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MICRO AND MACRO APPROACHES IN THE CONCEPT OF DOING BUSINESS

МІКРО-ТА МАКРОПІДХОДИ В КОНЦЕПЦІЇ ВЕДЕННЯ БІЗНЕСУ

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Горбачевський Н.П., Мурунець І.Г. Мікро- та макропідходи в концепції ведення бізнесу. Оглядова стаття.

Концепція ведення бізнесу поєднує ключові принципи організації бізнес-процесів, принципи взаємин із стейкхолдерами та перспективи розвитку компанії. Чітко визначена концепція ведення бізнесу сприяє розвитку ключових компетенцій та зміцненню конкурентних позицій компаній. Виділяють мікро- та макропідходи в розробці концепції ведення бізнесу. Мікро- фокусується на організаційних та поведінкових явищах, впливі індивідуальних і групових особливостей на досягнення організаційних цілей. Макропідхід базується на принципі послідовності, цілісності організації, питаннях структури, культури, комунікації. Разом вони визначають шлях еволюції фірми.

Ключові слова: концепція ведення бізнесу, мікро- та макропідходи дослідження, корпоративне зростання, організаційна поведінка, корпоративна стратегія.

Horbachevsky N.P., Murenets I.H. Micro and Macro approaches in the concept of doing business. Review article.

The concept of doing business combines the key principles of the organization of business processes, principles of relations with stakeholders and the company's growth prospects. A well-defined concept of doing business contributes to the development of key competences and strengthening the competitive position of companies. Are allocated micro- and macro-approaches to development of the concept of doing business. Micro- focuses on the organizational behavioral phenomena, the influence of individual and group characteristics on the achievement of organizational goals. Macro-approach is based on the principle of consistency, the integrity of the organization, issues of structure, culture, communication. Together they determine the path of the evolution of the firm.

Keywords: concept of doing business, micro- and macro-approaches of research, corporate growth, organizational behavior, corporate strategy

The most general, global goal of any corporation is to profit from the results of its commercial activities and increase the personal income of its shareholders. However, the achievement of this goal does not imply the existence of only one single, rigidly and uniquely determined path: there are always many ways to achieve it. Moreover, the ways are more effective, less effective and not at all effective. Therefore, when determining the goals of doing business, the concept of efficiency becomes key.

Unsolved aspects of the problem

Choosing a business development strategy that ensures its effectiveness is not an easy task. In addition to determining the general direction of growth, mission and goals, assessing the required resources, it is necessary to solve a number of "soft" problems – i.e., problems associated with the human factor of the strategic process, which is a complex combination of interests, motivations and expectations of individuals and groups not only in the organization, but also outside it - organizational stakeholders. To combine these problems based on the inherent culture of the organization and the established practice of business process management allows the concept of doing business (business concept). It represents the understanding by the firm of the prevailing values of the client, the development of a sequence of specific actions and the adoption of decisions necessary to achieve the set goals. The concept of doing business includes ideas about the current and future needs of the client, their likely changes and the company's ability to meet them, as well as ways and methods to maximize the use of the company's internal capabilities to solve these problems. Thus, the concept of doing business includes not only industry foresight, business theory or innovation strategy, but also strategic decisions and organizational reconfiguration necessary to meet customer needs.

Analysis of recent researches and publications

The concept of doing business also indicates that in modern conditions business growth is always directly or indirectly related to innovation. Du Pont, IKEA, Dell or Apple have built their rapid growth by applying innovative ideas in manufacturing and sales technology. Their secret of success was not only to launch new products, but also

to improve existing ones, thanks to a radical new approach to understanding the needs of the client and the innovative concept of the company, how they should be combined and how products should be distributed.

As E. Joachimsthaler studies have revealed, in order for a company to create successful innovations again and again, and also be able to grow, make a profit and provide a competitive advantage, it must fulfil three conditions: first, understand the people it is trying to serve as individuals who they are – regardless of any connection or interaction with the company. Secondly, the company must know how to go beyond its perimeter of products, markets and competencies, "challenge the generally accepted foundations, customs and golden rules of doing business" [4, p.234]. Thirdly, the company must look at itself as if from the outside, and begin to develop strategies based on the behaviour of people, and not just strive for profit growth at any cost. To do this, the company must create plans for production and sales promotion with the involvement of consumers, "offering innovations that fit perfectly into the habits of people or the technological processes of the client company, which in this case will be readily accepted and assimilated... Only then can it make discoveries and consistently bring innovative products to market, generate new growth, generate profits and renew your business" [4, p.234].

