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SIMON KUZNETS KHARKIV NATIONAL UNIVERSITY OF ECONOMICS

THEORY OF MANAGEMENT

Practicum
for Bachelor's (first) degree students
of speciality 073 "Management"

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Theoretical questions, practical assignments, tests and a list of topics for writing essays are given to help students gain practical skills in the management of modern organizations, performance of basic management functions, development and implementation of effective management decisions.

For Bachelor's (first) degree students of speciality 073 "Management".

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Introduction

One of the most difficult problems in human activity is the management of the functioning of organizational systems in which a person is included as the main component. The organizational factor was dominant in the life of society at all times and in the culture of all nations.

Theory of management is designed to enable the assimilation of laws and principles of management of organizational systems, to make them clear in terms of internal structure and the mechanism of operation.

This is especially important for modern domestic organizations whose position in a market economy is radically changing. Now organizations must independently form goals and objectives, develop strategies and tactics of their development, find the necessary material and labor resources to implement the tasks, address the creation, merger and liquidation of departments, services and branches, restructuring the management system. This leads to an expansion of the manager's scope of work, complicating the process of implementation of tasks.

To do this, students majoring in speciality 073 "Management" – future bachelors – need to study the essence and content of the theory of management, the main goals and functions of management theory, the characteristics of management work, to explore current problems of management practice.

The practicum on the academic discipline "Theory of Management" is based on the formation of students' profession-oriented competences by doing situational exercises (tasks), tests, preparing reports for seminars and answers to questions, solving cases.

A significant amount of material of the academic discipline is devoted to independent work of students. The quality of this work is assessed based on the way the proposed tasks are carried out. Solving the problems helps students to improve the quality of their own training and acquire the necessary competences and skills.

The purpose of the publication is to form practical skills and abilities during the development of modern management tools, making and implementation of effective management decisions.

The practicum covers the main range of issues of the course "Theory of Management" and consists of 6 topics; it contains a list of references that allows students to comprehensively study the proposed topics. The practicum is closely related to the skills and abilities acquired by students during the study of such academic disciplines as "Economics", "Sociology", "Business Ethics".

Topic 1. The essence and content of the theory of management

Theoretical tasks

Task 1. Give 5 definitions of the term "management" suggested by different authors. Highlight their general and specific features.

Task 2. What are the problems faced by modern management within the organizations in the conditions of world economic crisis?

Practical tasks

Task 1. Identify specific management problems by studying publications in print and electronic media.

Table 1

The main problems of management in countries with different levels of economic development

Country groups	Management problems
Developed countries	
Developing countries	
Underdeveloped countries	

Task 2. Determine which factors are key to maintaining the success of organizations' activity in different areas. To complete the task, fill out Table 2 for each organization, mark the most important factors listed in the table with the "+" sign.

Table 2

Key factors in the organizations' success

Areas of activity					
Production of cars	Educational services	Oil production and export	Baby food production	Production of fashionable clothes	Region administration
1	2	3	4	5	6
Factor 1. Low production costs					

Table 2 (the end)

1	2	3	4	5	6
Factor 2. A good image of the organization					
Factor 3. Prestige of products					
Factor 4. Product safety					
Factor 5. Environmentally friendly production					
Factor 6. Using the latest technology					
Factor 7. Responsibility of the organization to society					
Factor 8. Highly qualified personnel					
Factor 9. Good customer relationships					

Task 3. Determine the result(s) of the activities of the following organizations:

- a tour operator;
- a polyclinic;
- a Musical Theatre;
- a secondary school;
- a commercial bank;
- a Central Bank of the country.

Task 4. Suggest a set of indicators to evaluate the performance of the following leaders of automotive companies:

- Head of Sales Service;
- Head of Research and Development;
- Head of Production Department;
- Head of Marketing.

Task 5. Suggest indicators for a teacher of a higher educational institution to be monitored:

- when applying for a job;
- during the academic year;
- at the end of the academic year.

Task 6. A complex task: "The role of the organization in your life".

The *aim* of the task is to explain the role and importance of the organization in an individual's life.

Assignments:

1. Identify the organizations that play an important role in your life.
2. Identify the main characteristics of these organizations, choose one which is the most familiar to you and define its form.
3. Describe the basic management functions of this organization.
4. Determine the consequences of the existence of this organization.

Work steps:

1. Make a list of 5 companies you have recently contacted (your study/work, shop, cinema, health center, etc.).
2. Describe the characteristics of one of these organizations. (You can use the basic parameters of the organization: the goal and type of activity; the type of ownership organization (public, private, municipal, etc.); the level of formalization (informal, formal); the attitude to profit (commercial, non-profit).)
3. Analyze the functions of management in the organization.
4. Identify the consequences of the organization's existence (positive and negative) for its employees and the environment.
5. Carry out a group discussion of the results.
6. Draw conclusions.

Tests

1. *An organization is:*

- a) a group of individuals who work together to achieve the goals or objectives that are important to these individuals;
- b) a set of activities for achieving an organization's objectives by using its resources efficiently in a changing environment;

- c) two or more people who work together in a structured way to achieve a specific goal or a set of goals;
- d) all answers are correct.

2. *An organization as an impact is:*

- a) a set of measures, which provide the relationship between the elements of the system during its existence;
- b) an association of people as an element or part of the public structure, which performs certain functions;
- c) organization of action of some object.

3. *A law of organization is:*

- a) a common rule that is recognized as binding;
- b) a common rule, which doesn't depend on the country, geographical location, field of the organization's activity;
- c) a stable, objective connection between the phenomena or events, which is typical of a large number of organizations and has a repeatability in similar conditions.

4. *Organizational and economic measures aiming to ensure a stable functioning of an organization are:*

- a) development of the system of raising the staff professional competence;
- b) creation of a monetary reserve fund;
- c) increase of the share of highly liquid assets;
- d) regular assessment of the staff level of professional and psychological suitability;
- e) establishment of permanent partnerships;
- f) development of a system of economic and social motivation;
- g) creation of a personnel reserve.

5. *Evolutionary development of an organization is:*

- a) abrupt transition from one state of matter to another;
- b) gradual quantitative and qualitative changes;
- c) transition from lower to higher;
- d) degradation, reduction of the knowledge and relationships level;
- e) transition from the less perfect to the more perfect;
- f) moving to outdated structures;
- g) return to the old forms and structures.

Topic 2. Evolution of managerial thought

Theoretical tasks

Task 1. In your opinion, what ideas of the management schools developed in the 20th century, remain the most useful at the present time?

