

ASSESSMENT OF THE EFFECTIVENESS OF MANAGEMENT AND ADMINISTRATION IN ORGANIZATIONS

ОЦІНКА ЕФЕКТИВНОСТІ УПРАВЛІННЯ ТА АДМІНІСТРУВАННЯ В ОРГАНІЗАЦІЯХ

The article discusses formation and development of an assessment of the effectiveness of management and administration in organizations. The main goal of the study is to determine what goals and objectives should be practically implemented for an effective management system, and also factors that hinder the organization's ability to detect vulnerabilities and important risks on the way to increase organizational effectiveness. Based on the analysis of the center for effective philanthropy, it was found that almost 50% of respondents-leaders of American organizations conducted organizational evaluations, mainly to study and improve the effectiveness of their organizations in the future. Achievement of goals and objectives can be implemented only by joint work. Organization as an object of management and assessment is a consciously coordinated social formation with certain boundaries, functioning on a relatively constant basis.

Key words: management, effectiveness, assessment, development, goals, objectives, organization, joint work.

В статті розглянуто формування та розробку оцінки ефективності управління та адміністрування в організаціях.

Основная цель исследования – определить какие цели и задачи должны быть практически реализованы для эффективной системы управления, а также факторы, которые препятствуют способности организации выявлять слабые места и важные риски на пути повышения организационной эффективности. На основании анализа центра эффективной филантропии установлено, что почти 50% респондентов-руководителей американских организаций, провели организационные оценки, в основном для изучения и повышения эффективности работы своих организаций в будущем. Достижение целей и задач может быть реализовано только путем совместной работы. Организация как объект управления и оценки представляет собой сознательно скоординированное социальное образование с определенными границами, функционирующее на относительно постоянной основе.

Ключевые слова: управление, эффективность, оценка, развитие, цели, задачи, организация, совместная работа.

UDC 65.011

<https://doi.org/10.32843/infrastruct37-28>

Vlasiuk Yelizaveta

Student

Sumy National Agrarian University

У статті розглянуто формування та розробку оцінки ефективності управління та адміністрування в організаціях. Основна мета дослідження – визначити які цілі та завдання повинні бути практично реалізовані для ефективного системи управління, а також чинники, які перешкоджають здатності організації виявляти слабкі місця та важливі ризики на шляху підвищення організаційної ефективності. На підставі аналізу центру ефективної філантропії встановлено, що майже 50% респондентів-керівників американських організацій, провели організаційні оцінки, в основному для вивчення та підвищення ефективності роботи своїх організацій в майбутньому. Досягнення цілей і завдань може бути реалізовано лише шляхом спільної роботи. Організація як об'єкт управління та оцінки – це свідомо скоординоване суспільне утворення з певними межами, що функціонує на відносно постійній основі. Організації діють у формі фірм, підприємств, компаній, корпорацій тощо. Оцінювання тієї чи іншої форми є звичайною діяльністю в організаціях, проте мало хто з керівників чи бізнес-професіоналів ставляться до своєї роботи як до оцінювання. Такі терміни, як бенчмаркінг, аудит, дослідження та огляд, вільно використовуються в організаційних умовах, тоді як оцінювання зарезервоване головним чином для посилання на оцінку ефективності. Загальна оцінка ефективності організації передбачає розрахунок абсолютної та порівняльної економічної ефективності. Абсолютна економічна ефективність – показник протягом певного періоду часу, що характеризує загальну величину економічного ефекту в порівнянні з розміром витрат і ресурсів окремо і в сукупності. Порівняльна економічна ефективність – це показник, що характеризує умовний економічний ефект, отриманий шляхом порівняння та вибору оптимального варіанту, який можна визначити як відношення економії від нижчої собівартості або збільшення прибутковості товару до різниці капітальних вкладень та інших додаткових витратах між різними варіантами. Системний підхід до управлінської діяльності передбачає, що він може бути досліджений як з боку змісту, так і з боку її проявів.

Ключові слова: управління, ефективність, оцінка, розвиток, цілі, завдання, організація, спільна робота.

