



ELIT

Economic Laboratory Transition
Research Podgorica

Montenegrin Journal of Economics

Iershova, N.Y., Portna, O.V., Uhrimova, I.V., Chaika, T.Y. (2022), "The Impact of Employee Attitudes on the Effectiveness of Corporate Governance and Social External Effects: Business Analytics Platform", *Montenegrin Journal of Economics*, Vol. 18, No. 2, pp. 73-84.

The Impact of Employee Attitudes on the Effectiveness of Corporate Governance and Social External Effects: Business Analytics Platform

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ARTICLE INFO

Received March 17, 2021
Revised from April 20, 2021
Accepted June 10, 2021
Available online June 15, 2022

JEL classification: J 24, M 41, M 51

DOI: 10.14254/1800-5845/2022.18-2.7

Keywords:

Resistance to change,
corporate governance,
effectiveness of corporate governance,
social responsibility,
business analytics platform

ABSTRACT

The article solves the problem of ensuring effective corporate governance through the study of social effects and such a phenomenon as employee resistance to change. The main purpose of the study is to develop practical ways of increasing the effectiveness of corporate governance by assessing the intensity of employee resistance to change in turbulent external socio-economic conditions based on the business analytics platform. To achieve this, the authors compared theoretical thinking with empirical testing methods. This study was conducted using the methods of analysis and synthesis, surveys, expert evaluations, and the method of taxonomy. The results revealed: (1) Reliability and sustainability of survey tools; (2) Dependence of employee resistance to change on individual psychological and socio-psychological reasons and organizational barriers; (3) The effectiveness of assessing the level of intensity of employee resistance to organizational change in negative socio-economic conditions based on the calculation of the integrated coefficient; (4) The importance of effective work of HR managers that is aimed at overcoming employee resistance to change in order to achieve positive social effects. We have determined that achieving strategic goals of the company's development through the implementation of corporate governance is conditioned by positive organizational change, for the successful implementation of which it is necessary to assess the employee resistance to change in order to effectively overcome it. The study substantiates the main groups of reasons for persistent employee resistance to change. We offer practical recommendations on how to assess the intensity of employee resistance to change. In the course of additional research, proposals for successful planning of employee development programs were formulated. Positive social external effects of corporate governance effectiveness were determined.

INTRODUCTION

The modern concept of world order for the system of corporate organization in the leading sectors of the economy is facing the problem of effective management. The issue becomes especially urgent in times of crisis, when due to corporate governance the organizational structure is able to save business owners from financial risks, protect their interests and build full compliance with the social responsibility of the organization (Du, Wang, 2020; Lu et al., 2019). According to the study conducted by the Association of Managers, the effectiveness of corporate governance is hampered by: a) weak risk management skills (37.08 %), b) insufficient motivation (54.93 %), c) insufficient understanding and support on part of company management (47.79 %), d) lack of financial resources (24.06 %), e) other factors (8.6 %). As a result, in practice, 70 % of organizational change programs end in failure (Hughes, 2011).

Improving the effectiveness of corporate governance leads to ensuring the financial and economic interests of corporate entities (stakeholders) and positive external social effects. According to the study conducted by Harvard Business School researchers, in the long run, socially responsible companies have higher employee efficiency (54 % vs. 16 %), annual environmental sales (average for 17 years – 16 % vs. 8 %) and return on investment (on average 1.5 to 2 times higher) (Eccles et al., 2012). These results confirm the significant impact of employees on the effectiveness of corporate governance and social externalities. Corporate governance should be adapted to market conditions and current needs of all stakeholders and focus on resource efficiency, productivity growth, transition to innovative business models, improving the efficiency of the job security system, social policies and responsibilities, etc.

Despite the profound study of this issue, the availability of fundamental approaches and applied developments for the disclosure of certain areas of the subject, there is a number of topical issues that are currently conceptually and methodologically unresolved. This is a matter of assessing the effectiveness of corporate governance, establishing appropriate criteria, and ensuring the financial and economic interests of the corporation. These circumstances, combined with the issue relevance, conditioned the choice of research topic and statement of its purpose, objectives and novelty.

