Міністерство освіти і науки України

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ТЕОРІЯ ОРГАНІЗАЦІЙ

Конспект лекцій
(англійською мовою)
для здобувачів ступеня вищої освіти бакалавра
спеціальності «Менеджмент» освітньо-професійних програм «Менеджмент організацій і адміністрування», «Менеджмент готельного, курортного та туристичного сервісу», «Менеджмент міжнародного бізнесу», «Менеджмент зовнішньоекономічної діяльності»

Запоріжжя

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Онищенко О. А. Теорія організацій : конспект лекцій (англійською мовою) для здобувачів ступеня вищої освіти бакалавра спеціальності «Менеджмент» освітньо-професійних програм «Менеджмент організацій і адміністрування», «Менеджмент готельного, курортного та туристичного сервісу», «Менеджмент міжнародного бізнесу», «Менеджмент зовнішньоекономічної діяльності». Запоріжжя : ЗНУ, 2019. 122 с.

У конспекті лекцій (англійською мовою) з навчальної дисципліни «Теорія організацій» подано теоретичний матеріал курсу відповідно до вимог робочої програми. Акцентовано увагу на ключових поняттях теорії організації, розглянуто систему, методологію, процес і техніку управління організацією. Для перевірки рівня засвоєння знань до кожної теми запропоновано питання та тести для самоконтролю.

Для здобувачів ступеня вищої освіти бакалавра спеціальності «Менеджмент» освітньо-професійних програм «Менеджмент організацій і адміністрування», «Менеджмент готельного, курортного та туристичного сервісу», «Менеджмент міжнародного бізнесу», «Менеджмент зовнішньоекономічної діяльності».

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ЗМІСТ

ВСТУП

В контексті сучасного етапу розвитку економіки країни та складного і суперечливого процесу участі України в глобальній та регіональній економічній інтеграції в рази збільшується значення підготовки кваліфікованих фахівців галузі управління. Велике значення в процесі управління системами в умовах зовнішнього середовища, що швидко змінюється, надається саме управлінню організаційними процесами, що відбуваються у всьому різноманітті діяльності організацій. Управляти системами та організаціями без розуміння їх сутності та закономірних процесів розвитку неможливо.

Актуальність та необхідність вивчення дисципліни «Теорія організацій» зумовлена потребами визначення та вивчення закономірностей трансформаційних процесів, що відбуваються у економічному середовищі як базовому секторі забезпечення становлення та сталого розвитку конкурентної державної економіки.

Організаційне та навчально-методичне забезпечення викладання дисципліни здійснюється англійською мовою з метою реалізації Концепції вивчення іноземних мов у ЗНУ, що сприяє розвитку у здобувачів освіти фахової іншомовної компетентності.

Метою викладання навчальної дисципліни «Теорія організацій» є формування у студентів на основі системного підходу сучасного світогляду щодо створення, функціонування й еволюції організацій із освоєнням методологічних основ формування ефективної організації, використовуючи сучасні прогресивні підходи до організаційного проектування, методи та засоби інформаційного моделювання управлінських процесів та систем.

Основними **завданнями** вивчення дисципліни «Теорія організацій» є:

1. Вивчення загальних закономірностей, принципів формування, функціонування та розвитку організації та організаційного процесу із врахуванням факторів внутрішнього та зовнішнього середовища.

2. Засвоєння законів та принципів організаційних систем з позиції їх внутрішнього устрою і механізмів функціонування.

3. Оволодіння методикою управління організаційними системами та процесами, які в них протікають.

4. Набуття навичок практичного застосування теоретичних положень – законів, закономірностей та принципів функціонування та розвитку організацій та сформульованих на цій основі методичних рекомендацій і правил в організаційній діяльності.

У результаті вивчення навчальної дисципліни студент повинен

знати:

- теорію та практику функціонування організацій у мінливих умовах сучасного ринкового соціально-економічного середовища,

- особливості регулювання процесів, які відбуваються в організаціях у взаємозв'язку із зовнішнім середовищем тощо;

- основні організаційні теорії;

- теоретико-методологічні засади створення й функціонування організацій;
- основні методичні підходи аналізу внутрішнього й зовнішнього середовища організацій;
- принципи побудови організаційних структур організацій різних типів;

вміти:
- працювати з монографічними, довідково-енциклопедичними, статистичними, електронними джерелами з соціально-економічної проблематики та менеджменту;
- розраховувати основні показники та використовувати методологічні інструменти з метою пізнання мінливих явищ та процесів, які впливають на стан організації;
- використовувати методологічні та методичні прийоми вивчення ефективності діяльності й проектування організацій;
- досліджувати й характеризувати різні види організацій, визначаючи їх переваги й недоліки;
- здійснювати порівняльний аналіз і формування різних типів організаційних структур;
- визначати чинники формування іміджу й культури організації;
- розробляти заходи з трансформації як організації у цілому, так і її складових з урахуванням впливу факторів зовнішнього середовища.

Видання має на меті забезпечення якості спеціальної теоретичної підготовки фахівців галузі управління, які здійснюватимуть керівні функції в організаціях, на підприємствах та установах різних сфер діяльності та форм власності всіх галузей національної економіки, а також службовців державних, центральних та місцевих органів влади.

Розділ 1. Fundamentals of the theory of organization, laws, principles and stages of development
(Основи теорії організації, закони, принципи та етапи розвитку)

Тема 1. Methodological principles of the organizational theory
(Методологічні засади теорії організації)

Мета: формування розуміння загальних понять: «організація», «система», «організаційні характеристики та ознаки», «організаційна теорія», «теорія організацій».

План (Plan)
1.   The essence of the definition of "organization". Basic organizational characteristics
2.   Classification of theoretical approaches to the formation of organizations
3.   The subject and tasks of the organizational theory. Relevance to management and organisational theory

Перелік ключових термінів і понять: organization, organizational theory, theory of organizations, organizational characteristics, management.

1.   The essence of the definition of "organization". Basic organizational characteristics

Human beings cannot live in isolation. They are unable to fulfill their needs and desires alone, because any one individual lacks the strength, ability, time and potential. He has to get the cooperation of other persons in achieving his goals. In simple words, organisation is viewed as a group of persons formed to seek certain goals. Organisation is not a new and modern invention or phenomenon.

Ever since the dawn of civilization, people have always formed organisations to combine their efforts for the accomplishments of their common goals. For example, the Emperors of China used organisations a thousand years ago to construct great irrigation systems. The first Pope created a universal church to serve a world religion. The greatest example is the construction of great pyramids by the early Egyptians.

The completion of one pyramid required 1, 00,000 men working twenty years. To plan for and organize 1, 00,000 men over a period of twenty years in itself was a monumental task, keeping aside the complex end products. Modern society however has more organisation than ever before.

It consists of large and complex organisations dominating every sphere of human activity in almost all countries of the world, irrespective of cultural, racial, ideological and other differences. Organisations affect the quality of human life in the modern society. The study of organisations is, thus, very essential for understanding the behaviour of human beings.

Organisations may be studied from two perspectives viz. micro and macro. In micro perspective, the focus of study is on the individual human being. It concerns

itself with each individual's psychological makeup, his interaction with other individuals and groups, variables that determine how a person is likely to react in a given situation etc. The micro view also concerns itself with how an individual learns, what motivates him, and what kind of leadership strategies might produce the behaviour the leader wants. This micro view of individuals in organisations is recognized as a discipline called Organisational Behaviour.

The macro view considers organisation as the unit of analysis in place of an individual. It is concerned with organisational goals, organisational structure, technologies used in organisation and how organisation interacts with the environment. The macro perspective is recognized as a discipline called Organisational Theory. Both these aspects taken together present a complete picture of organisational study. Organisation theorist studies collection of people called organisation whereas organisation behaviorist studies people as members of an organisation.

Concept of Organisation:

It is very difficult to define the term organisation precisely because the use of the term organisation is not standardized. It is not static. It is dynamic and ever changing as per the needs of society, its members, business objectives and environmental changes. Organisation has been defined in different ways by different theorists, because different theorists have emphasized different characteristics of organisation.

The definitions given by some well know theorists are as given below:

According to Mooney and Reiley:

"Organisation is defined as the form of human association for attaining common objectives."

According to Talcott Parsons:

"Organisation is defined as a social unit which is deliberately constructed and reconstructed to seek specific goals."

According to Amitai Etzioni:

"Organisation has three characteristics:

(i) Division of labour,

(ii) Presence of one or more power centres, and

(iii) Substitution of personnel."

According to W.R. Scott:

"Organisations are defined as collectivities that have been established for the pursuit of relatively specific objectives on a more or less continuous basis. Organisations have more or less fixed boundaries, a normative order, authority rank, a communication system and an incentive system which enables various types of participants to work together in the pursuit of common goals."

According to Chaster I. Barnard:

"Organisation is a system of consciously coordinated activities of two or more persons.

According to him there are four characteristics of organisation:

(i) Communication,

(ii) Cooperative efforts,

(iii) Common objectives, and

(iv) Rules and regulations."

According to Max Weber:

"Organisation is defined as a corporate group. A corporate group is a social relation which is either closed or limits the admission of outsiders by rules… its order is enforced by the actions of specific individuals whose regular function this is."

According to Louis A. Allen:

"Organisation can be defined as the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority and establishing relationships for the purpose of enabling people to work most effectively together in accomplishing objectives."

According to Koontz and O' Donnel:

"The establishment of authority relationships with provision for coordination between them, both vertically and horizontally in the enterprise structure, is the essence of organisation."

According to Oliver Sheldon:

"Organisation is the process so combining the work which individuals or groups have to perform with the facilities necessary for its execution, that the duties so performed provide the best channels for the efficient, systematic, positive and coordinated application of the available effort."

According to George Terry:

"Organisation is the establishing of effective authority relationships among selected work, persons, and work places in order for the group to work together efficiently." Thus, organisation is an association of persons for achieving certain objectives. It is a rational coordination of the activities of a number of people for the achievement of some common well defined goals, through division of labour and function and through a hierarchy of authority and responsibility.

Features of Organisation:

Different authors look at the word "organisation" from their own angle. One thing which is common in all the viewpoints is that organisation is the establishment of authority relationship among persons so that it helps in the achievement of organisational objectives.

Basic organizational characteristics:

1. Composition of Interrelated Individuals:

Organisation is a composition or aggregation of interrelated individuals. The organisations are not merely a number of individuals collected at random but they are composed of individuals who are interrelated. The identifiable interrelated group of individuals determines the boundary of the organisation. It shows the organisation as a separate entity from the other elements in its environment.

2. Deliberate and Conscious Creation and Recreation:

Organisation is a social unit which is deliberately constructed or reconstructed. It is a system of consciously coordinated activities of two or more persons. This feature differentiates the organisation from the other social units. Unlike other social units, members enter in the organisation through a contract and can be shunted out also if their performance is not satisfactory. Thus, the relationship is purely of a

contractual nature. Recreation of groups can be made by the organisation through promotions, demotions or transfers of people in the organisation.

3. Achievement of Common Objectives:

An organisation is a conscious and purposive creation. It is a means towards the achievement of common enterprise objectives. The objectives of various segments lead to the achievement of major business objectives. The organisational structure should build around common and clear cut objectives. This will help in the proper accomplishment of objectives.

4. Division of Work:

Organisation includes breaking up the entire work into different segments. Different segments of work are then assigned to different persons for their efficient accomplishment. This brings in division of labour. It is not that one person cannot carry out many functions but specialization in different activities is necessary to improve one's efficiency. Organisation helps in dividing the work into related activities so that they are assigned to different individuals.

5. Coordination:

Coordination of various activities is as essential as their division. It helps in integrating and harmonizing various activities. Coordination also avoids duplications and delays. In-fact, various functions in an organisation depend upon one another and the performance of one influences the other. Unless all of them are properly coordinated, the performance of all segments is adversely affected.

6. Co-operative Relationship:

An organisation creates co-operative relationship among various members of the group. An organisation cannot be constituted by one person. It requires at least two or more persons; organisation is a system which helps in creating meaningful relationships among people. The relationship should be both vertical and horizontal among members of various departments. The structure should be designed that it motivates people to perform their part of work together.

7. Well Defined Authority Responsibility Relationship:

An organisation consists of various positions arranged in a hierarchy with well defined authority and responsibility. There is always a central authority from which a chain of authority relationship stretches throughout the organisation. The hierarchy of positions defines the lines of communication and pattern of relationships.

8. Group Behaviour:

An organisation is a composition of people. The success of an organisation depends upon the behaviour of the people and the group. Individual groups and structures are the basis of group behaviour. Relationships on a person to person level and subordinate to subordinate as well as with the superior are established in a group. Formal and informal organisations help in developing proper behaviour of a group.

Group behaviour has given birth to team work which has been accepted as the most effective form of organisation. Team spirit, team performance, team rewards and team motivation have achieved new dimensions in big organisations in the beginning of this century. Groups in an organisation have more effective behaviour. They can achieve something more together than what they can achieve individually.

9. Performance:

The whole organisation is greater than the sum of its parts. The organization's main aim is to achieve the goals and objectives through effective performance which is possible with human resource development. Organisational development programmes maximize work motivations and creativity. Job enlargement, job enrichment and job satisfaction also come under organisational performance. Specialization in particular helps in the effective performance of the job.

The above features of the organisation make it different from other social units. In modern organisations, which are large and complex in nature, these features are very important from the point of view of the management.

Significance of Organization:

Organisation is the mechanism which determines the relationship of various persons. With the help of a well defined organisation management is able to perform the functions of direction, co-ordination and control. An ill-defined organisation plan will not enable the management to make an effective exhibition of its managerial talents to realize business goals.

2. Classification of theoretical approaches to the formation of organizations

Organizational theory came up with different theories. Here we make a summary of these theories.

Classical organizational theory

This mainly consists of three sub-theories: scientific management theory, Weber's bureaucratic theory, and administrative theory.

(a) Scientific management theory. Frederick W. Taylor was recognized as the pioneer of scientific management. He started the theory with the observation of working process and concluded that how to minimize the input, maximize the efficiency and achieve specialization and standardization. However, this theory was criticized by laborers for the reason that this system overlooked the human's perception and senses.

(b) Weber's bureaucratic theory. Acclaimed as the father of sociology, Max Weber described the basic information about bureaucratic theory. Under his bureaucracy's condition, an organization is governed by top-down rules and regulations; employees work on strictly defined responsibility and own restrained power. He also described the essential means to draw a picture about organizational theory based on the historical point.

(c) Administrative theory. The major representative of administrative theory was H. Fayol. This theory takes the form of hierarchical pyramid as its structure. He developed fourteen principles to advise managers to mandate and fulfill their responsibility. In addition, he outlined five basic elements of management: planning, organizing, command, coordination and control.

Neoclassical organizational theory

This theory was led by the studies of Hawthorne in the 1920s. Significantly different from the early thoughts and approaches, this theory particularly emphasized the importance of personnel relationships among the workers, employees and managers, reflecting the growing need of humane and emotional care of workers.

Laborers with high concentration and volition contribute positively and meticulously, so the company and factory would benefit more and function better. A lot of studies were thus conducted by sociologists and psychologists, among which Elton Mayo contributed the most.

Contemporary theories

They are also called modern theories. Dozens of new theories have appeared in modern times. Modern theories evolved quickly in rapidly-changing environments into various shapes and structures. Several major theories or methods are described as follows.

(a) The system method. According to this method, an organization is viewed as a system which composes of many mutually connected components, aimed to obtain benefits both internally and externally. Overall an organization consists of three parts: components, linking processes, and goals of organization (Bakke, 1959).

(b) Contingency theory. Contingency theory, proposed by Lawrence and Lorsch, suggests that there is no best way to direct an enterprise, because the requirements for corporations vary enormously in different environments and conditions. A series of factors may work as variables, including environmental uncertainty, technology, size, strategy, resource dependence and public accountability (Tompkins, 2005).

(c) Other theories. There are some other theories that play a better role in the modern organizational theory, such as quality management theory, organizational culture, leadership theory, and so forth.

Further Explanation of Organizational Theory

Donaldson (2003) described organizational theory as a positive science. Driven by the environment, scientific methods validated and testified these positive but normative theories. Up to date, organizational science has made huge progress by using the positivist approach. Organizational theory has proved strong potentiality in the future as regards being pursued positively.

Hatch and Yanow (2003) called organizational theory an interpretive science. Many interpretive researchers who like them strongly held that social world and natural world ought to be ascertained in different ways.

Willmott (2003) viewed organizational theory a critical science. While Chia (2003) thought organizational theory as a postmodern science and draw our attention to the requirement for managers and policymakers.

Obviously they were more aware of the basic information and situation of our society and industries. An organization cannot thrive without successful and powerful traits. Faced with threats and chances, it should be sensitive to external changes and keeping adapting and learning (Hannah and Lester, 2009).

Learning is not limited to the scope of knowledge per se but a "problem-oriented action" or "knowing" (Kuhn and Jackson, 2008). Roberts (2007) probed into the knowledge in the contemporary organization by summarizing several influential books and has managed to address relevant problems.

3. The subject and tasks of the organizational theory. Relevance to management and organisational theory

Organization theory is a large and multidisciplinary body of scholarly work that focuses on understanding organizations.

Most of the work in organization theory has been written by scholars in the disciplines of sociology, business management, and economics. They have focused most of their attention on analysing and theorizing about business firms and, more recently, associations and non-profit organizations. Organization-theory literature is primarily concerned with explaining organizational structure, performance, and survival. Scholars in this field have aimed at developing a general theory of organization and analytical tools that are designed to apply to all types of formal organizations, including those in the public sector.

Such organizations as businesses and armies have been studied by social surveys, statistical field studies, field experiments, and laboratory experiments on replicas of their social hierarchies and communication networks.

Dwight Waldo noted in a review of field work in 1978: "Organization theory is characterized by vogues, heterogeneity, claims and counterclaims" and even greater differentiation in theory and practice have developed since then. Organization theory certainly cannot be described as an orderly progression of ideas, or a unified body of knowledge in which each development builds carefully on and extends the one before it. Rather, developments in theory and prescriptions for practice show disagreement about the purposes and uses of a theory of organization, the issues to which it should address itself (such as supervisory style and organizational culture), and the concepts and variables that should enter into such a theory.

Organization theory is focused on understanding how organizations work, why they come to be structured in particular ways, and why some organizations are more successful than others. Researchers have addressed those questions by employing a variety of units of analysis. One strand of research examines individual organizations – looking, for example, at how internal structure or organizational culture affects performance. Another strand focuses on relationships between organizations, examining interactions either between a small number of organizations or within a specific "field" of mutually interdependent organizations. That view allows one to understand, for example, how powerful organizations shape others within a field and how organizations come to rely on one another. Other research looks at entire populations of organizations, using statistical tools to see how a population changes over time as some organizations flourish and others die. Overall, a large proportion of work in organization theory centres on organizational relationships and the interaction between an individual organization and its external environment.

Three perspectives appear to be dominant in organization theory. The rational system perspective focuses on the formal structures of an organization and sees the organization as a group of people who work together to pursue specific goals. The natural system perspective advances the idea that informal and interpersonal structures within an organization are more important than formal structures. People within an organization have multiple interests, and consensus-building or conflictual processes drive organizational action. Last, the open-system perspective argues that one cannot look at an individual organization in isolation. In that view, organizations

are intertwined with their environments to the extent that the organization-environment boundary is indistinct.

Likewise, three dominant debates or issues are dominant within the field of organization theory. The first concerns whether efficiency and the quest for efficiency are the main determinants of organizational structure, performance, and persistence. Whereas some maintain that the most-efficient organizations persist and prosper, others argue that organizations can succeed through the use of other strategies. For example, an organization may do well because it is perceived to have great legitimacy or because it has formed alliances with powerful actors. A second debate concerns the degree to which organizations can actively change or co-opt their environment. Does the environment represent a "hard" structure to which organizations must adapt or die, or is the environment malleable, making it possible for organizations to manipulate it? A last debate focuses on the question of whether organizations are able to adapt in the face of environmental change. Although some research has demonstrated that managers can change their organizations in the face of challenges, other research suggests that it is rare for adaptation to be carried out successfully.

The Organizational Theory refers to the set of interrelated concepts, definitions that explain the behaviour of individuals or groups or subgroups, who interacts with each other to perform the activities intended towards the accomplishment of a common goal.

In other words, the organizational theory studies the effect of social relationships between the individuals within the organization along with their actions on the organization as a whole. Also, it studies the effects of internal and external business environment such as political, legal, cultural, etc. on the organization.

Relevance to management and organisational theory.

The different possible categorizations are not necessarily a bad thing; they illustrate the discursive and complex nature of management. The possible sub-divisions and cross-groupings help illustrate the many factors relevant to the study and practice of management and organisational theory. Discussion on the various categorizations of approaches and the identification of individual writers within a particular approach can provide a useful insight into the subject.

Positive advantages. Whatever form of categorization is adopted, the division of writers on organisation and management into various approaches offers a number of positive advantages.

- ✓ It is helpful to students in the arrangement and study of their material.
- ✓ It provides a setting in which to view the field of management and to consider the contribution of individual writers.
- ✓ It traces the major lines of argument developed by writers seeking to advise practicing managers on how they might improve performance.
- ✓ It provides a framework in which the principles enunciated can be set and against which comparisons with management practice can be made.
- ✓ It helps in organisational analysis and in the identification of problem areas. For example, is the problem one of structure, of human relations or of the socio-technical process?

✓   It enables the manager to take from the different approaches those ideas which best suit the particular requirements of the job. For example, in dealing with a problem of structure, the ideas of the classical writers or of contingency theory might be adopted.