Task 2. Use an example to explain what circumstances influence a transition from lower to higher levels of the needs of A. Maslow's hierarchy.

Practical tasks

Task 1. In Table 3, specify the names of the authors who contributed to the development of the organization theory. Explain the content of each of the theories.

Table 3

The Authors of organization theories

The author of the theory	The name of the theory (concept)
	The concept of scientific management
	Administrative theory
	Bureaucratic organization theory
	The concept of effective organization
	The theory of administrative behavior
	Universal theory of organizations
	The theory of organizational potential
	The theory of institutions and institutional changes

Task 2. The concept of scientific management. Specify the missing elements in the list of the main points of the scientific management concept (Fig. 1). Give a brief description of the main points of the concept of scientific management.

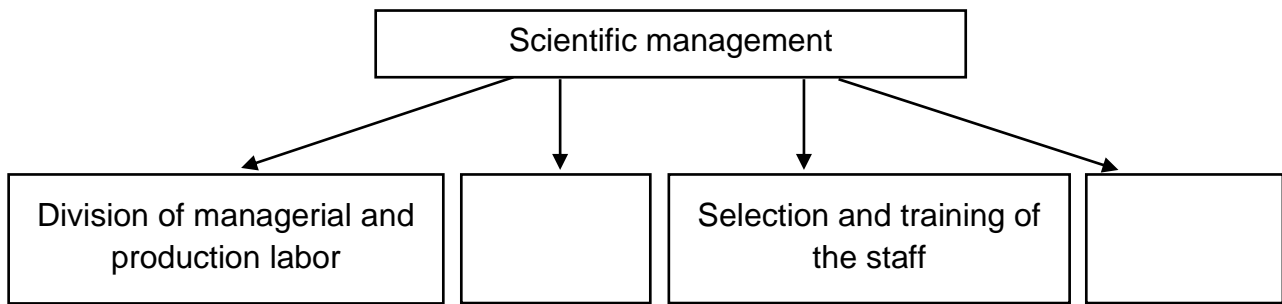


Fig. 1. The scheme of the concept of scientific management

Task 3. In Table 4, specify the missing elements in the list of the principles of organization management. Give a brief description of the basic principles of organization management.

Table 4

Administrative theory

The principles of management organization	
	The principle of the process
The principle of goal and management unity	
	The principle of discipline
The principle of authority and responsibility	
	The principle of end result

Task 4. Bureaucratic organization theory. In the given scheme (Fig. 2), specify the missing elements in the list of main points of the bureaucratic organization theory. Give a brief description of the main points of the bureaucratic organization theory.

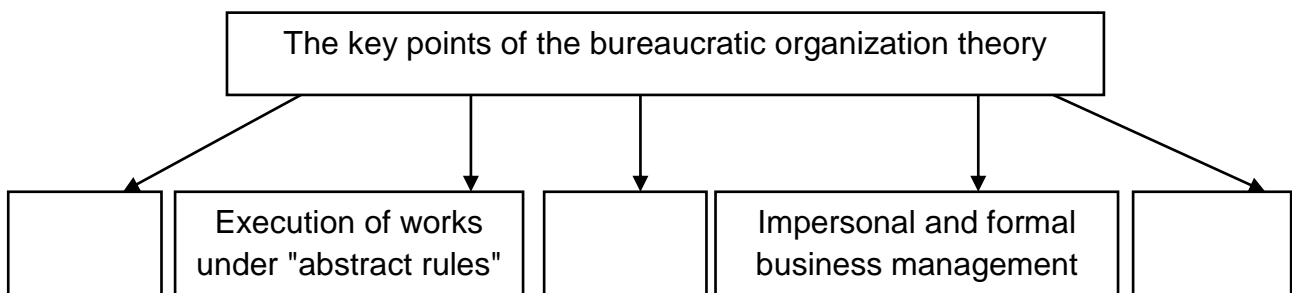


Fig. 2. The scheme of the bureaucratic organization theory

Task 5. The factors of effective organization. Specify the missing elements in the list of processes which constitute the system of four factors of effective organization (Fig. 3). Give a brief description of these factors.

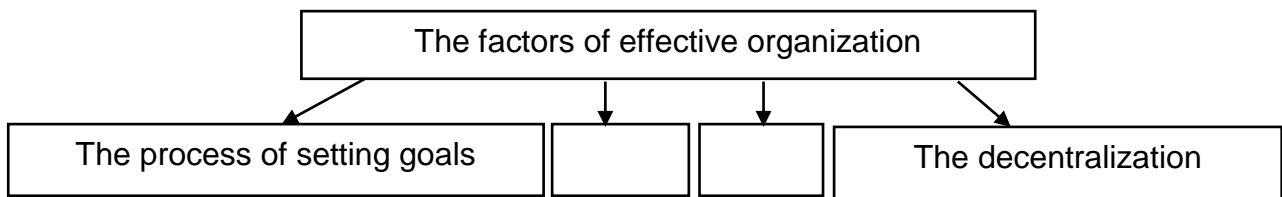


Fig. 3. The factors of effective organization

Task 6. The institutional system. Specify the missing elements in the scheme of the institutional system, which were proposed in the framework of the theory of institutions and institutional changes (Fig. 4). Give examples that illustrate the key elements of the institutional system of the modern Ukrainian economy.

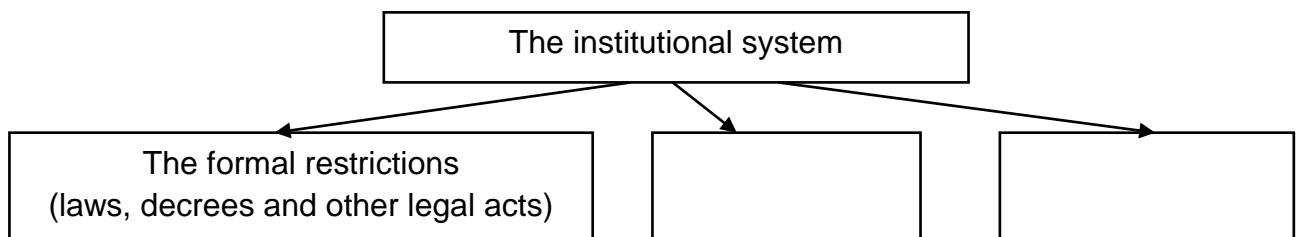


Fig. 4. The scheme of the institutional system

Task 7. Compare the main schools (theories) of management, highlighting their key characteristics (Table 5).