Problem definition. In the current conditions of socio-economic development, profitability and effectiveness of the enterprise's activity largely depends on the creation of an effective system of management and administration of activity. The experience of economically developed countries of the world shows that one of the most important components of the success of competitive enterprises is the use of management, that is, a scientifically sound and qualitatively built system of management of the organization. Increased competition and increased consumer requirements for the products being sold, necessitates the prompt adaptation of the enterprise management system and improve it in accordance with changes in the external environment. The formation

of an effective management and administration system requires the development of an adequate system for its assessment, which will identify weaknesses and gaps of the management system and carry out appropriate improvement.

Analysis of recent research and publications. The problems of evaluating the effectiveness, effectiveness of management and administration in organizations are devoted to the work of such Ukrainian and foreign scientists as Moroz O.S. [11], Karlaftis G. Matthew [7] and Mouzas S. [9]. However, domestic scientists have not formed a unified methodological approach to assessing the effectiveness of the management and administration system, which would allow to diagnose the management system, to

provide opportunities for its adaptation to changing conditions of the internal and external environment.

Formulating the goals of the article. The main purpose of this work is to investigate methodological approaches to management evaluation and administration in organizations, to form a basis for its improvement. The need for evaluation of management and administration is to improve the economic activity of the organization by improving the effectiveness, adaptability and flexibility of the management system, maximizing its focus on ensuring the ability to implement a strategic course, achieve the goals of the organization.

The main material of research. The issue of effectiveness concerns all fields, types, forms, methods of organizing human life support. To the greatest extent, this is a characteristic of management as an activity carried out by people in relation to people and exclusively for the interests of people. A person's welfare is directly dependent on the level of effectiveness of this activity. In the end, we talk about the effectiveness of the social system.

Communities and countries themselves need complete and reliable knowledge about the benefits of management costs, what management objectives are, the depth and effectiveness of their impacts on the processes being managed [3].

In public administration, when evaluating their effectiveness and efficiency, at least the following should be compared:

- targets that are practically realized therein, with objectives determined basically by public demand;
- objectives are implemented in the management process, with the results obtained as a result of public administration objectives (decisions and actions of the managerial component)
- objective management outcomes with public needs and interests;
- public expenditure used for public administration, with objective results obtained as a result of management;
- opportunities inherent in managerial potential, with their level of real use.

Under effectiveness in the scientific literature refers to achieving goals (obtaining planned results or achieving the intended indicators) regardless of the costs associated with obtaining results [9]. In public administration, performance reflects order, compliance with restrictions and regulations, implementation of managerial decisions, often associated with achieving qualitative social effects that are difficult to measure. Sometimes performance is also called an effect, i.e. these concepts are identified. When the effect is compared with the cost of achieving it, we are talking about effectiveness. Organizational assessment is a systematic process for obtaining valid information about organizational performance and the factors that influence performance. This differs from other types

of evaluation because the assessment focuses on the organization as the main unit of analysis [1].

The Multilateral Organizational Performance Evaluation Network (MOPAN) is a group of 16 donor countries that have joined to assess the performance of the main multilateral-funded organizations. The MOPAN assessments provide an overview of the four dimensions of organizational effectiveness (strategic management, operational management, relationship and knowledge management), but also cover development effectiveness (results). MOPAN has developed an assessment approach that refers to perceptions and secondary data (e.g. Documents) to assess organizational performance with a focus on their systems, behavior, and practices (or capacity). This exercise is used to encourage discussion between donors and multilateral organizations about ways to increase organizational effectiveness.

In 2011, an evaluative report was distributed by the International Monetary Fund (IMF) regarding its performance leading to the global financial and economic crisis. Among the factors that hinder the organization's ability to detect vulnerabilities and important risks, the report highlights the magnitude of cognitive and group biases and organizational operational structures: on the one hand, it is widely believed that organizational crises cannot occur in large developed economies and in the other hand, the existence of a silo mentality prevents information from being shared across units and departments to help predict crises. The assessment results are being used by the IMF board and executive management to revise how the organization operates [8].

