

## **ECONOMICS**

### **STRATEGICAL DEVELOPMENT OF ENTERPRISE BASED ON IT'S SOCIAL IMAGE: SITUATIONAL APPROACH**

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**Annotation.** *Social image of the enterprise is a complicated category with the great number of components. Situation appeared in the world due to several factors (COVID-19 pandemic; drop in oil prices; not artificial but real collapse of markets, slowdown of economics; change of consumption models, habits, behaviors and business-chains.), will significantly change reality for many industries in Ukraine. Especially big losses and bankruptcy are expected in small and medium business. From flexibility and fast acceptance of new reality in outer environment, courageous creative actions of managers and social image will depend surviving of modern enterprises.*

**Key words:** *Social image, situational approach, inner social activity, outer social activity.*

**JEL classification: M14. Introduction and setting of the problem.** Research of objective basics and concrete forms of social image's implementation is related with necessity to define fundamental causes of it's being and tendencies of development in global space and in the process of social production's intellectualization.

Rising part of business' responsibility in providing of strategical development is related to the social orientation of market economy on postindustrial stage of development. Besides of that it is worth to pay attention on economical crisis situation in which Ukrainian companies have found themselves due to quarantine. Actually business companies have turned to be in such a complicated situation of isolation from consumer.

Scientific and technical progress and fast update of knowledge that underlies information about new, more modern and productive technologies, lead to intellectualization of production and require an increase of community's expenses on training of highly qualified manpower. Business is forced to take a big part of this expenses, especially in a period of emergency situations, as long as it's own development is set to a direct dependency of saving staff potential to loyalty of consumers and partners.

**Analysis of the newest researches and publications.** To the issues of considering the theoretical principles of strategical development in emergency and crisis conditions of economy on micro-levels from the position of social and economical development's aims matching, are dedicated this works [5, 7]. To researches of the issues of business' positive

image acquisition are dedicated works of Ukrainian economists, such as [4, 6, 8, 11]. However, the issue of image is multi-vector and can acquire different forms, so requires further researches.

Despite of great quantity of publications, issues of strategical development and social image of Ukrainian enterprises are still not enough studied.

The purpose of the article is defining of social image display in a period of emergency situations and researching of possible economical consequences for the most capital-forming Ukrainian industries.

**Main results of the research.** In conditions of unexpected changes of environment, one of the most significant instruments of market's position improvement is a positive social image of the company which is letting to arise loyalty of consumers and partners, empowering market positions, increasing market price. Social image – impression of general public about social aims and part of the company in economical, social and cultural life of the society, support of national-social projects, human rights adherence. Social image contributes rise of sales which is happening due to the support of public to exactly those companies which always support and implement social responsibility [2].

Companies' social image consists of certain set of elements which are interconnected and have several levels of display. Lower level is formed due to unprecedented voluntary execution of all regulatory limitations, which brings social benefits to the public. Second level is carried out in social-useful measures, unveiling of which, contributing economical benefits for company and public. And the third (the highest) level forms when social behavior of company doesn't have economical benefits as an aim [14]. During the research of situational aspects in environment's influence, specifically pandemic of COVID-19 and reaction of Ukrainian companies to emergency, there were analyzed leaders of agricultural and IT branches on the territory of Ukraine. Leaders in both branches were selected by following parameters: revenue, market size, segment's popularity.

Agricultural companies are mostly located in countryside, and IT companies in urban areas, so territorial factor will be partially taken into account. It is considered that first two levels of social image are present in companies' activity, under normal business conditions. Display of the third level forms in a period of emergency situations and dangers for life of great amount of people. Analysis of situational displays, which will contribute rise of social image, was carried out with taking into account internal and external social activity.

Agricultural complex creates about 12,1% of state's gross value added, and is one of the main sectors of national economy, which fill up Ukraine's budget. Ukrainian agricultural market is priority in economy development, makes the large proportion in country's export, and also has the biggest growth in a compare with other branches. Coefficient of absolute liquidity of agricultural companies by the 2019 results in compare with 2014 had increased by 0,04 and makes 0,19.