When there is a problem relating to human resource management, ideas from the human relations movement might be of most value. If the problem is one of environmental influence, insights from the systems approach might prove most helpful. For problems of a more quantitative nature, ideas from the decision-making approach or from management science might be applicable.

Caveats to be noted. There are, however, a number of important caveats that should be noted.

✓   The various approaches represent a progression of ideas, each building on from the other and adding to it. Together they provide a pattern of complementary studies into the development of management thinking. The different approaches are not in competition with each other and no one approach should be viewed as if it were the only approach, replacing or superseding earlier contributions. Many ideas of earlier writers are still of relevance today and of continuing importance in modern management practice.

✓   Any categorization of individual writers into specific approaches is inevitably somewhat arbitrary and not all writers can be neatly arranged in this manner. This is only to be expected. Such writers are expounding their current thoughts and ideas in keeping with the continual development of management theory and changes in management practice. The comment made about some management writers that they are saying different things at different times might therefore be taken more as a compliment than as a criticism.

✓   Even when there is agreement on the nature of the contribution from different writers, the actual division into varying approaches may take a number of forms. In other words, while there might be acceptance of the need for a framework, there is no agreement on its shape. Different authors have adopted different formats in which to set out the developments in management thinking.

Some of the literature categorizes management thinkers into divisions called 'schools'. The use of this term suggests a clarity of distinction between each division and a uniformity of beliefs within each division. This is perhaps an exaggeration. The distinction between these so-called schools is not clear-cut and there is not necessarily a consistency of thinking among the various contributors in each division. The term 'approaches' to management is more indicative of the obscure lines between the different categorizations and, paradoxically, it is the suggestion of vagueness that, arguably, makes it a more appropriate term to use.

Of course, management theories have often been the subject of discourse and criticism. Some critics see organisational philosophies as management fads that will be replaced by new ones as other theories are proposed. That may well be the case, but it is good for management theories to evolve, because organisations change, the environment changes, and as a result, management practices and techniques change. Theories provide us with valuable insights into how we can be more understanding,

influential and ultimately more successful in managing organisations and the turbulent dynamic environments in which they operate.

? **Питання для самоконтролю**
Questions for self-control

1. Name the most known definitions of "organization".
2. Give your own definition for "organization".
3. What are the basic organizational characteristics?
4. What are the features of an organization?
5. What does organizational theory consist of?
6. Organizations differ greatly in size, function, and makeup. Nevertheless, the operations of nearly all organizations are based on three main things. What are they?
7. Name the difference between vertical and horizontal division of labour in organization.
8. What are formal and informal organizations?
9. What organizational theories and approaches to the formation of organizations do you know?
10. What are the subject and tasks of the organizational theory?

✍ **Тести для самоконтролю**
Tests for self-control

1. Organizational theory is a science ...
a) studying the basic principles and laws of nature and society;
b) on the principles and laws of creation, development and functioning of organizations;
c) of quantitative relations and qualitative characteristics surrounding objects of the world.

2. The subject of organizational theory are:
a) the laws of the functioning of systems associated with the processing of information;
b) the financial activities of the enterprise;
c) organizational relations between employees.

3. The main methods of organization theory include:
a) organizational and administrative, economic and social, psychological;
b) inductive, statistical, abstract-analytical, comparative;
c) modeling, forecasting, expert.
4. The set of interrelated elements is:
a) environment;
b) situation;

c) system.

5. What systems does organization theory study:
a) group dynamics, power;
b) legislative regulation;
c) design and dynamics of the organization.

6. What is characteristic of the second stage in the development of organizational theory?
a) it can be defined as an era of "closed systems and a rational individual";
b) it is the era of "closed systems and the social individual";
c) it is the period of "open systems and the rational individual".

7. For an organization that aims to survive in a global marketplace, planning must be based on a vision of the goal and must be pursued in specific directions. Which ones?
a) top-down and bottom-up;
b) top-down and horizontal;
c) horizontally and vertically.

8. What is the name of a system that involves a person or is intended for a person?
a) public;
b) social;
c) socialist.

9. How many stages involves the development of organizational theory?
a) four;
b) two;
c) seven.

10. Which center is formed by employees whose activities are directly related to the production of goods or services?
a) strategic center;
b) support staff;
c) operating center.

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Тема 2. Basic organizational theories and models
(Основні організаційні теорії та моделі)

Мета: набуття знань про загальні характеристики типів організаційних теорій: класичну, неокласичну, системну, ситуаційну та неомодернізаційну організаційну теорію, а такою розуміння еволюції теоретичних концепцій та основних моделей організації.

План (Plan)

1. General characteristics of types of organizational theories
2. Classical organization theory
3. Neoclassical theory and Human Resource Theory
4. Modern Theory

Перелік ключових термінів і понять: type of organizational theory, organizational model, classical organization theory, neoclassical theory, human resource theory, modern theory.

1. General characteristics of types of organizational theories

Modern management theory is primarily a phenomenon of the 20th century with new theoretical constructs and practices emerging now in the early 21st century. Taylor, Fayol and Weber, continuing to come up to present with modern management methods and principles. The modern organization may be the most crucial innovation of the past 100 years and it is a theory which will never complete its evolution as the human being continues to exist.

Organization theory comes from practice and the evolution of it depends on the evolution of organization practice. The development of productivity causes the development of organization theory. As environments have become more complex, organizations going to be flat-structure, class stratified, network relationship, flexible and fuzzy boundary. The paradigm of organization theory has developed to the complexity one as seen below (Chunxia et. al, 2013).

Understanding how organizations work has been the focus of scientists and scholars until the early part of the 20th century. Just as organizations have evolved, so to have the theories explaining them. These theories can be divided into 9 different "schools" of thought:

1. Classical Organization Theory.
2. Neoclassical Organization Theory.
3. Human Resource Theory (Organizational Behavior Perspective).

Modern Organization Theory:
4. Modern Structural Organization Theory.
5. Organizational Economics Theory.
6. Power and Politics Organization Theory.
7. Organizational Culture Theory.
8. Reform Though Changes in Organizational Culture.
9. Theories of Organizations and Environments.

Classical organization theory was the first and main theory of organizations. The classical theory found itself in the industries of the 1930's and still has great influence today (Merkle, 1980). The classical theory is including professions of mechanical and industrial engineering and economics. The theory is based upon: (Shafritz, Ott, Jang, 2005).

✓ Organizations occur to implement production–related and economic goals.

✓ There is one best way to organize for production, and that way can be found via systematic, scientific inquiry.

✓ Production can be maximized through specialization and division of labor.

✓ People and organizations act in accordance with rational economic principles.

✓ Workers were seen as interchangeable parts in an industrial machine in which parts were made of flesh only when it was impractical to do them of steel.

✓ Power driven machines resulted in production workers, and, in turn, shifted individual craftsmanship.

✓ Factory system: resulted in capital intensive, highly coordinated production.

✓ Organizations should work like machines, using people, capital, and machines as their inherited parts.

✓ Industrial and mechanical engineering-type thinking dominated theories about 'the best way' to organize for production.

✓ Deal with primarily the anatomy, or structure, of formal organizations.

✓ The job of the scientific manager, once 'one best way' was found, was to impose this procedure on his or her organization. Classical organization theory comes up from a corollary of this proposition. If there was one best way to implement any given production task, then correspondingly, there must also be one best way to accomplish any task of social organization – including organizing firms. Such principles of social organization were assumed to be exist and to be waiting to be discovered via diligent scientific observation and analysis.

✓ Organizations should be based on universally accepted scientific principles.

Neoclassical school of thought can be viewed as a critique of the classical doctrine:

✓ Each organization should have a defined structure; however, human behavior can disrupt the most carefully planned organizational activities. While the formal structure may represent how things are supposed to exist, the informal organization that appears in response to people's social needs dictates how things are actually done.

✓ Although a division of labor might make sense from the organization's standpoint, some of the unintended outcomes for workers are feelings of isolation and anonymity due to insignificant jobs.

✓ While the scalar and functional principles might be theoretically passable, they deteriorate in practice due to the way in which these processes are carried out.

✓ Finally, a manager's span of control is a function of human factors and cannot be decreased to a precise, universally applicable ratio.

There are two main sources of Neoclassical theory: (1) the sociologists and social psychologists who were concerned with interaction and relations within groups, often referred to as the Human Relations school, and (2) the psychologists who focused on individual behavior, or the Behavioral school.

One more contribution of neoclassical approach was the implementation of behavioral science at work place and the main propositions of neoclassical theory are:

✓ The organization in general is a social system.

✓ The social environment on the job affect people.

✓ In the formal organization, informal organization also occurs and it affects and is affected by formal organization.

✓ Man is interdependent and his behavior can be predicted in terms of social and psychological factors.

✓ Man is diversely motivated and wants to fulfill his different types of needs.

✓ Communication is required as it carries information to the functioning of the organization and the feelings and sentiments of people working in it.

✓ Collaboration is significant for sound functioning of the organization and work standards are achieved via behavioral approach.

Fundamental Assumptions of Human Resource Theory: (Shafritz, Ott, Jang, 2005).

✓ Organizations exist to serve human needs (not the reverse).

✓ Organizations and people need each other (Organizations need ideas, energy, and talent; people need careers, salaries, and work opportunities).

✓ When the fit between the individual and the organization is not enough adequate, one or both will suffer. Individuals will be exploited, or will seek to exploit the organization, or both.

✓ A good fit between individual and organization benefits both. Humans find meaningful and satisfying work, and organizations get the human talent and energy that they need.

✓ Behavioral scientists "focused attention on seeking to answer questions such as how organizations could and should allow and encourage their people to grow and develop".

✓ "From this perspective, it is assumed that organizational creativity, flexibility, and prosperity flow naturally from employee growth and development".

✓ "The essence of the relationship between organizations and people is redefined from dependence to codependence".

✓ "People are considered to be as important as or more important than the organization itself". "People, groups, and the relationships among them and the organizational environment".

Modern organization theory studies:

(1) the parts (individuals) in aggregates, and the movement of individuals into and out of the system.

(2) the interaction of individuals with the environment found in the system.

(3) the interactions among individuals in the system.

(4) general growth and stability problems of systems. (Scott, 1961)

Modern organization theory and general system theory are similar in that they look at organization as an integrated complete. They differ, however, in terms of their generality.

General system theory is deals with every level of system, whereas modern organizational theory focuses primarily on human organization. The question might be asked, what can the science of administration gain by the study of system levels other than human? Before attempting an answer, note should be made of what these other levels are. Boulding presents a convenient method of classification:

(1) The static structure – a level of framework, the anatomy of a system; for example, the structure of the universe.

(2) The simple dynamic system – the level of clockworks, predetermined necessary motions.

(3) The cybernetic system – the level of the thermostat, the system moves to maintain a given equilibrium through a process of self-regulation.

(4) The open system – level of self-maintaining systems, moves toward and includes living organisms.

(5) The genetic-societal system – level of cell society, characterized by a division of labor among cells.

(6) Animal systems – level of mobility, evidence of goal-directed behavior.

(7) Human systems – level of symbol interpretation and idea communication.

(8) Social system – level of human organization.

(9) Transcendental systems – level of ultimates and absolutes which exhibit systematic structure but are unknowable in essence.

2. Classical organization theory

The Classical Theory is the most traditional theory, which is based on four key pillars. They include division of labor, the scalar and functional processes, structure, and span of control. Given these major elements just about all of classical organization theory can be derived.

✓ The division of labor is without doubt the cornerstone among the four elements. From it the other elements flow as corollaries. For example, scalar and functional growth needs an specialization and departmentalization of functions. Organization structure is naturally base upon the direction which specialization of activities travels in company development. Finally, span of control problems result from the various number of specialized functions under the jurisdiction of a manager.

✓ The scalar and functional processes deal with the vertical and horizontal growth of the organization, respectively. The scalar process means the growth of the chain of command, the delegation of authority and responsibility, unity of command, and the obligation to report. The division of the organization into specialized parts and the regrouping of the parts into compatible units are elements of pertaining to the functional process. This process concentrates on the horizontal evolution of the line and staff in a formal organization.

✓ Structure is the logical relationships of functions in an organization, arranged to implement the objectives of the company efficiently. Structure accomplishes system and pattern. Classical organization theory mostly works with two basic structures, the line and the staff. However, such activities as committee and liaison functions fall quite readily into the purview of structural considerations. Again, structure is the intermediary for introducing logical and consistent relationships among the diverse functions which comprise the organization.

✓ The span of control concept relates to the number of subordinates a manager can effectively supervise. Regardless of interpretation, span of control has importance, in part, for the form of the organization which evolves via growth. Wide span yields a flat structure; short span results in a tall structure. Further, the span concept directs attention to the complexity of human and functional interrelationships in an organization.

Classical organization theory is dealt with hierarchical levels of authority and coordination along with horizontal differentiations between units (Shafritz et al., 2005). Early structural theorists include Adam Smith, Daniel McCallum, Fredrick Winslow Taylor, Max Weber, and Henri Fayol. Smith's (1776) division of labor underlines the positive effects of specialization in regards to overall productivity within the organization. This work came at the dawn of the industrial revolution and is the most serious and influential statement on the economic rationale of organization (Shafritz et al., 2005). McCallum (1856) dealt with general principles of Smith's organization, concentrated on the flow of information up and down and is credited with designing the first organizational chart (Shafritz et al., 2005).

Taylor expanded on the work of Smith and McCallum by focusing on increasing output by using scientific methods to discover the fastest, most efficient, and least fatiguing production methods (Shafritz et al., 2005). Taylor's (1916) approach underlines scientific management and its use in making the worker more efficient, thereby generating more wealth for themselves and the world. Taylor looked for to find the most advantageous vehicle to get work done with in the design of the organization. Weber took a more macro view at the organization, drawing upon studies of ancient organizations in Egypt, Rome, China, and the Byzantine Empire (Shafritz et al., 2005). Weber (1922) defines a bureaucracy, a specific set of structural arrangements, and how those in the organization function. Fayol focused his study on the theory of management within the organization and believed that his concept of management was universally applicable as well (Shafritz et al., 2005). His primary contributions were his 14 principles that caused clear organizational success (Fayol, 1949). Each of these men built their theories through using each other's work. These theorists sought organizations as machines requiring boundaries between units. They based upon predictability and accuracy, achieved via control, specialization, the vertical flow of information, and limited exchanges with the external environment (Kuk, 2012).

The importance of these works is their collective progression explaining the efficiency of work and the definition of organizations. The maturation of classical organization theory parallels the development of student affairs organizations in that they have both expanded with time.

Individual deans of men and women broadened into personnel departments and, eventually, divisions dedicated to student services (Ambler, 2000). As these new organizations developed, they used scientific management and established bureaucracy to more efficiently serve students, while their demands for service increased and diversified.

As one would expect, people are seen as a means to an end under this theory. Very little thought is put into how workers feel about doing a job or the ideas they may have for developing them.

The main focus is on maximizing efficiency in order to meet financial goals. For each job there is thought to be one best way for achieving the goal. Specialization also defines this theory. The production worker, who is a specialist in only one or two steps of the process, is quickly replacing the craftsman, who in the past would implement a series of tasks to produce a product.

Structures are seen as the basic intermediaries for organizations to achieve the bounded rationality. In classical organization theory, the rationalization of organizational structure is the main object. Organizational issues are researched on static-structure-legal perspective, and the core is the rationalization. Classical organization theory underlines the organizational specialities are impersonal and rational; concentrates on the organizational structure designing, the basic principle and the basic management function of organizations. The classical organization theory is the typical management philosophy in the perspective of Human Machine relationship, which based on the hypothesis of 'economic man'. People lost their humanity in society, into a machine, and lost initiative in the work.

As early as the 1920s, a various of social critics began to point out the potentially harmful effects of trying to standardize people as well as jobs. Although number of the basic tenets of classical management theory (e.g., formal structure, division of labor) were not directly challenged, criticism was concentrated on those individual managers and theorists who appeared to treat employees as little more than mere appendages to machines. In fact, when Taylor proposed his theory of Scientific Management, his work was often met with antagonism and hostility. Taylor defended his principles on the basis of a "mental revolution" that would take place in the attitudes of management and labor. In essence, Taylor felt that both sides would recognize the need for cooperation and the significance of scientific investigation rather than individual judgment as the basis for structuring work assignments. Critics, however, argued that while management might look for standardize skills and methods, it could not expect perfectly standard, emotionless behavior from its employees. (Bowditch, Buono and Stewart, 2008)

Studies during this period also started to draw attention to the possibility that coworkers may exert a greater influence on work behavior than the economic incentives offered by management. The recognition that workers had social needs led to a new set of assumptions about human nature. Rather than viewing people solely as rational, economic creatures, social considerations were now seen as the prime motivator of behavior and work performance.

Since the increasing mechanization of work was stripping jobs of their intrinsic value, people would seek out meaning in their work through social relationships on the job. Management, it was argued, must therefore support people to satisfy these natural desires. Although these arguments may appear to be somewhat moralistic, they were tied to prescriptions for organizational effectiveness and efficiency. If managers did not answer to these socially oriented needs with greater consideration and warmth, lagging work performance and resistance to authority were viewed as likely outcomes.

3. Neoclassical theory and Human Resource Theory

In an attempt to compensate for the neglect of human interaction in the classical school, neoclassical theory introduced the behavioral sciences into management thought. The underlying rationale was that since management involves getting things done with and through people, the study of management must be centered on understanding interpersonal relations. Within this context, the Neoclassical school of thought can be viewed as a critique of the classical doctrine.

The classical approach was all about physiological and mechanical variables with no concern on behavioral aspect and that is why classical approach is also called as physiological theory where as neoclassical is also known as behavioral theory. As per behavioral theory organization should be taken into account consisting of social as well as economical and technical factors, consisting of both formal and informal groups ,the neoclassical approach takes the postulates of classical approach and hence the name neoclassical.

In his attack on the classical school of theorists, Simon was joined by the introducers of the human relations school of organizational thinking. The foundations for their arguments were relied upon even before the war, in the report from the Hawthorne studies by Roethlisberger and Dickson (1939), but, according to Scott (1987), it was Elton Mayo who gave the most influential interpretation.

The human relations school brought together the individual and the social relations between individuals into focus. People in organizations were no longer seen only – not even mainly – as rational beings working to achieve the goals of the organization. It was found out that they were just as much driven by feelings, sentiments and their own particular interests – which

could be quite different from what classical theory assumed. Furthermore, the new studies also underlined that there was an informal structure in every organization, coming from the unofficial contacts people in the organization had with each other. This informal structure could be just as important as the formal one for predicting the outcome of decision making processes – sometimes even more crucial. According to Scott (1987), there were a various main themes investigated by the different approaches within the human relations school, and most of them are still actively pursued by researchers. The most basic is the insistence on the importance of individual characteristics and behaviors in understanding organizational behavior. This easily leads to an interest in the effects of various leadership styles, as well as in the effects of race, class and cultural background. Formalization in work is strongly repudiated on the grounds that it is detrimental both to worker commitment and psychological well-being, and participative management, job enlargement or at least job rotation is prescribed.

In fact, human relations theorists have always been eager to support changes in organizations to produce what they see as more humane places to work, and claim that the less formal, more participative organization will also be the most productive. It is not unreasonable, therefore, to criticize at least the most ardent proponents of these views for prescribing "one best way" solutions just as much as the classical theorists (Mohr 1971). Mohr specifically mentions Likert, and groups him with Fayol, Gulick and Urwick in this respect. Mintzberg (1979) is especially harsh in his criticism, also referring to Likert. Scott (1987) notes that several decades of research has not be successful to substantiate most of the claims of the human relations theorists, and that they have also been criticized on ideological grounds for advocating a manipulative attitude toward workers on the part of management. With their emphasis on humans and their psychological and social properties, tools and technology were of course not a deal of great interest to the human relations theorists, except as a source of repressive formalization. However, even if we might say that

they inherited a belief in optimal solutions from the classical theorists, their theories accomplished that it was human needs and qualities, and not technology, that dictated the optimal organizational forms. In other words, it was in their view possible to design and operate organizations mainly on the basis of human characteristics, and thus thwart what others viewed as technological imperatives. In Scott's (1987) classification, the human relations school belongs to the closed, natural system model.

In contrast to the rational model, the natural model does not accept that organizations are rational instruments to achieve goals. On the contrary, they are first and foremost collectives of human beings, quite like social organizations like families, neighborhoods and societies.

Their rational goals are often undermined by more personal or group goals, and the chief real goal of any organization tends to be survival at any cost. The informal structures are seen as the most the important ones, with the formal structures as little more than a stage set. Since the concentration of the human relations theorists was clearly on the internal situation in organizations, it is not unreasonable to label them closed system theorists, although there was also some concern for the effects of worker's organizational membership on their situation outside the organization.

Most pervasive themes of Human Recourse Theory are:
- ✓ Leadership.
- ✓ Motivation.
- ✓ Individuals in teams and groups.
- ✓ Power and influence.

4. Modern Theory

The distinctive specialities of modern organization theory are its conceptual-analytical base, its reliance on empirical research data and, above all, its integrating nature. These qualities are framed in a philosophy which accepts the premise that the only meaningful way to study organization is to study it as a system. As Henderson put it, the study of a system must base on a method of analysis, "... involving the simultaneous variations of mutually dependent variables." Human systems, of course, include a huge number of dependent variables which defy the most complex simultaneous equations to solve. Nevertheless, system analysis has its own peculiar point of view that aims to study organization in the way Henderson suggests. It treats organization as a system of mutually dependent variables. As a result, modern organization theory, which accepts system analysis, changes the conceptual level of organization study above the classical and neoclassical theories. Modern organization theory asks a spectrum of interrelated questions which are not seriously considered by the two other theories.

