Innovative Forms of Management for Companies Under Rehabilitation

Hanna Matukova¹ Valentyna Khrapkina² Daria Matukova-Yaryha¹
Alla Maksimova³ Natalia Bahashova³, *

¹National Medical University named after O.O. Bohomolets, Kyiv 01601, Ukraine
²National University of Kyiv-Mohyla Academy, Kyiv 04655, Ukraine
³Kryvyi Rih Economic Institute of Kyiv National Economic University named after Vadym Hetman, Kryvyi Rih 50000, Ukraine
*Corresponding author. Email: bahashova_nv@kneu.dp.ua

ABSTRACT
The article deals with problems of anti-crisis management of enterprises and ways of settling the problem of transforming crises and re-establishing solvency of bankrupt enterprises and creating the system of rehabilitation during crises. The authors substantiated a complex of effective managerial, economic and communication measures, determined methodological approaches to the formation of a system of rehabilitation and transformation of an enterprise into a profitable one.

Keywords: crises, anti-crisis management, rehabilitation system, outsourcing, outstaffing

1. INTRODUCTION
Achievement of a high-quality level of personnel during the period of managerial changes provides for ensuring conformity of an individual employee’s education with the position he/she holds, this being the priority task of the personnel management while staffing and assessing the available personnel. Conformity of education and the position to be appointed for reduces costs for training and re-training and facilitates assessment and staffing procedures. Ensuring a high-quality level of education and re-training will enable enhancing the level of professional competence of employees and young gifted people just employed after finishing their educational institutions and the level of their awareness of the field of enterprise activity.
The issues of anti-crisis management of an enterprise are topical and dealt with in works by national researchers O.M. Bondar, V.A. Vaslenko, O.V. Mozenkov, T.S. Klehanova, O.I. Kopeliuk, A.M. Shtanhret and others [1, 2, 3].
The problem of combining managerial, technical, financial, and economic approaches and forms of anti-crisis PR-management within the anti-crisis management system is still understudied and requires further research to be implemented into practice at a certain enterprise.
The present work aims to settle the problem of crisis transformations and re-establishing solvency of bankrupt enterprises, to create a system of rehabilitation.
Nowadays, researchers are highlighting the problem of creating specific management systems for enterprises under rehabilitation. Yet, some of the issues remain understudied like projects or models of leasing, outstaffing, outsourcing, implementing time management for enterprise employees in rehabilitation periods.
For this purpose, it is necessary to substantiate a set of efficient managerial, economic and communicative measures, determine methodological approaches to forming the rehabilitation system, the system of transforming the enterprise into a profit-making one.
In the scientific literature along with the term rehabilitation, the term reorganization is widely used as well.
I.A. Blank, O.O. Tereshchenko, A.D. Cherniavskyi treat rehabilitation as measures for financial recovery of an enterprise implemented by external legal or physical entities and directed at preventing adjudging a debtor enterprise to be a bankrupt and its closing down [4, 5, 6]. Generalization of various approaches of researchers enables concluding that reorganization or rehabilitation provides for changes of the organizational-legal form of an enterprise, its owners, and structural subdivisions and can be performed as consolidation (merger, acquisition, affiliation); fragmentation/split (division, spin-off); and transformation (saving the enterprise sizes).
To re-establish solvency of the enterprise and arrange further healthy performance, the rehabilitation plan provides for partial transfer of assets into lease including the following:
1) conducting technical expertise on property and equipment, conducting an independent valuation of fixed assets, reviewing basic statements (by the State Property Fund of Ukraine);
2) developing technical documentation for items of immovable property, property registration (for property sale);
3) registration of land plots (for implementation of infrastructure projects).
Implementation of infrastructure projects and enterprise re-purposing are necessary conditions of rehabilitation of a debtor. Therefore, financing rehabilitation measures aimed at the enterprise re-purposing and implementation of infrastructure projects should be conducted parallel to satisfaction of payables for which sales of the property not intended for further use and with greater values than creditors’ demands. According to its features, a new organizational structure belongs to the category of line and staff organization structures that comprise line subdivisions performing principal work and servicing specialized functional subdivisions (specialists). The structure of the kind is characterized by significant management downsizing (decrease in the number of deputies of Director General and heads of departments who produce great loads on the wages funds and task fulfilment). Considering the fact that rehabilitation aims to not only satisfy payables but also re-establish solvency of the enterprise, the property for sales includes assets which are not intended for use during economic activity of the enterprise, renovation of which is not expedient, which cannot be used in infrastructure projects and which require significant maintenance expenditure. The rehabilitation plan must settle all the problems of ensuring profitable activity of the enterprise and includes receiving necessary money for satisfying creditors; re-establishing the enterprise’s solvency; arranging further healthy financial and economic performance; providing budget and off-budget incomes. The suggested rehabilitation system will enable fulfilment of all tactic and strategic tasks aimed at re-establishing solvency of the enterprise and creation of additional opportunities for its healthy performance.