The Center for Effective Philanthropy develops a conceptual framework for assessing organizational performance. This framework provides a way for a foundation to infer social benefits created by its activities relative to the resources invested, and aims to enable its leaders to understand the performance of their organization over time and in relation to other organizations. In 2011, the center surveyed CEOs American foundations and found that nearly 50% of respondents conducted organizational assessments, mainly to study and improve the performance of their foundations in the future, to show accountability for the use of their foundation's resources, and to understand the impact of work their foundation [8].

The organization as the object of management and assessment is a consciously coordinated social formation with certain boundaries, which functions constantly to achieve common goals or objectives.

Organization is a set of people and groups who unite to achieve goals, solve problems based on certain rules and procedures, division of work and responsibilities [3].

Organizations in which joint work of people is used to achieve common goals is a socio-economic institution with the following features:

- personnel or employees with the qualifications, skills and knowledge needed to achieve their goals;
- goals that reflect their purpose and the types of products and services that they produce to meet the needs of the society;
- the division of labor carried out in accordance with the characteristics of each employee's professional qualifications and ensuring rational structuring of work and tasks;
- communication, i.e. various types of relationships needed in the process of performing joint work;
- the level of authority and responsibility, sets the level of power for various positions in the organization;
- formal rules of conduct, procedures and controls are formed to ensure that the organization functions as an inseparable entity [2].

The organization operates in the form of firms, enterprises, companies, corporations, etc. In management theory and practice, various signs (criteria) are used, based on the organization's classification carried out.

Evaluation of one form or another is a regular activity in an organization, but some managers or business professionals refer to their work as evaluation. Terms such as benchmarking, evaluation, auditing, researching and reviewing are used smoothly in organizational settings, while evaluation is reserved primarily to refer to performance appraisal. Beyond the natural tendency for most humans, and, thus, organizations, to do good work rather than bad, three basic levels of evaluation can be used to distinguish the types of evaluations performed in organizations [4].

The first level includes the conscious use of skilled evaluations, usually in the form of quality assurance methods or performance measurement systems. Specific methods used can range from standard operating procedures and company policies to sophisticated statistical modeling and performance dashboards. This basic level of evaluation also includes gathering feedback from the organization's clients regarding the quality or performance of the organization and the use of explicit techniques designed to scan the external environment for emerging trends that can affect the organization. Most contemporary organizations use some of these first-level skilled evaluation forms, even if done on an ad-hoc basis [6].

At the intermediate level, the organization tries to supplement the internal evaluation system with regular external evaluations. Here the main role of the external evaluator is the auditor who provides an independent third-party assessment to confirm or validate compliance with certain procedures and policies. For example, a financial audit consists of examining the organization's financial statements by an external auditor or audit team, producing an independent opinion publication on whether the report is relevant, accurate, and complete. No conclusions were made regarding the proper financial performance or effectiveness of financial activities carried out by the

organization, for example. Organizations can use internal auditors to carry out similar types of audits. However, internal auditors usually do not prove financial statements. Instead, the internal auditor's focus is on the control of 6 organizations. External auditors may choose to place limited dependence on the work of internal auditors [6].

The third level of use of conscious evaluation in organizations requires the value of evaluation to be internalized as part of organizational culture. Realization of this level does not only cover levels one and two (e.g. skilled internal evaluation and the use of external evaluators), but requires full integration and acceptance of evaluative attitudes as the essence of the organization. Scriven (2008) refers to organizations that internalize the value of evaluations as evaluative organizations. Evaluative organizations can be considered "enhanced" learning organizations, i.e. organizations that recognize that learning has no value unless it informs action. Learning organizations are usually defined as organizations that have the capacity and process to detect and correct mistakes or improve performance based on experience or knowledge gained [6].

A general assessment of organizational effectiveness involves calculating absolute and comparative economic effectiveness.

Absolute economic effectiveness is the indicator for a certain time period, characterizing the total value of economic effects compared to the size of costs and resources individually and in aggregate [7].

