

Impact of Changes in the Business Environment on the Management of Modern Companies

Khanif Sharifzyanovich Mullakhmetov¹, Ruslan Duferovich Sadriev², Rinat Abdullaevich Bikulov³,
Elvira Ructemovna Gafiyatullina⁴

¹*Candidate of economic sciences, Associate Professor of the Department of Production Management, Division of Economics, Higher School of Economics and Law, Naberezhnye Chelny Institute of K (V) FU (Kazan (Volga Region) Federal University), id scopus: 56436785600, ORCID ID: 0000-0002-4029-2154*

²*Candidate of economic sciences, Associate Professor of the Department of Production Management, Division of Economics, Higher School of Economics and Law, Naberezhnye Chelny Institute of K (V) FU (Kazan (Volga Region) Federal University), 89179386535, id scopus: 57192306139, ORCID ID: 0000-0003-3683-9548*

³*Candidate of Engineering Sciences, Head of the Department of Production Management, Division of Economics, Higher School of Economics and Law, Naberezhnye Chelny Institute of K (V) FU (Kazan (Volga Region) Federal University), id scopus: 56770136400, ORCID ID: 0000-0002-7404-5856*

⁴*Candidate for a master's degree, Department of Production Management, Division of Economics, Higher School of Economics and Law, Naberezhnye Chelny Institute of K (V) FU (Kazan (Volga Region) Federal University), ORCID ID: 0000-0003-3369-0477*

Abstract

The need to adapt and transform management systems in the context of the "new economy" is becoming a perceived need for the owners and managers of most companies. The accelerating pace and nature of change exacerbate the problems of survival and competitiveness; so, they also initiate the search for innovative methods and models of management. The readiness of company management to use innovative forms of management becomes a strategic resource that determines the success of modern companies. Knowledge of the factors that most significantly affect the management system and the nature of such influence allow making changes manageable and improve the efficiency of company management as a whole. The authors distinguish the factors of adaptation and transformation of management systems in four generalized groups: technological factors, qualitative and quantitative changes in human capital, integration factors, and also socio-cultural and moral-ethical factors. Based on research conducted over a number of years, the paper describes the nature and results of the influence caused by the main groups of factors of the business environment on the management of modern companies. Consideration of the problem through the procedures for preparing, making and implementing managerial decisions increases the practical significance of this work for managers.

Keywords: management of modern companies; characteristics of the business environment, factors of adaptation and transformation of management; change management; managerial decision procedures.

I. INTRODUCTION

M. Lindgren and H. Bandhold believe that today the most relevant question for management practice is: "How can we

successfully compete in a constantly changing environment?" [1, p. 5].

P. Senge actively pursues the idea that the competitiveness of modern companies is determined not by material assets, but by the ability of management to change and reform existing concepts and management systems [2]. Thus, the readiness of managerial personnel to use innovative forms of management becomes a strategic resource that determines the position of the company in the business environment and society [3], [4]. New economic theories emphasize that it is the development of innovation, and not the accumulation of capital, that is the driving force behind sustainable economic growth [5].

Based on the above judgments, we can conclude that the problem of survival and competitiveness provides for the adaptation and transformation of management systems in the context of the "new economy".

II. METHODS

Why should change a management system which is successfully functioning today? Why a management system that brings good results to competitors is "not working" in our organization? Similar questions arise from managers and owners. While everyone will find the answer in their follow-up activity, it is useful to emphasize that the answers are related to change and its consequences.

A brief and most complete overview of the changes that initiate the adaptation and transformation of traditional control systems was given by I. Adizes [6]. We have identified the following generalized groups of factors according to their primary sources: technological factors, human capital, integration factors, socio-cultural and moral-ethical factors [7].

The result of studies of the content and nature of the influence of generalized groups of factors on the management system were set out in our previous works [7], [8], [9], [10], [11] and they confirm that the general trend is the humanization of management, the priority of a person over technologies, the reducing of the managerial impact on personnel, the transition to systems of self-management and self-control.