2. BACKGROUND

Human resources management during rehabilitation may be carried out on the basis of the organizational-cultural approach which is widely applied in many countries of the world and enables enterprises to edge out their competitors in terms of earnings growth rates and customer base creation. This is due to the fact that, according to experts, “intangibles are more important than tangibles” (hereinafter the translation is ours) especially for those working at the enterprise for a long time [8]. Besides, according to multiple researches into industrial enterprise performance, diagnostics of “the organizational culture enables forecasting and eliciting the most insecure, in terms of resistance, organizational subdivisions and employee groups” [9]. Organizational culture is a component and, simultaneously, the integral characteristic of an employee’s organizational environment and that is why the basis for efficient collaboration of man and organization can be created through influencing the organizational culture. From the organization’s point of view, employee-organization collaboration possesses a strategic characteristic as it influences labor efficiency, achievement of strategic goals, a company’s innovative activity, and its position in the society and other strategic tasks [10]. Staffing during rehabilitation provides for planning, recruitment, selection, positioning, adaptation, assessment and development of the personnel as well as provision of stability of the staff as a prerequisite of the enterprise’s further efficient development. Strictly speaking, efficient staffing is a prerequisite, a complicated process, which requires a great scope of work of HR departments and is closely connected with goals of the enterprise. Therefore, establishment of the staffing mechanism depending on the model of enterprise development as well as forming a clear efficient management system becomes a subject of further research.

While studying the issues of enterprise rehabilitation, the authors determine the following differences in protocols of official determination of insolvency. In the USA and Great Britain, official insolvency is declared after official bankruptcy, while in Germany and France it occurs after accepting a notice of motion on instituting insolvency proceedings. These facts indicate democratic approaches of the EU anti-crisis policies in Germany and France. After generalizing and comparing bankruptcy institutions in different countries, European experts distinguish radically pro-creditor, reasonably pro-creditor, neutral, reasonable pro-debtor and radically pro-debtor ones. While considering these groups, we can admit that the former two focus on creditors’ interests, while the latter two – on those of debtors. Institutions of Great Britain belong to the pro-creditor group, those of the USA, France and Japan – to the radically pro-debtor one [11]. While investigating into activity of state bodies specializing in bankruptcy and financial insolvency in the USA, Canada, Australia, Sweden, the Netherlands, we can notice their expediency in dealing with bankruptcy in the mentioned countries. Yet, depending on a country’s policy, structure of management bodies, their functions, it may not have specific bankruptcy bodies and institutions but still act efficiently in this sphere. Such countries include Italy, Germany, the Netherlands, France, and Belgium. Foreign experience indicates that anti-crisis management models in different countries provide for various potential opportunities for advanced social and economic changes. Unfortunately, none of them can be applied as it is to forming the anti-crisis management policy in Ukraine. At present, new practices of personnel management are gaining popularity and spreading fast in the business world. HR managers focus on not only adaptation of the personnel to external challenges but also on attracting new employees to their company and establishing an efficient stimulation policy capable of facilitating the adaptation processes. During the rehabilitation period, the personnel have to quickly adapt to fast changes in the organization structure and technologies, this making adaptation a significant phenomenon. Adaptation may be professional, psychophysiological and social (socio-organizational, socio-psychological).
The mentioned types of adaptation reflect professional activity of an individual, his/her psycho-physiological structure and role, in society in particular, i.e. all modes of being and functioning in the group and society, which, in their turn, result from human needs [12].

The high level of employees’ innovative adaptability and education may be achieved through ensuring the high level of their awareness of and ability to learn to apply innovative technologies and depends on the efficient ratio of variously-aged employees. The latter consists in a reasonable balance between the number of experienced employees, who are the basis of stable performance, and that of young specialists, who possess innovative abilities, special needs and interests and play an important role in the system of job relationship reproduction and development.

Introduction of integrated information personnel management and development systems to provide efficient training, further training and work motivation for employees is still a topical issue in personnel management. Adaptation, re-training and further training when development of individual employees turns into development of the organization (Figure 1) are a must for an enterprise under rehabilitation.