1. LITERATURE REVIEW

Bezo & Dibra (2020) conducted a theoretical research and proposed practical methods to improve the organization of corporate governance, as one of the conditions for improving the company's efficiency in Albania. The researchers substantiated the importance of the factor of employee resistance to change in achieving the goals of managing the activities of Albanian corporations. We share the opinion of Tolstyakova & Batyrova (2020), and Guo et al. (2019) according to which the governance effectiveness determines the features and capabilities of management activities of the company, the effectiveness of business processes, the mechanisms of factor interaction of professional competencies of employees and managers, and the effectiveness of communication. Alkhazali et al. (2019) and Putyatina et al. (2020) supplemented the list of performance indicators of management and proved that effective governance affects organizational efficiency, implementation of the strategy for managing knowledge and development of social externalities. At the same time, the scientists have focused on the concept of TQM and study the impact of crisis conditions. The team of researchers who study the issue of effective governance concludes that the effectiveness of corporate governance is influenced by the quality of information support, counteraction and corporate conflicts, psychological climate, and business reputation of corporations (Bombiak, 2020). In their research, the scientists have proven the relationship between leadership competencies and motivation, employees' initiative and interest in work and assessed their impact on the effectiveness of corporate governance on the example of Polish corporations.

In recent years, active scientific and practical studies show that the effectiveness of corporate governance is determined by the level of employee resistance to change (Gruman & Saks, (2011); Ijaz & Vitalis (2011) note that *"conservatism about change is characteristic of employees whose thinking does not allow orienting themselves to the new."* In this context, HR researchers analyzed the interaction between HR management and organizational change (Renkema et al., 2017; Jerzemowska and Koyama, 2020), assessed the causes of employee resistance to change and the mechanism of perceiving the managerial behavior by employees (Gordon et al., 2018; Bosakova et al., 2019). According to Renkema

et al., (2017) the strength of employee resistance to change depends on the degree of their awareness of the business strategy, need for change, and vision of their role as participants in providing organizational change and their place in the future organization. Heyden et al. (2017) investigate the groups of causes with respect to the level of employee resistance. These are individual, group or organizational ones.

According to the study conducted by Riley (2016), *"the consciousness and behavior of company employees are much more difficult to change than any technology, equipment or organizational structure."* Therefore, the researcher believes that employee resistance within the organization is due to the psychological reasons, organizational culture and level of job satisfaction. According to the conclusions, the socio-psychological reasons for employee resistance to change are quite important. Riley (2016) associates them with the employees' vision of change and socio-psychological climate in the organization (unit). In our opinion, to understand the mechanism of opportunistic attitude the personnel demonstrates towards organizational change, it is important to compare the negative impact of individual psychological and socio-psychological causes and organizational barriers. This entails a growing role of socio-psychological mechanisms that govern the activity of employees in a situation of organizational change, determining the type of motivation and psychological barriers, variability of socio-psychological methods of personnel management based on assessing the intensity of resistance to change. Riley (2016) points out that managing the personnel in order to increase the effectiveness of corporate governance must meet the criteria of rationality and efficiency and ensure positive social externalities.

2. DATA AND METHODOLOGY

Our empirical goal is the corporate sector of Ukraine's economy in the field of knowledge-intensive technologies. We develop our basic theoretical mechanism that is internal stakeholders' expectation of corporate governance results in order to assume that the effectiveness of corporate governance is dependent on the personnel and determines the social externalities of the business. An empirical study of the reasons for employee resistance to change in the process of corporate governance is based on a set of data on companies operating in the field of knowledge-intensive technologies and retrieved for the period from June to December 2020. Taking into account the lockdown and COVID-19 pandemic effects, the study was conducted as a survey. There were following groups of respondents: managers of different levels (M) and employees of company departments and divisions (E). The survey involved company HR managers (N = 30) aged 30 to 50 y.o. whose working experience as the Head of Human Resources accounts for at least three years. Based on the survey method, a "Questionnaire for studying the causes of employee resistance to change" was developed. Using the method of formalization and interview in the course of the current study, an analysis of the classification features of the causes that condition the employee resistance was carried out on the example of corporations belonging to the knowledge-intensive sector of the Ukrainian economy. The results were subjected to statistical processing (Table 1) and the average value of the assessment of employee resistance to change was calculated for the two groups of respondents (Fig. 1).