Key among these questions are:

(1) What are the strategic parts of the system?

(2) What is the nature of their mutual dependency?

(3) What are the fundamental processes in the system which link the parts together, and facilitate their adjustment to each other?

(4) What are the goals sought by systems?

Modern organization theory is in no way a unified body of thought. Each writer and researcher has his special emphasis when he considers the system. Perhaps the most evident unifying thread in the study of systems is the effort to search at the organization for its totality.

Representative books in this field are March and Simon, Organizations, and Haire's anthology, Modern Organization Theory." Instead of attempting a review of different writers' contributions to modern organization theory, it will be more useful to discuss the different ingredients involved in system analysis. They are the parts, the interactions, the processes, and the goals of systems (Scott, 1961).

Modern organization theory leads, as it has been shown, almost inevitably into a discussion of general system theory. A science of organization universals has some strong advocates, particularly among biologists. Organization theorists in administrative science cannot afford to overlook the contributions of general system theory. Indeed, modern organization concepts could offer a great deal to those working with general system theory. But the ideas interested with in the general theory are exceedingly elusive. Speaking of the concept of equilibrium as a unifying element in all systems, Easton says, "It (equilibrium) leaves the impression that we have a useful general theory when in fact, lacking measurability, it is a mere pretence for knowledge." The inability to quantify and measure universal organization elements undermines the success of pragmatic tests to which general system theory might be put. (Scott, 1961)

Below represent the fundamental assumptions and tenets of the modern structural organizational theory: (Shafritz, Ott, Jang, 2005).

Fundamental assumptions

1. "Organizations are rational institutions whose primary aim is to impelemt established objectives; rational organizational behavior is achieved best via systems of defined rules and formal authority. Organizational control and coordination are key for maintaining organizational rationality".

2. "There is a 'best' structure for any organization, or at least a most appropriate structure in light of its given objectives, the environmental conditions surrounding, the nature of its products and/or services, and the technology of the production process".

3. "Specialization and the division of labor increase the quality and quantity of production, particularly in highly skilled operations and professions".

4. "Most problems in an organization result from structural flaws and can be solved by changing the structure".

Tenets are similar:
✓ Organizational efficiency
✓ Organizational rationality
✓ Increase the production of wealth in terms of real goods and services.

?   **Питання для самоконтролю**
Questions for self-control

1.   Give the general characteristics of types of organizational theories.
2.   On which concept is the scientific management approach based on?
3.   How many scientists on organizational theory do you know? Name them.
4.   List Taylor's four principles of scientific management.
5.   Note the difference between Taylor's 'scientific management' – which focuses on work – and the neoclassical approach – which focuses on workers.
6.   Describe Weber's bureaucratic approach.
7.   What is Henry Fayol's administrative theory about?
8.   Characterize neoclassical organizational theory.
9.   What are the peculiarities of modern organizational theories?
10.   What set of assumptions for a manager holds do theory x and theory Y depict?

Тести для самоконтролю

Tests for self-control

1. The era of "closed systems and the rational individual" lasted:
a) from 1900 to 1930;
b) from 1930 to 1960;
c) from 1975 to the present.

2. The concept of the "school of human relations" belongs to:
a) G. Simon;
b) E. Mayo;
c) M. Weber.

3. The main contribution to the development of the organizational theory in 1960-1975 was done by the following scientists:
a) James March and Jay Lorsch;
b) Alfred Chandler, Paul Lawrence and Jay Lorsch;
c) Elton Mayo, Douglas McGregor and Chester Barnard.

4. The era of "open systems and the social individual" lasted
a) from 1900 to 1930;
b) from 1930 to 1960;
c) from 1975 to the present.

5. The concept of an administrative employee belongs to:
a) G. Simon;
b) E. Mayo;

c) M. Weber.

6. The author of "tectology" organizational theory is
a) A.A. Bogdanov;
b) M. Meskon;
c) B. Milner.

7. Who is the author of universal principles of management:
a) A. Bogdanov;
b) M. Speransky;
c) A. Fayol.

8. Who is the author of the principle that design organization must comply with the strategy chosen by the company:
a) A. Chandler;
b) J. Gelbraith;
c) F. Taylor.

9. Whose words are these: "Science has proved that the administrative building can only be perfect by the time the institution is declining":
a) A. Chandler;
b) S. Parkinson;
c) J. Gelbraith.

10. Who is the author of the concept of "bureaucracy":
a) A. Chandler;
b) F. Taylor;
c) M. Weber.

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Тема 3. Organization as a system
(Організація як система)

Мета: формування системних уявлень про організацію, яка існує в умовах зовнішніх факторів, що швидко змінюються, а також про внутрішню будову організації: організаційні підсистеми, елементи, структури, взаємозв'язки.

План (Plan)
1.   Organization as a social system
2.   Structure of an organization
3.   Factors influencing organizational structure

Перелік ключових термінів і понять: system, social system, behavioralism, organizational structure, formalization, centralization, control, coordination, interaction, centralization.

1.   Organization as a social system
The definition of an organization as a social system appeared due to the Hawthorne Experiments conducted be the group of scientists under the direction of **Elton Mayo.**

The origin of behavioralism is the human relations movement that was a result of the Hawthorne Works Experiment carried out at the Western Electric Company, in the United States of America that started in the early 1920s (1927-32). Elton Mayo and his associates' experiments disproved Taylor's beliefs that science dictated that the highest productivity was found in 'the one best way' and that way could be gathered by controlled experiment. The Hawthorne studies tested to determine the effects of lighting on worker productivity. When these experiments showed no clear correlation between light level and productivity the experiments then started looking at other factors. These factors that were considered when Mayo was working with a group of women included rest breaks, no rest breaks, no free meals, more hours in the work-day/work-week or fewer hours in the workday/work-week. With each of these changes, productivity went up. When the women were put back to their original hours and conditions, they set a productivity record (Olum, 2004).

These experiments proved five things. First, work satisfaction and hence performance is basically not economic and relies more on working conditions and attitudes, communications, positive management response and encouragement, working environment. Second, it did not accept Taylorism and its emphasis on employee self-interest and the claimed over-riding incentive of monetary rewards.

Third, large-scale experiments involving over 20,000 employees showed highly positive responses to, for instance, developments in working environments (e.g., improved lighting, new welfare/rest facilities), and expressions of thanks and encouragement as opposed to coercion from managers and supervisors. Fourth, the influence of the peer group is very high hence, the significance of informal groups within the workplace. Finally, it denounced 'rabble hypotheses' that society is a horde of unorganized individuals (acting) in a manner calculated to secure his or her self-preservation or self-interest.

These results underlined that the group dynamics and social makeup of an organization were an extremely crucial force either for or against higher productivity. This outcome caused the call for greater participation for the workers, greater trust and openness in the working environment, and a greater attention to teams and groups in the work place. Finally, while Taylor's impacts were the establishment of the industrial engineering, quality control and personnel departments, the human relations movement's greatest impact came in light what the organization's leadership and personnel department were doing. The seemingly new concepts of "group dynamics", "teamwork", and organizational "social systems", all stem from Mayo's work in the mid-1920s.

Even further in understanding the "humanity" of the organization went **McGregor** with his "The Human Side of Enterprise".

Douglas McGregor found out the labels Theory X and Theory Y to capture two views of human motivation. The Theory X view accepts that employees must be monitored and controlled. The Theory Y view assumes that employees work hard to implement crucial social and personal needs. McGregor argued that the assumptions managers make about motivation can become self-fulfilling.

In a 1957 article and 1960 book entitled The Human Side of Enterprise, Douglas M. McGregor explained a basic tension in how managers and business scholars view the motivation of employees: Are they lazy, driven by money, needing to be tightly controlled and monitored? Or are they engaged, committed and interested in fulfilling themselves via work by contributing to their firm and society? McGregor argued that a good deal of managerial practice was based on the former view, which he labeled as 'Theory X'. The assumptions of Theory X were that management is responsible for organizing and directing work, and 'without this active intervention by management, people would be not active even resistant to organizational needs. He underlined that less explicit assumptions tended to underlie Theory X: the average man is by nature indolent ... he lacks ambition, dislikes responsibility ... and is inherently self-centered. (Larrick and Feiler, 2013)

These assumptions make managers to create rigid structures of evaluation, pay and control to manage 'indolent' workers. McGregor went on to argue, however, that money and job security are only the most basic needs. Drawing on earlier ideas developed by Abraham Maslow, McGregor argued that once basic needs have been fulfilled at work, employees crave to fulfil higher-order needs: to be agreed by others, to be independent and implement things, to be creative. This latter view he described as the Theory Y view. A central theme in his writing was that employees can often

achieve higher levels of productivity when they are treated as responsible contributors to an organization rather than shirkers in need of prodding.

McGregor pointed out to contemporary trends in management decentralization and delegation, job enlargement and participation as evidence that the Theory Y view had a developing presence in organizations, and his ideas anticipated a great deal of management theory and practice in the ensuing decades. Modern theories of job design (Hackman and Oldham, 1976), intrinsic motivation (Deci and Ryan, 1985) and organizational justice, especially procedural and interactional fairness (Lind and Tyler, 1988), are heirs of this view. The recent interest in adding psychology to economics in the new subfield 'behavioral economics' can be viewed as a Theory Y correction of a Theory X view.

Management thinking tends to go via cycles, with the tenor of theories changing from one emphasis to another (Abrahamson and Eisenman, 2008), and Theory X and Theory Y capture a key dimension along which perspective shifts. This raises an interesting question of which perspective is true. Although subsequent researchers sometimes took one side or the other in their theorizing, main insight in McGregor's work was not a claim about the truth of each view (although he believed in the assumptions of Theory Y), but that the unexamined assumptions of Theory X easily become self-fulfilling (Heath, 1999). McGregor noted) that 'human behavior in industrial organization today' corresponds to Theory X, but 'this behavior is not a consequence of man's inherent nature'. It is a consequence of ``management philosophy, policy, and practice', leading workers to behave exactly as predicted – with indolence and passivity. By acting on their pessimistic assumptions, managers evoke the behaviors they expect and arbitrarily confirm their initial pessimism. He concludes that 'it would seem that we are caught in a web of our own weaving''. This theme is an enduring contribution of McGregor's work, and is reflected in a vibrant stream of current work showing the limitations of a purely Theory X perspective on employee behavior (Ferraro, Pfeffer and Sutton, 2005; Markle, 2011). Because McGregor did not point out a specific theory of motivation but a summary of competing perspectives on motivation, his work did not generate directly testable hypotheses. Nevertheless, his proposal captured basic truths that will endure in organizations and will underpin future management research: employees are motivated by a range of interests; a focus on money and control ignores important motivations; and the assumptions that managers and scholars make about employee motivation can consequently be selfreinforcing.

2. Structure of an organization

There are many different opinions and definitions on organizational structure. Structure in one sense is the arrangement of duties use for the work to be done. This is best represented by the organization chart. In another sense, "structure is the architecture of business competence, leadership, talent, functional relationships and arrangement". Walton identified structure as the basis for organizing, to include hierarchical levels and spans of responsibility, roles and positions, and mechanisms for integration and problem solving. Thompson said that "structure is the internal differentiation and patterning of relationships". He referred to structure as the means by which the organization sets limits and boundaries for efficient performance by its

members, by delimiting responsibilities, control over resources, and other matters. Kartz and Kahn (2012) said that "structure is found in an interrelated set of events which return to complete and renew a cycle of activities." Jackson and Morgan (1982) defined structure "as the relatively enduring allocation of work roles and administrative mechanisms that creates a pattern of interrelated work activities and allows the organization to conduct, coordinate, and control its activities". Lawrence and Lorsch (1967) describe structure as "the technique in which the organization is differentiated and integrated".

According to Dictionary-Organizational behavioural (2012), organizational structure is defined as "the established pattern of relationships among the components of parts of company (The way a company is set-up). They formally defined framework of an organization's task and authority relationships". Sablynski (2012) defined organizational structure as "how job tasks are formally divided, grouped, and coordinated".

Organization structure indicates an enduring configuration of tasks and activities. In other words, organizational structure is a set of methods through which, the organization divided into distinct tasks and then create a harmony between different duties. Organizational structure directs the competence of work, the enthusiasm of employees and coordination among the top management and subordinates for flow of plans and goals in the organization to sketch the future plans.

Organizational structure is a way responsibility and power are allocated, and work procedures are carried out, among organizational members.

As Tran and Tian (2013) mentioned, the most important components of organizational structure include *formalization, centralization, and control*. Formalization measures the extent to which an organization uses rules and procedures to prescribe behaviour. The nature of formalization is the degree to which the workers are provided with rules and procedures that deprive versus encourage creative, autonomous work and learning. In organization with high formalization, there are explicit rules which are likely to impede the spontaneity and flexibility needed for internal innovation.

Centralization refers to the hierarchical level that has authority to make decision. If decisions are delegated to lower levels the organization is decentralized and if decision making power authority is kept at the top level it is centralized. Centralization also creates a nonparticipatory environment that reduces communication, commitment, and involvement with tasks among participants.

Organizational control is a cycle that includes the three stages of target setting, measuring or monitoring and feedback. Control in the bureaucracy can consist of rules, standards, and internal procedures. Developing and enforcing performance control and behavioural prescriptions improve decisions and increases predictability of performance.

3. Factors influencing organizational structure

According to Tran and Tian (2013), the factors influencing organizational structure are among the factors described by contingency theory, and by incorporating elements of the strategic choice approach. Many researchers have noted the impact of these factors and elements on organizational structures. Indeed, in

response to different environmental circumstances, the organizational structure is conditioned by decisions regarding the internal organizational level in general and designed variables in particular (centralization, formalization and control), both of which are governed by organizational leaders' perceptions and preferences in response to external factors. The factors taken into account in this study are:

1. Decentralization of Decision Making

Menon and Varadarajan (1992) maintained that, centralization fosters a hierarchical organizational structure where by ultimate power and decision-making is concentrated at the top rather than shared with lower levels of the organization. Hollenbeck (2000) argued that one of the most widely-studied dimensions of organizational structure is centralization, which deals with the aspect of vertical structure and refers to the degree to which decision decision-making authority and responsibility for coordination re-sides at the top of the organizational chart as opposed to being distributed throughout lower levels.

2. Customer Interaction

Auh and Mengue (2007) attempted to relate this factor to centralization and concluded that as customer interaction demands a broad focus of authority and organization-wide participation, it requires more decentralized and less hierarchical structures. Similarly, Jabnoun (2005) sought to identify the organizational structure that supports the implementation of customer interaction total quality management. The results show that the dimensions of process network and organic structure support the implementation of customer-interacted total quality management, while risk aversion, mechanistic structure and complexity impede it.

3. Value of Innovation

Selto et al. (1995), addressed the issues of the best "fit" of organizational structure and controls for just-in-time and total quality management.

4. Marketing Considerations

Sundaram and Black (1992) argued the need for better and newer applications of organizational theories to the study of multinational enterprises.

5. Intensifying Competition

Vroom (2006) attempted to elucidate how organizational design characteristics are related to the competitive behavior of firms. Although previous research suggests that in cases of strategic substitutability, firms tend to choose organizational structures and compensation systems that commit the firm to behaving aggressively in the product market, thus reducing firm and industry profits, he argued that simultaneous determination of organizational structure and compensation systems may enable firms to tacitly collude and achieve the perfectly collusive out- come despite the non-cooperative setting.

6. Liberalization of the Economy

Snow et al. (1992), proposed a network organization structure as an organizational response to a context of globalization, technology transfer and technological change, deregulation, changing workforce demographics, manufacturing advances, faster, lower cost communications and greater social and political freedom.

?   **Питання для самоконтролю**
Questions for self-control

1. Characterize organization as a social system. Name the basic features of a social system.
2. What is research organization? Are social system and research organization the same?
3. What does a research organization consist of? List the sub-systems within the total system of a research organization.
4. Comment on multiplicity of purpose, functions and objectives of a social system.
5. Why integration and coordination have much importance for organization as a social system?
6. What methods of integration in social organizations do you know?
7. What is the structure of an organization? What mechanisms of organizational structure do you know?
8. What are the specific characteristics of classical organizational structure?
9. Name the distinctive features of the bureaucratic organization.
10. What is the difference between the divisionalized organization and matrix organization?

✒   **Тести для самоконтролю**

Tests for self-control

1. The law of organizational theory:

a) a stable objective connection of phenomena or events, which is inherent in a sufficiently large number of organizations and has inevitable repeatability in similar conditions;

b) the rules of conduct adopted in a particular organization and reflected in the internal documentation;

c) contractual obligations of members of the organization governing their activities.

2. The law of synergy is ...

a) energy conservation in closed material systems under any environmental influences;

b) an increase in energy exceeding the sum of the individual efforts expended by members of the collective;

c) the total amount of material resources necessary to solve the tasks set by the organization.

3. The law of development is ...
a) the sale of products in order to maximize profits;

b) achieving the greatest total potential during all stages of the organization's life cycle;

c) increasing labor productivity to ensure the life of the organization.

4. The law of awareness and orderliness is ...

a) in a post-industrial society only large organizations survive;

b) the more information the organization has about the external and internal environment, the higher is its successful functioning;

c) the organization with the largest cash assets wins the competition.

5. The law of self-preservation:

a) the desire of the organization to obtain maximum profit by any means;

b) maintaining the life of the organization by obtaining borrowed funds;

c) ensuring the survival of the organization with the maximum use of resources.

6. The law of unity of analysis and synthesis:

a) each organization seeks to tune in to the most economical mode of activity by changing its structure or its functions;

b) a method based on the study of the economic activities of the organization;

c) a technique for describing the work of organizational units taking into account their functional orientation.

7. The law of composition and proportionality:

a) each organization seeks to acquire, create or maintain in its structure all the necessary resources that are in a given proportion;

b) in order to maximize profits, organizations must strive for complete independence;

c) in the framework of achieving a common goal, there is an objective tendency of organizations to unite.

8. Principles of organization:

a) the rules by which wages are accrued;

b) the optimal rule that is formulated in the organization and is a reflection of the objective laws of management practice;

c) patterns in the organization on which the relationships between its members are built.

9. The principles of the static state of the organization include:

a) the principle of priority of the goal, the principle of priority of functions over the structure, the principle of priority of the subject of control over the object;

b) particular and situational principles;

c) the principles of synchronization, rhythm, efficiency, profitability, compliance.

10. Summarizing all the processes that take place in the organization, you can distinguish:

a) processes of logistical nature;

b) information processes;

c) information processes and processes of material nature.

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Тема 4. Organization as society
(Організація як соціум)

Мета: вивчення організації як соціуму та соціальної спільності, розмежування понять формальної та неформальної організації, а також засвоєння понять життєвого циклу організації, місії та цілей організації.

План (Plan)
1. Social organization and social community as an open systems
2. Formal and informal organizations
3. Organizational life cycle
4. Organizational mission, visions & goals

Перелік ключових термінів і понять: social organisation, social community, open system, formal organization, informal organization, organizational life cycle, organizational mission, organizational goal.

1. Social organization and social community as an open system
Traditional theoryes regarded organizations as closed systems that were autonomous and isolated from the outside world. In the 1960s, however, more holistic and humanistic ideologies emerged. Recognizing that traditional theory had failed to take into account many environmental influences that impacted the efficiency of organizations, most theorists and researchers embraced an open-systems view of organizations.

The term "open systems" reflected the newfound belief that all organizations are unique – in part because of the unique environment in which they operate – and that they should be structured to accommodate unique problems and opportunities. For example, research during the 1960s indicated that traditional bureaucratic organizations generally failed to succeed in environments where technologies or markets were rapidly changing. They also failed to realize the importance of regional cultural influences in motivating workers.

Environmental influences that affect open systems can be described as either specific or general. The specific environment refers to the network of suppliers, distributors, government agencies, and competitors with which a business enterprise interacts. The general environment encompasses four influences that emanate from the geographic area in which the organization operates. These are:
•   Cultural values, which shape views about ethics and determine the relative importance of various issues.
•   Economic conditions, which include economic upswings, recessions, regional unemployment, and many other regional factors that affect a company's ability to grow and prosper. Economic influences may also partially dictate an organization's role in the economy.
•   Legal/political environment, which effectively helps to allocate power within a society and to enforce laws. The legal and political systems in which an open system operates can play a key role in determining the long-term stability and

security of the organization's future. These systems are responsible for creating a fertile environment for the business community, but they are also responsible for ensuring – via regulations pertaining to operation and taxation—that the needs of the larger community are addressed.

•   Quality of education, which is an important factor in high technology and other industries that require an educated work force. Businesses will be better able to fill such positions if they operate in geographic regions that feature a strong education system.

The open-systems theory also assumes that all large organizations are comprised of multiple subsystems, each of which receives inputs from other subsystems and turns them into outputs for use by other subsystems. The subsystems are not necessarily represented by departments in an organization, but might instead resemble patterns of activity.

An important distinction between open-systems theory and more traditional organization theories is that the former assumes a subsystem hierarchy, meaning that not all of the subsystems are equally essential. Furthermore, a failure in one subsystem will not necessarily thwart the entire system. By contrast, traditional mechanistic theories implied that a malfunction in any part of a system would have an equally debilitating impact.

2.   Formal and informal organizations

There are two types of organizations according to the formality of rules. A formal organization is an organization with a fixed set of rules of intra-organization procedures and structures. As such, it is usually set out in writing, with a language of rules that ostensibly leave little discretion for interpretation. In some societies and in some organizations, such rules may be strictly followed; in others, they may be little more than an empty formalism.