![Diagram](#)

**Figure 1** Types of personnel development during the enterprise rehabilitation period

V.V. Kostetskyi highlights that rehabilitation is a system of steps aimed at improving an enterprise’s economic state, enhancing its competitive advantages and solving social problems of maintaining the enterprise’s functioning. Rehabilitation is applied to not only dealing with bankruptcy, but also improving a business’s solvency due to enhanced financial, social and other components of activity. Both external and internal resources can be sources of rehabilitation [13].

Researchers interpret rehabilitation as a set of economic and legal relations among economic entities aimed at rehabilitating a debtor’s financial and economic position and providing for complete or partial fulfillment of creditors’ demands [14].

I.V. Kryoviazhiuk admits that ways of improving efficiency of anticrisis management under modern economic conditions and factors of economic crisis should include improving qualifications of managers and other personnel, external consulting, forming an anticrisis team capable of solving problems in a professional, adequate and creative manner, creating a cooperative spirit at an enterprise, developing efficiency and flexibility in approving managerial decisions, designing one’s own software to conduct monitoring procedures and forming an enterprise’s potential [15].

While considering the problem of an enterprise’s rehabilitation and ways of its overcoming, Yu.O. Shvets suggests the following stages of anticrisis management: systematic monitoring of an enterprise’s financial state to find deviations of parameters that indicate emerging crisis symptoms; working out a system of preventive steps to neutralize deviations of parameters fixed while monitoring an enterprise’s financial state, clarifying causes of deviations indicating emerging crisis conditions; studying factors threatening to deepen the crisis; assessing available financial resources that can be applied to overcoming a crisis; developing efficient solutions on using available financial resources, selecting mechanisms and tools to neutralize the crisis; developing and applying a set of steps to overcome the crisis and stabilize an enterprise [16].

V.V. Vudvud and Yu.O. Shevchenko-Kotenko consider that external consulting is quite efficient to overcome a crisis during rehabilitation as an outside perspective enables objective assessment of a situation and an enterprise’s current state. This step is particularly effective in case of a small management team as development of anticrisis measures is labour-consuming [17].

To tackle the crisis, in addition to the efficient personnel management system, it is necessary to consider the process of planning and controlling human and physical resources of an enterprise. To work efficiently, a manager should demonstrate a high level of each of them. Neglecting even one of them may result in failure. Each of the functions is vital for an enterprise. Planning is the foundation for the other functions and considered the principal one; the others are oriented at fulfilling tactic and strategic plans [18].

Planning involves development of a set of measures, the sequence of objectives achievement considering the most efficient implementation. Planning should be connected with controlling for constant adjustment to supply-demand changes on the market; this is the process of strategy implementation. Plans reflect forecasts for organization development, intermediate and final tasks and goals of the organization as a whole and its separate departments and strategies to be applied in unfavourable conditions. Strategic planning is a system-based analytical approach enabling seeing the way of the organization’s development. It facilitates fast adaptation to the external environment [19].

Under rehabilitation, strategic planning is a system-based, analytical approach enabling to see the way of the
organization’s progress and facilitating fast adaptation to the external environment (Figure 2).

1. Organization’s goals
2. Assessment, analysis of external environment, organization’s capacity
3. Determination of enterprise’s weaknesses and strengths
4. Assessment of strategy, establishment of rehabilitation system
5. Choice of enterprise’s strategy
6. Implementation of rehabilitation plans
7. Analysis of strategic alternatives

**Figure 2** Strategic planning of enterprise rehabilitation

The ability to plan all necessary future actions in advance enables much higher results than those achieved without planning. The principle of success in management requires “thinking on paper”. The other vital function of management is organization. After the plan is ready, its implementation requires involving relevant people, money, resources and tools [20]. Skilful managers can cope with the functions of planning and organization perfectly. They are able to accumulate and coordinate people’s activities to solve extremely difficult tasks and work efficiently to reach the principal goal. According to many researches in time management, every minute spent on planning saves ten minutes of work or achievement of desired results.

Efficient fulfilment of the other functions completes the cycle and thus ensure fulfillment of other functions. Control is necessary for detecting and solving emerging problems. Also, the function of control is used to stimulate successful performance. The process of control includes adjustments in case the achieved results differ significantly from the set standards [21].