The development of a new business concept requires more than just a focus on innovation. R. McGraw's research on innovation has revealed some interesting results. In 1971, EMI, a British music and electronics company, developed the first medical CT scanner. But a few years later, after an initial success that exceeded all expectations, EMI's medical division ceased to exist.

One more example. Ampex, the American company that developed the first home video player in the 1950s, halted the mass production of home video players in the early 1970s, just before the market began to take off from companies like JVC or Sony. Both EMI and Ampex, as the first innovative companies in their field, could no doubt make a big impact on consumers and capture almost the entire market. But this did not happen.

As R. McGraw notes, in the end, EMI and Ampex stopped leading in their industries due to the fact that they did not have a clear plan of action for the future, that is, they did not have an innovative business concept [13, p.977]. In other words, the development of a strategic vision is very important and indispensable, but by no means sufficient. The corporate world is not driven by ideas alone; these ideas must be backed up by action. The generation of new ideas will be useless if companies are unable to transform these ideas into tangible reality through some strategic decisions and new ways of organizing actions, which are necessary elements in the concept of doing business. Thus, the creation of a new business concept is a matter of combining both rigorous analysis and the real picture.

The aim of the article is the concept of doing business includes anticipating future customer needs, how the firm will serve them, what the industry will look like in a few years, and also includes the strategic decisions of the firm and the way in which actions are organized to achieve strategic goals. Without a business vision, a company will have no purpose, no direction, and under such conditions it will be impossible to serve customers well or become an organization capable of attracting and retaining the best professionals.

The concept of doing business is not a purely academic invention: any company has such a concept, another thing is that it is far from always presented in an explicit form and, moreover, rationally substantiated. In practice, this concept is a set of ideas shared by the company's managers about its customers, suppliers, competitors, its position in the industry, about the policy adopted to manage relationships with stakeholders [8]. In accordance with such ideas, managers develop configurations of various activities of the company, develop its values and the strategic choices associated with them.

Defining a business concept is a responsible action: the right concept provides a unique combination of company activities that generate core competencies that make the company different from others in the eyes of customers, suppliers and other stakeholders, which ultimately strengthens the competitive position of the company and improves its prospects growth.

The concept of a business concept, which will be discussed in more detail below, partially includes local strategies, for example, a market development strategy, a marketing strategy, or a strategy in the field of R&D, but is not limited to them and has some specific features. Converging in this statement, some authors disagree on the details that describe the content of the concept of doing business.

So, in particular, P. Drucker proposed the idea of a business concept, which is based on assumptions about the environment, mission and main activity. In his opinion, the result of the successful implementation of the concept is to provide customers with something that is of value to him. He emphasizes that "a business concept is more likely to succeed if its implementation starts with consumers – with what is useful for them, with what is of value to them, with the realities that they live" [1, p.392-393].

G. Hamel and K. Prahalad presented the concept of monitoring trends in changes in the external environment in order to determine the future of the industry and the degree to which the company corresponds to this future. These representations are very close to the content of the concept of the concept of doing business. Detailing these views, they propose the concept of "strategic architecture", which they describe as follows: "Strategic architecture... shows the organization what capabilities it needs to increase right now, what new consumer groups' needs to begin to understand immediately, what new channels to explore today, what new development priorities to strive for at the moment, in order to intercept the future. Strategic architecture is a plan for the broad mastery of opportunities" [10, p.154]. Thus, the objectives that are set for an organization through the use of the concept of strategic architecture are not what needs to be done now to maximize revenues or expand markets for existing

products, but what needs to be done in the future to seize emerging opportunities in order to prepare for capturing a much larger share of the income in the future.

A similar function is performed by the concept of "organizational design", which has been worked out in sufficient detail in modern management literature, in particular, by R. Barton, B. Obel, J. Galbraith, D. Robey, K. Sales and other authors [2; 7; 9]. Organizational design involves designing the structure of an organization, selecting customers, setting prices, strategic management, and defining the scope of activities. Organizational design is a continuous process, not a one-time act. To be as effective, sustainable and efficient as possible, it must be carefully planned, that is, in fact, to develop and explicitly present the concept of doing business. It is also necessary that managers have the right mindset. Based on the analysis of existing concepts, R. Barton and B. Obel gave a definition of organizational design that functionally coincides with the concept of doing business, focusing on the need for congruence (compliance) of the internal parameters of the organization (structure, planning, control, coordination of work, organizational climate, etc.) external factors, formulated the requirement of "strategic fit" (strategic fit), while the level of interconnection of the internal parameters of the organization was called "organizational fit" (organization fit). However, the question remains open: what degree of congruence of internal parameters to external factors can be recognized as acceptable and how to measure the degree of such correspondence? This issue remains within the framework of theoretical consideration [9].