The concept of management "Management 2.0" formed as a result of an international conference (May, 2008; USA) also provides for a balance of interests between owners and managers, personnel of organizations and local communities, as well as replacing the traditional hierarchy with the "natural" one, in which the status and degree of influence do not depend on the position, but on the contribution to work, building a control system on a horizontal basis, when the assessment of colleagues is most important.

Let us consider the problem of the impact of changes in the business environment on the management system using the example of procedures for the development, adoption and implementation of managerial decisions (MD). The choice of this management subsystem is not accidental: the implementation of all management functions is carried out through the procedures of managerial decisions.

In the scientific literature, the development, adoption and implementation of managerial decisions is considered in a broad and narrow sense. A broad understanding of the process

of preparation, adoption and implementation of managerial decisions, when it is associated with all management activities, is most justified in today's business environment. After all, the choice of an alternative solution to the problem that ensures the best achievement of the organization's goals is just one of the stages in the system of managerial decision procedures in a multifactorial and dynamically changing environment with a high level of uncertainty [12]. The competence of managers is determined by their ability to make high-quality (adequate to the problem) managerial decisions and organize their effective implementation. The adoption and implementation of managerial decisions are the essence of management activities [13]. Thus, the consideration of the impact of changes in the business environment on the management of modern companies through the procedures of managerial decisions is correct and reasonable.

III. RESULTS AND DISCUSSION

Let's consider the influence of groups of factors on the procedures of managerial decisions and management in general. At the same time, without claiming the completeness of the study, we will choose one characteristic of management activity for each group of factors, which is most significantly influenced by this group of factors.

Table 1. The relationship between business environment factors and characteristics of managerial decision procedures

Item No.	Group of business environment factors	Characteristics of management activities (managerial decision procedures)
1	Technological factors	Acceleration of development, adoption and implementation of managerial decisions
2	Human capital	Uncertainty of the results of the managerial decision implementation, individual projects, and financial and economic activities in general
3	Integration factors	Ability to recognize the complex nature of the influence of factors on the problem being solved and to apply a systematic approach when implementing managerial decision procedures
4	Socio-cultural and moral-ethical factors	The need for the formation and development of cultural competence of managers as a factor in reducing uncertainty

1. Technological factors can be seen as the main driver of changes. They are a consequence of scientific and technological progress, which in turn is the cause of the emergence of other factors; together, in their interconnection they cause the need to transform existing systems, technologies, methods and management tools.

Technological factors are the main reason for high speeds in business management. New information technologies make it possible to make decisions faster and faster, so the reaction of company management to change is constantly accelerating. Speed is one aspect of adaptation. The second aspect is the ability to cope with difficulties. A number of authors consider the combination of speed and adaptability as strategic flexibility (D. Aveni, 1994, the author of the concept of

"strategic manoeuvring"; Bettis, Hitt, 1995 introduced "strategic reactivity"; Hamel, 1998 - "strategy innovation"; Beinhocken, 1999 - "healthy adaptability"), and others.

2. Qualitative and quantitative changes in human capital further increase the uncertainty in managerial situations.

Changes in the characteristics of human capital can be traced in such areas as an increase in educational level, a change in motivation, and an increase in civic maturity, etc.

At the beginning of the 21st century, a new direction in economics was finally formed, i.e. "behavioural economics" enriched with knowledge from social sciences and psychology. The need to improve the accuracy of forecasts was initiated by the introduction of behavioural factors into

economic models. Thus, people were included in the economic theory. The study of the characteristics of human capital, socio-cultural and moral-ethical tools that form the basis of "soft methods" of management is becoming a recognized necessity. Managers recognize that understanding personal actions and behaviour is as important to success as, for example, knowledge of financial reporting or production technology [14]. These changes spurred the development of behavioural business models and significantly changed the requirements for managers. Skills in working with personnel are the most demanded to achieve the goals, regardless of the level of management [10].