To facilitate the accomplishment of the goals of the organization in a formal organization, the work is delegated to each individual of the organization. The member of such organization works towards the attainment of definite goals, which are in compliance with the goals of the organization.

To facilitate the co-ordination of various activities the authority, responsibility, and accountability of individuals in the organization are very well defined. Hence, facilitating the co-ordination of various activities of the organization very effectively.

To aid the establishment of logical authority relationship the responsibilities of the individuals in the organization are well defined. They have a definite place in the organization due to a well-defined hierarchical structure which is inherent in any formal organization.

Division of work amongst individuals in formal organization according to their capabilities helps in greater specializations and division of work.

Characteristics of a formal organization are:
-       well defined rules and regulations;
-       determined objectives and policies;
-       status symbol;
-       limitation on the activities of the individual;
-       strict observance of the principle of co-ordination;

- messages are communicated through scalar chain;
- it is to best attain the objectives of the enterprise;
- hierarchical work distribution or clear division of labour.

Distinction from informal organization:

Formal rules are often adapted to subjective interests – social structures within an enterprise and the personal goals, desires, sympathies and behaviors of the individual workers – so that the practical everyday life of an organization becomes informal. Practical experience shows no organization is ever completely rule-bound: instead, all real organizations represent some mix of formal and informal. Consequently, when attempting to legislate for an organization and to create a formal structure, it is necessary to recognize informal organization in order to create workable structures. However, informal organization can fail, or, if already set in order, can work against mismanagement.

Formal organizations are typically understood to be systems of coordinated and controlled activities that arise when work is embedded in complex networks of technical relations and boundary-spanning exchanges. But in modern societies, formal organizational structures arise in highly institutional contexts. Organizations are driven to incorporate the practices and procedures defined by prevailing rationalized concepts of organizational work and institutionalized in society. Organizations that do so increase their legitimacy and their survival prospects, independent of the immediate efficacy of the acquired practices and procedures. There can develop a tension between on the one hand, the institutionalized products, services, techniques, policies, and programs that function as myths (and may be ceremonially adopted), and efficiency criteria on the other hand. To maintain ceremonial conformity, organizations that reflect institutional rules tend to buffer their formal structures from the uncertainties of the technical activities by developing a loose coupling between their formal structures and actual work activities (John Meyer and Brian Rowan, 1976).

The Hawthorne experiments

The deviation from rule-making on a higher level was documented for the first time in the Hawthorne studies (1924–1932) and called informal organization. At first this discovery was dismissed as the product of avoidable errors, until it finally had to be recognized that these unwritten laws of work of everyday life often had more influence on the fate of the enterprise than those conceived on organizational charts of the executive level. Numerous empirical studies in sociological organization research followed, ever more clearly providing evidence for this, particularly during the human relations movement. It is important to analyze informal structures within an enterprise to make use of positive innovations, but also to be able to do away with bad habits that have developed over time.

Reasons for informal organization

There are many different reasons for informal organization:

Informal standards: personal goals and interests of workers differ from official organizational goals.

Informal communication: changes of communication routes within an enterprise due to personal relations between coworkers.

Informal group: certain groups of coworkers have the same interests, or (for example) the same origin.

Informal leaders: due to charisma and general popularity, certain members of the organization win more influence than originally intended.

Different interests and preferences of coworkers.

Different status of coworkers.

Difficult work requirements.

Unpleasant conditions of work.

Managerial organization theory often still regards informal organization as rather disturbing, but sometimes helpful. In the opinion of systems theory and cybernetics, however, formal organization fades into the background and only serves, if necessary, to supplement or to correct. Changes in structure always redevelop because of the conduct and differences among coworkers, and the ability of self-organization is recognized as a natural characteristic of a social system.

3.   Organizational life cycle

The organizational life cycle is the life cycle of an organization from its creation to its termination. It also refers to the expected sequence of advancements experienced by an organization, as opposed to a randomized occurrence of events. The relevance of a biological life cycle relating to the growth of an organization, was discovered by organizational researchers many years ago. This was apparent as organizations had a distinct conception, periods of expansion and eventually, termination.

The idea of similarity between organisations and living organisms originates from as early as in 1890, by famous economist Alfred Marshall, who had compared the firms with trees in the forest, using beautiful metaphor: "But here we may read a lesson from the young trees of the forest as they struggle upwards through the benumbing shade of their older rivals". Sixty years later, Kenneth Boulding presented concrete idea that organisations pass through lifecycle as living organisms. In the later epoch, Mason Haire is also identified as one of the pioneers of this concept. He was amid the initial few, who suggested that organizations may adhere to a certain path of uniformity in their course of expansion.

Subsequently, research has been done on the organizational life cycle for more than 120 years and can be found in various literature on organizations. Examples include the various stages in an organization's life cycle, phases of growth experienced by an organization during expansion and implications for these phases of growth. Review of the main organizational life cycle theories, with stages, main idea and authors is given in the table below.

Organizations are born (established or formed), they grow and develop, they reach maturity, they begin to decline and age, and finally, in many cases, they die. Study of the organizational life cycle (OLC) has resulted in various predictive models. These models, which have been a subject of considerable academic discussion, are linked to the study of organizational growth and development. Organizations at any stage of the life cycle are impacted by external environmental circumstances as well as internal factors. We're all aware of the rise and fall of organizations and entire industries. Products too have life cycles, a fact that has been

long recognized by marketing and sales experts. It seems reasonable to conclude that organizations also have life cycles.

Organizations move from one stage to another because the fit between the organization and its environment is so inadequate that either the organization's efficiency and/or effectiveness is seriously impaired or the organization's survival is threatened. The OLC model's prescription is that the firm's managers must change the goals, strategies, and strategy implementation devices to fit the new set of issues. Thus, different stages of the company's life cycle require alterations in the firm's objectives, strategies, managerial processes (planning, organizing, staffing, directing, controlling), technology, culture, and decision-making. Five growth stages are observable: birth, growth, maturity, decline, and revival. They traced changes in the organizational structure and managerial processes as the business proceeds through the growth stages. At birth, the firms exhibited a very simple organizational structure with authority centralized at the top of the hierarchy. As the firms grew, they adapted more sophisticated structures and decentralized authority to middle- and lower-level managers. At maturity, the firms demonstrated significantly more concern for internal efficiency and installed more control mechanisms and processes.

Growth Phases

Most scholarly works focusing on organizational life cycles have been conceptual and hypothetical in content. Only a small minority have attempted to test empirically the organizational life cycle model. One widely-cited conceptual work, however, was published in the Harvard Business Review in 1972 by L. Greiner. He used five growth phases: growth through creativity; growth through direction; growth through delegation; growth through coordination; and growth through collaboration. Each growth stage encompassed an evolutionary phase ("prolonged periods of growth where no major upheaval occurs in organization practices"), and a revolutionary phase ("periods of substantial turmoil in organization life"). The evolutionary phases were hypothesized to be about four to eight years in length, while the revolutionary phases were characterized as the crisis phases. At the end of each one of the five growth stages listed above, Greiner hypothesized that an organizational crisis will occur, and that the business's ability to handle these crises will determine its future:

Phase 1. Growth through creativity eventually leads to a crisis of leadership. More sophisticated and more formalized management practices must be adopted. If the founders can't or won't take on this responsibility, they must hire someone who can, and give this person significant authority.

Phase 2. Growth through direction eventually leads to a crisis of autonomy. Lower level managers must be given more authority if the organization is to continue to grow. The crisis involves top-level managers' reluctance to delegate authority.

Phase 3. Growth through delegation eventually leads to a crisis of control. This occurs when autonomous employees who prefer to operate without interference from the rest of the organization clash with business owners and managers who perceive that they are losing control of a diversified company.

Phase 4. Growth through coordination eventually leads to a crisis of red tape. Coordination techniques like product groups, formal planning processes, and

corporate staff become, over time, a bureaucratic system that causes delays in decision-making and a reduction in innovation.

Phase 5. Growth through collaboration, is characterized by the use of teams, a reduction in corporate staff, matrix-type structures, the simplification of formal systems, an increase in conferences and educational programs, and more sophisticated information systems. While Greiner did not formally delineate a crisis for this phase, he guessed that it might revolve around "the psychological saturation of employees who grow emotionally and physically exhausted by the intensity of team work and the heavy pressure for innovative solutions".

Organization life cycle and the small business owner

Entrepreneurs who are involved in the early stages of business creation are unlikely to become preoccupied with life cycle issues of decline and dissolution. Indeed, their concerns are apt to be in such areas as securing financing, establishing relationships with vendors and clients, preparing a physical location for business operations, and other aspects of business start-up that are integral to establishing and maintaining a viable firm. Basically, these firms are almost exclusively concerned with the very first stage of the organization life cycle. Small business enterprises that are well-established, on the other hand, may find OLC studies more relevant. Indeed, many recent examinations of organization life cycles have analyzed ways in which businesses can prolong desired stages (growth, maturity) and forestall negative stages (decline, death). Certainly, there exists no timeline that dictates that a company will begin to falter at a given point in time. "Because every company develops at its own pace, characteristics, more than age, define the stages of the cycle," – explained Karen Adler and Paul Swiercz in Training & Development.

Small business owners and other organization leaders may explore a variety of options designed to influence the enterprise's life cycle – from new products to new markets to new management philosophies. After all, once a business begins to enter a decline phase, it is not inevitable that the company will continue to plummet into ultimate failure; many companies are able to reverse such slides. But entrepreneurs and managers should recognize that their business is always somewhere along the life cycle continuum, and that business success is often predicated on recognizing where your business is situated along that measuring stick and adopting strategies best suited to that position in the cycle.

4. Organizational mission, visions & goals

For entrepreneurs, choosing opportunities that will best suit a business's strengths is part of the strategic planning process. Strategic planning results in some guiding ideas that serve to unify the company's activities, chiefly, the vision and mission statements. These provide the direction and purpose of a company's actions. Goals follow from mission and vision.

Mission Statement

The mission statement of a business justifies and explains its reason for existence. As the company's purpose, the mission should guide everything the company does. At every organizational level, individuals can use the mission to evaluate priorities. If a proposed course of action doesn't further the mission, it shouldn't be pursued.

Vision

A company's vision is its ultimate goal, its interpretation what success will look like in the future when the company accomplishes its purpose. The vision statement translates the mission's statement of purpose into a specific destination that implies or explicitly states action. The company's vision shapes the organization's goals, especially and most directly the company's strategic goals, which are long-term aims.

Goals

The goals that come out of creating the mission and vision are strategic – that is, they fulfill the company's strategic plan. They take at least a year – often several years – to carry out, and further the organization as a whole.

Short-term goals, the company's tactical objectives, take up to a year to achieve. Every tactical objective that is completed brings the company closer to fulfilling its strategic goals.

Operational goals deal with day-to-day operations, carrying out tactics on the front line. Employees bring them to completion in a single day, a week or a month.

Sometimes new developments in the marketplace present opportunities outside the scope of the company's current mission. If an opportunity is sizable enough, the owner may decide to reevaluate the mission. This reevaluation involves a deep analysis of the company's situation, usually by conducting a SWOT analysis. During a SWOT analysis, the owner evaluates the internal and external circumstances confronting the company, then decides whether the mission needs to be rewritten. If so, then a new vision and new goals must also be formed.

Mission and vision statements are meant to be used, not written and left closed up inside a company manual. They should be simple – no jargon and gobbledygook bogging them down – and they should reflect the company's personality. After all, not only will the statements inspire action within the company, to interested outsiders they will serve as an explanation of the company itself. The owner must keep the mission, vision and goals relevant and part of the company's everyday activities, rewarding those who uphold them.

? Питання для самоконтролю
Questions for self-control

1. What is the particularity of social organization and social community as an open systems?
2. How can be environmental influences that affect open systems described?
3. The general environment encompasses four influences that emanate from the geographic area in which the organization operates. What are they?
4. What does the open-systems theory assume?
5. What are the specific characteristics of formal and informal organizations?

6.   Comment on the Hawthorne experiments and their role for the organizational theory.

7.   What are the reasons for informal organization?

8.   Give the general characteristics of organizational life cycle.

9.   List and comment on the phases of the growth of organization.

10.   What are organizational mission, visions and goals?

Тести для самоконтролю

Tests for self-control

1. Organization as a social phenomenon is ...

a) a group of people united to achieve a specific goal in the field of production of goods or the provision of services;

b) a group of different people who have gathered together according to their interests in any place at a certain time;

c) a private entrepreneur conducting independent business activities.

2. The object of organizational theory is:

a) the general laws of activity;

b) organizations uniting people;

c) the totality of organizational relations of society.

3. The functions of the theory of organization:

a) methodological, organizing, prognostic;

b) accounting, cybernetic, cognitive;

c) cognitive, methodological, rational.

4. Organizational system is:

a) a team of employees performing common work on the assignment received from management;

b) social education, consisting of people or groups interacting with each other, managed by the leadership of the organization and working to achieve goals;

c) a complex mechanism consisting of elements and performing various functions.

5. The specific laws of social organization include:

a) synergy, development, awareness and orderliness;

b) originality, social harmony, optimal loading, effective memorization and understanding, installation, stability and intelligibility of information;

c) rhythm, priority of the whole over the part, accounting for the system of needs.

6. The life cycle of an organization is ...

a) the time from the inception of the organization to its liquidation;

b) the preparatory stage preceding the creation of the organization;

c) a period of stable and effective work in the organization.

7. The principles of the dynamic state of the organization include:

a) the principle of priority of personnel, the principle of priority of structures over functions, the principle of priority of the control object over the subject;

b) particular and situational principles;

c) the principles of synchronization, rhythm, efficiency, profitability, compliance.

8. The effectiveness of the organization depends to a greater extent from influence of:

a) the internal conditions of the organization;

b) the human factor;

c) the external conditions of the organization.

9. Reasons for the increasing role of organizational science in modern conditions:

a) reduction in the size of enterprises focused on narrow specialization;

b) the expansion of the information space and the need to work in conditions of intense competition;

c) an increase in the size of enterprises and the creation of associations from enterprises of various profiles.

10. The participation of workers at all levels of management is characteristic of the organization:

a) multidimensional;

b) adhocratic;

c) participatory.

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Тема 5. Organization management system: methodology, process and technique (Система управління організацією: методологія, процес і техніка)

Мета: освоєння методологічних основ формування ефективної організації із використанням сучасних прогресивних підходів до організаційного проектування, методів та засобів інформаційного моделювання управлінських процесів та систем.

План (Plan)
1. Process in organization
2. Project management techniques
3. The concept of public management for social organizations

Перелік ключових термінів і понять: organisational process, work processes, behavioral processes, change processes, project management, project management techniques, project management tools, public management.

1. Process in the organization
Scholars have developed three major approaches to organizational processes. They are best considered separate but related schools of thought because each focuses on a particular process and explores its distinctive characteristics and challenges. The three categories are (1) work processes, (2) behavioral processes, and (3) change processes.

The work process approach, which has roots in industrial engineering and work measurement, focuses on accomplishing tasks. It starts with a simple but powerful idea: organizations accomplish their work through linked chains of activities cutting across departments and functional groups.

These chains are called processes and can be conveniently grouped into two categories: (1) processes that create, produce, and deliver products and services that customers want, and (2) processes that do not produce outputs that customers want, but that are still necessary for running the business. I call the first group "operational processes" and the second group "administrative processes." New product development, manufacturing, and logistics and distribution are examples of operational processes, while strategic planning, budgeting, and performance measurement are examples of administrative processes.

Operational and administrative processes share several characteristics. Both involve sequences of linked, interdependent activities that together transform inputs into outputs. Both have beginnings and ends, with boundaries that can be defined with reasonable precision and minimal overlap. And both have customers, who may be internal or external to the organization. The primary differences between the two lie in the nature of their outputs. Typically, operational processes produce goods and services that external customers consume, while administrative processes generate information and plans that internal groups use. For this reason, the two are frequently considered independent, unrelated activities, even though they must usually be aligned and mutually supportive if the organization is to function effectively. Skilled

supply chain management, for example, demands a seamless link between a company's forecasting and logistics processes, just as successful new product development rests on well-designed strategy formation and planning processes.

The work processes approach is probably most familiar to managers. It draws heavily on the principles of the quality movement and reengineering. Both focus on the need to redesign processes to improve quality, cut costs, reduce cycle times, or otherwise enhance operating performance. Despite these shared goals, the two movements are strikingly similar on some points, but diverge on others.

Behavioral Processes

The behavioral process approach, which has roots in organization theory and group dynamics, focuses on ingrained behavior patterns. These patterns reflect an organization's characteristic ways of acting and interacting; decision-making and communication processes are examples. The underlying behavior patterns are normally so deeply embedded and recurrent that they are displayed by most organizational members. They also have enormous staying power.

All behavioral processes share several characteristics. They are generalizations, distilled from observations of everyday work and have no independent existence apart from the work processes in which they appear. This makes them difficult to identify but explains their importance. Behavioral processes profoundly affect the form, substance, and character of work processes by shaping how they are carried out. They are different, however, from organizational culture because they reflect more than values and beliefs. Behavioral processes are the sequences of steps used for accomplishing the cognitive and interpersonal aspects of work. New product development processes, for example, may have roughly similar work flows yet still involve radically different patterns of decision making and communication. Often, it is these underlying patterns that determine the operational process's ultimate success or failure.

There are three categories of behavioral processes, selected for their representativeness and rich supporting literature: *decision-making, communication, and organizational learning processes*. All involve the collection, movement, and interpretation of information, as well as forms of interpersonal interaction. In most cases, the associated behaviors are learned informally, through socialization and on-the-job experience, rather than through formal education and training programs.

Change Processes

The change process approach, which has roots in strategic management, organization theory, social psychology, and business history, focuses on sequences of events over time. These sequences, called processes, describe how individuals, groups, and organizations adapt, develop, and grow. Change processes are explicitly dynamic and intertemporal. Unlike the relatively static portraits of work and behavioral processes, they attempt "to catch reality in flight." Examples of change processes include the organizational life cycle and Darwinian evolution.

All change processes share several characteristics. They are longitudinal and dynamic, designed to capture action as it unfolds, with three components always present: "a set of starting conditions, a functional end-point, and an emergent process of change." Change processes therefore answer the question, "How did x get from

here to there?" Often, a story or narrative is required to provide coherence and explain the underlying logic of the process. Most descriptions of change also divide time into broad stages or phases. Each stage consists of groups of activities aimed at roughly similar goals, and the transition between stages may be smooth or turbulent.

2. Project management techniques

Project management techniques play a significant role in defining the structure, work allocation, utilization of resources, and at times, deciding the fate of a project as well. There has been quite a number of project management techniques but let's consider the five most widely-used techniques in the world of project management.

The most famous project management techniques and methodologies used by various organizations are:

Agile

Agile methodology is one of the most popular project management methodologies. It uses the 'sprint approach' where you can break a project in the form of sprints or cycles. As the word 'agile' means the ability to move quickly and responding swiftly to changes, likewise this methodology makes way for flexibility and collaboration. It is extensively used in software development and is best suited for small software projects that require frequent communication and the need to work together for analyzing requirements and other aspects of a project.

Waterfall

This is one of the most simple and oldest project management techniques in project management. It is also referred as Software Development Life Cycle (SDLC) that focuses on making a solid plan and effective execution. The Waterfall methodology is sequential that means one task has to be completed before the next starts in the pipeline. Here, all the requirements must be defined in the beginning so that there is a proper planning and organization of a project plan.

Prince2

PRINCE2 is an acronym for Projects In Controlled Environments. It is a project management methodology that is made up of principles and processes. Originated in the UK, Prince2 is quite a well-put methodology in which a project is divided into multiple levels and stages each having its own set of steps to be followed. This standardness enables it to be implemented in any organization irrespective of its nature enabling them take the appropriate action for successful completion of projects.

Scrum

Scrum is one of those methodologies that mainly focuses on improving communication, teamwork, and speed of development in a project. In Scrum methodology, a team is often led by a scrum master that is also called Subject Matter Expert (SME) making way for seamless collaboration and encourages team members to deliver results. It was developed keeping in mind the needs of software development teams but with the changing times, many teams are either using a derivative of it or combine it with an another methodology.

Critical Chain Methodology

The idea of Critical Chain Methodology was introduced in 1997 in Eliyahu M. Goldratt's book, Critical Chain where he described the methodology as a method of

planning and managing projects that strives to keep resources levelled. It is different from other methodologies in a way that it focuses on resources than on the method itself and makes sure that the project plan is feasible enough and completed on time.

Apart from these methodologies, there is one more thing is equally important in project management – project management tools and software. Many project managers consider these tools a deciding factor that differentiates them from others.

Let's take a look at some leading project management tools that every project manager must possess:

Project Management Tools

ProofHub is a versatile project management tool used by leading organizations like NASA, Disney, Taco Bell and many more. This all-in-one tool that comes packed with powerful features to eliminate the need of having too many different tools to run any business.

Features:

•online proofing software saves a lot of time during the feedback-sharing process;

•makes task-management less stressful for teams;

•get a visual picture of projects using Gantt charts in ProofHub;

•also available as a mobile app for Android and iOS users.

LiquidPlanner is one of those project management software that is known to provide a better way to plan and execute work. Interestingly, it offers a responsive approach to project management by treating projects as living and evolving constructs.

Main features:

•project plans are built on priorities;

•project schedules automatically predict finish dates;

•data and statuses are accessible in real-time;

•instantly visualize the impact of resource availability.

Zoho Projects seem like a nice option if you're looking for a free online project management tool that lets you create and manage your projects on your own. It makes project management easier by letting you plan, track, and collaborate in an effortless manner.