The organization defines the following set of indicators to assess the absolute effectiveness of production:

a) differentiated indicators:

- the complexity of production;
- labor productivity;
- material consumption of production;
- material production;
- capital productivity;
- capital intensity.

b) integral (generalizing) indicators:

- costs per 1000 units of currency of marketable products;
- profitability of production;
- profitability of products.

A special place in the system of indicators for assessing the effectiveness of an enterprise is occupied by indicators of the effectiveness of capital investments:

- capital intensity of products;
- capital return;
- coefficient of economic effectiveness of capital investments;
- return on capital investment;
- payback period for capital investments.

Comparative economic effectiveness is an indicator that characterizes the conditional economic effects obtained by comparing and choosing the best option,

which can be defined as the ratio of savings from lower cost prices or increased product profitability to differences in capital investment and other advanced costs between different choices. A comparative economic effectiveness assessment can be carried out:

- based on the calculation of the payback period;
- based on the calculation of the coefficient of comparative effectiveness of additional capital investments [7].

Considering the concepts of assessment of the effectiveness of management and administration in organizations, it is necessary to consider that an important role in the economic indicator system is included in indicators such as profitability. If profit is expressed in absolute terms, then profitability is a relative indicator of production intensity, because it reflects the level of profitability relative to a certain basis. This organization is profitable if the amount of revenue from product sales is sufficient not only to cover production and sales costs, but also to generate profits. Thus, profitability characterizes the effectiveness of a company, giving an overview of the company's ability to increase capital.

There are several main forms of profitability:

- general return on assets or return on assets;
- profitability of products;
- return on sales;
- return on equity.

A systematic approach to managerial activities shows that it can be investigated both in terms of content and its manifestations.

The objectives, functions and management methods in the complex characterize the content of activities and can be considered in various aspects. The determining factor is the methodological aspect, which reflects the totality of principles, laws and regulations that are applied in the management process, and makes it possible to determine for what purpose, about what and how to act to get the desired results, including in production [11].

The *economic* aspect characterizes management as a certain type of labor, ensuring the development and implementation of managerial impacts, i.e. specific outcomes for resources that have been spent. Thus, this aspect allows us to evaluate the effectiveness of management.

The *organizational* aspect characterizes the individual stages of the process of forming organizational units in accordance with the objectives, as well as the distribution of power as a means of distribution and coordination of tasks.

The *information technology* aspects include a series of procedures and operations related to information support for decision making.

In the management process, people interact, therefore, apart from the above, it is assumed that there are social, psychological and legal aspects that are interconnected with others [10].

Conclusions. The feasibility of administrative management for the process of increasing the effectiveness of organizational functions is demonstrated by examples of control systems, assessments and incentives for management personnel, deliberately combining and using various tools and factors. It is clear that any employee incentive system based on administrative support is not only a set of instructions, but also living, constantly changing, and improving organisms. In addition, its effectiveness is largely determined by the level of support for the functioning of the organization, which, in turn, once again emphasizes the close relationship of all forms of manifestation and application of administration. Economic stimulation as an administrative tool is quite traditional, but the forms and methods of its implementation are very diverse and specific so that it is largely determined by the level of motivation of the workforce. And the ways in which stimulators and motivational levers interact with each other are mostly felt by individuals in different ways. This explains the highly variable vulnerability of employees even from the same unit to the administrative form of the effects of manager stimulation and their implementation.

Multi-level administration of the labor stimulation mechanism is integrated into the most diverse set of impacts, including not only in a subordinate or non-subordinate hierarchy, but even in unrelated structures such as pension funds, intellectual centers, financial investments, etc. This is especially important at the transitional stage of reorganizing the relationship between employees and employers in real market conditions. That is why the administrative support model, the principles of construction and its application can be adequately projected as a whole on the entire socio-economic system of employment relations, which will significantly increase the effectiveness of its functions.

The incentive mechanism based on multi-level organizations allows us to continuously improve existing configurations and develop new ones. They form the basis for the construction and application of special procedures for lever interactions, mechanisms and administrative tools that provide increased management effectiveness in organizations. The principles of formation and function are similar to the well-known "cycle in cycle" software configuration, which determines the right direction and opportunities for improving and developing multi-level administration. At the same time, each component as an independent organization also contains administrative improvement resources, which largely determine the overall potential.