3. Integration factors, the consequence of which is, first of all, the boundary-spanning for business, and also transport and information accessibility, and dynamically changing positions of players in a number of industries on international markets. Globalization interpreted as the standardization of strategies for the design and advertising of products for different countries of the world is behind these and a number of other phenomena.

The perception of the world as a market and the elimination of national boundaries open up enormous potential for expanding the field of activity and for the growth of companies. A study of 1,250 American manufacturing firms operating in different industries showed that companies operating simultaneously in several countries experienced twice the growth in sales and profitability than companies operating only in their domestic market [15].

4. Socio-cultural and moral-ethical factors

Today, changes in society and economy are becoming more complex and occurring at an ever-increasing pace. Managerial ability to predict changes and their consequences is significantly reduced; the level of uncertainty in management activities is growing. Modern problems are too multifaceted, requiring simultaneous assessment of many aspects. It is becoming more and more difficult to manage companies and it is required to develop interaction skills in teams, and also cooperation without taking into account intra-organizational boundaries.

With the growth of their material well-being, people pay more attention to spiritual values. To achieve the effectiveness of management, it is necessary to take this into account in human resource management, and building a corporate culture. The growth of prosperity changes society and people: material goals are inferior to spiritual ones, and this cannot but affect business. According to a number of experts, values become the main factors in decision-making. Companies focused only on profit will not be able to attract the best specialists, without whom success is impossible today [16].

Sociocultural values vary greatly across cultures and influence appropriate methods of leadership, decision-making, motivation, and managerial control. In addition to the development of cultural competence, cross-cultural management requires an understanding of the differences between countries in social values, which largely determine the relationship of the leader with subordinates and colleagues in different countries. [17].

The culture of an organization, especially a strong one, influences all major areas of activity of managers. A strong corporate culture, which also has a normative meaning coordinated with the strategy of the company's functioning and development, becomes a powerful mechanism for increasing management efficiency as a way of "soft" regulation of the actions and behaviour of personnel in the general trend of humanization of management [8], [11], [18].

IV. SUMMARY

1. Solving the problem of the survival and competitiveness of companies provides for the adaptation and transformation of traditional management systems according to the characteristics of the modern business environment (multifactoriality, variability, uncertainty). The characteristics of the "new economy" increase the importance of change management for effective management.

2. The factors of adaptation and transformation of management are considered in the form of four generalized groups; the characteristic of management (procedures for managerial decisions) is distinguished, which is most significantly influenced by a group of environmental factors. This methodology makes it possible to use the research results in the practical activities of company managers aimed at effective change management.

3. Technological factors are the main reason for high speeds in business management. According to a number of authors developed their works at the late 20th - early 21st centuries, speed and agility provide the strategic flexibility of the companies which need to make quality managerial decisions. Balancing flexibility and stability is becoming a key strategic management challenge.

4. The economy begins to consider as productive assets not land, technical equipment and resources, but the knowledge, ideas and creativity of workers.

Changes in human capital characteristics have spurred the development of behavioural business models. In management, the skills of working with personnel are the most demanded for effective achievement of the goal, regardless of the level of management.

5. Integration factors require management to master recognizing the complex nature of the influence of factors on the problem being solved and to apply a systematic approach in the implementation of managerial decision procedures. Entering international markets, global companies face with emerging problems of managing a diverse workforce, improving the competencies and skills of managers.

6. Cross-cultural management requires an understanding of the differences between countries in social values, which largely determine the relationship of leaders with their subordinates and colleagues in different countries. A strong corporate culture influences the decisions made by management in all aspects of management activities, in the implementation of functions and in the choice of management

method. An orientation toward spiritual values in making managerial decisions is growing.

7. The new economy requires not only product and technological innovations, but also adequate development of organizational and managerial innovations, without the balance of which the efficiency of companies is problematic.

V. CONCLUSIONS

Trends in the development of society and the economy make new demands on the management of socio-economic systems; the qualitative transformation of human capital pushes management towards "soft regulation" of human behaviour and actions based on the principles of self-government and self-control based on a strong corporate culture [10], [19], [20], [21].