Agricultural branch in Ukraine is characterized by production and sale of raw materials (including significant proportion of export), but not the finished product, which leads to a currency imbalance, affects on general economic condition of the country and participators of agricultural market as one of the biggest branches. Gradual reprofiling

on release of the finished product, stimulating and satisfaction of demand inside the country will allow to save own positions on the market.

As was revealed during the research, all companies, of both agricultural business and IT branch conduct activities aimed at rise of social image. But character of social activities in these spheres is slightly different. (table 1-4).

Table 1

**Situational display of internal social activity at agricultural companies**

Companies	Internal	
	Planned measures of social image increase	Display of internal social reaction on COVID-19 pandemic
Agricultural holding «Kernel»	Social package for employees and their families; Provision of social guarantees; Support in tough life circumstances; Development of education, support of healthcare and healthy way of life; Provision of high labor safety level; Implementation of «Green office» program;	Preservation of salary during lockdown; Partial transition on remote work; Provision of working personnel with disinfectants and hygiene products.
Company «Nibylon»	Attractive salary and social package (Company had achieved «Best employer in Mykolaiv Oblast» award); Occupation guarantees; Possibility of career growth; Pleasant working atmosphere;	Preservation of salary during lockdown; Partial transition on remote work; Provision of working personnel with disinfectants and hygiene products.
Agro-industrial holding «MHP»	Creating of conditions for objective rating and acknowledgement of all employees; Forming of mentoring education and development system; Development of salary and motivational system; Emotional monitoring of employees (active work of psychologists and HR co-workers, there are emotional intellect estimated on recruitment); Instant inner diagnostic of employees.	Preservation of salary during lockdown; Partial transition on remote work; Provision of working personnel with disinfectants and hygiene products.

*Source: Formed by authors based on [10, 13, 15]*

Selected for analysis agricultural companies, as we see (table 1), have high social image. Planned measurements of social image increasing, are aimed on improvement of labor conditions, social packages and rise of personnel qualification. Agricultural holding «MHP» additionally cares about employees' emotional condition, but if employee doesn't fit in requirements and doesn't react on special measurements, he is fired. And this way takes place selection of employees that are loyal to company's values. All three companies gain positive effect from measurements as highly-qualified, healthy and with

high emotional intellect personnel. So relate to 1st and 2nd levels. Displays of internal social reaction on COVID-19 pandemic are enough active and identical at all companies.

Table 2

**Situational displays of external social activity at agricultural companies**

Companies	External	
	Planned measures of social image increase	Display of external social reaction on COVID-19 pandemic
Agricultural holding «Kernel»	Carrying out «green» actions in regions of company's presence; Support to local communities; Implementation of minimal soil treatment technologies.	Creation of a headquarter against expansion of COVID-19 pandemic in Poltava Oblast and Kirovograd Oblast; coordination, control and purchasing of equipment and medicine for hospitals; arrangements of medical wards in hospitals for those who sick with COVID-19; purchase of COVID-19 tests on the amount of 55 thousand UAH.
Company «Nibylon»	10% of money from wages-fund are allocated on socially-significant projects; Providing conditions for children from poor families to gain basic education; Detuning infrastructure in Ukrainian villages; Protection and saving of environment; Renovation and arrangement with modern equipment of Mykolaiv children hospital №2, emergency hospital and Regional hospital; adding fish to Kakhovka Reservoir and Dnipro river in the area of Kakhovka Hydroelectric power plant; Was made a park in Shostakove village (Mykolaiv Oblast)	Equipment transferred to a hospital: amplifier CFX96 manufacturer BIO-RAD (USA); laminar cabinet, 2 boxes of PCR, 2 kits of automatic dispensers; thermostat and consumables;
Agro-industrial holding «MHP»	Were spent 200 million UAH on development of road infrastructure - 23,5 million UAH, support of educational sphere - 9 million UAH for level of social life increase and improvement of socio-economical relations in the regions of company's presence; Rational use of resources and transition on renewable energy sources; Amplification of ecological management role in in the regions of company's presence;	Allocated 15 million UAH on virus control in Vinnitsa Oblast; Was developed operational plan of resistance to COVID-19 spreading; Purchased 19 ALV apparatuses in a kit with patient's display and oxygen concentrator for all hospitals with infectious departments in Vinnitsa Oblast; Searching and purchasing of all demanded individual protection means for Ladyzhyn municipal hospital.