Main features:

•plan projects with ease;

•get in-depth insights with Gantt charts;

•promotes seamless collaboration;

•integrate with apps such as Zapier, Slack, Dropbox etc.

Basecamp is a project management solution that has been there in the business for more than 10 years and is still helping project managers to end their project management woes. If one is looking for a simple interface and collaborative approach to manage projects, Basecamp might be the ideal choice.

Top features:

•robust collaborative platform to send messages and quick suggestions;

•create projects and teams with just a few clicks;

•reports for overdue tasks, upcoming deadlines, to-dos and more;

•create schedules that integrate with calendar apps;
•mobile apps for iOS and Android.

ClickUp is a top-rated project management tool helping project managers and teams to become more productive than ever. As it focuses on effective task management, people from different industries are using ClickUp for better work management. It has got a beautiful interface coupled with powerful features that make it a must-have for teams handling too many projects at once.

Top features:
•offers three different views – List, Box, and Board view;
•create your own custom statuses and workflows;
•with 'Me' dashboard see things that are related to you.

So, it can be overwhelming to choose right project management tools and techniques for your business especially when you have too many options out there in the market. We hope this post proves to be helpful in one way or the other and if we've missed out on some important tools and techniques, do let us know in the comments below.

3. The concept of public management for social organizations

One of the most progressive trends of modern entrepreneurial activity is socially oriented entrepreneurship, which is increasingly becoming the subject of today's scientific research in various fields of economy and management. The non-profit sector is traditionally one of the inalienable resources of the country's economic development but at the same time – the most vulnerable one. Moreover, it is exactly the social stability of society that is one of the main indicators of the successful functioning of the state. That is why social enterprises are to be of concern to the State, which has to place a full-fledged market of social services and actively introduce innovative forms of social assistance.

The transition towards a market economy is turning out to be at the root of the regional and local budgets' financial inability to maintain a huge social infrastructure. This universally leads to a substantial budget deficit and, as a result, to social tension. Therefore, challenges facing modern society are ripe for the introduction of new progressive "entrepreneurial" technologies to be solved, taking into account the fact that the state increasingly manifests itself as an ineffective institution to guarantee entirely social welfare.

Effective development of the social sphere is possible today provided that the social and entrepreneurial activities both state institutions and non-profit organizations are formatted and developed, as well as a stable system of state regulation of the social and entrepreneurial sector is introduced.

The content of social entrepreneurship is achievement both economic efficiency and fast-growing and increasingly diversified social needs: ensuring social, cultural and economic rights of citizens, poverty alleviation, social exclusion prevention and unemployment combatting, the revival of cultural traditions and national heritage, responsible use of natural resources, the introduction of patriotic education, popularization of traditional values and the institution of the family, the development of sport and healthy lifestyles, etc.

There is no common definition for social entrepreneurship as well as for social enterprise, their scope and content in the international legislation. That is why no agreed definition exists of what constitutes a social enterprise in the domestic law of different countries. Nevertheless, a clear understanding of the essence of social entrepreneurship has occurred in most countries as a consequence of the steady and continual growth of the relevant scientific interest and intensive research, economic and social impact of enterprises. Moreover, operationalization of social activities by large and small companies in both domestic and foreign markets along with the legal settlements on social entrepreneurship in different countries all over the world have been conductive to the maturation and development of today's one of the business mainstreams.

According to the legislation and research studies of most European countries, social enterprise is a unique type of modern business different from for-profit enterprises, traditional non-profit organisations and other social economy entities on the ground of the primary and distinct social purpose.

Thus the concept of social entrepreneurship includes three main dimensions:

an entrepreneurial dimension (with earned income generated by the sale of goods/services on the market, including through public contracting);

a social dimension (the pursuit of an explicit social aim and delivery of products/services with a social connotation);

a governance dimension (accountability, participation and transparency).

Furthermore, other distinctive features characterizing social entrepreneurship should be recognized (fig.1):

Socially-oriented activity – targeting at promoting social or/and environmental needs;

Public power – the ability to influence the external environment through the use of public authority mechanisms;

Social, political and economic importance – the opportunity to participate in the process of socio-political transformations in the state through the solution of socially important issues;

Social responsibility of business – certainty regarding the obligations to create a favorable social environment;

Creativity and entrepreneurial approach – the ability to generate and develop ideas in the course of entrepreneurial activity that positively influence society and regulate its challenging issues;

Innovation (innovative approach) – the possibility of introducing new, unique ideas, approaches and resources towards social sector;

Financial sustainability and self-sufficiency – the ability to solve socially-significant problem issues on income (surplus) deriving in the course of commercial activities.

Based on the above, the social entrepreneurship can be defined as an innovative socio-economic entrepreneurial activity that combines a social mission with a view to achieve the economic efficiency of the organization and is aimed at addressing or alleviating the social problems through the application of public and corporate power mechanisms on terms of self-sufficiency and financial sustainability.

In this way, the specific character of socially oriented entrepreneurship lies in the duality of its essence: on the one hand, the social enterprise acts as a mean of social impact on the process of social and political transformations in the same extent as on the state as a whole; on the other hand – it is a business solution to numerous social problems.

In one way or another, the state is directly interested in the social enterprise, which actually assumes a part of the functions and responsibilities of public authorities. The experience of foreign countries has proved that social entrepreneurship is able to fulfill certain social and economic functions of the authorities, indeed, in certain circumstances, is even more effective mechanism for solving social problems, than state power.

Today, state support for social entrepreneurship and the creation of appropriate infrastructure is a common practice in developed countries. At the same time, the theory and practice of state regulation still lacks the conceptualized mechanisms of the state's interaction with social entrepreneurship and the corresponding institutional environment. This is currently the situation in Ukraine, where legal regulations pertaining to the social entrepreneurship need to be improved, as there are no special laws that regulate the social activities of commercial enterprises. Accordingly, in Ukraine today, there is no legal definition and interpretation of the concepts of "social entrepreneurship" and "social enterprise".

An urgent need in this regard is the adoption of the Law on Social Enterprises No. 10610 dated June 14, 2012 by the Parliament of Ukraine – The Verkhovna Rada, which will enable Ukraine to create an institutional basis for the functioning of social entrepreneurship.

Accordingly, the tasks of public administration in this context are the enforcement and development of an effective model of the relationship between the state and the socio-entrepreneurial sector with a view to provide support to it and to contribute to its development.

The effectiveness of fruitful cooperation between the state and social enterprises is possible only if the fundamental guidelines are correctly identified.

First and foremost, the purpose and principles of interaction, strategic priority areas and forms of mutually beneficial cooperation should be marked.

The analysis of the current state of the socio-entrepreneurial sector of the economy of different countries (including Ukraine) makes it possible to distinguish three main priority directions to implement public policies in the area of social entrepreneurship:

First, the main challenge at the current stage is to ensure a favorable institutional environment and appropriate infrastructure for social enterprises, which implies:

• Adoption of the legislative framework;

• Establishment of appropriate public agencies and institutions, implementing public policy on promoting and supporting social entrepreneurship;

• Creation and development of financial infrastructure.

Second, a major step towards social entrepreneurship on the part of the State is the development of a public-private partnership institution involving socially-oriented enterprises to participate in trial competition for the performance of public procurements. This issue acquires particular relevance at the initial stage of social entrepreneurship in the country where the State often acts as social enterprises' only customer.

Thirdly, it is necessary to apply a systematic approach in complete and comprehensive solution to the question of competence of social entrepreneurs. Experience from different countries suggests that social entrepreneurs are more aware of social priority issues than the state. On the other hand, they do not always have a clear understanding of how to address these issues and to apply business skills. Accordingly, the function of the state in this context is to provide consultative and informational assistance to the social entrepreneurship sector as much as possible.

? **Питання для самоконтролю**
Questions for self-control

1.	Comment on the process in the organization as a significant part of organization management system.
2.	What kinds of power existing in organization do you know? What are their particularities?
3.	Communication is a basic element in organizational structure and functioning. Is it the key mechanism for achieving integration and coordination of the activities? Why so?
4.	What types of organizational communication can you name? What are their particularities?
5.	Annalise organizational decision making. How many steps does the process of decision making involve? Characterize them.
6.	What models of decision making in organization do you know?
7.	What project management techniques do you know? Name and characterize them.
8.	Name and give the examples of project management tools.
9.	Annalise the concept of social enterprise due to entrepreneurial dimension, social dimension and governance dimension.
10.	Give main priority directions to implement public policies in the area of social entrepreneurship.

✎ **Тести для самоконтролю**

Tests for self-control

1. The organization management system is ...
a) employees of the organization, giving instructions to subordinates and controlling the completion of the task;
b) a set of interacting links and units, providing management tasks;

c) the head of the organization and his deputies.

2. The matrix structure provides:
a) subordination of members of the organization to the project manager and managers functional departments;
b) hierarchical, equal structure;
c) submission to only one leader.

3. Linear control structure:
a) a flexible matrix structure;
b) uncertain structure;
c) a rigid hierarchical structure.

4. Unidirectional actions occur in a particular system, the result of which is an increase in the final effect. That is:
a) emergence;
b) synergy;
c) invariance.

5. The property of the organization as a system characterizing its internal predisposition to reach some limit state, independent of internal conditions is:
a) emergence;
b) equifinality;
c) homeostasis.

6. The management subsystems include:
a) information support;
b) document management system;
c) management structure.

7. The laws of interconnection include:
a) the law of composition;
b) the law of proportionality;
c) the law of least.

8. When organizing the implementation of sequential cyclic works, the following are used:
a) ring configuration;
b) price configuration;
c) decentralized ring configuration.

9. For what configuration, a clear centralization and absence of peripheral connections are characteristic:
a) chain;
b) stellar;

c) "wheel".

10. In what configuration are convergent and divergent compounds used:
a) all-channel;
b) open fan;
c) cellular.

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Розділ 2. Design of organizational structures
(Проектування організаційних структур)

Тема 6. Self-organization
(Самоорганізація)

Мета: освоєння природно-наукових засадів синергетики та ентропії, набуття практичних навичок проектування організаційних структур та створення організаційних систем із застосуванням інструментарію органіграм, організаційних схем, структур та карт розподілу повноважень і відповідальності в організації.

План (Plan)
1. Synergy concept of organization
2. Organizational flexibility
3. Organizational planning

Перелік ключових термінів і понять: synergy, emergence, cooperativity, communication, symbiosis, coevolution, symmetry, order, interactions, interdependencies, systemic effects, complexity, dynamical attractors, organizational flexibility, organizational planning

1. Synergy concept of organization

Synergy – the combined effects produced by two (or more) parts, elements or individuals – is a ubiquitous phenomenon in nature and human societies alike.

Although it plays a significant role in most, if not all, of the scientific disciplines its importance is not widely appreciated because it travels under many different aliases, including emergence, cooperativity, symbiosis, coevolution, symmetry, order, interactions, interdependencies, systemic effects, even complexity and dynamical attractors.

Organization synergy occurs when people and processes merge seamlessly to continuously expand the ability of the organization to deliver products and services to its customers, while maintaining competitiveness.

Synergetic results come from a culture that enables an organization to integrate its diverse skills and capabilities in a way that makes it possible to achieve outstanding results that were unpredictable when looking at each division of the organization independently. Simply put, it's efficiency at its absolute best.

There are two key areas that lead to organizational synergies:

Curricula for Constructive Communications

What is the real cost of poor communications?

It's a hard question to answer, but research has shown that as much as 30% of an organization's communications are often ineffective or downright destructive.

Ineffective communications waste time, impair results, create frustration and conflict, diminish relationships, and lead to less than ideal customer, client or patient care.

Poor communications create stress and fear and are one of the primary contributors to job dissatisfaction. They are inherently linked to quality of relationships, feeling of rapport and the sharing of 'reality' with others that leads to easy collaboration.

Constructive communications come out of both culture and skill development.

Effective communication is both a process issue and a skill set issue.

Understanding how and why communications are not working is critical to developing a culture of effective communications.

Culture comes from leadership. Skills can be developed.

What type of skills do your people need for their communications to be an asset rather than a liability?

This is a quick check-list of some of the skills that we believe are critical:

- How to identify different styles of thinking and communicating.
- Knowing your own personal style and the style preferences of others you work with.
- Ability to adapt your style to create an effective connection with just about anyone.
- Knowing the 5 styles of conflict – your preferred style and the styles of others you work with.
- Conflict confidence – the ability to find productive, win/win, consensual resolutions to even the most challenging situations.
- Dealing effectively with people who are emotional and aggressive.
- Getting off and staying off the proverbial Drama Triangle.
- Strategies to manage your own emotional responses – all of them, from the obvious (crying, yelling) to the subtle (worry, frustration), and even the ones you think you are hiding from your colleagues.
- Positive responses to negativity in the workplace and how to turn them into productivity and collaboration.
- Productive responses to situations that are beyond your control.
- Strategies to remain calm and focused under pressure and how to keep people from pushing your buttons.
- Experience of how subtle and even unconscious changes in body language can make or break a conversation.

Good communication is a science and that means the skills can be broken down methodically and learned by anyone.

Curricula for Constructive Communications starts with an assessment of one's current situation – the direction of communications – the flow, style preferences, situational and adaptive communications, written and verbal modalities, listening abilities and the impact of emotions on effective communications.

Then we put together a plan that addresses the specific complexities of teams and organization.

We facilitate the training and the coaching and continue to work until we meet our common objective: a dramatic improvement in the quality of communications and an equally dramatic reduction in the negative effects of poor communications.

Curricula for Successful Change Management

According to a recent Harvard Business Review publication, 75% of all corporate change processes fail. The real bummer is that change initiatives cost organizations a ton, both financially and in the emotional and physical fallout from increased stress levels and uncertainty.

Some fail miserably, never gaining any traction. Others fade over time until the status quo is restored. And while others may achieve a measure of success, they don't often reach full potential.

Understanding the change process and having a structure to guide team or organization through it is critical. This is where you can do things differently and successfully.

Change is not a random process. Change is perpetual. It is happening everywhere all around us all the time.

There are predictable phases that individuals, teams and organizations go through on the path to change. There are also predictable pitfalls at every phase and successful strategies to overcome those pitfalls.

Change is a process and it's definitely not random. It follows a relatively similar developmental path every time.

The phases are predictable. The process of change moves through 4 phases and follows a reverse bell curve. It describes the path that we follow as we finally achieve or acquire the end result.

Phase 1. Introducing Change

If change is being proactively introduced, the key is that leadership is confident that they have undertaken a thorough assessment of the impact the change may result in, both positive and negative. A sold plan for responding to all potentialities within the scope of imagination should be in place.

If the change is reactive, in that it is the result of outside forces, leaderships responsibility is to respond at the first awareness by undertaking the same type of assessment as if the change was proactive.

Introduction of change will bring varied responses, but all responses will follow along the evolutionary curve

Phase 2. Disruption (Also Known as Despair, Resistance or Apathy)

Because change means you are moving into new territory, it causes a reversal in positive energy and a downturn in productivity in some way or another.

The more significant the change, the more severe the disruption. It's in this phase that leadership must engage strategies for gathering feedback, assessing it and, if necessary, tweaking their plans in response to what they are learning in real time.

Phase 3. Decision (Also Known as the Make or Break Point)

This is the critical point. The state of disruption will continue until your people decide to embrace the change and adapt, instead of resisting it or insist on a reversal.

The decision point is led individuals who collectively influence the organization as enough 'mass' or 'momentum' is created.

If the decision is to adapt, the process will carry on and the change envisioned by leadership will eventually take hold.

If the decision is to completely the resist the change, which can happen if the change is not in alignment with the organization, then the upswing of the change

curve will be to reverting back to a state close to where the organization was when the change initiative started.

Phase 4. Embracing and Committing to the Change

In this period people begin adjusting and adapting their routines to fit the new state. Productivity starts to increase again, people are happier.

The risk at this point is if leadership 'backs off' it's plans. It's critical during this period to continue to monitor and assess the process looking for ever more ways to improve and correcting problems as they appear.

Although the phases are predictable, there are key points in the change momentum where strong leadership makes or breaks the potential for success.

Knowing what to do during these points, specifically the point of resistance, despair or apathy, can be paramount to a successful change program.

Thoughtful planning with a stable systems model will help.

Organizations don't change, people do. So, it's how you manage through the emotional and psychological swings of change that will make or break your results.

The Synergetics Curricula for Managing Successful Change offers structure at every phase of change program. It guides strategies for moving people through the process and into the future. And, at the other end, it continues to offer the stability to begin considering the next level of evolution.

2. Organizational flexibility

How can we define organizational flexibility? There are many definitions for flexibility. In the sense of managing human resources, flexibility can be defined as the organisation adapting to size, composition, responsiveness, inputs and costs required to achieve organisational objectives and goals. Organisational flexibility can also be defined when work gets done, where it gets done and how work gets done.

Organizational flexibility includes:

- having flex time, so the employee chooses the start of their day and the end of their day;

- being able to take off time through the day to take care of family issues, for example an employee being able to go every day to fetch their children from school and take them home then returning to work;

- taking a few days off in order to take care of family matters and not losing any leave days or pay. So an example would be taking days off in order to go look after a sick family member or to go to a funeral or something;

- an employee working some of their daily work hours at home, so an employee either coming into work late due working at home in the morning, or leaving work early and working at home a few hours;

- working shifts, this means employees working different times. Maybe working day shift one week and night shift the other week. Some people might prefer this as it would be more predictable. Therefore they can plan lives;

- when people choose when they want to work, the hours they want to work, knowing when they can take time off each day. Employees will generally have control over their work day or schedule;

- employees can sometimes work longer hours during some days of the week in order to get some days off; they have compressed their work week, which allows them to have more time for themselves;
- in some cases employees can advance, go up in their jobs even if they choose their work hours or compress their weeks

The need for flexibility in the workplace

The need for organisational flexibility is very important. When looking at why there is a need for flexibility there are factors that are creating the need for flexibility in the workplace. Things are changing all the time, which means an organisation, must be able to take on these changes. Aspects such as social, technological, economical, legal, political and other global factors in which a business operate within are changing all the time, so organisations should be able to adapt when these changes happen. So in other words they need to be flexible. As it says there is a need for flexibility in the workplace, but there is also a need for flexibility in the workforce, meaning the staff. As change happens, how work gets done too changes therefore the workforce should also be flexible.

There are some aspects that have allowed flexibility to be put in place in the workplace:
- The biggest asset to an organisation is the people who work there, therefore this can create competitive advantage through people. It is best if the organisation is flexible in the number of people and the skills in the workplace.
- Organizations are becoming more flexible in specialization production, making specialized goods and shifting from mass productions.
- There are changes in life-style, private and work life balance and social changes.
- There are constant technological changes. Therefore HR services are becoming wider; organisations are doing things differently in the sense of technology.

Types of Organizational Flexibility

There are a number of different types of organisational flexibility. The main of them are:

Functional flexibility basically states that employees will do jobs that go beyond what they are actually there to do. So they will perform jobs that they weren't originally specified to do. So employees should be able to do different jobs but still do their own. So the organisation will require multi-skilled employees.

Numerical flexibility. This basically involves an organisation bring labour in or taking labour out in accordance service or product demand. The state of the economy can also be a factor for the organisation to bring in or go without labour. They can control this by the number of employees they need at the time. Therefore they will hire as they need. They can do this by hiring casuals or part time workers.

There are also other types of organizational flexibility: financial flexibility, procedural flexibility, skills flexibility, attitudinal flexibility, structural flexibility.

3.   Organizational planning

Planning is a key management role in any organization, whether a private business, a nonprofit organization, a corporate business or a government agency.

Managers engage in different types of organizational planning to strategically steer their companies towards profitable and successful futures. Effective planning relies on a thorough understanding of the range of variables involved in each decision and collaboration with employees from different levels of an organization. Reviewing a few examples of organizational planning can refine your own planning skills.

Workforce development planning

Workforce development is all about creating a diverse, high-performance workforce made up of loyal and satisfied employees. High-performance organizations do not develop by chance; rather, a competitive workforce is the result of years of effective planning and successful plan implementation.

Setting goals to meet or exceed equal employment opportunity goals set by the Equal Employment Opportunity Commission, EEOC, is an example of workforce development planning. Creating advanced training programs to develop more informed and experienced managers is another example.

Product and Services Planning

The goal in product planning is to create a more appealing product or service mix than your competitors'. Product planning is a function of the marketing, finance and operations departments. The marketing department is responsible for discovering what targets customers want and need. The operations department is responsible for providing input on how best to design and manufacture products or develop services; the accounting department provides guidance on how to keep costs low and sets the ideal prices.

The product pyramid profit model is an example of a product planning strategy. Under the product pyramid model, companies offer several different products in the same category, each with a different level of quality and a different price point. While the company may make slim-to-no profits on the low-end products, serving all types of consumers in the market segment can help the company capture more market share for its high-profit premium products or services

Expansion Plans

Good business owners and managers continually lay plans for the next stages of growth in their companies. Growth plans identify opportunities and roadblocks to success in the marketplace and set forth strategies to overcome hurdles and take advantage of opportunities to gain market share from competitors.

Small businesses have a range of options available to keep their companies growing. Marketing can be a major growth driver for new businesses without an established reputation, for example. As another example, licensing can allow a small company's products to reach national or international distribution quickly through established distribution channels. Merging with other small companies or seeking to be acquired by a larger company can boost a company's size and market share quickly, as another example.

Financial Planning

Companies engage in financial planning activities the same as individuals and households. Companies make plans to manage debt and utilize their profit in the most productive manner. Savvy businesses never let cash sit idle; instead, they always put free cash to use earning a return or investing in the company's future. Business

owners can draft their own financial plans or turn to experienced professionals to maximize the value of financial holdings.