The philosophy of the analytical strategy was to study the factors of ensuring the effectiveness of corporate governance based on a business analytics platform. Using a systematic approach, we have stated the provisions for the concept of effective corporate governance on a business analytics platform (Fig. 2). Further, on the basis of the components of this provision, a graph was built to show the distribution of intensity estimates of employee resistance to organizational change (Fig. 3). The method of taxonomic analysis was used to calculate the integrated coefficient for estimating the intensity of employee resistance to change (Table 2). The procedure for assessing the factors that determine the intensity of employee resistance to change was conducted on a scale developed by the researchers (Fig. 4). Further, the tasks of corporate governance were solved through the regulation of employees' opportunistic behavior towards change.

3. RESULTS AND DISCUSSION

3.1 Employees' response to organizational changes in the context of corporate governance: view of managers as agents of change

Strategic business plans of companies in the corporate sector of the Ukrainian economy are often aimed at developing and implementing innovative technologies, new areas of activity and new products to ensure market competitiveness. Successful implementation of strategic plans depends on the effectiveness of corporate governance. When solving management tasks, company managers are supposed to use a creative approach and creative methods, to resort to change in organizational structure and to improve corporate culture. A new management style or the introduction of innovative management methods is often accompanied by opportunistic behavior on the part of the company's employees and is characterized by varying degrees of intensity. In the face of external crisis economic challenges and social effects of any form, employee resistance (either conscious or unconscious) has a negative impact on the implementation of innovations and processes, programs and projects aimed at improving the company's activity. We study how a corporation protects its capabilities, increases the effectiveness of corporate governance in response to the opportunistic behavior of employees. We made a research involving managers and employees at various levels of corporate hierarchy and surveyed them on resistance to organizational change. The study encompassed 30 companies in the corporate sector of Ukraine, operating in the field of knowledge-intensive technologies (Table 1).

Table 1. Statistical analysis and assessment of resistance to change by managers (M) at different levels of hierarchy and employees (E) of company departments and divisions (shown as a percentage)

Types of resistance / Groups of respondents	Groups of respondents in corporations:					
	with separate units		with a high share of innovation		operating in the international market	
	MM (M = 86)	E (E = 312)	MM (M = 74)	E (E = 247)	MM (M = 96)	E (E = 405)
	As a percentage					
1. Resistance to management methods	22	12	19	19	22	22
2. Resistance to management style	12	8	15	10	14	12
3. Resistance to change in the organizational structure	18	22	16	15	12	14
4. Resistance to the transformation of value orientations	20	6	21	10	18	11
5. Resistance to change in the system of material incentives	6	21	10	19	12	17
6. Resistance to change in personnel policies	13	26	11	20	10	16
7. Other reasons for resistance	9	5	8	7	14	8
Total, %	100	100	100	100	100	100

Source: authors

The group of respondents known as Managers often pointed to opportunistic behavior towards change in management methods, organizational structure, and transformation of value orientations. The group of respondents selected for the study and known as Employees indicated resistance to change in

the organizational structure, the system of material incentives and personnel policies. We tested our hypotheses using the average value for the two groups of respondents, which confirmed the importance of resistance to change in the system of material incentives (18.81 %) and personnel policies (20.26 %) for employees and resistance to change in management methods (21.13 %) and transformation of value orientations (19.16 %) (Figure 1). We found that corporate managers pointed to the unacceptability of a purely authoritarian approach to management and manipulation.

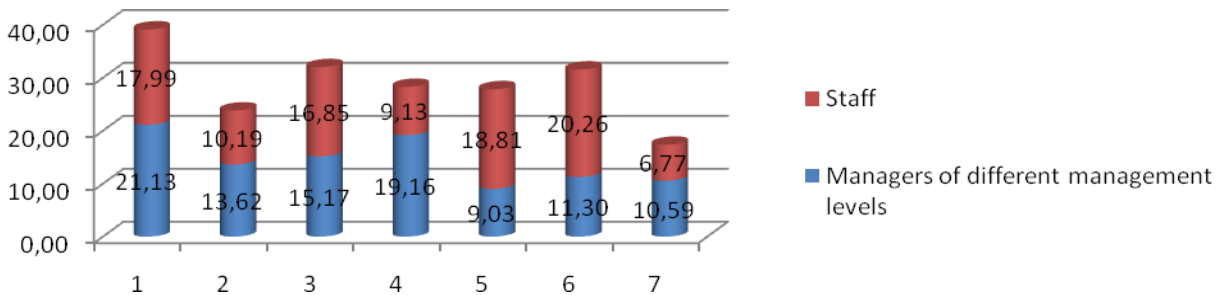


Figure 1. The average value of the assessment of resistance to change in the two groups of respondents (as a percentage)

