

**ORGANIZATIONAL STRUCTURE
OF AN ENTERPRISE AND PRINCIPLES
OF ITS CONSTRUCTION**

Annotation. The basic organizational structures of management are analyzed. Their adaptation and use in the modern world are substantiated. The expediency of using different types of organizational structures of management at an enterprise for effective support of the chosen policy implementation is proposed.

Аннотация. Проанализированы основные организационные структуры управления предприятием. Обоснованы их адаптация и использование в современных условиях. Предложена целесообразность использования разных типов организационных структур управления на предприятии для эффективной поддержки реализации выбранной политики.

Анотація. Проаналізовано основні організаційні структури управління підприємством. Обґрунтовано їх адаптацію та використання в сучасних умовах. Запропоновано доцільність використання різних типів організаційних структур управління на підприємстві для ефективної підтримки реалізації обраної політики.

Keywords: organizational structure, linear structure, functional structure, linear and functional structure, matrix structure, enterprise, management.

The economic stability of an organization, its viability and effectiveness under market conditions are inextricably connected with the continuous improvement and development. This improvement should be carried out on the basis of adaptation to the environment. Therefore, the success of any organization and the possibility of its survival depend on the ability to quickly adapt to external changes. In the conditions of dynamic quality of modern production and society, management must continuously develop which implies research of tendencies, possibilities and alternatives to choose the directions of development.

The actuality of this article is determined by the fact that today, for any business entity organizational structure of management, approaches to distribution of responsibilities, principles of creation of a perspective organization and other factors are of great importance. Therefore improving the organizational structure of management has got considerable attention since the achievement of the main goals of the organization is only possible with an effective organizational structure, developed taking into account all its advantages and disadvantages.

The aim of this article is to study the basic types of organizational structures of management and the ways of their perfection. To realize this aim the following tasks were set:

- 1) to consider the theoretical aspects of an organizational structure: the concept, essence, types and principle of construction of an organizational structure;
- 2) to reveal the ways of perfection of organizational structures of management and prospects of development.

Depending on the character of connections between subdivisions of the organization one should distinguish the following types of organizational structures: 1) linear; 2) functional; 3) linear and functional; 4) matrix.

The linear organizational structure of management is one of the simplest organizational structures of management. The linear structure assumes that the head of the productive link of any level is a leader that performs all the functions of management and reports on all questions to higher management. This structure is typical of small enterprises, where the range of the issues to solve is insignificant and there are few productive connections. When the scale of production is greater and the range of problems to be solved is ever growing, a technical and organizational level rises, a linear structure appears ineffective, because a leader cannot know everything and cannot manage well [1, p. 74].

The linear organizational structure of management has the following advantages: 1) the coordination of actions between the performers; 2) management simplicity; 3) clearly expressed responsibility; 4) personal responsibility of a leader.

Its disadvantages are: 1) high requirements to the leader; 2) absence of links in planning and preparation of decisions; 3) fixed communications between instances.

The idea of the functional organizational structure of the organization consists in performance of certain functions on specific questions laid to experts, i.e. each authority is specialized in performing certain activities.

Performers are in dual subordination. Thus, the worker must perform instructions of both the linear chief and the functional manager. The functional structure of management assumes that a linear manager has the ability to focus more on operational management as functional specialists release him from solving specific issues [2, p. 101–102].

Its main advantages are: 1) high competence of the specialists responsible for realization of specific functions; 2) releasing the linear managers from decision-making on some special questions; 3) standardization, formalization and programming of the processes; 4) reducing the demand for generalists.

The main disadvantages of this structure are: 1) difficulties in maintaining stable relationships between different functional services; 2) the appearance of tendencies of over-centralization; 3) a long-term decision-making procedure.

The linear and functional management structure means that specialists form a linear staff guild which prepares data to make competent decision on special questions. In this case functional divisions are subordinate to a linear leader. Their

The advantages of this structure are as follows: 1) thorough preparation of decisions and plans related to the specialization of workers; 2) the release of the main linear manager from deep analysis of a problem; 3) the possibility to attract consultants and experts.

The disadvantages of this structure are: 1) the absence of close interconnection between production units; 2) insufficiently clear responsibility, because the manager making a decision is not usually involved in its implementation.

The matrix organizational structure of management resembles a lattice organization, based on the principle of dual subordination of performers: on the one hand, the supervisor of functional service provides the staff with technical assistance to the project, on the other hand the project has the necessary authority to carry out the management according to the planned deadlines, resources and quality. In this organization the project manager interacts with two subordinate groups: the permanent members of the project team and other workers of functional units that obey him temporarily and on a limited number of issues [4, p. 28]. This maintains their subordinate supervisor units, departments, services.

The advantages of the matrix organizational structure are the following: 1) the ability to quickly respond and adapt to changing internal and external environment of the organization; 2) rational use of personnel due to specialization of different types of labour activity; 3) control over certain tasks of the project; 4) increasing personal responsibility for the execution of the program as a whole and its constituent elements.

The disadvantages of matrix organizational structure are as follows: 1) a complex structure of subordination; 2) the necessity to monitor the value of forces between the tasks of management by objectives; 3) the difficulty of necessary skills needed for employment in the new program.

Within this structure a manager is required to maintain pre-production, efficiently organized work with the optimal use of raw materials, material and energy resources, and monitor the work of subordinates.

To build a rational management structure it is necessary to match the requirements of the organizational structures with the new conditions of management:

1. *Optimality*. The management structure is recognized optimal if the links between the stages and management at all levels are established, a rational connection with a minimal number of control steps exists.

2. *Efficiency*. The essence of this requirement is that at the time of making a decision one does not have time to make irreversible negative changes that make unnecessary the implementation of the decisions made.

3. *Reliability*. The management structure ensures the accuracy of the information transmission, prevents the distortion of control commands and other transmitted data, ensures uninterrupted communication in the control system.

4. *Economy*. The problem is that the desired effect is achieved by means of control involving minimal administrative staff.

5. *Flexibility*. The ability to adapt to changes in the external environment.

6. *Management structure sustainability*. The constancy of its basic properties under various external influences, integrity of the management system and its elements.

7. *Clarity*. Every unit of an enterprise, every employee should know exactly where to find the information, help or solution.

Meeting these requirements will create a flexible organizational structure facilitating the development of management systems at an enterprise, enhancing the level of organization and creating the conditions for effective functioning of an enterprise as a whole.

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