Making plans to spend allocated profit in the most productive way is an example of financial planning in business. For example, a company may decide to spend all of its profit on marketing activities to increase demand for their products, and decide to use credit to purchase the extra inventory needed to meet the new demand created by marketing spending. Investing in government bonds to earn capital gains with otherwise idle cash is another example of financial planning in business.

?   **Питання для самоконтролю**
Questions for self-control

1. What is the meaning and the role of synergy concept of organization?
2. Comment on synergy as the main law of organization.
3. What are two key areas that lead to organizational synergies?
4. Why is it so important to understanding the change process in organization for a manager?
5. There are phases that individuals, teams and organizations go through on the path to change. What are they?
6. Are the phases that individuals, teams and organizations go through on the path to change predictable?
7. How can we define organizational flexibility?
8. What does organizational flexibility include?
9. What does the need for flexibility in the workplace constitute?
10. Is planning a key management role in any organization, whether a private business, a nonprofit organization, a corporate business or a government agency? Characterize the main kinds of organizational planning.

Тести для самоконтролю
Tests for self-control

1. Organizational design is:
a) the process of creating the prototype of the future organization;
b) design of office space in the created organization;
c) staff recruitment for the newly created organization.

2. The structural-forming laws of the organization include:
a) the law of unity of analysis and synthesis;
b) the law of least;
c) the law of proportionality.

3. The design of the organization is characterized by the use of formal rules and procedures – this is:

a) organic approach;
b) mechanical approach;
c) traditional approach.

4. The design of the organization is characterized by weak or moderate use of formal rules – this is:
a) traditional approach;
b) organic approach;
c) mechanical approach.

5. The mechanical type of organization is characterized by:
a) the wide specificity of work;
b) few rules and procedures;
c) the clarity in hierarchy levels.

6. The organic type of organization is characterized by:
a) ambitious responsibility;
b) objective remuneration system;
c) work according to the rules.

7. The mechanical type of organization includes:
a) informal relations;
b) subjective selection criteria;
c) narrow specialization in work.

8. The organic type of organization includes:
a) clear rules;
b) an objective revival system;
c) management levels are different.

9. The levels of the mechanical type of organization include:
a) complex environment;
b) uncertainty of goals and objectives;
c) recognition of this authority.

10. Organic type of organization conditions include:
a) measured work;
b) motivated remuneration;
c) gaining the authority of power.

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Тема 7. External and internal environment of the organization
(Зовнішнє й внутрішнє середовище організації)

Мета: вивчення загальних закономірностей, принципів формування, функціонування та розвитку організації та організаційного процесу із врахуванням факторів внутрішнього та зовнішнього середовища, опанування методів дослідження внутрішнього та зовнішнього середовища організації із застосуванням методик SWOT-аналізу організації, PEST-аналізу, методики ETOM та методики внутрішніх зрізів організації.

План (Plan)
1. External environment of organization
2. Internal environment of organization
3. Methods of studying the environment of the organization

Перелік ключових термінів і понять: external environment of organization, economic dimension, technological dimension, socio-cultural dimension, political-legal dimension, internal environment of organization, task environment of organization, competitors, customers, suppliers, regulators, strategic partners, employees, organizational culture, SWOT analysis, Business Process Framework (eTOM), PEST analysis.

1. External environment of organization

By the word "environment" we understand the surrounding or conditions in which a particular activity is carried on.

And we know that organization is a social entity that has a hierarchical structure where all necessary items are put together and they act within it to reach the collective goal.

Organization or more specific business organization and it activates are always being affected by the environment. In an organization, every action of the management body is influenced by the environment.

Organizations have an external and internal environment.

External factors that affect an organization may be political, economic, social or technological. The same internal factors that lead to an organization's success inevitably characterize that organization's relationship to the external environment in these broad areas.

An organization with a clear sense of mission, for example, can explain itself better to the world and can align itself with the positive elements in each area.

Leaders who can learn and communicate what they've learned within their organizations also can learn from the organization's external environment and communicate successfully with it, resulting in an ongoing exchange of ideas to the benefit of both the organization and its environment.

External environment of organization is in a simple way factor outside or other organizations that are the elements of the external environment. The organization has no control over how the external environment elements will shape up.

The external environment can be subdivided into 2 layers: the general environment and the task environment.

1. General environment.
2. Task environment.

The general environment consists of factors that may have an immediate direct effect on operations but nevertheless influences the activities of the firm.

The dimensions of the general environment are broad and non-specific whereas the dimensions of the task environment are composed of the specific organization.

Let's see the elements or dimensions of the general environment.

Economic Dimension

The economic dimension of an organization is the overall status if the economic system in which the organization operates. The important economic factors for business are inflation, interest rates, and unemployment.

These factors of the economy always affect the demand for products. During inflation, the company pays more for its resources and to cover the higher costs for it, they raise commodity prices.

When interest rates are high, customers are less willing to borrow money and the company itself must pay more when it borrows. When unemployment is high, the company is able to be very selective about whom it hires, but customers' buying power is low as fewer people are working.

Technological Dimension

It denotes to the methods available for converting resources into products or services. Managers must be careful about the technological dimension. Investment decision must be accurate in new technologies and they must be adaptable to them.

Socio-cultural dimension

Customs, mores, values and demographic characteristics of the society in which the organization operates are what made up the socio-cultural dimension of the general environment.

The socio-cultural dimension must be well studied by a manager.It indicates the product, services, and standards of conduct that the society is likely to value and appreciate. The standard of business conduct vary from culture to culture and so does the taste and necessity of products and services.

Political-Legal Dimension

The politico-legal dimension of the general environment refers to the government law of business, business-government relationship and the overall political and legal situation of a country. Business laws of a country set the 'does' and 'don'ts' of an organization.

A good business-government relationship is essential to the economy and most importantly for the business. And the overall situation of law implementation and justices in a country indicates that there is a favorable situation in of business in a country.

International Dimension

Virtually every organization is affected by the international dimension. It refers to the degree to which an organization is involved in or affected by businesses in other countries.

Global society concept has brought all the nation together and modern network of communication and transportation technology, almost every part of the world is connected.

Task Environment of Organization

The task environment consists of factors that directly affect and are affected by the organization's operations. These factors include suppliers, customers, competitors, regulators and so on.

A manager can identify environmental factors of specific interest rather than having to deal with a more abstract dimension of the general environment.

The different elements of the task environment may be discussed as under:

Competitors

Policies of the organization are often influenced by the competitors.

Competitive marketplace companies are always trying to stay and go further ahead of the competitors. In the current world economy, the competition and competitors in all respects have increased tremendously.

The positive effect of this is that the customers always have options and the overall quality of products goes high.

Customers

"Satisfaction of customer" – the primary goal of every organization. The customer is who pays money for the organization's product or services. They are the peoples who hand them the profit that the companies are targeting.

Managers should pay close attention to the customers' dimension of the task environment because its customers purchase that keeps a company alive and sound.

Suppliers

Suppliers are the providers of production or service materials. Dealing with suppliers is an important task of management.

A good relationship between the organization and the suppliers is important for an organization to keep a steady follow of quality input materials.

Regulators

Regulators are units in the task environment that have the authority to control, regulate or influence an organization's policies and practices.

Government agencies are the main player in the environment and interest groups are created by its members to attempt to influence organizations as well as government. Trade unions and chamber of commerce are the common examples of an interest group.

Strategic Partners

They are the organization and individuals with whom the organization is to an agreement or understanding for the benefit of the organization. These strategic partners in some way influence the organization's activities in various ways.

2.   Internal environment of organization

Forces or conditions or surroundings within the boundary of the organization are the elements of the internal environment of the organization.

The internal environment consists mainly of the organization's owners, the board of directors, employees and culture.

Owners

Owners are people who invested in the company and have property rights and claims on the organization. Owners can be an individual or group of person who started the company; or who bought a share of the company in the share market.

They have the right to change the company's policy at any time.

Board of Directors

The board of directors is the governing body of the company who are elected by stockholders, and they are given the responsibility for overseeing a firm's top managers such as the general manager.

Employees

Employees or the workforce, the most important element of an organization's internal environment, who performs the tasks of the administration. Individual employees and also the labor unions they join are important parts of the internal environment.

If managed properly they can positively change the organization's policy. But ill-management of the workforce could lead to a catastrophic situation for the company.

Culture

Organizational culture is the collective behavior of members of an organization and the values, visions, beliefs, habits that they attach to their actions.

An organization's culture plays a major role in shaping its success because culture is an important determinant of how well their organization will perform.

As the foundation of the organization's internal environment, it plays a major role in shaping managerial behavior.

The environment irrespective of its external or internal nature, a manager must have a clear understanding of them. Normally, you would not go for a walk in the rain without an umbrella, because you understand the environment and you know when it rains you can get wet.

Similarly, if a manager does not know and understand the environment of the organization, he or she will definitively get wet or dry and the organization also in today's fast and hyper-moving organizational environment.

3. Methods of studying the environment of the organization

There are different methods and methodic of studying the environment of the organization. Let's learn the most popular of them.

SWOT analysis (or SWOT matrix) is a strategic planning technique used to help a person or organization identify strengths, weaknesses, opportunities, and threats related to business competition or project planning. It is intended to specify the objectives of the business venture or project and identify the internal and external factors that are favorable and unfavorable to achieving those objectives. Users of a SWOT analysis often ask and answer questions to generate meaningful information for each category to make the tool useful and identify their competitive advantage. SWOT has been described as the tried-and-true tool of strategic analysis.

Strengths and weakness are frequently internally-related, while opportunities and threats commonly focus on the external environment. The name is an acronym for the four parameters the technique examines:

Strengths: characteristics of the business or project that give it an advantage over others.

Weaknesses: characteristics of the business that place the business or project at a disadvantage relative to others.

Opportunities: elements in the environment that the business or project could exploit to its advantage.

Threats: elements in the environment that could cause trouble for the business or project.

The degree to which the internal environment of the firm matches with the external environment is expressed by the concept of strategic fit. Identification of SWOTs is important because they can inform later steps in planning to achieve the objective. First, decision-makers should consider whether the objective is attainable, given the SWOTs. If the objective is not attainable, they must select a different objective and repeat the process.

Business Process Framework (eTOM)

The Business Process Framework is an operating model framework for telecom service providers in the telecommunications industry. The model describes the required business processes of service providers, and defines key elements and how they should interact.

The Business Process Framework (eTOM) is a standard maintained by the TM Forum, an association for service providers and their suppliers in the telecommunications and entertainment industries.

The Business Process Framework model consists of processes at 5 levels:
- Strategy.
- Network Operations.
- Level-2.
- Level-3.
- Level-4.

These levels form a hierarchy, with each level encapsulating a group of processes at the next level of detail.

Rows and columns

The graphic representation of a Business Process Framework (eTOM) model consists of rows and columns, the intersections of which denote specific business processes.

The top row includes customer facing activities such as marketing, while the bottom row includes supplier facing and support activities.

In this manner the Business Process Framework map covers the whole value chain. The map also indicates the interaction between processes.

Three broad sections

Business Process Framework (eTOM) processes fall into three major process areas:
- Strategy, Infrastructure & Product (SIP).
- Operations.
- Enterprise Management.

PEST analysis (political, economic, socio-cultural and technological) describes a framework of macro-environmental factors used in the environmental scanning component of strategic management. It is part of an external analysis when conducting a strategic analysis or doing market research, and gives an overview of the different macro-environmental factors to be taken into consideration. It is a strategic tool for understanding market growth or decline, business position, potential and direction for operations.

Variants that build on the PEST framework include:

PESTEL or PESTLE, which adds legal and environmental factors. Popular in the United Kingdom.

SLEPT, adding legal factors.

STEPE, adding ecological factors.

STEEPLE and STEEPLED, adding ethics and demographic factors.

DESTEP, adding demographic and ecological factors.

SPELIT, adding legal and intercultural factors, popular in the United States since the mid-2000s.

PMESII-PT, a form of environmental analysis which looks at the aspects of political, military, economic, social, information, infrastructure, physical environment and time aspects in a military context.

There is also STEER, which considers sociocultural, technological, economic, ecological, and regulatory factors, but does not specifically include political factors.

The basic PEST analysis includes four factors:

Political factors relate to how the government intervenes in the economy. Specifically, political factors have areas including tax policy, labour law, environmental law, trade restrictions, tariffs, and political stability. Political factors may also include goods and services which the government aims to provide or be provided (merit goods) and those that the government does not want to be provided (demerit goods). Furthermore, governments have a high impact on the health, education, and infrastructure of a nation.

Economic factors include economic growth, interest rates, exchange rates, inflation rate. These factors greatly affect how businesses operate and make decisions. For example, interest rates affect a firm's cost of capital and therefore to what extent a business grows and expands. Exchange rates can affect the costs of exporting goods and the supply and price of imported goods in an economy.

Social factors include the cultural aspects and health consciousness, population growth rate, age distribution, career attitudes and emphasis on safety. High trends in social factors affect the demand for a company's products and how that company operates. For example, the ageing population may imply a smaller and less-willing workforce (thus increasing the cost of labour). Furthermore, companies may change various management strategies to adapt to social trends caused from this (such as recruiting older workers).

Technological factors include technological aspects like R&D activity, automation, technology incentives and the rate of technological change. These can determine barriers to entry, minimum efficient production level and influence the outsourcing decisions. Furthermore, technological shifts would affect costs, quality, and lead to innovation.

? **Питання для самоконтролю**
Questions for self-control

1. What do we understand by the word "environment" of an organization?
2. Organizations have an external and internal environment, hasn't it? What is the difference between an external and internal environment of the organization?
3. Into what layers can the external environment be subdivided?
4. What does the general environment consist of?
5. What are the peculiarities of internal environment of organization?
6. What does internal environment of organization consist of?
7. What methods of studying the environment of the organization do you know?
8. Comment on the SWOT analysis.
9. What is Business Process Framework (eTOM)?
10. Characterize the methodic of PEST analysis.

✍ **Тести для самоконтролю**

Tests for self-control

1. The external environment of the organization includes:
a) the subsystem of the company, affecting the organization;
b) the natural and climatic conditions in which organization exists;
c) everything that is outside the organization.

2. The types of organizations for interaction with the external environment include:
a) organic;
b) mechanistic;
c) traditional.

3. The types of organizations for interaction with a person include:
a) divisional;
b) matrix;
c) corporate.

4. The purpose of the development of the organization is:
a) the goal that has already been achieved at this enterprise;
b) the goal that was achieved by another enterprise earlier;
c) a goal that was not previously achieved.

5. "Management systems 1, 2, 3 and 4" are developed by:
a) U. Ouchi;
b) G. Lane;
c) R. Likert.

6. Diversification is:
a) the distribution of economic activity in new areas;
b) expansion of corporations;
c) production concentration process.

7. The state develops its relations with organizations through:
a) protectionist system;
b) prohibition system;
c) the system of legislative, executive and regulatory measures.

8. The system has fixed boundaries and does not depend on the environment. What type of systems should it be attributed to?
a) open system;
b) closed system;
c) neutral system.

9. What is the extension of economic activity to new areas?
a) integration;
b) globalization;

c) diversification.

10. What is the main disadvantage of static-type organizations?
a) low reflective qualities;
b) no reflective qualities;
c) the rapid growth of the area to which the organization belongs.

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Тема 8. Organizational design
(Організаційне проектування)

Мета: опанування методики проектування організаційних форм управління та стратегічного, довгострокового й короткострокового планування розвитку організації, набуття навичок компетентного оцінювання ефективності організаційних форм управління з метою визначення перспектив розвитку організаційних утворень.

План (Plan)
1. Definition and principles of organizational design
2. Design management
3. Prospects for the development of organizational entities

Перелік ключових термінів і понять: organizational design, design management, methodology and design technology, design leadership, organizational forms of management, documenting and standardizing procedures, support resources, core processes in organization: tasks, functions, and skills, management structure of organization.

1. Definition and principles of organizational design
Organizational design is a step-by-step methodology which identifies dysfunctional aspects of work flow, procedures, structures and systems, realigns them to fit current business realities/goals and then develops plans to implement the new changes. The process focuses on improving both the technical and people side of the business.

For most companies, the design process leads to a more effective organization design, significantly improved results (profitability, customer service, internal operations), and employees who are empowered and committed to the business. The hallmark of the design process is a comprehensive and holistic approach to organizational improvement that touches all aspects of organizational life, so you can achieve:
- excellent customer service;
- increased profitability;
- reduced operating costs;
- improved efficiency and cycle time;
- a culture of committed and engaged employees;
- a clear strategy for managing and growing your business.

By design we're talking about the integration of people with core business processes, technology and systems. A well-designed organization ensures that the form of the organization matches its purpose or strategy, meets the challenges posed by business realities and significantly increases the likelihood that the collective efforts of people will be successful.

As companies grow and the challenges in the external environment become more complex, businesses processes, structures and systems that once worked

become barriers to efficiency, customer service, employee morale and financial profitability. Organizations that don't periodically renew themselves suffer from such symptoms as:

- inefficient workflow with breakdowns and non-value-added steps;
- redundancies in effort ("we don't have time to do things right, but do have time to do them over");
- fragmented work with little regard for good of the whole (production ships bad parts to meet their quotas);
- lack of knowledge and focus on the customer;
- lack of ownership ("It's not my job");
- cover up and blame rather than identifying and solving problems;
- delays in decision-making;
- people don't have information or authority to solve problems when and where they occur;
- management, rather than the front line, is responsible for solving problems when things go wrong;
- it takes a long time to get something done;
- systems are ill-defined or reinforce wrong behaviors;
- mistrust between workers and management.

Methodology

Although adaptable to the size, complexity and needs of any organization, the design process consists of the following steps.

1. Charter the design process

As senior leaders, you come together to discuss current business results, organizational health, environmental demands, etc. and the need to embark on such a process. You establish a charter for the design process that includes a "case for change," desired outcomes, scope, allocation of resources, time deadlines, participation, communications strategy, and other parameters that will guide the project.

(At times, senior teams may go through either a strategic planning process or an executive team development process prior to beginning a redesign initiative, depending on how clear they are about their strategy and how well they work together as a team.)

2. Assess the current state of the business

You don't want to begin making changes until you have a good understanding of the current organization. Using Transformation Model, we facilitate a comprehensive assessment of organization to understand how it functions, its strengths and weaknesses, and alignment to your core ideology and business strategy. The assessment process is astounding in the clarity it brings an organization's leaders and members, not only regarding how the organization currently works but how the various parts are interrelated, its overall state of health and, most importantly, what needs to be done to make improvements.

3. Design the new organization

The senior team (and/or others who have been invited to participate in the process), look to the future and develop a complete set of design recommendations for the "ideal future." At a high level, the steps in this process include the following:

- defining basic organizing principle. (Will you organize primarily around functions, processes, customer-types, technologies, geographies, etc.?);
- streamlining core business processes – those that result in revenue and/or deliverables to customers;
- documenting and standardizing procedures;
- organizing people around core processes. Identifying headcount necessary to do core work;
- defining tasks, functions, and skills. What are the performance metrics for each function/team? How are they evaluated and held accountable?
- determining facility, layout and equipment needs of various teams and departments throughout the organization;
- identifying support resources (finance, sales, HR, etc.), mission, staffing, etc. and where should these should be located;
- defining the management structure that provides strategic, coordinating and operational support;
- improving coordinating and development systems (hiring, training, compensation, information-sharing, goal-setting, etc.).

At some point the design process morphs into transition planning as critical implementation dates are set and specific, concrete action plans created to implement the new design. And a key part of this step includes communicating progress to other members of the organization. A communications plan is developed that educates people in what is happening. Education brings awareness, and everyone's inclusion brings the beginning of commitment.

4. Implement the design

Now the task is to make the design live. People are organized into natural work groups which receive training in the new design, team skills and start-up team building. New work roles are learned and new relationships within and without the unit are established. Equipment and facilities are rearranged. Reward systems, performance systems, information sharing, decision-making and management systems are changed and adjusted. Some of this can be accomplished quickly. Some may require more detail and be implemented over a longer period of time.

2. Design management

Design management is a field of inquiry that uses project management, design, strategy, and supply chain techniques to control a creative process, support a culture of creativity, and build a structure and organization for design. The objective of design management is to develop and maintain an efficient business environment in which an organization can achieve its strategic and mission goals through design. Design management is a comprehensive activity at all levels of business (operational to strategic), from the discovery phase to the execution phase.

Simply put, design management is the business side of design. Design management encompasses the ongoing processes, business decisions, and strategies that enable innovation and create effectively-designed products, services,

communications, environments, and brands that enhance our quality of life and provide organizational success. The discipline of design management overlaps with marketing management, operations management, and strategic management.

Traditionally, design management was seen as limited to the management of design projects, but over time, it evolved to include other aspects of an organization at the functional and strategic level. A more recent debate concerns the integration of design thinking into strategic management as a cross-disciplinary and human-centered approach to management. This paradigm also focuses on a collaborative and iterative style of work, compared to practices associated with the more traditional management paradigm.

Design has become a strategic asset in brand equity, differentiation, and product quality for many companies. More and more organizations apply design management to improve design-relevant activities and to better connect design with corporate strategy.

Management in all business and organizational activities is the act of getting people together to accomplish desired goals and objectives efficiently and effectively. Management comprises planning, organizing, staffing, leading or directing, and controlling an organization (a group of one or more people or entities), or effort for the purpose of accomplishing a goal.