Source: authors

At the same time, both groups of respondents indicate that irrational behavior can be caused by a lack of information about trends in enterprise development, i. e. information blockade. Companies should consider public opinion as an external stakeholder and take into account the positive social externalities so as to maintain their image and market position. Corporate social responsibility is actualized in the context of external crisis, economic challenges and social effects. It is an important element of corporate governance, which affects the development of business in general and the development of the corporate sector in particular.

3.2 Factors for ensuring effective corporate governance based on a business analytics platform

Building a mechanism to overcome opportunistic behavior on the part of employees is important in the context of identifying and eliminating possible causes of negative attitudes of the personnel towards the implementation of company innovations. We propose the provisions for the concept of effective corporate governance on the basis of a business analytics platform (Figure 2).

The effectiveness of the provisions for the concept is determined by the business analytics platform which form such components. Observance of interests of corporation subjects provides internal administrative reporting. Adaptation to organizational change in external and internal environments is ensured through the current system of analysis of external and internal environmental factors. Timely identification and regulation of corporate conflicts depends on the functioning of the internal audit system of the corporation. We offer following elements of the mechanism used to overcome opportunistic behavior on the part of employees: vector of development, development resources (potential), communications aimed at reconciling the interests of stakeholders, and management tools.

The business analytics platform is intended for forming the information with respect to the provisions for the concept of effective corporate governance. At the same time, we take into account that an important step towards improving efficiency is the optimization of corporate governance as a business process. To solve this problem, a business analyst should resort to not only the analysis of information, but also to the development of analytical technologies aimed at optimizing the economic activity of the company as a whole. These findings are based on the fact that companies keep a large amount of data on customers, suppliers and partners.

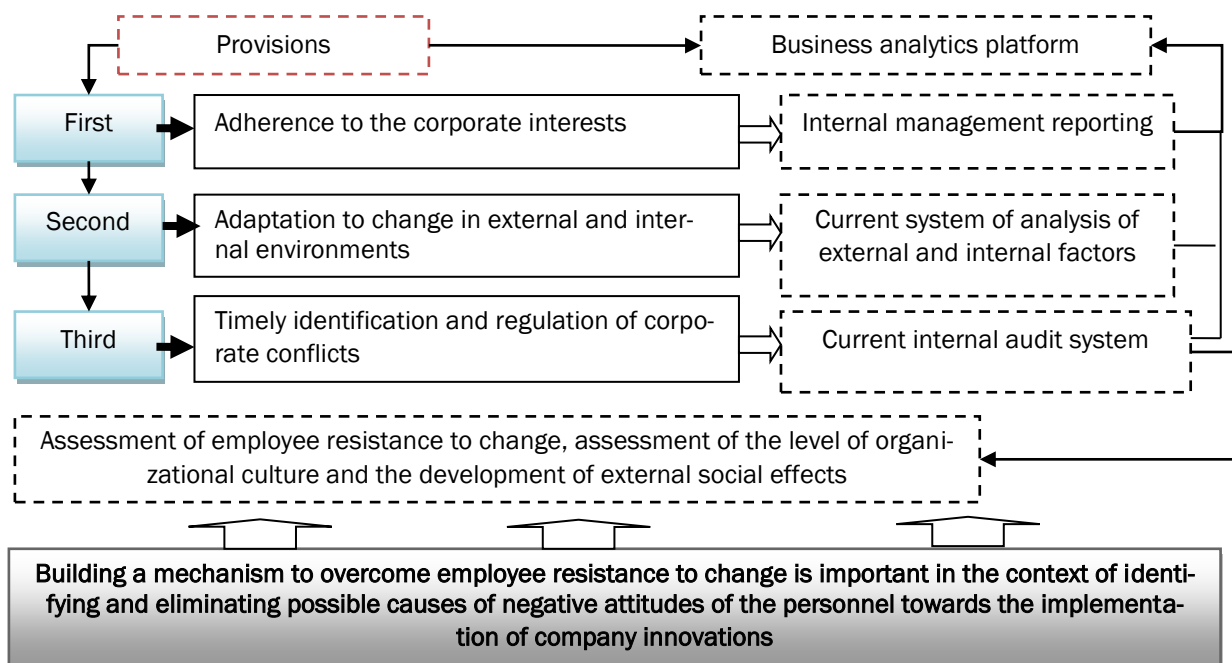


Figure 2. Provisions for the concept of corporate governance effectiveness based on the business analytics platform