In real life, both the functioning of the organization itself and the activities of the manager are most often assessed not by absolute work effectiveness, but by relative, compared with some hypothetically possible effectiveness. At the same time, it is considered not

so much the possibility of a specific manager's decision or the urgent requirements of the organization, but rather the unlikely, ideal model for achieving the desired result, sometimes simply unattainable in this situation. Formed and applied on an expert basis, it nevertheless allows a fairly complete and reliable assessment and promptly affect the effectiveness of the manager. Modeling and expert assessment can be successfully used as an administrative tool for determining the benchmark, criterion, standard of organization of a wide variety of types and procedures of managerial activity, while simultaneously solving the current tasks of optimizing the administration of the organization.

The prospect of further research in this area is related to the need for continuous improvement and further study of the effectiveness of management and administration in organizations and its assessment. For this purpose, the following points must be observed:

A. Review universal criteria of merit of organizational effectiveness.

The universal criteria of merit consist of characteristics that define effective organizations. These characteristics are intended to be applicable to all organizations that are deliberately structured for specific purposes. Universal service criteria are reviewed with clients to ensure each criterion and dimension is understood and to stimulate thinking about potential actions that can be used.

B. Add contextual criteria identified in the performance needs assessment.

The information collected in the performance needs assessment may have revealed additional evaluative criteria that are unique to the organization. These criteria can be generated from the political, social, or cultural environment; the stage of organizational development; current situational problems threaten the survival of the organization; or other things that are unique to the organization at the time of a particular investigation. When considering the contextual criteria of services in multidivisional organizations, it is important to look at the entire organization aside in certain units or divisions to ensure that optimization in one unit does not result in sub-optimization in another.

C. Determine the importance weightings for each criterion.

The weighting of criteria by relative importance recognizes that some criteria are more important than others. This also allows for more complex inferences (Scriven, 1994). Weighting is very important when evaluative conclusions for each dimension must be synthesized into overall evaluative conclusions regarding organizational effectiveness. When using OEC to conduct formative evaluations that use profiles to show how an organization's performance on various dimensions of effectiveness, weighting can be avoided; the client can use several evaluative conclu-

sions to identify and prioritize areas for improvement. However, when conducting summative evaluations, it is necessary to go further than creating profiles and making overall evaluative conclusions for the benefit of the client and the usefulness of the evaluation.

REFERENCES:

1. Chavan M. (2009) The balanced scorecard: a new challenge. *Journal of Management Development*, vol. 28, no. 5, pp. 393-406.
2. American Management Association. (2007) How to build a high – performance organization. A Global Study of Current Trends and Future Possibilities 2007-2017. American Management Association. www.amanet.org. Available at: <http://www.gsu.edu/images/HR/HRI-high-performance07.pdf> (accessed 24 November 2019).
3. Meyer J. P. and Herscovitch L. (2001) Commitment in the workplace: toward a general model. *Human Resource Management Review*. vol. 11, no. 3, pp. 299-326. Available at: [http://dx.doi.org/10.1016/S1053-4822\(00\)00053-X](http://dx.doi.org/10.1016/S1053-4822(00)00053-X).
4. Fu-Kwun W. (2006) Evaluating the effectiveness of implementing total productive maintenance. *Total Quality Management & Business Excellence Journal*. vol. 17, no. 5, pp. 655-667. Available at: DOI:10.1080/14783360600588232.
5. Zheng W., Yang B., McLean G. (2010) Linking organizational culture, structure, strategy, and organizational effectiveness: Mediating role of knowledge management. *Journal of Business Research*, vol. 63, no. 7, pp. 763–771. Available at: <http://dx.doi.org/10.1016/j.jbusres.2009.06.005> (accessed 27 November 2019).
6. Heilman S., and Kennedy-Phillips L. (2011) Making Assessment Easier With the Organizational Effectiveness Model describe a comprehensive, step-by-step, mixed-methods assessment model. Published online by American College Personnel Association and Wiley Periodicals, Inc. vol. 15, no. 6, pp. 29–32. Available at: DOI: 10.1002/abc.20046.
7. Karlaftis G. Matthew (2004) A DEA approach for evaluating the effectiveness and effectiveness of urban transit systems. *European Journal of Operational Research*. vol. 152, no. 2, pp. 354–364. Available at: [http://dx.doi.org/10.1016/S0377-2217\(03\)00029-8](http://dx.doi.org/10.1016/S0377-2217(03)00029-8) (accessed 29 November 2019).
8. Katrina R. (2012) Evaluating the Performance of an Organization. *Better evaluation Beta* : web site. URL: http://betterevaluation.org/theme/organizational_performance (accessed 30 November 2019).
9. Mouzas S. (2006) Effectiveness versus effectiveness in business networks. *Journal of Business Research*. vol. 59, no. 10–11, pp. 1124–113. Available at: <http://dx.doi.org/10.1016/j.jbusres.2006.09.018> (accessed 30 November 2019).
10. Richard J. P., (2009) Measuring Organizational Performance: Towards Methodological Best Practice. *Journal of Management*, vol. 35, no. 3, pp. 718-804. Available at: <http://jom.sagepub.com/content/35/3/718.full.pdf+html> (accessed 30 November 2019).
11. Moroz O. S., (2015) Управління людським ресурсом [Human resources management]. Зaporizhzhia: ZSEA. (in Ukrainian)