Table 5

The characteristics of the main schools in the theory of management

The scientific school	The period of the main influence on the theory and practice of management	The view of the management object	The main component of the organization (the manager's key object of attention)	Contribution to the theory of management (key ideas that are relevant at the present time)
1	2	3	4	5
The scientific management school				

Table 5 (the end)

1	2	3	4	5
The administrative (classical) school of management				
The school of human relations and behavioral sciences				
The quantitative school of management				

Task 8. Compare the features peculiar to Ukrainian and foreign management models according to the criteria in Table 6.

Table 6

Comparison of the characteristics of national management models

The criterion	The models		
	American	Japanese	Ukrainian
1	2	3	4
Individual or collective decision making			
Individual initiative or teamwork			
Preference for formal or informal communication			
Fast or slow promotion of employees on the career ladder			
Emphasis on formalized procedures or on the values of corporate culture			
Professional mobility of workers within the industry or the commitment of employees to one firm			
Intrafirm training of employees or services of specialized organizations of vocational education			
Centralization or decentralization of decision making in the organization			
A formalized planning procedure (at the senior management level) or involving all levels of management in the planning process			

Table 6 (the end)

1	2	3	4
Participation in quality management of the entire management of the organization or all employees of the organization			
Orientation to the fierce competition and the establishment of partnerships with other industry organizations			
Orientation to the process or result of work			
Encouraging the employees for individual achievements or for the result of the work of a team (department)			
Orientation to the production of components by own forces or by external organizations			

Task 9. Distribute the factors of motivation in terms of importance (in descending order from 5 to 1 point) for the categories of employees indicated in Table 7.

Table 7

Comparison of the importance of motivational factors

Employee categories	High salary	Sanitary and hygienic working conditions	Interesting creative work	Good atmosphere in the team	Opportunity for career growth
Differences based on gender					
Women					
Men					
Differences based on age					
The youth					
People of middle age					
People of retirement age					

Task 10. What are the 5 most important motivating factors for the following categories of workers:

- 1) a qualified worker at an industrial enterprise;
- 2) a civil servant in the regional administration;
- 3) a qualified doctor;
- 4) a nurse;
- 5) general director of an advertising agency;
- 6) a specialist for work with clients of an advertising agency?

Situational tasks

The situation. The history of management preserves the names of prominent managers. These people have achieved significant results in the organization and management of companies.

One of such managers is Lee Iacocca. As the head of the Ford car company, he contributed to its development but was unjustifiably fired by the owner of the company, Henry Ford, who envied the authority of the manager and could not tolerate such a smart personality.

Lee Iacocca was painfully saddened by the dismissal, and only after some time, calming down, accepted the offer of Chrysler's management to lead it.

The financial and economic situation of this company was catastrophic. Chrysler was inferior to its main competitors in the US car market: General Motor and Ford. So Lee Iacocca set out on a seemingly hopeless task.

He carried out measures to improve the production management system, find the necessary funds, strengthen the interaction of sales services of the company with production units, introduced control over the work.

L. Iacocca set himself a symbolic salary (\$1) until the stabilization of the company's position, which after a few months really improved, and Chrysler again took a strong position in the automotive market.

Answer the questions.

1. What are Lee Iacocca's merits as a manager in stabilizing Chrysler?
2. How can you evaluate the actions of L. Iacocca to establish a symbolic level of wages:
 - a good gesture;
 - not a well-considered decision;
 - a well-calculated step of the manager?

Argue the answers.

Tests

1. *The evolutionary organization theory:*

- a) is based on a detailed specification of functions in accordance with the objectives and strategies;
- b) considers the organization and its external environment;
- c) focuses on the main element of the organization – staff;
- d) believes that the process of building institutions depends on the situation;
- e) believes that the market is a structure that includes a variety of institutions: the laws, rules and codes of conduct, the types of relationships and connections;
- f) considers that the factors of changing environment are the main driving forces of development and change of the organization;
- g) is the first version of the general system theory, the general theory of organization;
- h) no answer is correct.

2. *The classical organizational theory:*

- a) is based on a detailed specification of functions in accordance with the objectives and strategies;
- b) considers the organization and its external environment;
- c) focuses on the main element of the organization – staff;
- d) believes that the process of building institutions depends on the situation;
- e) believes that the market is a structure that includes a variety of institutions: the laws, rules and codes of conduct, the types of relationships;
- f) considers that the factors of changing environment are the main driving forces of development and change of the organization;
- g) is the first version of the general system theory, the general theory of organization;
- h) no answer is correct.

3. *The systematic organizational theory:*

- a) is based on a detailed specification of functions in accordance with the objectives and strategies;
- b) considers the organization and its external environment;
- c) focuses on the main element of the organization – staff;

d) believes that the process of building institutions depends on the situation;

e) believes that the market is a structure that includes a variety of institutions: the laws, rules and codes of conduct, the types of relationships;

f) considers that the factors of changing environment are the main driving forces of development and change of the organization;

g) is the first version of the general system theory, the general theory of organization;

h) no answer is correct.

4. *The non-classical organizational theory:*

a) is based on a detailed specification of functions in accordance with the objectives and strategies;

b) considers the organization and its external environment;

c) focuses on the main element of the organization – staff;

d) believes that the process of building institutions depends on the situation;

e) believes that the market is a structure that includes a variety of institutions: the laws, rules and codes of conduct, the types of relationships;

f) considers that the factors of changing environment are the main driving forces of development and change of the organization;

g) is the first version of the general system theory, the general theory of organization;

h) no answer is correct.

5. *The situational organizational theory:*

a) is based on a detailed specification of functions in accordance with the objectives and strategies;

b) considers the organization and its external environment;

c) focuses on the main element of the organization – staff;

d) believes that the process of building institutions depends on the situation;

e) believes that the market is a structure that includes a variety of institutions: the laws, rules and codes of conduct, the types of relationships and connections;

f) considers that the factors of changing environment are the main driving forces of development and change of the organization;

- g) is the first version of the general system theory, the general theory of organization;
- h) no answer is correct.

Topic 3. Basic management functions

Practical tasks

Task 1. Divide the types of work into the groups "must be delegated" and "mustn't be delegated". Explain your decision.

Table 8

Delegation objects

Types of work	Must be delegated	Mustn't be delegated
1. Tasks of high risk		
2. Tasks of particular importance		
3. Short- and medium-term tasks that can be an important stimulus for the employees		
4. Determination of the main directions of the organization development		
5. Preparation of projects of documents and proposals		
6. The decision on the liquidation of an individual workplace		
7. The adoption of any internal document		
8. The work that requires highly specialized knowledge		
9. Participation in the informational meeting		
10. The routine work that requires a lot of time		
11. Urgent work without time to explain and control		
12. The tasks of employee motivation		
13. Participation in a celebratory meeting of the collective		
14. Presentation of awards		

Task 2. Make a list of obstacles to the delegation from the manager and the employee, to fill the gaps in the table. Determine the ways to overcome these obstacles to effective delegation.