Source: authors

This information is the most valuable asset, as it can serve as a basis for a decision support system and increase the effectiveness of corporate governance. SaaS (Software as a Service) ideas are relevant in the direction of creating an information platform for decision-making since they include analytics apps, data integration tools and information services themselves. Note that the process of making decisions by managers in an uncertain environment is based on unstructured or poorly structured information. This causes the demand for information retrieval tools and their transformation into a form that enables using analytics tools. Modern application modules provide end-to-end support for business management processes in organizations such as planning, strategy development, monitoring of results, strategy optimization and adjustment, implementation of managerial influences.

For the corporation in the field of knowledge-intensive technologies, we suggest ensuring the development of teamwork so as to create, collect and consolidate targets for financial and other aspects of activity; to generate reports; to forecast and model business processes.

The quality and reliability of information support for the effectiveness of corporate governance is important. Evaluation of the effectiveness of corporate governance is provided by indicators calculated on the basis of financial and internal management reporting, consistent with the results of Bondar et al. (2020). Internal management reporting is a set of reliable information and indicators of the corporation's activities over a period of time, grouped in the prescribed manner and sequence for interested users (stakeholders). Management reporting is a responsible process that is the final stage of the accounting business process. In recent decades, reporting on non-financial information has become a key global trend in world economy.

A significant step in establishing standards for the practice of non-financial reporting in companies is the European Union Directive (EU Directive 2014/95 / EU24), which requires the largest companies to report on their social responsibility (<https://www.globalreporting.org/resource/library>). According to this Directive, companies must inform stakeholders about their development strategy, environmental impact, cooperation of human rights and freedoms offered to workers in working conditions, as well as disclose the content of measures taken to combat corruption. This was the impetus for adopting change in the legal framework of Ukraine for large and medium-sized enterprises to prepare and submit the Manage-

ment Report. At the same time, a new classification of enterprises has emerged, which is due to European integration processes, and the list of companies reporting under IFRS has expanded. The management report is not included in the financial statements but is submitted together with the financial statements. If the financial statements are consolidated, a Consolidated Management Report is submitted. We recommend that companies should develop a form of internal management reporting together with the Management Report to reflect external social effects (Table 2).

Table 2. The form of the proposed report on the effectiveness of corporate governance in order to build positive social externalities

<u>Company Name</u> <u>Legal Address</u> <u>Responsible for Reporting</u> <u>Reporting Frequency</u>			
REPORT			
on the effectiveness of corporate governance in order to build positive social externalities			
<i>CONCLUSIONS building the idea of the basic or mandatory level of corporate social responsibility on the basis of:</i>			
	high 70-100 %	moderate 40-69 %	low 10- 39 %
Payment timeliness factor			
Wage growth factor			
Occupational safety factor			
Employee health factor			
Compliance with the environmental legislation			
Valid Code of Corporate Conduct			
Other factors			
<i>CONCLUSIONS building the idea of the charity level on the basis of:</i>			
Assistance program performance factor			
Factor of participation in targeted charity			
Factor of participation in sponsorship activities			
<i>CONCLUSIONS building the idea of the level of social responsibility of the corporation to its personnel on the basis of:</i>			
Factor of the expanded package of social services provided to employees			
Factor of implementing intrafirm programs on health care			
Factor of implementing intrafirm programs on food service organization			
Factor of implementing programs on recreation organization			
Factor of implementing programs on personnel training and retraining			
Factor of implementing programs on improving the organization and culture of production			
Other factors			
GENERAL CONCLUSION:			

