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MANAGEMENT AND ORGANIZATIONAL STRUCTURE: EUROPEAN CONTEXT

Modern development of the business component in any professional environment (including economy) leads to the necessity of modernization in the general approach of management principles and their standardization [3]. Our investigation demonstrates that management is a set of principles relating to the functions of planning, organizing, directing and controlling, and the application of these principles in harnessing physical, financial, human and informational resources efficiently and effectively to achieve organizational goals [1]. So in some form or another management is an integral part of any living community and it is essential wherever human efforts are to be undertaken to achieve desired objectives.

A carefully designed organizational structure is major for success in a competitive business climate. We are sure that without a practical management system that can establish companywide information dissemination, enterprise's structure loses its full effectiveness. Moreover the players within the management system, who must be able to address both cultural and professional or knowledge-based factors that may affect the operation of a company/ are equally influential. These factors include organizational characteristics, relationships, competition, and performance [2].

The way in which an organization is structured has a great impact on the style of management needed to optimize the organization. We analyzed that there are two basic management styles. Centralized management is characterized by managers who

set out the strategy, make the decisions and delegate tasks. Employees follow the particular orders. This management style fits best with a simple organizational structure, such as a small business, or a machine bureaucracy like a mass production company. Decentralized management is characterized by managers who coordinate the output of the tasks of experts within the organization but don't interfere with the content of the work.

Decentralized management is characteristic for the economies of the most developed countries of Europe. In comparison with Ukrainian management system we must stress that it has been developing in the direction of centralization for a long time (being the part of the Soviet Union). That is why the problem of effective combination of centralization and decentralization processes is particularly acute for Ukraine at the present stage of development. We think that it is necessary to realize the idea of respect for the independence of management system for the modern Ukrainian production system to meet the needs of the international market, to be flexible, accessible to all. Instructive in this aspect can be the experience of Denmark, which due to the successful combination of processes of centralisation and decentralisation, taking into account public opinion on the economic and business development, has created one of the most democratic and efficient management system in Europe [4]. Decentralization principle of the of Danish management is highlighted in the Decree No. 441 dated 02-06-2008 "On Amendments to the Business Management" stating that control over the production activity is related to the functions of local authorities. Thus, the municipal authorities through the self-government Councils with several representatives of regional administrative structures ensure coordination of public enterprises at regional level [3].

In Danish environment organizational structure of management is considered to be an ordered set of interrelated elements that are in a stable relationship that ensures their functioning and development as a whole [4]. As democratic principles formulate, elements of the structure can be either individual employees, or separate management units, and the relationship between them is maintained through

horizontal and vertical ties that are linear and functional and both centralized and decentralized.

We came to the conclusion that the structure of organizations varies greatly according to the nature of the business. There are several factors which may influence this structure:

- the number of employees and location
- the economic sector;
- the type of market in which they operate;
- the type of customer;
- the degree of management control required;
- the complexity of the business activities [5].

Study of foreign experience showed that carefully designed organizational structure is a logical prerequisite for success in the business climate. That is why, managers of all levels must pay attention to the principles and methods of forming structures, the choice of type or combination of management structures types, studying trends in their construction and evaluation in accordance with the goals and objectives taking into account European advanced experience.

References

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