KEY COMPONENTS OF ESTABLISHING AN EFFECTIVE MANAGEMENT SYSTEM IN THE ORGANIZATION

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Abstract. The need to quickly adapt to changing market conditions, increase competitiveness, and ensure high results of its activities predetermines the need to create effective management systems. The article summarizes and describes the basic principles, functions, factors, elements and subsystems that must be used to create an effective management system in an organization under conditions of uncertainty.

The environment in which Ukrainian organizations operate is complex and unstable. They face new requirements and challenges related to the need to quickly adapt to changing market conditions, increase competitiveness, effectively use available resources and ensure high performance. Successful implementation of new requirements and tasks depends on many factors, including the efficiency of the organization's management system.

Having wide economic independence and responsibility for the results of its operations, enterprises should form such a management system which ensures them high efficiency of operations, competitiveness and sustainable position in the market. Increasing effectiveness of management is essential for improving final results [1]. Firms with strong managerial processes perform significantly better on high-level metrics such as productivity, profitability, growth, and longevity. In addition, the differences in the quality of these processes – and in performance – persist over time, suggesting that competent management is not easy to replicate" [2].

Many of the management system standards presently available do not thoroughly explain or define expectations for the elemental interconnectivity necessary to make a system truly effective [3]. Organizations that truly understand how to maintain effective management systems have a much better chance of predicting and preventing harm to workers and their organization. This begs the question, “What does it take to create and sustain an effective management system?” [3].

What is needed is a sound management system that can provide a sound basis for managing the organization and supporting improvements. To be effectively designed, a management system must address all contextual and cultural factors that may affect the operation of a company. These factors include company organizational characteristics, internal and external relationships, competition, strategic challenges, and business performance [4].

Besides, the management system should be considered as a set of subsystems, the influence of which is directed on the control object with simultaneous transformation of it into the desired state by certain quantitative and qualitative parameters [5].

The quality of the management system is reflected on the behavior of the organization, on the results of its activity, on the growth of efficiency indicators. If a firm is in a state of crisis, its causes should be looked for in the management organization even in conditions of unfavorable economic situation [6].
Therefore, the issue of building an effective management system of the organization acquires a special urgency, and its solution will make it possible to perceive the challenges of the external environment and ensure stable development.

The specified above circumstances form necessity of construction and maintenance of effective management system of the organization in the conditions of uncertainty.

The purpose of the article is to generalize the principles, functions, factors, elements and subsystems that are used to create an effective management system for the organization in modern conditions.

The management of an organization can be presented as a process of implementing a certain type of interrelated actions to shape and use the resources of the organization to achieve its objectives. Management includes functions and actions connected with coordination and establishment of interaction within the organization, with motivation for realization of industrial and other kinds of activity, with target orientation of various kinds of activity [7].

Management efficiency is a complex economic category, the study of which includes consideration of various factors affecting the management process [1], as well as consideration of the principles, functions, elements and subsystems of the management system that affect the construction of the management system. In turn, management system should be viewed as a universal connector for the operational needs of an organization. There is no function or value in an organization that is not facilitated by the elements of a management system [4].

The system can be circularized as a set of smaller components working in concert for the functioning of a larger mechanism in the developed structure. A management system is an approach to managing an organization as a "system" [8].

A management system is regarded as a complex of interacting components based on direct and feedback, or as a set of interrelated and interdependent elements. In general, the management system has borders, external and internal environment, elements, subsystems, communication links (Fig. 1).

Also, the management system represents the concept of interconnected and interdependent parts-components: scientific knowledge and practical skills to manage different objects (person, process, organization) to ensure their competitiveness in market conditions and to fully meet needs while making optimal use of resources [9].

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**Fig. 1.** The main components of the organization management system
Creation of an effective management system in the organization has to take on board the principles of its construction. Among the main ones are the following principles [10, 11]:

- integrity (the system is considered as a whole);
- purposefulness (clear goal setting for the organization and each of its divisions);
- legal regulation of management (ensuring the legality of management processes);
- continuity (maximum use of advanced domestic and foreign experience in systems management);
- autonomy (ensuring the relative independence of the construction and functioning of structural elements and subsystems of the management system);
- stability (keeping the system in a relatively stable state);
- planning (drawing up an action program, distributing tasks between performers, coordinating performers’ actions);
- hierarchy (vertical division of managerial labor);
- interdependence (all elements of the organization are interconnected and influenced by many factors);
- dynamic balance (successful functioning of the organization, the organization’s ability to successfully resist the external environment, restore the lost balance);
- efficiency (best use of resources and optimization of organizational processes);
- efficiency (ensuring maximization of the ratio of results to costs);
- competence (knowledge by the manager of the object of management);
- discipline (unconditional fulfillment of the instructions of the head, job duties);
- stimulation (motivation of labor activity based on the use of material and moral incentives);
- other principles.