Source: authors

Internal management reporting (Fig. 2) is checked in the current system of internal audit of the corporation. The controls in place in the corporation are a guarantee of responding to the risks associated with achieving the main goals of the organization. The internal audit system should cover all key business processes of the company. The design of the internal audit should be documented in regulations, which should contain a detailed description of control procedures, powers and responsibilities of those who are in charge, forms of documents used for control procedures, as well as the schedule of documents. Based on the results of the internal audit, the working conditions, social security of employees, motivational incentives and other factors that are also the reasons for opportunistic behavior on the part of the com-

pany's employees are studied. The current system of internal audit has the task to determine the interdependence between the number of employees and the potential for change in the corporation. We propose implementing a task on the basis of a methodological approach. The task consists of the following successive stages:

- a) identification of possible reasons for employee resistance to change;
- b) quantitative assessment of the level of employee resistance to organizational change with the help of an expert survey;
- c) calculation of the integrated indicator of the potential for change in the corporation in terms of its components on the basis of taxonomic analysis.

The assessment of the readiness of the corporation's employees for changes requires special attention. The issue of substantiating the system for stimulating employees to accept change and its effective implementation should be linked to a system for assessing employee readiness for change, monitoring for possible causes of resistance in the areas of risk management and controlling the occurrence of this phenomenon. The company should have a system for assessing the employee readiness for change which will include a set of criteria and methods of assessment at the individual, collective and organizational level. This system should be integrated with the measures taken to monitor employee resistance to change. Methods of overcoming resistance should be described in risk management strategies, change projects, and implementation of these risks.

The sample of respondents included HR-managers (N = 30) who hold the positions of heads of personnel management services (departments, divisions) and have experience in this position for at least three years. The companies for which the respondents work represent the corporate sector of the Ukrainian economy. In the course of the research the intensity of employee resistance to change was estimated (Figure 3).

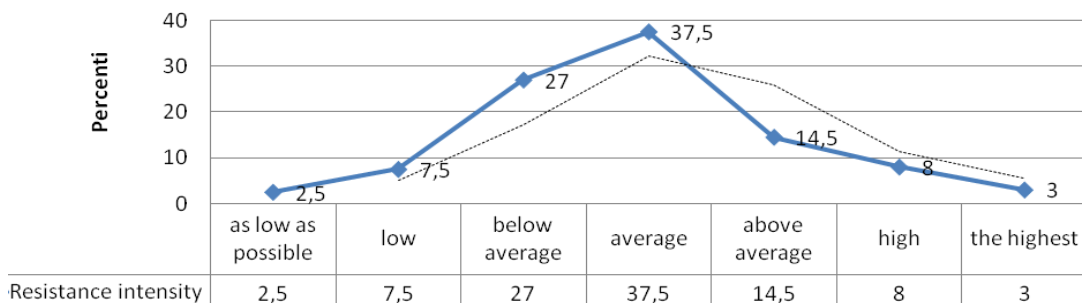


Figure 3. Distribution of estimates of the employee resistance intensity in terms of corporate change,%.

Source: authors

The schedule of distributing estimations of employee resistance in terms of organizational change (Figure 3) contains a trend line built on the parameters of linear filtering, which indicates that the distribution is close to normal and the most typical is the average estimate of the employee resistance intensity. This result is explained by the fact that the average intensity of employee resistance is the maximum allowable level of passive resistance beyond which it becomes open.

3.3 Analytical strategy for assessing the intensity of employee resistance to change

The philosophy of the analytical strategy of this study was to assess the causal relationship between the behavior of company employees and the effectiveness of corporate governance. Using the method of formalization and interview, an analysis of the classification features of the causes of employee resistance was carried out on the example of corporations belonging to the knowledge-intensive sector of

Ukrainian economy. The main factors of employee resistance to change in corporations were identified by respondents, i. e. HR-managers, as follows: individual psychological (47 %) and socio-psychological (9 %) reasons and organizational barriers (44 %). To estimate their intensity, we proposed an integrated coefficient (Chiclana et al. 2013). The study contains the ranking of these three groups of factors provided by HR managers in order to determine their weight when calculating the integrated coefficient (I_k): – individual psychological reasons, $A = 0.55$; socio-psychological reasons, $B = 0.1$, organizational barriers, $C = 0.35$. The obtained results indicate that HR-managers assign the leading role to individual psychological reasons and organizational barriers in the emergence of employee resistance to change. In this case, socio-psychological reasons are assessed as important, but their impact is categorized as less significant. An analysis of intragroup correlations shows that the most interconnected are organizational barriers that reflect key organizational characteristics are as follows: type of structure, development strategy, features of culture, communication system and management style.