Obstacles to delegation

The obstacles to the delegation from the manager	The obstacles to the delegation from the employee
Confidence that the manager will perform a better work	
	Lack of resources to do the work
Lack of trust in employees	
	Fear of criticism
Lack of ability to train employees	
	Fear of responsibility
Inability to see the future	

Situational tasks

Task 1. The law of synergy.

The necessary theoretical basis. Any organization is characterized by certain elements: productivity, scientific, technical and human resources, the climate in the team, the image and others. All these elements characterize the potential of the organization and its ability to function. The potential of the organization depends on the managers, on each employee, on the used technology. It can be changed gradually, but the synergy allows achieving a big increase of potential, which will be greater than the volume of attracted resources.

The law of synergy states that the potential of any organization which consists of a set of elements is always greater than a simple sum of the potentials of these elements (people, computers, etc.).

Within the framework of the theory of systems the law of synergy appears as:

1. The sum of the organization properties is bigger than the arithmetic sum of properties that are available in each separate element;
2. The set of elements, that form a system, is organized if the system's potential is greater than the sum of potentials of these elements.

The types of synergism:

- 1) structural synergism – when the effect arises from the pooling of resources of two companies, that makes it possible to reduce the costs and increase the sales;

2) management synergism – when the effect is achieved with improving the quality of management without any structural changes.

Synergistic effects can be estimated by an increase in profit, reduction of operational costs and investment needs.

The *purpose* of the task is to investigate the law of synergy in the organization activities.

The steps of doing the task:

1. Check out the information about the current situation in the company "NeoDekor".

2. Answer the following questions:

What are the causes of negative synergy?

How, do you think, situation 1 can we improved?

What actions need to be taken to achieve positive synergistic results in situation 1?

What has the new head of the department changed for achieving a positive effect in situation 2?

The company "NeoDekor" is engaged in several activities:

- delivery, setting and maintenance service of technological equipment for bars, restaurants and other organizations of retail and entertainment complexes;
- production and setting of individual and mass-produced bar counters;
- design, production and sale of furniture;
- production and setting of outdoor LED advertising.

Situation 1. There are two departments in the organization, whose work is closely linked. Technologists work in the design department. They select equipment for customers, project location and connection of equipment.

Installers work in the department of setting and maintenance service. They carry out the assembly, connection and maintenance service of technological equipment at customer sites.

The specialists of both departments are highly qualified; they receive a decent wage which depends on the quantity and quality of their work. Technologists and installers often work overtime, they like their job.

The staff of these departments often interacts with each other or with the heads of the departments on business issues. The head of the design

department is a technologist, he is more skilled than other workers, and he works in NeoDekor longer than others. He manages the department formally, he signs the statements of employees, helps them in complex projects, and informs employees about the orders of top management.

The head of the setting and maintenance service department performs all the functions of the head.

If there are disputes, the heads of departments turn to the technical director, who makes quick decisions, and he is not always interested in the details.

Installers and technologists are always arguing, because it is often necessary to redo a project or to resolve conflicts with customers and between departments. All this increases the time costs of personnel of departments.

It affects the work mood in the team, the income of the organization and workers, the image of the organization. Customers give up the following projects, highly qualified employees don't want to go to work, and their wages are lower than might be, because it strongly depends on the quantity and quality of work.

The potential of NeoDekor is more than 2 times lower than the sum of the potentials, which includes professional staff, high quality products, advanced technology, organization and management of activity.

Situation 2. The second scenario is based on the work of the purchasing and logistics department. It is considered to be a positive synergy law effect achieved by the new head of the department.

A year ago, in the purchasing and logistics department, there was a situation where 4 employees did the same work. Tasks were performed by those employees who were free at that time. Employees of the department had a lot of work and sometimes they made serious mistakes.

There were many complaints about the department; failure of equipment supply brought financial losses to the company; a mess in the database, and untimely performance of tasks by the purchasing and logistics department led to mistakes in the work of other departments.

Seven months ago, one of the employees of the purchasing and logistics department was appointed head of the department. The department began to work accurately and professionally; employees of other departments stopped writing memos to the department employees; employees of other

departments began to use the database on equipment; delivery time was reduced. Financial indicators of the purchasing and logistics department have been increased; the costs have been reduced by more than half.

Task 2. The life cycle of the organization "Bencroft & Co".

1. Determine the stage of the life cycle of the company "Bencroft & Company", analyze it.
2. Determine the dominant goals for each stage of the life cycle.
3. Identify the reasons why Bencroft & Company was on the verge of bankruptcy.

The situation. In 1891, the American James Bencroft opened his first shop in Chicago, which marked the beginning of a large department store chain "Bencroft & Company". The main goal at that time was survival, which could be achieved by attracting more buyers to the small shop. To do this, Bencroft decided to charge all customers the same amount of money for the same goods. Earlier, local residents had always paid less than external customers. James Bencroft posted an ad "One price for everyone!" on the shop window. This made it possible to attract buyers, and the store became known. The main principles of the store were honesty and quality of goods and Bencroft was able to win a niche in the market.

Shops "Bencroft & Co" appeared in two big cities in the United States; there were branches. Accordingly, the number of personnel increased, there was a need for private security services, to establish relations with suppliers. James Bencroft controlled the activities of the staff, he used an authoritarian style of leadership. At the same time, he had developed a special program to raise the salary of employees depending on the profit.

In the early twentieth century, the son of James – Cyrille Bencroft – became head of the company. He carried out innovations in the company. First, he distinguished between the scope of management and introduced the post of chief financial officer, vice president for commercial operations, public relations and advertising. Managers were appointed in each branch of the company, they interacted with each other and with Bencroft. Secondly, Cyrille developed the brand and logo of the shops "Bencroft & Company", that due to the high quality of the goods became prestigious and recognizable. Women and men proudly wore things with this logo. In the organization, the

system of personnel training was established, new developments in the field of trade were actively used. During this period, the company "Bencroft & Company" won a decent place in the market of goods and services, and became one of the most popular in the United States.