The function of coordination consists in establishing communication and reaching concord in work of all departments of an enterprise. The coordinated processes can be connected through the following types of work: reports, interviews, meetings, computer communication, radio- and telecommunication, documents, which help interrelations between the organization subsystems and ensure unity and conformity of all the stages of management. During the rehabilitation period, all structures undergo significant changes, this requiring fast additional recruitment and downsizing.

O.O. Tereshchenko, a Ukrainian economist, attempted to solve the problem of failure by applying foreign practices to assessing the financial condition of Ukrainian enterprises. He developed a universal discriminant function6 which is the most optimal for diagnosing probability of bankruptcy of Ukrainian enterprises as, in his opinion, the optimal discriminant function must consider all components of the financial condition like liquidity, profitability, negotiability, the structure of property, capital, etc. [22].

\[ Z = 1.5X_1 + 0.08X_2 + 10X_3 + 5X_4 + 0.3X_5 + 0.1X_6 \]

where \( X_1 \) is Cash Flow/ liabilities, \( X_2 \) is balance currency/liabilities, \( X_3 \) is net income/balance, \( X_4 \) is net income/earnings, \( X_5 \) is inventories/earnings, \( X_6 \) is earnings/negotiability of fixed capital.

The calculated results can be interpreted in the following way: \( Z > 2 \) denotes that the enterprise is financially stable, no threat of bankruptcy; \( 1 < Z < 2 \) denotes that the financial stability is deteriorated, however, the enterprise can avoid bankruptcy should it undergo anti-crisis management; \( 0 < Z < 1 \) denotes threat of bankruptcy in case of no rehabilitation measures undertaken; \( Z < 0 \) denotes that the enterprise is semi-bankrupt.

Currently, outsourcing is one of the most popular business models. This form of collaboration enables focusing on accomplishing the most essential functions of an entity, avoiding auxiliary expenditures and increasing profitability due to reduced number of functions, shortage of the staff, improvement of the business structure and management, all this resulting in improved competitiveness on the market. Industrial outsourcing as type of outsourcing that provides for transition of some industrial processes to an outside company.

This type of outsourcing enables an enterprise to focus on developing new products and services that is very important under conditions of rapidly changing technologies and demands for assuring competitive advantages; increase flexibility of production at small-scale enterprises as it is simpler to transform production and diversify products there; and make use of additional advantages of doing business on cheaper labour markets. Professionals of the leading countries indicate that outsourcing provides an opportunity to reduce expenditures by 30% and thus increase profitability. Yet, this has not become so widespread on the Ukrainian market yet. The main reason for that is managers’ unawareness of transition to new business modes with outsourcing and its efficiency assessment [23].

While studying the problem of innovative forms of management, it is necessary to determine efficiency indices of outsourcing, which can be qualitative and relative. Qualitative indices imply improvement of technological facilities of a production process, incremented share of innovative products, reduction of defects, improved quality of rendered services, products and their components, an enterprise’s enhanced activity due to optimization of its structure and production. Relative indices cover incremented profitability indices, improved financial stability, liquidity, increased efficiency of labour, reduction of labour intensity of product units, the increased capital productivity ratio, reduction of material capacity and the incremented coefficient of useful working hours.

After analyzing basic indices of assessing outsourcing efficiency in enterprises’ economic activity, we can
conclude that analysis of its results can be performed by both assessing specific indices for certain outsourcing types and generalized indices of efficiency assessment of enterprises’ activity.

Considering that outsourcing may involve high risks associated with potential loss of control over the technological process, quality of production, possible loss of one’s own competitive advantages, it is necessary to develop methods of risk assessment, design rules for customer-executor interaction to observe their interests and distribute economic effects in the strategic perspective.

Thus, outsourcing is one of the most efficient ways of doing business considering advantages of a customer-enterprise applying it. This form facilitates innovations and integration.

Outsourcing is aimed at stabilizing an enterprise’s development, using its potential effectively, increasing its flexibility and adaptability to the market conditions, searching for new market opportunities and enhancing an enterprise’s ability to introduce innovations. In spite of high efficiency of outsourcing, it is still a risky way of doing business. Thus, issues of developing models of risks in outsourcing require further investigation, this providing an opportunity to determine basic ways and methods of controlling their effects in enterprises’ activity.

The conducted research enables asserting that it is highly expedient for Ukrainian enterprises to use O.O. Tereshchenko’s universal discriminant function to analyze the financial condition and forecast bankruptcy.

Nowadays, outsourcing and outstaffing are essential in everyday activity of an enterprise, when it deals with fast staffing, teambuilding, industrial regulation, especially in the IT sector.