Source: Formed by authors based on [10, 13, 15]

All displays of internal social activity (table 2) can be grouped in several directions. Development of infrastructure in regions of company's presence, minimization of harmful factors, which arise as a result of activity, economy of all kinds of resources and transition on renewable sources, financing educational programs. Planned measures of external activities as same as internal are refer to 1st and 2nd levels of social image. Because both, society and companies are gaining positive effect. All agricultural companies have actively reacted on pandemic. Social measures were displayed only in regions of company's presence. As a financial tranche (targeted support) to local communities, and active support of medical institutions (providing with medical equipment, tests and individual protection means).

Due to specific of IT branch, the affection of crisis on the market will be the least. Probably, rise of sector will slow down due to stopping of large-scale projects, and some IT-projects can be canceled. But in general, due to lockdown and crisis, most of companies will be in need of new ideas, so according to this, they will be in need of services, including IT-specialists [12].

During research of companies from IT branch, it was received that in 2020 at first there was economical rise of Ukrainian companies due to pandemic in China and Chinese companies closure. Part of projects on software development from around the world, due to developed outsourcing and similar pricing, have come to Ukraine. The next was a wave of recession, that had been caused due to lockdown all over the world and the fall of world-economy as a consequence. Most of companies have reduced their budgets on development of modern equipment. But appeared a new segment – software for remote work, web-pages developing, mobile apps developing, providing online accounting systems. Companies from other branches of economy are have to receive IT-companies' services to continue own existence.

Despite of no significant problems for this branch, loss of key partners for which grand projects were developed can be fatal. Large debts from customers will not allow to pay high salaries to employees, that will move to another companies and can make reputational crisis. But chance of bankruptcy is low enough, due to a big advantage of Ukrainian companies: low cost of IT servicing, in a compare with European companies, and using of innovational technologies.

Adaptation to market changes and matching to it's requests will be a strategical challenge. Development of projects is need to be accelerated, due to many companies are in need of immediate creation of product. Crisis for IT-companies will end as soon as crisis in the whole world – with full stabilization of situation. Condition of the company in which it will end crisis period is very important. For this branch is important not to loose previous pattern of growth and to provide maximal readiness to extra loads that will appear after crisis end. Moreover, companies from this branch are more adapted to distance format of work and can work remote. Important are only instant connection to the network and fast reaction on market's demand in highly competitive conditions.

Unlike the agricultural sector, in Ukraine, institute of IT companies' social responsibility just started to develop. Taking into account specific of companies' activity, social image is not the primary strategical objective, because final consumers are big

companies. And besides, in IT sector, biggest part of companies is with foreign capital. That's why they are the followers of modern world practice, principles and standards.

Table 3

**Situational display of internal social activity at IT companies**

Companies	Internal	
	Planned measures of social image increase	Display of internal social reaction on COVID-19 pandemic
Company «SoftServe»	Providing equal possibilities and unleashing employees' potential by expanding necessary functional and communicative skills (SoftServe University); Social investments and co-working with government departments; Implementation of ecological standards in company's activities.	Preservation of salary during lockdown; Full transition on remote work; Provision of working personnel with disinfectants and hygiene products.
Company «GlobalLogic»	Support to young software developers; Annual entertainment activities; Organization of competitions and games between company's offices and competitors; Scientific trainings, seminars, webinars, master classes in different cities of Ukraine; Stimulating to write IT-themed scientific works.	Preservation of salary during lockdown; Partial transition on remote work; Provision of working personnel with disinfectants and hygiene products. Refusal from business trips in COVID-19 locations; Providing online meetings, conferences, webinars; 14 days of self isolation in the case of business trip.
Company «EPAM Ukraine»	Corporative charity for members of the team; Creating of referral (partnership) EPAM programs; Bonus system for recruiting high-qualified workers to the company; «Green office» providing.	Organization of safety work in company's offices; Full refusal from business trips; Providing online meetings with customers; Timely information for company's specialists; Provision of working personnel with disinfectants and hygiene products. Amplified sanitary protection in company's offices; Extra cleaning of air-conditioning systems.

