The term "business process reengineering" (BPR) came about in 1990 and still causes an active interest among specialists in management and information technology. The founders of the theory of reengineering M. Hammer and James Champy give the following definition to this: "Business process reengineering - is the fundamental rethinking and radical redesign of business processes to achieve sharp, intermittent improvements in current performance of the company, such as cost, quality, service and rates [9, p. 37]. A. G. Hriaznova considers reengineering as "fundamental transformation and radical redesign of the company and its most important processes» [1]. Unlike the restructuring of the company reorganization aimed solely at changing the organizational structure of management and reengineering - to "create entirely new and more efficient business processes without taking into account what was previously" [1]. It follows that the reorganization and re-engineering is only certain areas of restructuring that includes other aspects of restructuring, namely of financial recovery, improving information base, the investment policy [1]. Reengineering is a revolutionary change in industry (Fig. 1).

Redesigning usually concerns strategic rethinking business processes. In other words redesigning is closely linked to business process reengineering, which was discussed earlier.

In summary, we would say that each approach has its advantages and disadvantages. Each of them describes the concept of "enterprise restructuring" from different perspectives, but it is not a total content characteristics because they do not correlate this category to the other.

Modernization is synonymous with all progressive changes when society moves forward according to the accepted scale changes. The further modernization process of the enterprises is linked to the replacement of equipment, technologies that are absolutely innovative.

Reconstruction is a fundamental reorganization, improving something, rebuilding under new principles.

Generalization of theoretical positions presented in the economic literature on possible to distinguish between radical and evolutionary changes, such as "restructuring", "reform", "reorganization" and "re-engineering".

In modern literature the term "crisis in the company" characterizing various problematic factors in the enterprise from simple interference in the functioning of enterprises due to organizational problems to the complete destruction of the company.

Therefore, it should be noted that the principal difference between a systemic crises from other crises is its comprehensiveness. Systemic crisis affects not only one subsystem, but the enterprise as a whole, making it difficult to communicate between different objects of the company and greatly complicating the management process. The only way out of a systemic crisis for the company is to use changes (internal and external).

It should be noted changing the depth distribution of the change process is of great importance. We believe that changes can be distributed on the following ground (Fig. 2):

- incremental changes ("cosmetic changes in the company");

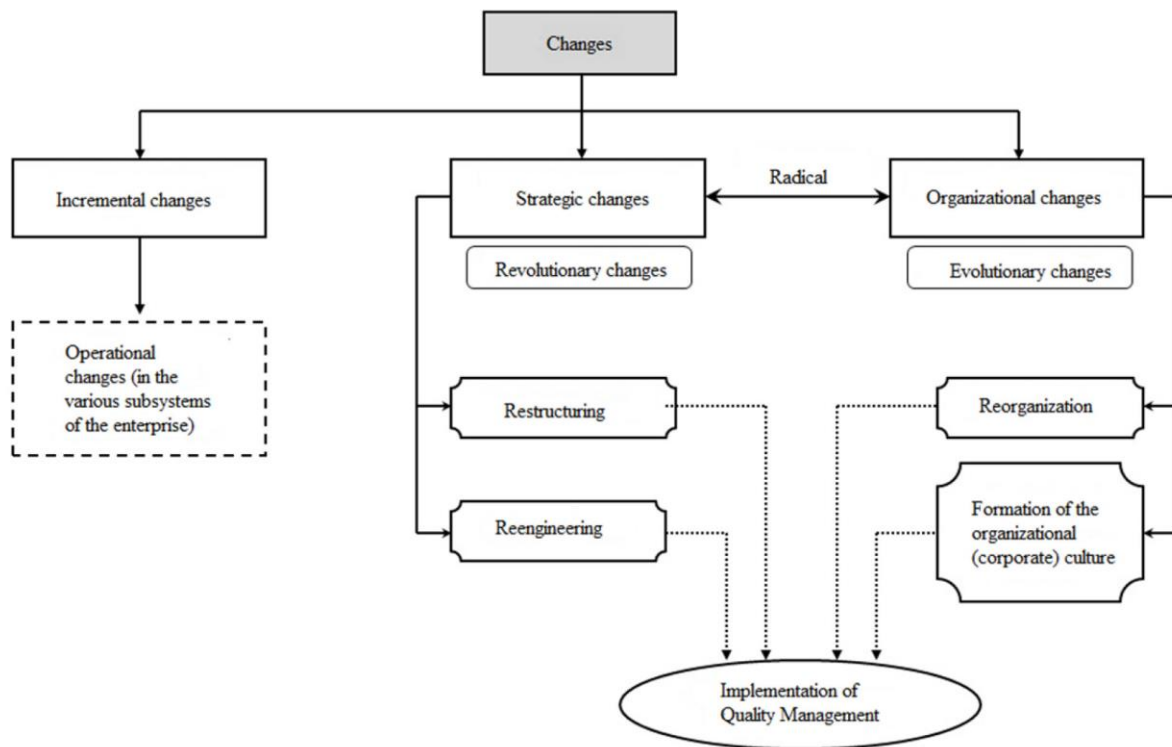
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- organizational changes ( "capital gains the company");
- strategic changes ( "radical changes in the company").

All other changes can be summarized in one system, leaving it with this distribution.

Strategic change is a revolutionary change (radical) aimed at deep structural transformation of the company to focus on further strategic activities of the company. Proved that modern structural change in this case is the restructuring, reengineering business processes that continue to affect both the formation of quality management system.

Organizational change is a change of the enterprise, its organizational structure on the basis of gradual evolutionary change, influenced by various environmental factors (both internal and external). Organizational changes in most cases accompanied by "capital fracture" of the organizational structure of the company, organizational culture, customary values and those that are shared by all employees, norms and patterns of action, as well as traditional methods of decision-making that become a barrier to a flexible strategic enterprise adaptation to the pace and market changes directions unstable environment.



**Fig. 2. Classification of changes on industrial enterprise\*[1]**

\* Source: developed and constructed by the author.

Incremental changes also include any local changes occurring in the various subsystems of the company. It can be operational, financial, crisis, innovation, organizational, technical, technological, economic and personnel changes. In addition to these, we should also include anti-crisis changes that involve the use of methods of operative management, providing enterprise survival in times of crisis and post-crisis period.

**Conclusions.** The basis of the change management theory is a clear distinction and detection of the functioning of concepts such as transformation, redesign, reconstruction, modernization, crisis, restructuring, reengineering, restructuring, reform, development and so on. On these grounds the author defined her position and specified the category of "changes" to the company, namely under the changes is meant the transformation of one state of the enterprise to another, which, unlike the previ-

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ous one, is characterized by the growth or decline as a result of varied impacts of set of exogenous and endogenous factors on the enterprise under specific external and internal environment. It is proved that the definition of conceptual and categorical apparatus is a necessary step for the formation of a process approach in the theory of change management.

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