Resourcing encompasses the deployment and manipulation of human resources, financial resources, technological resources, and natural resources. Towards the end of the 20th century, business management came to consist of six separate branches, namely human resource management, operations management (or production management), strategic management, marketing management, financial management, and information technology management, which was responsible for management information systems. Although it is difficult to subdivide management into functional categories in this way, it helps in navigating the discipline of management. Design management overlaps mainly with the branches marketing management, operations management, and strategic management.

Design managers often operate in the area of design leadership; however, design management and design leadership are interdependent rather than interchangeable. Like management and leadership, they differ in their objectives, achievements of objectives, accomplishments, and outcomes. Design leadership leads from creation of a vision to changes, innovations, and implementation of creative solutions. It stimulates communication and collaboration through motivation, sets ambitions, and points out future directions to achieve long-term objectives. In contrast, design management is reactive and responds to a given business situation by using specific skills, tools, methods, and techniques. Design management requires design leadership to know where to go and design leadership requires design management to know how to get there.

3.   **Prospects for the development of organizational entities**

As digital transforms the business landscape, the successful organizations of the future will likely be those that can move faster, adapt more quickly, learn more rapidly, and embrace dynamic career demands.

High-performing organizations operate as empowered networks, coordinated through culture, information systems, and talent mobility. Companies are focused on redesigning the organization itself, with nearly half actively studying and developing new models. And many organizations are not only designing but also building this new organization. As networks and ecosystems replace organizational hierarchies, the traditional question "For whom do you work?" has been replaced by "With whom do you work?"

Why has organizational design zoomed to the top of the list as the most important trend in management? The answer is simple: The way high-performing organizations operate today is radically different from how they operated 10 years ago. Yet many other organizations continue to operate according to industrial-age models that are 100 years old or more, weighed down by legacy practices, systems, and behaviors that must be confronted and discarded before true change can take hold.

As organizations become more digital, they face a growing imperative to redesign themselves to move faster, adapt more quickly, facilitate rapid learning, and embrace the dynamic career demands of their people. This year, leading organizations are moving past the design phase and actively building this new organization. Still, many business leaders seem to have little confidence they will get the process right.

This concern is warranted. Organizational design and change are complex. Many organizational redesigns fail because they are reduced to an exercise to cut costs. Others face resistance from company leadership. In fact, many consulting firms anecdotally report that up to 70 percent of reorganizations fall short because of "creative disobedience" from the executive team.

Frustration is also common. Designing the organization of the future is a difficult, sometimes messy project of trial and error, not an exercise on paper. It is a continuous, dynamic, and, in a sense, never-ending process. Yet for companies that rise to the challenge, the payoff can be immense in terms of financial performance, productivity, employee engagement, and a host of other benefits.

Organizing for speed, agility, and adaptability

In the past, most organizations were designed for efficiency and effectiveness, leading to complicated organizations. The resulting business models, which were based on predictable commercial patterns, are unsuited to an era of unpredictability and disruption. Instead of mere efficiency, successful organizations must be designed for speed, agility, and adaptability to enable them to compete and win in today's global business environment.

The power of networks of teams

An important part of designing for adaptability is a shift away from hierarchical organizational structures toward models where work is accomplished in teams. Today the traditional organizational model – with hierarchical job levels based on expertise in a specific area – makes their organization highly effective. Instead, leading companies are pushing toward a more flexible, team-centric model.

As organizations make this transition, they find that smaller teams are a natural way for humans to work. Whatever a hierarchical organization chart says, real, day-

to-day work gets done in networks. This is why the organization of the future is a "network of teams".

Top companies are built around systems that encourage teams and individuals to meet each other, share information transparently, and move from team to team depending on the issue to be addressed. Different networks can have different specialties, such as innovation or getting to market quickly, but the principle is the same.

For a company to stay agile, teams must be formed and disbanded quickly. High-performing companies today may build a "digital customer experience" group, select individuals for the team, and ask them to design and build a new product or service in a year or two. Afterward, the team disperses as team members move on to new projects. This ability to move between teams without risk is a critical attribute of today's high-performing companies.

?   **Питання для самоконтролю**
Questions for self-control

1. Give the definition and principles of organizational design.
2. The hallmark of the design process is a comprehensive and holistic approach to organizational improvement that touches all aspects of organizational life. What results can you achieve using organizational design?
3. From what symptoms do organizations that don't periodically renew themselves suffer?
4. Adaptable to the size, complexity and needs of any organization, the design process consists of several steps. Name them.
5. Characterize methodology of organizational design.
6. What is design management? What is the objective of design management?
7. Are design management and design leadership different? What is the difference between them?
8. Comment on the prospects for the development of organizational entities.
9. Are organizational design and change complex? What is it exactly about?
10. An important part of designing for adaptability is a shift away from hierarchical organizational structures toward models where work is accomplished in teams. What is the ole of the power of networks of teams today?

✍   **Тести для самоконтролю**
Tests for self-control

1. On what principle, when setting up an organization or business unit, priority should be given to a manager in relation to future employees?
a) the principle of staff priority;

b) the principle of priority of the object of control over the subject;

c) the principle of priority of the subject of control over the object.

2. Which of the structural forms is not possible?

a) simple structure;

b) simplified structure;

c) mechanistic or machine bureaucracy.

3. What groups of goals can be identified in any organization?

a) individual, logistical, financial;

b) organizational, public (social), accounting;

c) individual, corporate, social.

4. The main structural element of any organization:

a) logistic and finance departments;

b) the team;

c) regulatory and documentation department.

5. The main characteristics of the organization include:

a) systematic, synergistic, purposeful;

b) organization, presence of a leader, system of goals, unity;

c) structure, presence of borders, synergy, system of goals.

6. Processes related to decision-making are processes:

a) objective;

b) subjective;

c) no correct answer.

7. In strategic selection, the main element is:

a) complexity of the environment;

b) dynamism of the environment;

c) type of needs.

8. Organization management is:

a) issuing clear orders and orders to the direct executors of the assignment;

b) continuous execution of management orders;

c) ensuring concerted actions by members of the organization aimed at achieving the common goal.

9. What scheme is used in the construction of the state apparatus and public organizations?

a) linear;

b) linear-functional;

c) divisional.

10. Project management is:
a) matrix scheme;
b) divisional scheme;
c) functional diagram.

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Тема 9. Types of organizations
(Типи організацій)

Мета: вивчення класифікацій організаційних утворень відповідно до наступних критеріїв: взаємодія із зовнішнім середовищем, взаємодія підрозділів, корпоративізм, організаційно-правова форма.

План (Plan)
1.   Primary and secondary organizations. Mechanistic and organic organizations. Formal and informal organizations.
2.   Classification of Organizations based on their objectives
3.   Non-profit Organizations
4.   Legal forms of organizations and their types

Перелік ключових термінів і понять: primary organisation, secondary organisation, mechanistic organisation, organic organisation, non-profit organisation, legal form of organisation, business organizations, sole proprietorship, partnership, corporation, joint-stock company, open joint-stock company, closed joint-stock company, cooperative.

1.   Primary and secondary organizations. Mechanistic and organic organizations. Formal and informal organizations

Organizations differ greatly in size, function, and makeup. Nevertheless, the operations of nearly all organizations – from the multinational corporation to a newly opened delicatessen – are based on a division of labor; a decision-making structure; and rules and policies. The degree of formality with which these aspects of business are approached vary tremendously within the business world, but these characteristics are inherent in any business enterprise that utilizes the talents of more than one person.

Let's consider the main types of organizations.

Primary/ Secondary Organizations

Originally organizations can be primary and secondary towards their members.

In the primary organizations organizational structure is firstly created, and then it is filled with people. Employees serve the organization, obey it in all things, act in accordance with the rules established by it. An example of the primary organizations are: the state and municipal structures.

Secondary organizations are created by their members, who themselves determine the standards of conduct and the rules of the relationships with the

organization, endow it with the necessary resources. Secondary organizations are of two kinds: corporate and associative.

An example of corporate organizations are different kinds of societies that have priority towards the participants, but only during the periods between meetings of the members, in the course of such meetings binding decision on the activities of the organization are made.

As a consequence, the members of the organization in their daily lives are subject to the organization because of their decisions, but ultimately its fate determined by all of them. Thus, the priority of the organization, in this case, although it does occur but is conditional (e.g., various types of cooperatives) or condominiums promoted today).

Organizations of associative type – these are different kinds of associations, which generally do not have any priority regard to its members. Members of the organization are subject to it only if they want it themselves, voluntarily. For example, the association of hamster owners or cat lovers.

Mechanistic / Organic Organizations

According to the mechanism of operations and interactions between the individual elements of the organizations they are divided into: mechanistic (bureaucratic) and organic (adaptive).

Mechanistic organizations are characterized by simple internal relationships and strict regulations of all aspects of the activity. That allows them to function in the same way as any technical device, such as watches. In some cases it is really necessary and appropriate, for example, in relatively simple solutions of the direct objectives, when each of the members of the organization is responsible only for his own narrow area of work. The large enterprises operating in traditional industries are the mechanistic organizations.

The organic organizations have no strict division and separation of labor, purposes, personal problems and responsibility – all adjusted and varies depending on the conditions and circumstances.

The structure of the organic organizations does not comply with the hierarchy. It characterized by the informal communication, improvisation and creative approach to work. Such as: creative organizations and groups that work in the service industry.

Formal/ Informal Organizations can be basically categorized depending on the degree of formalization of rules and on the basis of relationships within their structures as formal or informal.

In formal organizations impersonal relationship between individuals and the company for which they work is viewed as the best environment for achieving organizational goals. Subordinates have less influence over the process in which they participate, with their duties more clearly defined.

Formal organizations refer to a structure of well-defined jobs each bearing a measure of authority and responsibility. It is a conscious determination by which people accomplish goals by adhering to the norms laid down by the structure.

This kind of organization is an arbitrary set up in which each person is responsible for his performance. Formal organization has a formal set up to achieve pre- determined goals.

Informal Organizations, on the other hand, refer to a network of personal and social relationships which spontaneously originates within the formal set up. Informal organizations develop relationships which are built on likes, dislikes, feelings and emotions.

They are less likely to adopt or adhere to a significant code of written rules or policies. Instead, individuals are more likely to adopt patterns of behavior that are influenced by a number of social and personal factors.

Changes in the organization are less often the result of authoritative dictate and more often an outcome of collective agreement by members.

Informal organizations tend to be more flexible and more reactive to outside influences. But some critics contend that such arrangements may also diminish the ability of top managers to effect rapid change.

Therefore, the network of social groups based on friendships can be called as informal organizations. There is no conscious effort made to have informal organization. It emerges from the formal organization and it is not based on any rules and regulations as in case of formal organization.

Speaking of the relationship between Formal and Informal Organizations, we have to note that for a concerns working both formal and informal organization are important.

Formal organization originates from the set organizational structure and informal organization originates from formal organization. For an efficient organization, both formal and informal are required. They are the two phase of a same concern.

Formal organization can work independently. But informal organization depends totally upon the formal one.

Formal and informal organization helps in bringing efficient working organization and smoothness in a concern. Within the formal organization, the members undertake the assigned duties in co-operation with each other. They interact and communicate amongst themselves.

That's why both formal and informal organizations are important. When several people work together for achievement of organizational goals, social tie ups tends to build and therefore informal organization helps to secure co-operation by which goals can be achieved smooth.

Therefore, we can say that informal organization emerges from formal organization.

2. Classification of organizations based on their objectives

The organizations classified on the basis of their objectives may be the following:

1. Business organizations. They formed into organizations for earning profits. Companies, partnership firms, sole trading firms are organized along these lines with a profit motive to survive against competition, future expansion and development.

2. Government organizations. Such organizations serve for the satisfaction of the people and their welfare. They exercise some measure of control. Central and State government undertakings, local bodies etc., come under this category.

3. Protective organizations. Organizations which protect the citizens from threats and dangers. Example of such organizations are polices, military fire brigades, navy and air force services which shield citizens and the country from danger.

4. Service organizations. They include voluntary organizations formed for promoting social welfare activities in the country. They are non-profit social organizations.

5. Political organizations. They seek to elect a member of their group to public office of the country (parliament or legislative body). Political parties, groups and associations come under this category.

6. Religious organizations. They serve for the attainment of spiritual needs of members and try to convert non-believers to their faith. Such as: churches, mosques, temples, etc.

7. Associative organizations. They satisfy the needs of people to have contact and to make friendships with others who have competitive interests. Clubs, teams, fraternities, etc.

8. Educational organizations. They include schools, colleges, universities, institutes, etc. committed to promote education and knowledge.

Business organizations

It is important that the business owner seriously considers the different forms of business organization – types such as:

- a sole proprietorship;
- partnership;
 - corporation.

Which organizational form is most appropriate can be influenced by tax issues, legal issues, financial concerns, and personal concerns.

A sole proprietorship is also called a sole trader – the smallest type of business. It consists of one individual doing business. Only one person is in charge of all the processes, from selling to accounting.

Advantages:

- Ease of formation and dissolution. Establishing a sole proprietorship can be as simple as printing up business cards or hanging a sign announcing the business. Likewise, a sole proprietorship is equally easy to dissolve.

- Typically, there are low start-up costs and low operational overhead.

- Ownership of all profits.

- Sole Proprietorships are typically subject to fewer regulations.

- No corporate income taxes. Any income realized by a sole proprietorship is declared on the owner's individual income tax return.

Disadvantages:

- Unlimited liability. Owners who organize their business as a sole proprietorship are personally responsible for the obligations of the business, including actions of any employee representing the business.

- It may be difficult for an individual to raise capital. It's common for funding to be in the form of personal savings or personal loans.

The most daunting disadvantage of organizing a sole proprietorship is the aspect of unlimited liability. An advantage of a sole proprietorship is filing taxes as

an individual rather than paying corporate tax rates. Some hybrid forms of business organization may be employed to take advantage of limited liability and lower tax rates for those businesses that meet the requirements.

A partnership involves two or more individuals in business together but is similar to the sole trader in that the people running the business get all the profits. Partnerships may be small or large as some of the big legal or accounting firms that may have dozens of partners.

There are different types of partnerships – general partnership, limited partnership, and limited liability partnership – the basic differences stemming around the degree of personal liability and management control.

Advantages:

- Synergy. There is clear potential for the enhancement of value resulting from two or more individuals combining strengths.

- Partnerships are relatively easy to form, however, considerable thought should be put into developing a partnership agreement at the point of formation.

- Partnerships may be subject to fewer regulations than corporations.

- There is stronger potential of access to greater amounts of capital.

- No corporate income taxes. Partnerships declare income by filing a partnership income tax return. Yet the partnership pays no taxes when this partnership tax return is filed. Rather, the individual partners declare their pro-rata share of the net income of the partnership on their individual income tax returns and pay taxes at the individual income tax rate.

Disadvantages:

- Unlimited liability. General partners are individually responsible for the obligations of the business, creating personal risk.

- There is a real possibility of disputes or conflicts between partners which could lead to dissolving the partnership. This scenario enforces the need of a partnership agreement.

Corporations are probably the dominant form of business organization. A corporation is a legal entity doing business, and is distinct from the individuals within the entity. Public corporations are owned by shareholders who elect a board of directors to oversee primary responsibilities.

Advantages:

- Unlimited commercial life. The corporation is an entity of its own and does not dissolve when ownership changes.

- Greater flexibility in raising capital through the sale of stock.

- Ease of transferring ownership by selling stock.

- Limited liability. This limited liability is probably the biggest advantage to organizing as a corporation. Individual owners in corporations have limits on their personal liability. Even if a corporation is sued for billions of dollars, individual shareholder's liability is generally limited to the value of their own stock in the corporation. Even if a company becomes bankrupt, the people owning it are protected.

Disadvantages:

- Regulatory restrictions. Corporations are typically more closely monitored by governmental agencies, including state and local. Complying with regulations can be costly.

- Higher organizational and operational costs. Corporations have to file articles of incorporation with the appropriate state authorities. These legal and clerical expenses, along with other recurring operational expenses, can contribute to budgetary challenges.

- Double taxation. The possibility of double taxation arises when companies declare and pay taxes on the net income of the corporation, which they pay through their corporate income tax returns. If the corporation also pays out dividends to individual shareholders, those shareholders must declare that dividend income as personal income and pay taxes at the individual income tax rates. Thus, the possibility of double taxation.

With respect to size, business organizations are classified into four types: micro, small, medium and large. Micro businesses are those with less than 10 employees, small businesses have 10 to 49 employees, medium-sized businesses have 50 to 249 employees and large businesses employ 250 people or more Along with standard, for-profit corporations, there are charitable, not-for-profit corporations.

3. Non-profit Organizations

Non-profit institutions in the satellite account are classified by primary area of activity according to the International Classification of Non-profit Organizations (ICNPO). It is the classification system recommended in the United Nations (UN) Handbook on Non-profit Institutions in the System of National Accounts.

The ICNPO system groups organizations into 12 major activity groups, including a catch-all 'not elsewhere classified' category.

Group 1: Culture and recreation Media and communications. Production and dissemination of information and communication; includes radio and TV stations; publishing of books, journals, newspapers and newsletters; film production; and libraries. Visual arts, architecture, ceramic art. Production, dissemination and display of visual arts and architecture; includes sculpture, photographic societies, painting, drawing, design centers and architectural associations.

Performing arts. Performing arts centers, companies and associations; includes theatre, dance, ballet, opera, orchestras, chorales and music ensembles.

Historical, literary and humanistic societies. Promotion and appreciation of the humanities, preservation of historical and cultural artefacts and commemoration of historical events; includes historical societies, poetry and literary societies, language associations, reading promotion, war memorials and commemorative funds and associations.

Museums. General and specialized museums covering art, history, sciences, technology and culture. Zoos and aquariums.

Sports. Provision of amateur sport, training, physical fitness and sport competition services and events; includes fitness and wellness centers.

Recreation and social clubs. Provision of recreational facilities and services to individuals and communities; includes playground associations, country clubs, men's and women's clubs, touring clubs and leisure clubs.

Service clubs. Membership organizations providing services to members and local communities.

Group 2: Education and research.

Elementary, primary and secondary education. Education at elementary, primary and secondary levels; includes pre-school organizations other than day care.

Higher education: Higher learning, providing academic degrees; includes universities, business management schools, law schools, medical schools.

Vocational/technical schools: Technical and vocational training specifically geared towards gaining employment; includes trade schools, paralegal training and secretarial schools.

Adult/continuing education : Institutions engaged in providing education and training in addition to the formal educational system; includes schools of continuing studies, correspondence schools, night schools and sponsored literacy and reading programs.

Medical research. Research in the medical field; includes research on specific diseases, disorders, or medical disciplines.

Science and technology. Research in the physical and life sciences and engineering and technology.

Social sciences, policy studies. Research and analysis in the social sciences and policy area.

Group 3: Health.

Hospitals. Primarily inpatient medical care and treatment.

Rehabilitation. Inpatient health care and rehabilitative therapy to individuals suffering from physical impairments due to injury, genetic defect, or disease and requiring extensive physiotherapy or similar forms of care.

Nursing homes. Inpatient convalescent care, residential care, as well as primary health care services; includes homes for the frail elderly and nursing homes for the severely handicapped.

Psychiatric hospitals. Inpatient care and treatment for the mentally ill.

Mental health treatment. Outpatient treatment for mentally ill patients; includes community mental health centers and halfway homes.

Crisis intervention. Outpatient services and counsel in acute mental health situations; includes suicide prevention and support to victims of assault and abuse.

Public health and wellness education. Public health promotion and health education; includes sanitation screening for potential health hazards, first aid training and services and family planning services.

Health treatment, primarily outpatient. Organizations that provide primarily outpatient health services e.g., health clinics and vaccination centers.

Rehabilitative medical services. Outpatient therapeutic care; includes nature cure centers, yoga clinics and physical therapy centers.

Emergency medical services. Services to persons in need of immediate care; includes ambulatory services and paramedical emergency care, shock/trauma programs, lifeline programs and ambulance services.

Group 4: Social services.

Child welfare, child services and day care. Services to children, adoption services, child development centers, foster care; includes infant care centers and nurseries.

Youth services and youth welfare. Services to youth; includes delinquency prevention services, teen pregnancy prevention, drop-out prevention, youth centers and clubs and job programs for youth; includes Young Men's Christian Association (YMCA), Young Women's Christian Association (YWCA), Boy Scouts, Girl Scouts and Big Brothers/Big Sisters.

Family services. Services to families; includes family life/parent education, single parent agencies and services and family violence shelters and services.

Services for the handicapped. Services for the handicapped; includes homes, other than nursing homes, transport facilities, recreation and other specialized services.

Services for the elderly. Organizations providing geriatric care; includes in-home services, homemaker services, transport facilities, recreation, meal programs and other services geared towards senior citizens (does not include residential nursing homes).

Self-help and other personal social services. Programs and services for self-help and personal development; includes support groups, personal counselling and credit counselling/money management services.

Disaster/emergency prevention and control. Organizations that work to prevent, predict, control and alleviate the effects of disasters, to educate or otherwise prepare individuals to cope with the effects of disasters, or to provide relief to disaster victims; includes volunteer fire departments, life boat services, etc.

Temporary shelters. Organizations providing temporary shelters to the homeless; includes traveler's aid and temporary housing.

Refugee assistance. Organizations providing food, clothing, shelter and services to refugees and immigrants.

Income support and maintenance. Organizations providing cash assistance and other forms of direct services to persons unable to maintain a livelihood.

Material assistance. Organizations providing food, clothing, transport and other forms of assistance; includes food banks and clothing distribution centers.

Group 5: Environment.