The main part

The concept of doing business can be of an instrumental, pragmatic nature when it is considered at two organizational levels: micro and macro levels. These two approaches, complementing each other, provide diagnostics and solutions to organizational problems, as well as guide the development and evolution of organizations.

Let's call the first one the micro-approach. It focuses on the behaviour of people in a company, which is based on the interaction of individual characteristics and the immediate work environment. The subject of analysis here can be both individuals and groups of people performing their functional duties.

The macro approach considers the company as a whole, consisting of interacting parts. The simplest analogy for such a whole is a machine doing the work for which it was designed. At the same time, the parts or details of such a "machine" do not coincide with the groups in which individuals directly work and communicate. However, the "machine" analogy is not the only one: other images have been created in the theory of organization, in which attention is focused precisely on the behaviour of the elements that make up the parts or subsystems of the firm.

The American theorist G. Morgan compiled a fairly complete list of such analogies, which he called "patterns" of organizational theory, starting with the machine and then sequencing eight such patterns, each of which offers its own understanding of the goals, patterns of the company's functioning, its own idea of the role and functions managers, both operational managers and designers of the corporate future [5]. Thus, the pattern forms the methodological foundations of the concept of doing business. But not the concept itself, but only those requirements that arise from the "microenvironment" of the company.

G. Morgan's patterns can be used to develop new ideas about doing business. However, the task is not to create all new analogies of the company (each of them suffers from one-sidedness and often artificial image), but to single out and group such features that, on the one hand, would be universal in nature, would be essential and inherent in all commercial organizations, on the other hand, would allow finding ways to solve also universal, general organizational problems. To solve this problem allows the allocation of micro- and macro-approaches in the concept of doing business.

The micro-approach (perspective, view, perspective), as the name implies, analyses the behaviour of small units or parts of the company – usually these are working groups or individuals. It focuses on the behaviour of the individual, looking in the individual and in his environment for the causes of this particular behaviour. The questions researchers are trying to answer might look like this:

- what are the motives of the behaviour of the individual in the organization?
- what are the problems and why do they arise in the relationships of people in the organization?
- what training and experience does an individual or group need to be successful?
- what leadership style is used predominantly in the organization, and to what extent does it correspond to the expectations of subordinates and the requirements of the task? How is the premium distributed?
- how high are the requirements for the job?

In order to answer these and similar questions formulated within the micro-approach, a manager must have a good understanding of people and the company, which comes either from experience or through formal study of organizational behaviour. If managers are interested in changing this behaviour, changes in training, responsibilities, leadership style, bonus distribution, and other factors that directly influence individual behaviour should be planned. At the same time, the basic ideas about behaviour will be drawn from psychology, and especially from such sections as the theory of motivation, cognition, perception, communication, personality, and decision-making, as well as from organizational sociology.

Fundamental to the micro-approach is the assertion that behaviour is a function of personal characteristics interacting with the characteristics of the environment, or environment of the individual's existence. This means that an individual's behaviour is partly explained by his personal characteristics (such as character or abilities),

partly by the organizational environment or situation at work. Thus, understanding an individual's behaviour requires knowledge of the individual, the situation, and how they interact.

Although the micro-approach gives us a lot of valuable information about the behaviour in the company, it tells us little about the behaviour of the organization itself. This is noted, in particular, by the American researcher C. Perrow, when he writes: "It is impossible to give an explanation of the organization by explaining the relations and behaviour of individuals or even small groups within the organization. We learn a lot about psychology and social psychology, and little in this sense about the organization as such. Thus, the main limitation of the micro-approach is inherent in the object it considers – the organization. This limitation is "removed" by the macro approach, which considers the organization as an "elementary" whole".

The macro approach is an important addition to the micro approach, as it focuses on the company as a whole system, and not on its individual elements (groups, individuals). He assumes that the campaign as a whole can be designed or restructured in such a way that its effectiveness has increased. From a macro perspective, questions like the following would be relevant:

- does the organizational structure correspond to the external situation for the company?
- what was the basis for dividing the organization into divisions?
- what are the mechanisms for integrating these units and coordinating their work?
- what factors provide the processes of organizational learning and innovation?