In the 50s of the twentieth century, the son of Cyrille – Philippe Bencroft – became manager of the company, who continued his father's policy. His desire to expand required new investment. With the support of the Board of Directors new shares were issued, and the major part of them were sold quickly on the stock exchange. Shareholders considered it as a safe investment. Expanding the network of department stores was continued. Inside the shop there were design changes, new divisions emerged. Interaction with leading fashion designers made it possible to sell exclusive models of clothes and accessories in the shops. In addition, an individual approach to employees was applied: they were rewarded for good results in the work. Since the mid-60s, a period of calm began. All the shops were opened and had a stable income. No innovation was accepted.

At the end of the 80s there was a danger of absorption of Bencroft & Company by another corporation "Interkopt". Money for the fight was not enough, and Bencroft & Company was on the verge of bankruptcy. In order to undermine the prestige of the company "Bencroft and Company" competitors used dirty technologies. At this time, the head of the company was the former administrator Meredith Bencroft. With the support of a powerful bank, Meredith was able to buy out a share of the company and thereby prevented a catastrophe. Thanks to innovations, he was able to revive the company: he introduced new positions, expanded markets, increased the advertising level and more. At the beginning of the 21st century, Bencroft & Co became one of the most famous companies in the market of goods and services, as a result of a merger with companies that produce clothing, footwear and furniture, it expanded its field of activities and now it is a commercial and industrial company.

Task 3. The stages of the life cycle of the company "Sommelier".

1. Describe the stages of the life cycle of the company "Sommelier".
2. Identify the current stage of the life cycle of the company "Sommelier".
3. Make a list of problems that the organization can face at present.

The situation. The center of distribution of alcohol (CDA) "Sommelier" was created in Nizhniy Novgorod in 2003 by a team of professional managers with experience in the creation and development of retail, import and distribution of alcoholic products. From the first days the main activities of the company were identified: import, distribution and retail sale of alcoholic products.

After three years, the CDA "Sommelier" was a direct importer of alcoholic products. The import volume of high-quality alcohol products exceeded one million US dollars. The partners were the producers of alcoholic products from many countries (France, Italy, Spain, Argentina, and Hungary). The product portfolio was expanded. The main principle of the client company's policy was to provide all categories of consumers of alcoholic products with maximum benefits in quality, price and service. The volume of direct sales was about 70 % of the market of Nizhniy Novgorod. In the retail trade, the company "Sommelier" chose the format of specialized supermarkets. The founder and CEO, proposed to create a network of shops "Have a Rest" with a new style of trade for Nizhniy Novgorod. In less than two years, the region's largest specialized retailer selling alcohol products was established. It included 40 shops for customers with average income and one premium level shop.

In the next two years, the top management of the company continued to build the capacity of the company, to develop a competitive advantage and to implement new ideas. One of the ideas of the founders of the Have a Rest network was the fact that the shop could become popular due to a single standard of customer service. In the retail network "Have a Rest", individual sales technologies, discount cards to cater for buyers were introduced. Management paid great attention to the development of employees. There was a training center, where every seller studied the mission and philosophy of the company, the strategy of leader of the alcohol market, advanced technology of work with buyers.

Now, the most important tasks of the company's management are: providing customers with high quality products at reasonable prices and a high level of service; the development of consumer interest in high-quality alcohol products; maintaining the basic product portfolio with simultaneous administration of experimental products.

Task 4. Problems and tasks of the stages of the life cycle of an organization.

Identify the main tasks and problems which are specific to each stage of the life cycle of the organization, fill in Table 10.

Table 10

Problems and tasks of the stages of the life cycle

Stages	Problems	Tasks
Formation	Market entry and gaining a foothold in the market	Survival
Intensive growth		
Stabilization		
Crisis		

Task 5. The history of the Nizhniy Novgorod butter and fat combine.

1. Describe the past stages of the life cycle of the combine.
2. Identify the current stage of the life cycle of the combine.
3. Make a list of problems that the organization can face at present.

The situation. The history of the Nizhniy Novgorod butter and fat combine started in 1898, when the Moscow merchant Zoellick Persits built a small factory for the production of butter. He was the first in Russia who produced butter. One hundred years later the small factory became a giant industrial complex, equipped with the most modern equipment.

The combine first faced competition with foreign and domestic companies. The type of ownership was changed and in 1993 it was transformed into a joint stock company.

In January 1996, Nesterov was elected CEO of the company. The collective was offered a clear anti-crisis program. The combine became the most growing company in Nizhniy Novgorod, its area of interest extended to other regions of Russia.

In 1998, a modern experimental center was established at the combine. It developed and tested new recipes of vegetable oils, margarine, mayonnaise, soap and other products. The combine was one of the first in the region who received a certificate of the State Standard of Russia on production. At present, the plant uses a progressive system of quality control.

Today the plant is the largest supplier of butter and fat products to the Russian market, one of the leading enterprises in this industry in Russia. It produces more than 100 names of food and technical products. It is the leader of the Russian butter and fat industry. In 2004, the total share of the combine in the manufacture of mayonnaise in Russia was 25 %. The volumes of production of margarine in the company were 32 % of the total volume of margarine, produced in Russia.

Task 6. Discounts in the company "Construction".

1. Describe the main problem of this company.
2. Estimate the degree of centralization in the company before and after the crisis.
3. Propose measures to overcome the current situation.

The situation. The company "Construction" was a famous commercial and industrial company in the sector of building materials. The company had twenty branches across the country. The main focus in sales was the wholesale of building materials and supply of building materials to the relevant organizations.

The structure of sales was as follows. Two zonal managers, who were responsible for sales in the south and north of the country, reported to Marketing Director. Heads of ten branches in different regions were subordinated to each zonal manager. From three to fifteen sales representatives in a particular region, depending on the size of the branch, were subordinated to the head of each branch. Each sales representative could give to the customers a discount of up to 3 %, while the branch manager and the zone manager offered a discount of up to 5 % and 8 % respectively. If necessary, the decision to increase the discount was made by Marketing Director.

During the crisis, Marketing Director decided that all the proposals to reduce the price had to be shown to him for approval. This was due to the need to take the austerity measures during the crisis. This decision led to the following consequences. During the discussion of price, a sales representative didn't name the final price, but spoke of the need to harmonize the price with the manager. After the talks, he sent an urgent fax message detailing the circumstances of the deal for a possible approval by the Director.

The Marketing Director, was often away on business trips, and requests for discounts from representatives began to accumulate on his desk. The requirements contained the names of clients, whom the Marketing Director had never known, the reasons for the discount were given, which seemed to him unconvincing. Analysis of the situation and decision of the Marketing Director took some time. After that the decision passed through the zone managers and branch managers and then the decision was received by the sales representative. Then the sales representative contacted the customer to inform him on the final decision on the price. But often he heard the answer: "It's too late, we found another supplier". This situation impacted the implementation of the plan of sales. When the quarterly sales reports were received by Marketing Director, he was extremely angered by the failure of the targets in the zones and branches. He found that the main cause of this situation was the inability of sales representatives to make a sale. Then he issued an order about the training of sales representatives. However, the system of discounts remained the same.

