

# CHANGES IN ORGANIZATIONAL FUNCTION OF UKRAINIAN FIRMS UNDER THE CONDITIONS OF WAR

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**Introduction.** The war in Ukraine has brought multiple negative humanitarian, social, economic, environmental consequences to our country. In the area of economics and business, it led to decrease of demand, logistic problems, destruction of assets, employees outflow, increase in costs, etc. [1, p. 9 – 11]. Addressing such dramatic challenges, most of Ukrainian firms have to change the way how to organize their activity, changing literally all the managerial functions, including organizational.

**Aim.** The aim of the thesis is to analyze changes in organizational function made by Ukrainian firms under the conditions of war.

**Materials and methods.** In the course of research, top-managers of 72 Ukrainian companies were interviewed about changes in performing organizational functions. The sample includes companies from industrial sector (about 20% of respondents), retail and wholesale trade (23%), IT sector (27%), Banking and finance (4%) and other sectors. More than half (54%) of interviewed companies represent small business, while medium and large companies cover about a quarter of the sample each.

While designing a questionnaire, such aspects of organizational function were distinguished [2 – 5]:

- number of levels in firm's hierarchy;
- area of responsibility and distribution of responsibilities;
- work standards;
- coordination;
- communications among departments;
- the nature of interfirm communications (formal or informal);
- employees' involvement in decision-making;
- employees' initiative.

**Results and discussion.** The research has shown that in order to address the challenges of the war, 23% of companies reorganized their hierarchy towards flatter design, decreasing the number of levels in hierarchy, while only 2% of companies did the opposite, making their hierarchy higher. In the same time, the vast majority of companies did no changes to their hierarchy.

Outflow of employees and rapid changes in many environmental factors forced 53% of companies to extend the area of responsibility of their employees, making it possible to share the duties of employees who left their workplaces to those who stayed. On the other hand, 9% of companies allowed employees to perform more specialized duties, as being relocated they had become unable to perform their basic duties in full scale. In the same time, 21% of companies interviewed made the distribution of responsibilities among their employees more flexible, less strict, trying to engage near to anybody to perform the job to do. Oppositely, 16% of companies distributed responsibilities in more clear, strict way, relying on discipline as an instrument to overcome the crisis. But 2/3 of companies did no changes to the way how they distribute duties among employees.

Another way to withstand the rapid changes in literally every aspect of a business was to simplify work standards, allowing employees to perform the job according to exact circumstances (40% of companies did that to different extent), while 2% of

companies made it more complicated, striving for high quality. 40% of companies interviewed simplified the coordination in the firm.

One of the mechanism to do so was simplification of communications between departments (as we can see, almost half of companies did it). 28% of companies shifted to more informal relationship, being guided by 2 major reasons: first, to make the company's management more human-centered, supporting their employees in a family-like manner; second, to enable faster and easier communications and decision making. On the other hand, 7% of companies formalized their internal communications to keep it in order.

40% of companies increased the extent of employees involvement to decision making, while 9% of companies did the opposite, centering decision making in hands of top-management. Finally, majority of companies stimulated the initiative from employees in order to improve the responsiveness, while 2% of companies focused more on straightening the discipline.

As we can see, Ukrainian companies being interviewed, in the conditions of war tend rather to increase their flexibility, stimulating employees' initiative, engaging them to decision making process, simplifying and de-formalizing communications, simplifying work standards, coordination and company's hierarchy.

Moreover, majority of companies used more than one among the changes mentioned. Thus, in the most of cases, decrease of employees' involvement in decision making came along with narrowing the area of their responsibilities. In another words, if companies cut responsibilities of employees, they often did it by the cost of decision making functions. Companies which stimulated the initiative from employees, quite often did this along with extension of employees involvement in decision making, area of responsibility and simplifying coordination within the organization.

It's interesting that less active involvement of employees in decision making was often implemented along with simplification of interdepartmental communications. That means, some companies improved the process of horizontal coordination between

departments, easing cross-functional decision making and as a result the need in involving line employees can become less actual.

Companies which increased the number of levels in hierarchy, tend to less actively involve employees in decision making and to make their work standards more strict. Simplifying and de-formalizing communications often comes along with simplifying work standards in company, and vice versa.

**Conclusions.** The research has shown that the most of changes in organizational function of Ukrainian firms, that happened during the war, were representing the shift towards greater flexibility. This is due to the fact that firms had to adapt their activity to the dramatic changes brought by the war. Further researches in this area should be aimed on understanding the effectiveness of the changes mentioned in the current research.

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