*Source: Formed by authors based on [1, 3, 9]*

Integral social activity of companies from IT branch is directed on rising of employees' value (rise of educational and qualification level) and providing the «Green office» concept. During lockdown, work transferred to remote mode. As at agricultural companies, there were saved salaries, and all working personnel is provided with disinfectants and hygiene products.

Table 4

**Situational displays of external social activity at IT companies**

Companies	External	
	Planned measures of social image increase	Display of external social reaction on COVID-19 pandemic
Company «SoftServe»	Implementation of IT-education in school and university programs in regions of company's presence; Active cooperation with IT-clusters, technological companies and branch-communities by several own partnership programs; Corporative volunteering and charity; «Go green» program implementation to reduce negative affect on environment; providing corporative events by «Plant a Plant» program; creating a charitable foundation «Відкриті очі» (to provide systematical and global assistance) – 25 done projects, 3 current projects; employees join to fundraising activities and volunteering on charity events; provide professional services and consultations «pro bono».	Lvivska Oblastna Rada and SoftServe specialists developed internet-platform «STOP COVID-19» and chat-bots. Aim of this platform – to unload medical emergency services; Were transferred 10 million UAH to corporative charitable foundation «Eyes open» (to finance and support medical facilities in areas of company's offices presence). Bought 2 ALV devices (Artificial lung ventilation) for needs of 2 hospital in Lviv city.
Company «GlobalLogic»	Financing of base and high education for low-income groups; Financing of early education in the sciences; Financing of events directed on environment saving; Fight against climate changes; Financing a foundation for juvenile diabetes research (JDRF) and American association for heart disease researches; Lectures and master-classes in Universities.	Help in purchasing medical equipment and individual protection means for hospitals in Kyiv Lviv and Kharkiv; Purchased diagnostic equipment for examination and treatment of ill (9 pulse oximeters, 18 mobile infusional stands, 12 medical manipulation tables and multifunctional medical wheelchair) in Kharkiv hospital № 17; Company donated 170 thousand UAH on project «United for Health» (organization of mass express-test in Lviv); Purchasing of 1000 FFP2-class respirators and 1000 kits of protecting clothes for doctors (for 24 hospitals over the city).
Company «EPAM Ukraine»	Cooperation with Maltese helping service, rehabilitation center «Капітас», «Джерело», and also orphanages; Purchasing medical equipment for Kyiv «Охматдит» hospital and heart institute; Arrangement of computer classes in schools and universities; Social initiations: eKids program (teaching students to programming basics), University Week (teaching 1st grade students), University Programs (external and internal courses), University Ambassador (educational programs for Front End and JavaScript directions)	Transferred 7 million UAH to fight with COVID-19 (5,5 million UAH were transferred to UNICEF, and another 1,5 million UAH were directed to IT-communities in regions)

Source: Formed by authors based on [1, 3, 9]



High proportion of IT companies' activities are related to educational activities. There are created own charitable foundations for certain projects. Provided great support to children – disabled and orphans. Providing directed financing for foundations against the most common diseases. So COVID-19 pandemic didn't change their direction of social activities. There were transferred extra funds to own foundations.

**Conclusions and suggestions regarding further researches.** Implementation of all projects, initiated for rising of social image is possible if strategical positions are saved. Specific of IT market in Ukraine shows that crisis will affect this sphere the least. The last years It developed actively, and has gained solid foundation for entering in crisis period. Global demand for product of the branch is rising annually, and new crisis' format had made this demand only higher at companies which didn't have it earlier. This changes will allow the branch to actively develop even in crisis conditions, if opportunities will be used right and the pace of development won't be lost. Although IT companies don't deal with regional infrastructure, they have high social image because of social programs.

Agricultural business will become more flexible and more stress-tolerant. Much of processes will continue to duplicate online, which will make logistics, storage and sales better. Search and entrance to new growing markets (new types of product, new countries (Africa, middle east)), lobbying of moratorium on tax rate increase, implementation of vertical companies' integration principle, to make dependence from suppliers less and control product cost, will allow companies of the branch to save own positions and social image.

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