Effective management capable of providing and maintaining competitive advantages in a multifactorial and dynamically changing environment with a high level of uncertainty must be proactive (quickly and adequately respond to changes) and adaptive (use the experience of changes for further development), while maintaining its key competencies. Thus, the main task of modern management in strategic terms is to establish and maintain a balance of conflicting trends: stability and flexibility, ensuring the effective functioning and development of the object of management. Knowledge of the key factors causing changes in management makes it possible to make adaptation and transformation processes manageable; it is also one of the conditions for effective management in the modern business environment. [7].

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Brief biographies of authors

Khanif Mullakhmetov, Candidate of Economic Sciences, Associate Professor of the Department of Management in the branch of the Kazan (Volga Region) Federal University (Naberezhnye Chelny, Republic of Tatarstan). Yt was born in 1956 in the Aktanysh region of the TatASSR. He has experience of work in the top management of large Russian and joint companies in the engineering, construction industry and construction, where he was engaged in the development and implementation of corporate control and internal control systems. His practical activities have been appreciated by government awards and titles "Honoured Economist of the Republic of Tatarstan", "Honorary Mechanical Engineer of the Russian Federation", and others. Currently, he is a practicing independent consultant and expert on management and control problems, researching the problems and prospects of adaptation and transformation of management and its basic subsystems to the conditions of the "new economy". Research interests: management, managerial control, efficiency of management and control systems.

Ruslan Duferovich Sadriev was born in 1970 in the city of Dushanbe, Tajik SSR. In 1993, after successfully defending his diploma project at the Kama Polytechnic Institute (KAMPI), he received the qualifications of a mechanical engineer and was admitted to KamAZ, where he worked as a process engineer, site manager, head of the technological bureau, and design engineer. As a design engineer and as the main developer, he independently led projects; he also was the head of project teams. In 2004 he graduated from the correspondence faculty of KPI and received the qualification of an economist-manager; since 2005 he worked at the Academy of Engineering and Economics (INEKA) as an assistant, senior lecturer, assistant professor in the departments of Management and Marketing, Logistics and Management; from 2012 to the present day he has been working as an associate professor at the Department of Industrial Management at the Naberezhnye Chelny Institute of KFU. In 2010 he defended his thesis at the State University of Management (Moscow) in the specialty "Economics and National Economy Management"; in 2016 he received the title of Associate Professor in the specialty "Economics and National Economy Management". From 2016 to 2017, he participated in the research work "Corporate culture as a management and control tool in a management system working in a competitive environment (by the example of the petrochemical industry of the Republic of Tatarstan)" of the BP program. He is an author of over 50 scientific works, including a textbook with the stamp of the UMO VO (educational and methodological association of higher education) on marketing, management, and lean management.

Rinat Abdullaevich Bikulov, Candidate of Engineering Sciences, Associate Professor, Head of the Department of Production Management. He was born on 20.12.1959 in the city of Leninsk, Uzbek USSR. He graduated in 1982 from the Ufa Aviation Institute with a degree in foundry. He is a Master of Management. Since 1985 he has been working at KFU (Kama Polytechnic Institute (KAMPI), Engineering and Economic Academy (INEKA), Nabrezhnochelninsky Institute (branch) of KFU). Research interests: production management, materials science.

Elvira Rustemovna Gafiyatullina was born on October 4, 1996. In 2014 she graduated from the technological lyceum No. 35 in Nizhnekamsk; in 2018 she graduated with honours from KFU (branch in Naberezhnye Chelny) with a degree in economics of enterprises and organizations with a bachelor's degree in economics. In the same year, she continued her studies in the magistracy of KFU (Naberezhnye Chelny) with a degree in innovation management. Since 2018, she has been working at KAMAZ PTC in the Internal Audit Service as a specialist. Her interests include creating illustrations using computer programs, reading fiction and scientific literature. For today, she has written three scientific papers.