ASSESSMENT OF THE EFFECTIVENESS OF MANAGEMENT AND ADMINISTRATION IN ORGANIZATIONS

Nowadays, in the current conditions of socio-economic development, profitability and effectiveness of the enterprise's activity largely depends on the creation of an effective system of management and administration of activity. The main purpose of this work is to investigate methodological approaches to management evaluation and administration in organizations, and also to determine what goals and objectives should be practically implemented for further effective activity. The formation of an effective management and administration system requires the development of an adequate system for its assessment, which will identify weaknesses and carry out appropriate improvement.

Many scientists devoted their works to this topic, but have not formed a unified methodological approach to assessing the effectiveness of the management and administration system. Under effectiveness in scientific literature refers to achieving goals (obtaining planned results or achieving the intended indicators) regardless of the costs associated with obtaining results. In public administration, performance reflects order, compliance with restrictions and regulations, implementation of managerial decisions, often associated with achieving qualitative social effects that are difficult to measure. MOPAN (The Multilateral Organizational Performance Evaluation Network) assessments provide an overview of the four dimensions of organizational effectiveness (strategic management, operational management, relationship and knowledge management), but also cover development effectiveness (results). MOPAN has developed an assessment approach that refers to perceptions and secondary data to assess organizational performance with a focus on their systems, behavior, and practices (or capacity). Organizational assessment is a systematic process for obtaining valid information about organizational performance and the factors that influence performance. Three basic levels of evaluation can be used to distinguish the types of evaluations performed in organizations. The first level includes the conscious use of skilled evaluation. At the intermediate level, the organization attempts to supplement its internal evaluation systems with regular external evaluations. The third level of conscious evaluation used within organizations requires the value of evaluation to be internalized as part of the organizational culture. Such important points as targets and objectives that are implemented in the management process, the ended result, absolute and comparative economic effectiveness, indicator of profitability also should be taken into account when we conduct the analysis of enterprise.

The feasibility of administrative management for the process of increasing the effectiveness of organizational functions is demonstrated by examples of control systems, assessments, and incentives for management personnel, deliberately combining and using various tools and factors. In addition, effectiveness is largely determined by the level of support for the functioning of the organization, which, in turn, once again emphasizes the close relationship of all forms of manifestation and application of administration.

Organizations are constantly trying to adapt, survive, perform and influence. To better understand what they can or should change to improve their ability to perform, organizations should conduct organizational assessments, as well as review universal criteria of merit of organizational effectiveness, add contextual criteria identified in the performance needs assessment, determine the importance weightings for each criterion.