The general formula for calculating the integrated coefficient to estimate the intensity of employee resistance, I_k is given below:

$$I_k = A \times \Sigma i_a + B \times \Sigma i_b + C \times \Sigma i_c \quad (1), \text{ where } A, B, C \text{ – the proportion of causes and barriers, } i_a, i_b, i_c \text{ – factors that determine the intensity of employee resistance to change and are determined on the basis of the scale with max. score = 7 and min. score = 1 (Fig. 4).}$$

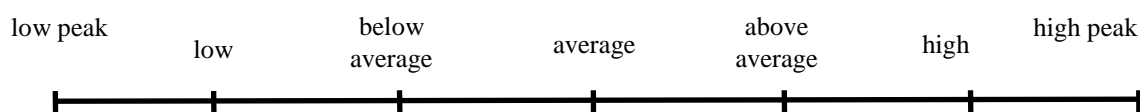


Figure 4. The scale for assessing the factors that determine the intensity of employee resistance to change

Source: authors

The practical implementation of the proposed methodological approach to assessing the intensity of employee resistance to change is carried out on the example of the corporation (Table 3). The interview method was used to determine the composition of the main causes and barriers, which are determined by the factors of employee resistance to change— i_a, i_b, i_c (Table 3). The maximum value of the integrated coefficient of resistance to change for a corporation dealing with knowledge-intensive technologies, Σi_c equals to 35, the actual Σi_c is 26. Resistance intensity in points is as follows: $1 \leq I_k \leq 11.9$ – high resistance to change, $12.0 \leq I_k \leq 23.9$ – medium resistance to change, $24.0 \leq I_k \leq 35.0$ – low resistance to change. According to the evaluation, the corporation has a medium intensity of employee resistance to change. These findings are consistent with Brown et al. (2019) and Hossein (2011) who suggest that in the current practice of companies, employee resistance to change is carried out mainly in a passive form which usually does not involve high intensity.

The problem of increasing corporate responsibility to society is quite acute. This is due to the fact that in today's world in the face of external crisis economic challenges and social effects, social responsibility is perceived as an attempt to identify socio-cultural problems that are caused in whole or in part by business actions. The corporation must take an active part in the development of the physical, spiritual and social environments because it is the corporation that triggers the depletion of natural resources and environmental pollution, provides the source of jobs and tax revenues. Positive social externalities are the result of corporate governance influenced by corporate ethics and culture since a set of moral norms and rules of corporate introduction, ensuring the formation and maintenance of a high corporate spirit, stimulating the internal stakeholders of corporations to achieve overall success is important. Corporate culture defines the principles and values of the company, its mission, purpose, rules of conduct for employees, and the relationship between external and internal entities of the company. In our opinion, corporate culture is associated with the reputation of the company. It has also a social external effect and indicates the effectiveness of corporate governance. Positive social externality is determined by corporate social responsibility which serves to support efficiency of the interested highly qualified personnel working in this organization.

Table 3. Estimation of the intensity of employee resistance to corporate change

Causes and barriers, <i>i</i>	Estimation results	
	Score	Calculation
Personal psychological reasons, weight: 0,55		
Fear of negative consequences	7	$A \times \Sigma i_a$
Lack of respect and trust for those who introduce changes	3	
Inertia and reluctance to overcome difficulties	5	
Unwillingness to take additional responsibility	5	
The complexity of further predictability of the company development	3	
Amount	$\Sigma i_a = 23$	$0.55 \times 23 = 12.65$
Max	$\Sigma i_a = 35$	$0.55 \times 35 = 19.25$
Socio-psychological reasons, weight: 0.1		
High group cohesion in a situation of disagreement between the goals of the group and the organization	2	$B \times \Sigma i_b$
Loss of power by the unit	2	
Group norms that contradict organizational change	3	
Lack of professional skills, knowledge or experience	3	
Incorrect understanding of the company's needs for change and vision of the future, scepticism	2	
Amount	$\Sigma i_b = 12$	$0.1 \times 12 = 1.2$
Max	$\Sigma i_b = 35$	$0.1 \times 35 = 3.5$
Organizational barriers, weight: 0.35		
The complexity of the organizational structure transformation and the interdependence of organizational subsystems	6	$C \times \Sigma i_c$
Features of organizational culture	4	
Lack of a clear strategy for change	3	
Organizational routines	7	
Imperfect communication system	6	
Amount	$\Sigma i_c = 26$	$0.35 \times 26 = 9.1$
Max.	$\Sigma i_c = 35$	$0.35 \times 35 = 12.25$
Total integrated coefficient	-	$I_k = 22.95$
Total integrated coefficient (max.)	-	$I_{K_{max}} = 35$