Outsourcing is transition of some of a company’s business types or functions to another company in a relevant field of activity, this being accepted by both parties. On the legislative level, outsourcing is defined in Section 4 of the National Classifier of Ukraine Classification of Types of Economic Activity ДК 009:2010 as of January 1, 2012 as an agreement according to which a customer charges a contractor with certain assignments, in particular, performing part of an industrial process or the whole industrial process, rendering services of staffing and some auxiliary functions.

Outsourcing occurs when a contractor is engaged in some auxiliary activity and it does not depend on whether this activity is performed on market terms. Customers and contractors can act within a single economic zone or in different zones. The actual location does not affect classification of these entities. According to the outsourcing agreement, employees continue their functions on the employer’s territory being paid for the work done or services rendered and are responsible to their employer who is responsible to his/her customer on contractual terms.

Outstaffing means hiring employees. The employer hires a professional in a certain field who will work on the customer’s territory. At present, the notion of outstaffing is not acknowledged in Ukrainian laws. The Convention on Private Agencies # 181 of June 19, 1997, which regulates application of outstaffing, has not been ratified yet. However, some norms of the Labour Codes of Ukraine, the Tax Code of Ukraine and The Law on Employment of Ukraine regulate such relation to some degree.

When it is necessary to select an employment scheme, some basic differences between the two systems should be determined. While legalizing labour relations in outsourcing, a contract is concluded between an employee and a company that is an executor. An employer is a company rendering services of outsourcing. In outstaffing, a contract is concluded between an employee and a company that is an executor. An employer is a company rendering outstaffing services. In other words, legalizing labour relations in both outsourcing and outstaffing is practically the same.

When considering the location of work performance or service rendering in outsourcing, it is the executor’s place, in outstaffing – the contractor’s place according to internal work arrangements, schedules, etc. The first difference implies that an outsourcing employee continues working at his/her employer’s place providing the customer-company only with a final result of his/her work (for example, a website, a design, etc.).

In outstaffing, the employee is engaged into performing his/her duties at the contractor’s place according to the established working conditions, yet without legalizing labour relations. In outsourcing, the customer pays to the executor for the achieved result according to the labour contract. In outstaffing, the customer pays for the employee’s work or services rendered by the outstaffing company.

The key issue of payment is whether it is provided for work or its result, which is the main difference between outsourcing and outstaffing [24].

Personnel outsourcing is being introduced at mining enterprises in Kryvyi Rih region of Ukraine. Yet, in spite of application of modern approaches, Ukrainian professionals’ adaptation, their work experience, abilities to be trained and retrained are neglected.

Outsourcing is noted for the following. The customers’ potentials here are quite limited as he/she actually pays for the work and its result without interfering. In outstaffing, the customer has more freedom to control the staff’s activity in terms of time and working conditions.

Thus, outsourcing possesses more similar features with usual labour relations, and the only difference is avoiding staff problems and tax load. Many companies find it beneficial to engage employees from outstaffing companies without wasting their own resources on legalizing labour relations, paying taxes, etc.
3. CONCLUSION

Thus, rehabilitation is aimed at not only discharging debts, but also restoring enterprise solvency, ensuring its profitable activity through obtaining necessary funds to pay off debts, arranging further healthy financial and economic performance; providing budget and off-budget incomes. The suggested rehabilitation system will enable fulfilment of all tactic and strategic tasks aimed at re-establishing solvency of the enterprise and creating additional opportunities for its healthy performance. Efficient personnel management during the rehabilitation period provides for the influence on the desire to collaborate – stimulation; rational selection and appointment of the personnel; clear-cut allocation of functions, obligations and responsibilities; establishment of the favourable social and psychological climate, the atmosphere of confidence and mutual assistance; application of efficient assessment methods, etc.

Outstaffing and outsourcing provide customers with services of highly-qualified staff helping arrange work in certain segments and occasionally reduce tax load. At the same time, full optimization of Ukrainian salary taxes through outstaffing from foreign providers causes significant tax risks and fines for violating labour regulations. To reduce potential tax charges from income taxes and VAT, foreign outstaffing and corresponding services should be properly legalized. The new system of adaptability considering all enterprise structural divisions will enhance its competitiveness in market conditions, rehabilitate prioritized industries that will ensure the country’s economic efficiency. It is expedient to note that this fact is confirmed by the EU countries applying rehabilitation procedures to increasing their economic potential.

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