Task 7. Control is a fundamental component of the management process. Neither planning, nor creation of an organizational structure, nor motivation can be considered separately from control.

The situation. Consider the case of three firms to check the efficiency of the measures of control over the manufacture and achievement of the set goals. Assess correctness of behavior of the managers, their competence in decision making concerning the manufacture.

Compare the activities of the companies "Electro", "Electrolend" and "Elektronika". They make electric burners, try to increase profits, minimize costs and expand markets.

Managers of the company "Electro" are concerned with achieving goals. They set standards, monitor actual results and make adjustments if the results differ significantly from the objectives. This company has three types of control: preliminary, current and final. Managers are responsible for personnel selection: they analyze the professional suitability (relevant knowledge and skills) required to perform the tasks (making burners). This organization provides certain rewards for achieving the standards. Managers constantly monitor every step of employees, the actual production process and the targeted use of company resources.

Managers of the company "Electrolend" use old standards, not trying to adapt them to modern conditions, monitor the achievement of all goals, while not providing a flexible approach to solving urgent problems. The qualification of employees is mediocre, there are no special professional requirements for them because the company hopes to reduce the cost of labor and, consequently, the cost of manufacturing. This company does not establish mandatory prior control of the material resources used.

In the company "Electronic", managers try to avoid any control, rely on the decency of employees. The set goals are achieved, but not in full. There is a substitution of results, instead of adjustment of the big difference between the set goals and the received results. Among the available types of control, preliminary control over financial resources is used here. Managers do not provide any reward for meeting the standards. Standards are set regardless of the production conditions and capabilities.

Assignments:

1. Assess the situations in the companies.
2. State the main problems the companies are facing and analyze their causes.
3. Suggest measures to improve the work of the companies.
4. Evaluate the work of the managers.

Topic 4. Management of an organization as a system

Practical tasks

The study of the nature and properties of the organization. The purpose of training is to get acquainted with the concept "organization" and to study its properties. Practical tasks are performed by students in groups of 3 – 4 people. According to the results of the work the group prepares and defends a general report.

Task 1. Determine which of the following objects can be regarded as organizations. Justify your choice:

- a car;
- the company "Infocom";
- a flock of migratory birds;
- a stone;

- a hospital;
- an air-conditioner;
- a population of emperor penguins;
- a family;
- a group of students;
- a human body;
- a river;
- a railroad.

Task 2. Among these organizations, select social ones. Justify your choice.

Task 3. Determine, if all of these objects have properties of an organization. Characterize these properties.

Task 4. Give an example of technical, biological and social organizations, and complete Table 11. What are the criteria that determine the level of complexity of an organization?

Table 11

The features of different organizations

Example of organization	Goal of functioning	Main elements	Key conditions of effective functioning
Technical organization			
Biological organization			
Social organization			

Tests

1. *Development of cybernetics and design of automated control systems occurred in:*

- a) 1930 – 40s;
- b) 1920;
- c) 1950;
- d) 1990;
- e) 1960 – 80s;
- f) no answer is correct.

2. *The integrity system is:*

- a) a system in which the elements may exist independently;
- b) a system in which the elements cannot exist in isolation from each other;
- c) no answer is correct.

3. *A system state is:*

- a) a description of a system without external influences;
- b) a behavior that allows a system to return to equilibrium state after the impact of external factors;
- c) a description of a system at a certain time as a "static picture";
- d) a system state which provides development of the properties of relationships within the organizational structure for a long period of time, taking into account the effects of environmental factors;
- e) no answer is correct.

4. *A steady system state is:*

- a) a description of a system without external influences;
- b) a behavior that allows a system to return to equilibrium state after the impact of external factors;
- c) a description of a system at a certain time as a "static picture";
- d) a system state which provides development of the properties of relationships within the organizational structure for a long period of time, taking into account the effects of environmental factors;
- e) no answer is correct.

5. *The structure of a system is:*

- a) a relatively independent part of a system which has the properties of the system;
- b) a relatively independent and indivisible object at this consideration level which performs certain functions and is in connection with other objects in the system;
- c) the reflection of the interconnections and interrelations between the elements that establish the order of its structure;
- d) the transfer of material, energy or information components from one object to another;
- e) a functional characteristic of the element.

Topic 5. Management of an organization as a society

Practical tasks

Task 1. The social orientation of business in Japan is an important part of the national management style. The well-known expression: "A prospering company is a rich society" is confirmed by the impressive success of the Japanese economy and high standard of living.

From the offered formulations, which are arranged at random and reflect the strategy of the Japanese company "Orion" and the methods of implementation of the strategy, make a logical algorithm that characterizes the socially oriented management of the company:

- incomes from the buyer are source of investment in scientific research, experimental projects and equipment;
- part of the profit goes to charity and social needs;
- the supplier receives a good buyer;
- the main goal of the company is its development;
- part of the profit in the form of tax goes to the benefit of society;
- the company gets respect in local society;
- the produced goods are of better quality and sold at lower prices;
- part of the profit will go to extra payments to the employees of the company;
- development of the company leads to an increase in the population employment;
- the buyer receives a reliable supplier.

Task 2. Give examples of social organizations among the existing Ukrainian enterprises.

For example:

Formal:

State:

Municipal:

Commercial:

Non-profit:

Informal:

Groups of interest:

Fraternities:

Situational tasks

Situation 1. Netcorp Systems was founded in 1994. It is one of the leaders in Internet networking technologies. The company's headquarters is located in San Jose, California. It is headed by President and CEO J. Chambers. Netcorp Systems has more than 430 sales and technical support offices in 60 countries. The company's net sales in 2013 amounted to 18.9 billion US dollars. In the first quarter of 2014, the company's revenue was \$5.1 billion. The number of employees exceeded 34,237 people.

The Ukrainian representative office of Netcorp Systems is engaged in the construction of the largest information networks in various sectors of the Ukrainian economy. Among the company's clients are Oshchadbank, Bank Aval, NJSC Naftohaz of Ukraine, the Cabinet of Ministers of Ukraine, the Verkhovna Rada of Ukraine, and leading Ukrainian enterprises.