Source: authors

Reducing resistance plays an extremely important role in the implementation of internal corporate governance. Resistance regulation allows solving the following main tasks of managing the company: providing support for change, creating and promoting a leadership system; involving the personnel in the change process; developing (improving) socially-oriented programs; generating a feedback system; and developing (improving) corporate training programs. It can be argued that a special role in reducing resistance belongs to the understanding of the causes and the development of targeted measures aimed at neutralizing employee resistance. The most important organizational tasks of managing the employee resistance to change should be to improve the system of legal, personnel, regulatory and information support, personnel management system, motivation and incentives, and the development (improvement) of employee participation in changes to achieve the required employee response. Such conclusions make it possible to intensify the innovative activities of the corporation since “*innovation activities can be enhanced by stakeholder engagement, which is aligned with strategic goals and supported by adequate incentives and management mechanisms*” (Portna et al. 2020).

The specificity of personnel management in the corporate governance system is manifested in the mandatory implementation of such works as organization of training, retraining and advanced training for workers involved in the main company processes. To successfully plan personnel development programs the corporation should focus on building social, situational and intellectual competencies in employees through trainings and coaching. If necessary, it is expedient to carry out additional recruitment and adaptation of new employees.

CONCLUSION

The authors have supplemented the developments on the personnel's impact on the effectiveness of corporate governance and social externalities. This scientific proposal is motivated by the fact that the corporation is an important social institution included in the system of social relations and largely determines the socio-economic development of society. The authors of this study used scientific and practical tools to explain changes in certain practices of corporate governance. The study is relevant for researchers of social entrepreneurship, corporate managers who strive to better understand how practitioners work on the effectiveness of corporate governance and can have a positive impact on social effects. The results of the study allow us to say with confidence that the effective governance is an objective assessment of all the circumstances that accompany the process of change and is based on assessing the intensity of employee resistance in today's external economic challenges and social effects.

When carrying out organizational change, it is necessary to consider the personnel's reaction. This study aims at assessing the intensity of employee resistance to change. Since it is difficult to diagnose resistance to change due to the individual nature of the reasons causing it, we recommend that the company should resort to a survey. A scale is proposed to assess the factors that determine the employee resistance to change. Based on the results obtained for assessing the intensity of employee resistance to change, company executives and HR-managers are invited to develop tools that can be used to overcome and reduce this resistance. The obtained practical results provide a basis for neutralizing employee resistance to change and, thus, contributing to effective organizational change, development of corporate culture, involvement of employees in the company's activity, and rapid and effective implementation of innovative staff initiatives.

We show the relationship between the effectiveness of corporate governance and the level of employee resistance to change and offer an inductively derived theoretical basis for the development of the Regulations on the concept of corporate governance based on a business analytics platform. Considering the results, we recommend estimating the intensity of employee resistance to change with the help of an integrated coefficient that takes into account individual psychological and socio-psychological reasons and organizational barriers as well as their weight. Also, the authors draw conclusions about the importance of identifying priority areas for change in companies and analyze the causes of employee resistance in order to more effectively neutralize the problem. The results of the study on assessing the intensity of employee resistance to change in today's external crisis economic challenges and social effects contribute to understanding the patterns of organizational change and the choice of methods to resolve the issues.

Ultimately, our theory and results show that the practical significance of research results lies in the possibility of their use by corporations in working out sustainable development plans in today's external crisis, economic challenges and social effects and the Report on the effectiveness of corporate governance in order to develop positive social externalities and implement social business missions. A scientific and methodological approach can be used to study the factors influencing the quality of company governance. This allows taking timely measures to resolve internal conflicts that may have consequences for the financial condition, positive social effects and efficiency of the company as a whole.

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