Pollution abatement and control. Organizations that promote clean air, clean water, reducing and preventing noise pollution, radiation control, treatment of hazardous wastes and toxic substances, solid waste management and recycling programs.

Natural resources conservation and protection. Conservation and preservation of natural resources, including land, water, energy and plant resources for the general use and enjoyment of the public.

Environmental beautification and open spaces. Botanical gardens, arboreta, horticultural programs and landscape services; organizations promoting anti-litter campaigns; programs to preserve the parks, green spaces and open spaces in urban or rural areas; and city and highway beautification programs.

Animal protection and welfare. Animal protection and welfare services; includes animal shelters and humane societies.

Wildlife preservation and protection. Wildlife preservation and protection; includes sanctuaries and refuges.

Veterinary services. Animal hospitals and services providing care to farm and household animals and pets.

Group 6: Development and housing.

Community and neighborhood organizations. Organizations working towards improving the quality of life within communities or neighbourhoods, e.g., squatters' associations, local development organizations, poor people's cooperatives.

Economic development. Programs and services to improve economic infrastructure and capacity; includes building of infrastructure like roads; and financial services such as credit and savings associations, entrepreneurial programs, technical and managerial consulting and rural development assistance.

Social development. Organizations working towards improving the institutional infrastructure and capacity to alleviate social problems and to improve general public well-being.

Housing associations. Development, construction, management, leasing, financing and rehabilitation of housing.

Housing assistance. Organizations providing housing search, legal services and related assistance.

Job training programs. Organizations providing and supporting apprenticeship programs, internships, on-the-job training and other training programs.

Vocational counselling and guidance. Vocational training and guidance, career counselling, testing and related services.

Vocational rehabilitation and sheltered workshops. Organizations that promote self-sufficiency and income generation through job training and employment.

Group 7: Law, advocacy and politics.

Advocacy organizations. Organizations that protect the rights and promote the interests of specific groups of people, e.g., the physically handicapped, the elderly, children and women.

Civil rights associations. Organizations that work to protect or preserve individual civil liberties and human rights.

Ethnic associations. Organizations that promote the interests of, or provide services to, members belonging to a specific ethnic heritage.

Civic associations. Programs and services to encourage and spread civic mindedness.

Legal services. Legal services, advice and assistance in dispute resolution and court-related matters.

Crime prevention and public policy. Crime prevention to promote safety and precautionary measures among citizens.

Rehabilitation of offenders. Programs and services to reintegrate offenders; includes halfway houses, probation and parole programs, prison alternatives.

Victim support. Services, counsel and advice to victims of crime.

Consumer protection associations. Protection of consumer rights and the improvement of product control and quality.

Political parties and organizations. Activities and services to support the placing of particular candidates into political office; includes dissemination of information, public relations and political fundraising.

Group 8: Philanthropic intermediaries and voluntarism promotion.

Grant-making foundations: Private foundations; including corporate foundations, community foundations and independent public-law foundations.

Voluntarism promotion and support: Organizations that recruit, train and place volunteers and promote volunteering.

Fund-raising organizations: Federated, collective fundraising organizations; includes lotteries.

Group 9: International.

Exchange/friendship/cultural programs: Programs and services designed to encourage mutual respect and friendship internationally.

Development assistance associations: Programs and projects that promote social and economic development abroad.

International disaster and relief organizations: Organizations that collect, channel and provide aid to other countries during times of disaster or emergency.

International human rights and peace organizations: Organizations which promote and monitor human rights and peace internationally.

Group 10: Religion.

Congregations. Churches, synagogues, temples, mosques, shrines, monasteries, seminaries and similar organizations promoting religious beliefs and administering religious services and rituals.

Associations of congregations. Associations and auxiliaries of religious congregations and organizations supporting and promoting religious beliefs, services and rituals.

Group 11: Business and professional associations, unions.

Business associations: Organizations that work to promote, regulate and safeguard the interests of special branches of business, e.g., manufacturers' association, farmers' association, bankers' association.

Professional associations: Organizations promoting, regulating and protecting professional interests, e.g., bar association, medical association.

Labour unions: Organizations that promote, protect and regulate the rights and interests of employees.

Group 12. Not elsewhere classified.

4. Legal forms of organizations and their types

Legal entities that are commercial organizations may be created in various forms.

A joint-stock company is a business entity where different stocks can be bought and owned by shareholders. Each shareholder owns company stock in proportion, evidenced by his or her shares (certificates of ownership). This allows for the unequal ownership of a business with some shareholders owning a bigger

proportion of a company than others do. Shareholders are able to transfer their shares to others without any effects to the continued existence of the company.

In modern-day corporate law, the existence of a joint-stock company is often synonymous with incorporation (i.e. possession of legal personality separate from shareholders) and limited liability (meaning that the shareholders are only liable for the company's debts to the value of the money they invested in the company). As a consequence, joint-stock companies are commonly known as corporations or limited companies.

There are two types of joint-stock companies, open and close (or public and non-public in Ukraine). Founders of a joint-stock company sign a written agreement for its formation. This agreement establishes procedures for creating the company, such as size of authorized capital, types and categories of shares, cost of shares, the order for settling payments and the rights and responsibilities of the founders. This agreement then becomes the organization charter, which contains information on the name of the company, the locations of offices, the type of company (Open Joined-Stock Company or Closed Joined-Stock Company), as well as other specific information on shares, capital, and so on.

Open joint-stock company (public joint-stock company) is a legal entity where shares may be publicly traded without the permission of other shareholders. An OAO can distribute its shares to an unlimited number of shareholders and sell them without limitations.

Closed joint-stock company (nonpublic joint-stock company in Ukraine) is a legal entity whose shares are distributed among a limited number of shareholders - maximum 50 as well.

A cooperative (also known as co-operative, co-op or coop) is an autonomous association of people united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled business. Cooperatives include non-profit community organizations and businesses that are owned and managed by the people who use their services (a consumer cooperative); by the people who work there (a worker cooperative); by the people who live there (a housing cooperative); hybrids such as worker cooperatives that are also consumer cooperatives or credit unions; multi-stakeholder cooperatives such as those that bring together civil society and local actors to deliver community needs; and second and third tier cooperatives whose members are other cooperatives. It was estimated that in 2012 approximately one billion people were members of at least one cooperative and that the turnover of the largest three hundred cooperatives in the world reached $2.2 trillion – which, if they were to be a country, it would make them the seventh largest.

In short, a coop can be defined as a jointly owned enterprise engaging in the production or distribution of goods or the supplying of services, operated by its members for their mutual benefit, typically organized by consumers or farmers.

?   **Питання для самоконтролю**
Questions for self-control

1. Characterize different types of organizations in accordance with relevant classifications.
2. What are the primary and secondary organizations?
3. Comment on the mechanistic and organic organizations.
4. What are the peculiarities of formal and informal organizations?
5. What classifications of organizations do you know?
6. What different forms of business organization can you name?
7. Give examples (real or assumed) of the following types of organizations:
- Primary/ Secondary Organizations.
- Corporate organizations.
- Organizations of associative type.
- Mechanistic / Organic Organizations.
- Formal/ Informal organizations.
- Government organizations.
- Protective organizations.
- Service organizations.
- Political organizations.
- Religious organizations.
- Associative organizations.
- Educational organizations.
- Business organizations.
- Sole proprietorship.
- Partnership.
- Corporation.
- Hybrid forms of business organizations.
8. What are the advantages and disadvantages of a sole proprietorship?
9. What are the advantages and disadvantages of a partnership?
10. What are the advantages and disadvantages of corporations?

✍   **Тести для самоконтролю**

Tests for self-control

1. Business organizations are…:
a) a group of people who have come together on the basis of mutual sympathy;
b) unions, parties, groups formed by interests;
c) organizations specializing in the production of goods or the provision of services.

2. Formal organizations are…:
a) a group of people within the organization who share a common interest in achieving the goal;

b) not conducting business activities aimed at making a profit;

c) formally created to solve industrial and social problems, their activity is regulated by documents.

3. Public organizations are…:

a) a group of friends who went on a camping trip;

b) organizations specializing in the production of consumer goods;

c) uniting people who have developed a specific, socially significant goal.

4. Informal organizations are…:

a) state and municipal enterprises;

b) non-state-registered organizations built on personal sympathies and common interests;

c) small service companies.

5. The main purpose of a commercial organization is:

a) profitability in the shortest possible time;

b) increasing the size of the organization and increasing the scale of production;

c) solving social problems.

6. A corporate organization includes:

a) combination of competition;

b) open association of people;

c) double morality in behavior.

7. An individual organization includes:

a) standardization;

b) loyalty to the organization;

c) the right to "veto" the decision making process.

8. Non-standard and complex works, difficult-to-define and fast-performing structures are characteristic of:

a) an adhocratic organization;

b) a multidimensional organization;

c) participative organization.

9. Please indicate which of the following organizations is a commercial:

a) production cooperative;

b) charitable foundation;

c) consumer cooperative.

10. Joint Stock Company (JSC) is:

a) one of the forms of collective property enterprises, whose activity is based mainly on the personal work of their members;

b) a company whose share capital is divided into a certain number of shares;

c) a company consisting of state-owned enterprises.

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Тема 10. Culture and communication in the organization
(Культура та комунікація в організації)

Мета: формування уявлення про зміст поняття «організаційна культура», моделі, характеристики та типологію організаційної культури, набуття навичок регулювання та координування комунікативних процесів в організації.

План (Plan)
1. Organizational culture
2. Typology of cultural types
3. Management types of communication

Перелік ключових термінів і понять: organizational culture, type of organizational culture, type of communication, bullying culture type, culture of fear type, tribal type of culture, personal culture, national culture type, management information.

1. Organizational culture

Organizational culture encompasses values and behaviors that contribute to the unique social and psychological environment of a business. The organizational culture influences the way people interact, the context within which knowledge is created, the resistance they will have towards certain changes, and ultimately the way they share (or the way they do not share) knowledge. Organizational culture represents the collective values, beliefs and principles of organizational members and is a product of factors such as history, product, market, technology, strategy, type of employees, management style, and national culture; culture includes the organization's vision, values, norms, systems, symbols, language, assumptions, environment, location, beliefs and habits.

Ravasi and Schultz (2006) characterize organizational culture as a set of shared assumptions that guide behaviors. It is also the pattern of such collective behaviors and assumptions that are taught to new organizational members as a way of perceiving and, even thinking and feeling. Thus organizational culture affects the way people and groups interact with each other, with clients, and with stakeholders. In addition, organizational culture may affect how much employees identify with an organization.

Schein (1992), Deal and Kennedy (2000), and Kotter (1992) advanced the idea that organizations often have very differing cultures as well as subcultures. Although a company may have its "own unique culture", in larger organizations there are

sometimes co-existing or conflicting subcultures because each subculture is linked to a different management team. Flamholtz and Randle (2011) suggest that one can view organizational culture as "corporate personality". They define it as it consisting of the values, beliefs, and norms which influence the behavior of people as members of an organization.

Organizational culture refers to culture in any type of organization including that of schools, universities, not-for-profit groups, government agencies, or business entities. In business, terms such as corporate culture and company culture are often used to refer to a similar concept. The term corporate culture became widely known in the business world in the late 1980s and early 1990s. Corporate culture was already used by managers, sociologists, and organizational theorists by the beginning of the 80s. The related idea of organizational climate emerged in the 1960s and 70s, and the terms are now somewhat overlapping.

If organizational culture is seen as something that characterizes an organization, it can be manipulated and altered depending on leadership and members. Culture as root metaphor sees the organization as its culture, created through communication and symbols, or competing metaphors. Culture is basic, with personal experience producing a variety of perspectives.

The organizational communication perspective on culture views culture in three different ways:

Traditionalism: views culture through objective things such as stories, rituals, and symbols

Interpretivism: views culture through a network of shared meanings (organization members sharing subjective meanings)

Critical-interpretivism: views culture through a network of shared meanings as well as the power struggles created by a similar network of competing meanings.

Business executive Bernard L. Rosauer (2013) defines organizational culture as an emergence – an extremely complex incalculable state that results from the combination of a few ingredients. Three manageable ingredients which guide business culture are:

1. Employee (focus on engagement)
2. The work (focus on eliminating waste increasing value) waste
3. The customer (focus on likelihood of referral)

2.   Typology of cultural types

Many factors can contribute to the type of culture which is observed in large organizations and large institutions. The list ranges from depictions of relative strength to political and national issues.

Strong and weak types of organizational culture

A strong culture is that people clearly understand and can articulate. A weak culture is one that employees have difficulty defining, understanding, or explaining. Strong culture is said to exist where staff respond to stimulus because of their alignment to organizational values. In such environments, strong cultures help firms operate like well-oiled machines, engaging in outstanding execution with only minor adjustments to existing procedures as needed.

Conversely, there is weak culture where there is little alignment with organizational values, and control must be exercised through extensive procedures and bureaucracy.

Organizations that foster strong cultures have clear values that give employees a reason to embrace the culture. A 'strong' culture may be especially beneficial to firms operating in the service sector since members of these organizations are responsible for delivering the service and for evaluations important constituents make about firms. Organizations may derive the following benefits from developing strong and productive cultures:

- Better aligning the company towards achieving its vision, mission, and goals.
- High employee motivation and loyalty.
- Increased team cohesiveness among the company's various departments and divisions.
- Promoting consistency and encouraging coordination and control within the company.
- Shaping employee behavior at work, enabling the organization to be more efficient.

Organizations should strive for what is considered a 'healthy' organizational culture in order to increase productivity, growth, efficiency and reduce counterproductive behavior and turnover of employees. A variety of characteristics describe a healthy culture, including:

- Acceptance and appreciation for diversity.
- Regard for fair treatment of each employee as well as respect for each employee's contribution to the company.
- Employee pride and enthusiasm for the organization and the work performed.
- Equal opportunity for each employee to realize their full potential within the company.
- Strong communication with all employees regarding policies and company issues.
- Strong company leaders with a strong sense of direction and purpose.
- Ability to compete in industry innovation and customer service, as well as price.
- Lower than average turnover rates (perpetuated by a healthy culture).
- Investment in learning, training, and employee knowledge

Additionally, performance oriented cultures have been shown to possess statistically better financial growth. Such cultures possess high employee involvement, strong internal communications and an acceptance and encouragement of a healthy level of risk-taking in order to achieve innovation. Additionally, organizational cultures that explicitly emphasize factors related to the demands placed on them by industry technology and growth will be better performers in their industries.

Organizations with adaptive cultures perform much better than organizations with unadaptive cultures. An adaptive culture translates into organizational success; it

is characterized by managers paying close attention to all of their constituencies, especially customers, initiating change when needed, and taking risks. An unadaptive culture can significantly reduce a firm's effectiveness, disabling the firm from pursuing all its competitive/operational options.

Healthy companies are able to deal with employees' concerns about the well-being of the organization internally, before the employees would even feel they needed to raise the issues externally. It is for this reason that whistleblowing, particularly when it results in serious damage to a company's reputation, is considered to be often a sign of a chronically dysfunctional corporate culture.

3. Management types of communication

There are many different types of communication that contribute in creating an organizational culture:

Metaphors such as comparing an organization to a machine or a family reveal employees' shared meanings of experiences at the organization.

Stories can provide examples for employees of how to or not to act in certain situations.

Rites and ceremonies combine stories, metaphors, and symbols into one. Several different kinds of rites affect organizational culture:

- rites of passage: employees move into new roles;
- rites of degradation: employees have power taken away from them;
- rites of enhancement: public recognition for an employee's accomplishments;
- rites of renewal: improve existing social structures;
- rites of conflict reduction: resolve arguments between certain members or groups;
- rites of integration: reawaken feelings of membership in the organization.

Reflexive comments are explanations, justifications, and criticisms of our own actions. This includes:

- Plans: comments about anticipated actions.
- Commentaries: comments about action in the present.
- Accounts: comments about an action or event that has already occurred.

Such comments reveal interpretive meanings held by the speaker as well as the social rules they follow.

Bullying culture type

Bullying is seen to be prevalent in organizations where employees and managers feel that they have the support, or at least implicitly the blessing, of senior managers to carry on their abusive and bullying behaviour. Furthermore, new managers will quickly come to view this form of behaviour as acceptable and normal if they see others get away with it and are even rewarded for it.

When bullying happens at the highest levels, the effects may be far reaching. That people may be bullied irrespective of their organisational status or rank, including senior managers, indicates the possibility of a negative ripple effect, where bullying may be cascaded downwards as the targeted supervisors might offload their

own aggression on their subordinates. In such situations, a bullying scenario in the boardroom may actually threaten the productivity of the entire organisation.

Culture of fear type

Ashforth discussed potentially destructive sides of leadership and identified what he referred to as petty tyrants, i.e. leaders who exercise a tyrannical style of management, resulting in a climate of fear in the workplace. Partial or intermittent negative reinforcement can create an effective climate of fear and doubt. When employees get the sense that bullies "get away with it", a climate of fear may be the result.

Several studies have confirmed a relationship between bullying, on the one hand, and an autocratic leadership and an authoritarian way of settling conflicts or dealing with disagreements, on the other. An authoritarian style of leadership may create a climate of fear, where there is little or no room for dialogue and where complaining may be considered futile.

In a study of public-sector union members, approximately one in five workers reported having considered leaving the workplace as a result of witnessing bullying taking place. Rayner explained these figures by pointing to the presence of a climate of fear in which employees considered reporting to be unsafe, where bullies had "got away with it" previously despite management knowing of the presence of bullying.

Tribal type of culture

David Logan and coauthors have proposed in their book Tribal Leadership that organizational cultures change in stages, based on an analysis of human groups and tribal cultures. They identify five basic stages:

1. Life sucks (a subsystem severed from other functional systems like tribes, gangs and prison – 2 percent of population).

2. My life sucks (I am stuck in the Dumb Motor Vehicle line and can't believe I have to spend my time in this lost triangle of ineffectiveness – 25 percent of population).

3. I'm great (and you're not, I am detached from you and will dominate you regardless of your intent – 48 percent of population).

4. We are great, but other groups suck (citing Zappo's and an attitude of unification around more than individual competence – 22 percent of population).

5. Life is great (citing Desmond Tutu's hearing on truth and values as the basis of reconciliation – 3 percent of population).

This model of organizational culture provides a map and context for leading an organization through the five stages.

Personal culture

Organizational culture is taught to the person as culture is taught by his/her parents thus changing and modeling his/her personal culture. Indeed, employees and people applying for a job are advised to match their "personality to a company's culture" and fit to it. Some researchers even suggested and have made case studies research on personality changing.

National culture type

Corporate culture is used to control, coordinate, and integrate company subsidiaries. However differences in national cultures exist contributing to

differences in the views on management. Differences between national cultures are deep rooted values of the respective cultures, and these cultural values can shape how people expect companies to be run, and how relationships between leaders and followers should be, resulting in differences between the employer and the employee regarding expectations.

Multiplicity

The human cognition contains three components, or three broad types of cultural rules of behavior, namely:

1. Values.
2. Expectations.
3. Ad Hoc Rules.

Each type has a mutually conditioning relationship with behavior. The three cognitive components are different in terms of the scope and duration of their mutual shaping of behavior. Values are universal and enduring rules of behavior; Expectations, on the other hand, are context-specific behavioral rules; while Ad Hoc Rules are improvised rules of behavior that the human mind devises contingent upon a particular occasion.

Furthermore, they need not be consistent, and frequently are not, among themselves. Metaphorically, they can be compared to a multi-carriage train, which allows for the relative lateral movements by individual carriages so as to accommodate bumps and turns in the tracks.

This notion of one (multiplicity) culture to an organization leads to the classification of culture along its path of emergence into nascent, adolescent, and mature types, each of which is distinct in terms of the pattern of the three cognitive components and behavior.

?   **Питання для самоконтролю**
Questions for self-control

1. What is organizational culture? What does it encompass and represent?
2. What scientific approaches to organizational culture and its definition do you know?
3. Is organizational culture seen as something that characterizes an organization? Comment on this.
4. The organizational communication perspective on culture views culture in three different ways. What are they?
5. Name three manageable ingredients which guide business culture in the organization.
6. What are the strong and weak types of organizational culture?
7. What benefits from developing strong and productive cultures may organizations derive?
8. What characteristics describe a healthy culture of organization?
9. What management types of communication do you know?

10. Name and comment on several different kinds of rites that affect organizational culture.

1. Organizational culture is:
a) a historically determined level of development of society and human beings for a given time moment;
b) a system of rules and values governing relations between members of the organization;
c) educational and qualification level of the staff.

2. Organization staff is:
a) a group of persons who are the founders of the organization;
b) an association of employees engaged in joint activities for achievement of the goal;
c) a group of persons to whom the administration directly contacts solving problems.

3. The image of the organization is:
a) relations between members of the team and its management;
b) the organization's reputation in the external environment;
c) purposefully formed image of the organization.

4. The ability to influence people's behavior is called:
a) authority;
b) leadership;
c) power.

5. The ability of a leader to influence the behavior of subordinates by virtue of his training is:
a) expert power;
b) power of example;
c) power of information.

6. The group comprising the personal basis of power includes:
a) power over resources;
b) power of relations;
c) power of information.

7. The group comprising the organizational basis of power includes:
a) expert authority;
b) the power of example;

c) the power of adopted decisions.

8. The conflict that arises within the individual, which is a conflict of goals is called:
a) interpersonal conflict;
b) group conflict;
c) intrapersonal conflict.

9. The methods of conflict management associated with the use of manager's position include:
a) resource sharing;
b) unit autonomy;
c) disposal.

10. What serves as the basis for the formation of a managerial culture:
a) objective structure;
b) subjective structure;
c) ideology of culture.

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