Monitoring the Ukrainian representative office of the company and examining the effectiveness of the objects and subjects of management identified the following problems:

1) in the innovation department, whose operation is associated with a high degree of economic risk, there is a decrease in the productivity of the head of the department due to:

- the need to act in accordance with the direct decisions of the shareholders' meeting;
- insufficient level of delegation of authority and responsibility to senior management;
- personal inability to make risky decisions;

2) complaints from clients were received about the insufficient professional level of instruction of some consultants on the operation of established electronic networks. Given the high level of salaries of consultants and the level of control over their activities, this may be due to:

- lack of recognition and approval of the results of work by management;
- dissatisfaction with the company's policy;
- the impossibility of professional growth.

Assignments:

1. Find out the reasons (two out of three) for problems with the company's staff. Justify your answer.

2. From the proposed theories of motivation, choose the most appropriate ones to solve the problems in each situation:

- the theory of participatory management: enable the employees to take an active part in the life of the firm and communicate with colleagues, which will increase the level of job satisfaction;

- two-factor theory of F. Herzberg: if there is no influence of hygienic factors, it is necessary to focus the attention of senior management on motivational factors;

- N. Podalchak's theory: provided that risk-averse workers are able to think creatively, commit to excellent performance, show initiative and act independently, a system should be developed that would stimulate decision-making related to optimal and reasonable degree of risk.

Situation 2. In the marketing department of the company "RoMa" there was a conflict situation, the reason for which is the uneven distribution of "profitable" business tasks between the two leading marketers. The dissatisfied party has complaints about how the head of the department distributes the amount of work between him and his more successful colleague. In his opinion, the latter is given complex and interesting tasks, which contributes to his creative, professional and career growth. In this regard, his aggression is aimed at the "competitor" as the direct culprit. As the conflict progressed, the parties moved away from the main subject of the dispute and began to recall old insults. As the conflict escalated, relations between rivals weakened, and the department split into two camps, which significantly affected the effectiveness of its tasks and threatened to disrupt the signing of several contracts important for the company.

The head of the department needs to resolve the conflict situation and prevent its recurrence in the future.

Situation 3. Very often there are situations when the manager is a leader who implements the functions of managing relationships in the team, the formation of a favorable socio-psychological climate.

In practice, you can see that the manager plays certain roles, demonstrates different styles. For example, acting as an administrator, he may be an autocrat, an educator – a liberal, and the leader – a democrat.

It is known that successful operation of an organization depends on the leader. In two different tourism organizations we can trace different leadership styles, on which the achievement of a successful result depends.

At the company "Around the World" the head is Alexander Sergeevich. He cares about his employees, satisfies their personal interests, provided that they do not interfere with the performance of production tasks. The leader awards initiative workers for creative solution of tasks. His orders must always be obeyed. In spite of everything, this leader is friendly and polite, but at the same time severe (ready to punish for any mistake); subordinates treat him with suspicion and apprehension. Many consider it inconsistent.

In another organization "Everything for You" strict discipline is supported by Alexey Anatolyevich. He requires that all his subordinates, without exception, perform their duties (for non-compliance, penalties are imposed). Achieving the goals of the organization is placed higher than the personal interests of the team. The leader never allows subordinates to make creative decisions, due to which initiative workers do not stay with it for a long time. The socio-psychological climate here is quite tense. Subordinates dislike the leader, but follow his example of impeccable diligence.

Assignments:

1. Comment on the leadership styles inherent in these organizations.
2. Do managers correctly conduct policies towards subordinates?

Tests

1. *The components of the social system are:*

- a) people;
- b) machinery;
- c) processes;
- d) objects, that are used in economic and social life;
- e) social ideas and theories;
- f) no answer is correct.

2. *A managed system is:*

- a) all elements and subsystems that provide a management process;
- b) all components and subsystems that provide the process of creation of material goods and rendering of services;
- c) no answer is correct.

3. *An informal organization:*

- a) is created to solve specific industrial, economic problems;
- b) is created spontaneously;
- c) is a set of unofficial contacts between people with their personal goals which are not legally formalized;
- d) is legally institutionalized;
- e) is regulated with respective normative acts;
- f) no answer is correct.

4. *The features of an informal organization are:*

- a) a non-prescription system of ethical norms;
- b) programmed tasks;
- c) social roles;
- d) certain organizational rules and actions;
- e) informal institutions and sanctions;
- f) standards of conduct.

5. *Examples of informal organizations are:*

- a) state organizations;
- b) associations of people with similar interests;
- c) municipal organizations;
- d) commercial organizations;
- e) families;
- f) non-profit organizations.

Topic 6. Organizational process management

Practical tasks

Task 1. See a list of activities that are systematically performed in a small business (for example a store).

Choose the activities that pertain to the competence of the manager; those that are under the category "don't want to do, but it's necessary"; activities that are under the category "not obliged to, but would like to"; work that can be performed by other employees.

Make a list of similar activities for a travel agency (at home).

A list of activities performed systematically in a shoe store

1. Open the store on time.
2. Make certain that the store is clean and attractive.
3. Make certain that the staff look good.
4. Support high morale in the team.
5. Answer phone calls.
6. Understand the customer complaints.
7. Determine working time of employees.
8. Check accordance of revenue to the cash orders.
9. Hand over money to the bank.
10. Manage the manager assistant.
11. Keep under control the shop window decoration.
12. Supervise repair and preventive work.
13. Generate the ideas for improvement.
14. Make decisions about hiring and firing of employees.
15. Make an application for restocking.
16. Make decisions about the number and styles of shoes that must be ordered.
17. Read the correspondence.
18. Answer correspondence and follow instructions contained in it.
19. Explore the daily profit report.
20. Take action if the profit report shows unfavorable state of affairs.

Task 2. Check out the situation.

Answer the following questions.

1. How many managers from the list have subordinates?
2. How many of these managers are required to make decisions?
3. How many of these managers should spend much of their time on the drawing up of plans?
4. Who of these managers must organize production, and who of these managers must organize management?

Ads for manager vacancies

1. *Managing Director*: ... the ability to communicate with high efficiency, the ability to maximize the use of limited resources, strategic thinking in a combination with energy and enthusiasm.

2. *General Manager assistant*: ... the ability to manage the various departments of the main office, if necessary, to take over for the general manager. The most important elements of this work are the relations of production and exchange of information within the company.

3. *Research and Development Manager*: ... is required to carry out management of the successful department of research and development and enlarge it to a department of about 20 scientists, performing tasks of project implementation on a global scale. You must be a talented leader with entrepreneurial skills.

4. *Production Planning Manager*: ... is required to make programs of current production and program management with the help of computers to monitor and record production activity. He should also advise the Production Director on the production capacity increase in the future.