The macro approach requires the manager to focus on the structure of the firm and organizational processes, independent of the individual characteristics of individual employees. He draws attention to the characteristics of the organizational structure of the corporation and management processes, i.e., factors that often cause problems at the micro level. For example, ambiguous role expectations that cause an individual to dissatisfy with their position in the hierarchical structure of the company can often be eliminated by changing the structure and functions assigned to individual structural elements (for example, changing the control system). The focus of the macro approach also includes cultural issues, especially those that directly affect staff productivity, such as readiness for innovation and change.

Small organizations, as noted by A. Agniotri, are characterized by a lack of attention to macro-level problems [11]. However, the macro approach is an effective and necessary tool for analysing both large and small organizations, but it is true that as the size of the organization grows, the importance of the macro approach increases. Moreover, it is especially important to use it when designing areas for corporate growth.

Typically, when diagnosing a firm's problems and developing recommendations for growth based on it, little attention is paid to the personal characteristics of employees and managers. The exception is the personal qualities of the head of the organization (CEO). However, this does not mean that the macro approach ignores the problems of the psychology of individual organizational behaviour. Rather, we are talking about the fact that these problems should be understood as a consequence of certain macro-characteristics of the organization, and it is in this area that the solution of behavioural problems is sought on the way of restructuring the structure, culture of the corporation and organizational processes that are inevitable with growth [12].

Conclusions

The macro approach relies on a different set of theories and research methods than the micro approach. Sociology and management science – the disciplines applied in the macro approach - have little to do with the psychological process at the level of an individual. They focus mainly on the study of the behavioural patterns of formal groups and structural elements in social systems. Their interest lies in explaining how structure and process configurations come about and how their design contributes to organizational performance in a variety of settings. These are vital questions, and these disciplines promise to improve the understanding of corporations and the ability to manage their growth.

The macro approach approaches the process of improving an organization by redefining the responsibilities of its members, restructuring working relationships, aligning technologies and social systems with each other, and creating procedures that ensure the efficient operation of the organization as a whole. These changes have important implications for the individuals in the organization, as the macro approach aims to restructure the organization to make organizations more efficient, not just to meet the needs and productivity of individuals.

Both of these methods provide managers with valuable information, complementing each other. People who work in organizations retain their individuality, but much of what they do – their decisions, actions, attitudes, and values – is influenced by the corporate structure. Thus, it is justified that we think of the company without having in mind the unique personal qualities of its members, and at the same time, taking into account the interests of the latter and planning such changes for growth that will make the work of employees of the corporation more attractive.

The micro approach does not allow to capture the whole picture in its entirety, while in the macro approach individual details are indistinguishable. Combined, these two ways of examining corporations enable managers to diagnose and solve a range of organizational problems. They also set the direction for the development and evolution of firms so that future problems can be avoided.

Abstract

The concept of doing business combines the key principles of the organization of business processes, principles of relations with stakeholders and the company's growth prospects. A well-defined concept of doing business contributes to the development of key competences and strengthening the competitive position of companies. Are allocated micro- and macro-approaches to development of the concept of doing business. Micro- focuses on the organizational behavioural phenomena, the influence of individual and group characteristics on the achievement of organizational goals. Macro-approach is based on the principle of consistency, the integrity of the organization, issues of structure, culture, communication. Together they determine the path of the evolution of the firm. This article described the main factors and components of micro and macro approaches, analyzed the publications of the authors: Drucker P., Joachimsthaler E., Morgan G., and other and analyzed the effectiveness of these approaches. The analysis highlighted the main differences in these two approaches, the possibility of using both when creating a business concept. The choice of approach depends on the goals and principles of the organization. It should also be noted that the personality of the manager also influences the choice of approach that will guide the company in its activities. This also includes the qualitative and quantitative composition of the employees of this organization. Combined, these two ways of examining corporations enable managers to diagnose and solve a range of organizational problems. It seems to me that these approaches can have a qualitative impact on the success of an organization in realizing its goals and needs, especially if you combine micro and macro to achieve greater success since this will help to analyse the main components necessary to overcome certain difficulties in the process of doing business. They also set the direction for the development and evolution of firms so that future problems can be avoided.

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