In the process of creating an effective management system, it is necessary to take into account not only the principles, but also the functions of the management system, namely [6, 11, 12]:

- planning (the process of selecting appropriate goals and actions, as well as decisions regarding resources, are necessary to achieve goals);
- determination of key product groups, customers, development directions (formation of a portfolio of strategic product groups, determination of target customer groups, etc.);
- creation of a planning system for the implementation of goals and objectives (strategic planning; operational planning; planning and project management, etc.);
- organization of activities (the process of establishing working relationships allows employees to work together to achieve their organizational goals);
- organizing the execution of plans and projects (development and implementation of a mechanism for the preparation, adoption and execution of managerial decisions, communications management, etc.);
- leadership (articulating a vision, activating employees, inspiring and motivating people using vision, influence, persuasion and effective communication skills);
- staffing (selection and selection of employees for positions in the company, in departments, in teams);
- formation of conditions for self-organization of individuals (development and
implementation of managerial, financial and other structures, determination of the procedure for remuneration, and more);
  - motivation (motivation of people to work, which involves the use of motives of human behavior to achieve personal goals or goals of the organization);
  - establishment of feedback (assessment of the implementation of long-term and short-term goals and objectives, plans and projects; management accounting and reporting; implementation of corporate information systems, etc.);
  - controlling (assessing how well goals are being achieved, productivity is increasing, actions are being taken).

Except principles and functions, at construction of effective management system it is necessary to consider set of elements and subsystems of management system. The basic elements of the management system include [11, 13]:
  - purpose (necessity to have a goal to know what needs to be done);
  - commitment (understood as motivating people to make decisions and take actions that contribute to the achievement of the goals of the management program);
  - capabilities (organizational units must be able to perform actions which support their objectives);
  - learning (organizational units should continuously learn how to perform better in pursuing their objectives, and improve their learning processes);
  - action (an organizational units' actions should reflect and influence the other management system elements – purpose, commitment, capability and learning);
  - management technology (continuous creative process of maintaining a stable mode of functioning of the system based on the practical application of modern scientific methods and means of making and implementing managerial decisions);
  - the subject of management (element or set of elements of a management system that affects the controlled subsystem);
  - management object (element or set of elements controlled by the management system, everything that perceives managing influences and reacts to them in a certain way (in production systems these are separate links: workshops, a site, a well etc. For example, the objects of management of the organization are: property and property rights, industrial and intellectual activity etc.);
  - processes and connections of the system (a set of sequential actions to achieve a specific result; information functions between parts of the system, communicating both within the system and outside it);
  - management decisions (finding ways to resolve the problem and organizational work to implement the solution in a management system).

When building an effective management system, it is especially important to pay attention to the formation (and further maintenance and development) of such subsystems of management system [6, 9, 11]:
  - target setting (goals and objectives are systematically developed at all levels of the organizational hierarchy, for all processes and projects);
  - planning (plans are developed: strategic and operational, investment planning and project management);
  - information-analytical (in modern conditions it is impossible to receive quickly the required information on a condition of operated object or process if information system is absent or is not effective enough);
  - organizational development subsystem (once having implemented an organizational undertaking, created a business model, the founders, managers and staff are further engaged in improving the organization's activities);
  - functional (carries out specialized management activities, which have been
isolated as a result of cooperation and division of labour to achieve the main objectives of the organization's activity);

– providing (this subsystem is determined by the necessity of effective provision of general, linear, target and functional management);

– motivation (various forms of remuneration of labour, material and non-material stimulation can increase or decrease the efficiency of management);

– controlling (the state of the controlled objects and processes is assessed for compliance with the target and functional standards);

– other important subsystems (operating room; marketing; financial; social; scientific and methodological, innovative; risk management; environmental management, etc.).

It is also important to take into account the factors in which it is formed when building an effective management system (Fig. 2).

During life cycle of an organization many internal and external factors affect its management system. It means that the management system must adjust to new conditions in the environment: institutional, political, sociological, economic, etc. The context of the management system of an organization should be understood. When significant changes in the environment occur, the management system of an organization usually undergoes significant changes in its structure; changes are made either to an individual structural element, to several of them or to all structural elements of the management systems [14].

**Conclusion.** The management system should be seen as a set of interacting and interdependent elements, subsystems, factors and communication links. As a result of the study it was generalized the basic principles, functions, factors, elements and subsystems, which should be taken into account and used when creating an effective management system in the organization in modern conditions.
The process of evaluating a firm's various operating procedures, code of conduct, and other factors to determine its effect on a society. A social audit may be initiated by a firm that is seeking to improve its cohesiveness or improve its image within the society. If the results are positive, they may be released to the public. For example, if a factory is believed to have a negative impact, the company may have a social audit conducted to identify actions that actually benefit the society. In Ukraine, social audit develops mainly on the initiative of large companies engaged in foreign economic activity and interested in attracting investors.

Social audit, as a means of operational management, is becoming more widespread. The administrations of foreign companies try to prevent social conflicts, which inevitably linked to the loss of working time and profits. In the West, social

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OBJECTIVES AND ADVANTAGES OF SOCIAL AUDIT

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The process of evaluating a firm’s various operating procedures, code of conduct, and other factors to determine its effect on a society. A social audit may be initiated by a firm that is seeking to improve its cohesiveness or improve its image within the society. If the results are positive, they may be released to the public. For example, if a factory is believed to have a negative impact, the company may have a social audit conducted to identify actions that actually benefit the society. In Ukraine, social audit develops mainly on the initiative of large companies engaged in foreign economic activity and interested in attracting investors.

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