5. *Marketing Manager*: ... to plan all marketing activities, to establish the relationship with foreign companies, to plan launching of new products to the market, to collect information about the market state, to manage all the activities aiming to promote the product to the market, to assist in the development of the company plans.

6. *Marketing Manager*: ... to be responsible for all aspects of business development from drawing up marketing plans and advertising to motivation and control of distributors in this area.

7. *Manager of distribution activity*: ... to be responsible for the overall control of the storage and distribution activities in Ukraine, to manage the use of resources in order to ensure efficient delivery of products to warehouses and retail shops.

8. *Human Resources Manager*: ... to be responsible for all personnel work with special emphasis on industrial relations. Negotiation skills and the ability to quickly react to changing conditions are especially important.

9. *Production Control Manager*: ... a wide area of responsibility, including the drawing up of monthly production plans and coordination of regular checks of stocks volume, the maintenance of effective interaction between the production and sales sectors.

Situational tasks

The situation. The following conflict situations have arisen in a joint-stock company (JSC):

- between the President of the JSC and the Executive Director on the introduction of new technology for the renewal of major products;

- between the head of the marketing department, which employs 30 people, and an informal group of 6 people regarding the methods of advertising products (television, radio, newspapers);
- between the Deputy Executive Director for Production and the Chief Accountant regarding the accrual of premiums to production units;
- between the heads of mechanical and assembly shops on the issues of underdelivery of mechanical parts to the assembly shop.

Assignments:

1. Briefly describe each conflict situation.
2. Suggest ways to optimize management decisions to resolve conflicts that have arisen in the organization.
3. Justify the role of formal and informal groups in resolving conflicts.

Tests

1. *According to the principle of one-step management:*

- a) the management system monitors the disturbing factors and constructs the management algorithm of compensation for effect of these factors on the system;
- b) the management system monitors deviations in the activity of the managed object and on the basis of observations creates a management algorithm;
- c) the control algorithm is based on a programmed algorithm of functioning and doesn't control the result;
- d) the solution of most management tasks requires a one-step management act, but the consequences of these solutions can be stored for a long time;
- e) no answer is correct.

2. *The main goal of optimization is:*

- a) only the final state of the object rather than the way to achieve this state should be investigated and optimized;
- b) the way to achieve the final state of the object rather than the final state of the object should be investigated and optimized;
- c) to improve the efficiency of the organization and to get more profit;
- d) no answer is correct.

3. *The second stage of the optimization process is:*

- a) the processing and analysis of information;
- b) the preparation and development of recommendations and measures to improve the management system;
- c) the collection of information about the organization management system;
- d) no answer is correct.

4. *The object of management is:*

- a) the performer of management effect;
- b) the source of the management action or the person who makes decisions;
- c) a set of functions or tasks which must be done by the performers;
- d) the administrative and managerial staff, who form the goals, plans, make and approve management decisions and organize the implementation of these decisions;
- e) the president of the company, general manager or commercial director;
- f) the functional departments of the organization;
- g) no answer is correct.

5. *The subject of organizational activity is:*

- a) the performer of management effect;
- b) the source of the management action or the person who makes decisions;
- c) a set of functions or tasks which must be done by the performers;
- d) the administrative and managerial staff, who form the goals, plans, make and approve management decisions and organize the implementation of these decisions;
- e) the president of the company, general manager or commercial director;
- f) the functional departments of the organization;
- g) no answer is correct.

Topics of essays

1. The ideas of P. Drucker and their role in creating the conceptual foundations of organization management.

2. The modern concept of environmentally conscious management.
3. Varieties of the organizational process.
4. The development and modern presentation of organizational activities.
5. The essence and correlation of processes of self-organization and self-management.
6. Characteristics of the organization's management system.
7. Organization as an object of management.
8. The social self-organization and self-management.
9. Social organization and social community.
10. Levels of social systems.
11. Centralization and decentralization of authority, their advantages and disadvantages.
12. Significance and problems of delegation of authority.
13. Organization as a system of processes.
14. Auxiliary processes in the organization.
15. Management processes in the organization.
16. The process of forming the relationship of authority.
17. Contradictions, conflicts and compromises in the interaction of a person and his organizational environment.
18. Trust in organizations.
19. Features of human perception of the organizational environment.
20. The criterion basis of personality behavior in the organization.
21. Motivation as a fundamental personal principle of human behavior in the organization.
22. Personality of a successful modern manager.
23. Comparative analysis of classical and modern concepts of organizational structures.
24. Characteristics of the concept of building the structure of an organization based on Lawrence – Lorsch's theory of differentiation and integration.
25. The main features of the mechanistic bureaucracy, its differences from professional bureaucracy.

Recommended reading

Main

1. Акимова Т. А. Теория организации : учеб. пособ. для вузов / Т. А. Акимова. – Москва : ЮНИТИ-ДАНА, 2003. – 367 с.
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7. Савченко Б. Г. Теорія управління : навч. посіб. / Б. Г. Савченко, С. М. Пилипенко, І. В. Бубенко. – Харків : ХДЕУ, 1996. – 90 с.

Information resources

8. Лига Бизнес Информ [Электронный ресурс]. – Режим доступа : www.liga.net.
9. Нормативные акты Украины [Электронный ресурс]. – Режим доступа : www.nau.kiev.ua.
10. Право. Украина [Электронный ресурс]. – Режим доступа : www.legal.com.ua/cgi-bin/matrix.cgi/pravo.html.
11. Сайт ПНС ХНЕУ ім. С. Кузнеця [Електронний ресурс]. – Режим доступу : <https://pns.hneu.edu.ua/course/view.php?id=2966>.
12. Украинское право [Электронный ресурс]. – Режим доступа : www.ukrpravo.com.

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НАВЧАЛЬНЕ ВИДАННЯ

ТЕОРІЯ УПРАВЛІННЯ

Практикум
для студентів спеціальності 073 "Менеджмент"
першого (бакалаврського) рівня
(англ. мовою)

Самостійне електронне текстове мережеве видання

Укладачі: **Грузіна Інна Анатоліївна**
Перерва Іванна Миколаївна

Відповідальний за видання *Т. І. Лепейко*

Редактор *З. В. Зобова*

Коректор *З. В. Зобова*

Подано теоретичні запитання, практичні завдання, тести і теми для есе, щоб допомогти студентам набути практичних навичок з управління сучасними організаціями, реалізації основних функцій управління, розроблення та реалізації ефективних управлінських рішень.

Рекомендовано для студентів спеціальності 073 "Менеджмент" першого (бакалаврського) рівня.

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