



## Management Structure and Management Methods in Industrial Enterprises

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### **Abstract**

In a market economy, management is primary tool to accomplish accepted plans with certain level of qualification, authority and responsibility to implement a company's development strategy, such as production volume, profit, profitability, labor productivity. The article describes the role of management in the effective operation of enterprises, the scientific approaches of scientists in this area, evaluation indicators. Recommendations are given to overcome the existing problems in management activities.

**Keywords:** *Functional Structure; Department Structure; Matrix Structure; Hybrid Structure*

### **Introduction**

The organization can be formed in different forms according to its goals. The structure of an organization determines how it works and implements. The organizational structure allows for a clear division of responsibilities for different functions and processes into different entities, such as a branch, division, working group, and individual. Organizations need to be efficient, flexible, innovative and caring to achieve a sustainable competitive advantage.

The company's divisions include human resources, IT, accounting and finance, marketing, research and development (R&D) and manufacturing. Some product or project-based companies may split business units by referring to a single product or project as a division.

### **Main Part**

There are four general types of organizational structure that are widely used by businesses around the world:

#### 1. Functional structure

According to this structure, employees are grouped into the same departments based on the similarity of their skills, duties, and responsibilities. This allows for effective communication between

people within the department and thus leads to an effective decision-making process. Companies with departments such as IT and Accounting are a good example of a functional structure.

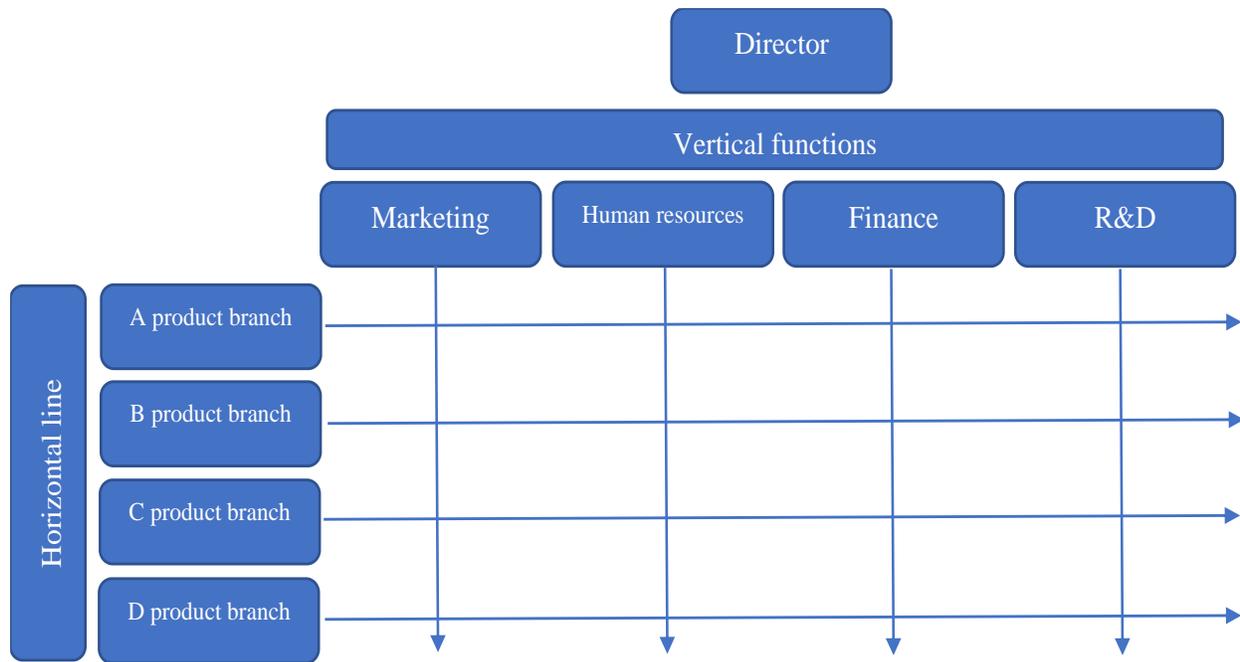
## 2. Department structure

This structure divides business activities into specific market, product, service, or customer groups. The purpose of the division structure is to create working groups that can produce similar products to meet the needs of individual groups. A common example of a division structure is a geographic structure, where regional divisions are built to deliver products or services to specific locations.

## 3. Matrix structure

The matrix structure is a combination of functional and divisional structures. This structure allows for decentralized decision-making, greater autonomy, more interagency interactions, and thus higher productivity and innovation. Despite all the advantages, this structure leads to high costs and can lead to conflicts between vertical functions and horizontal product lines.

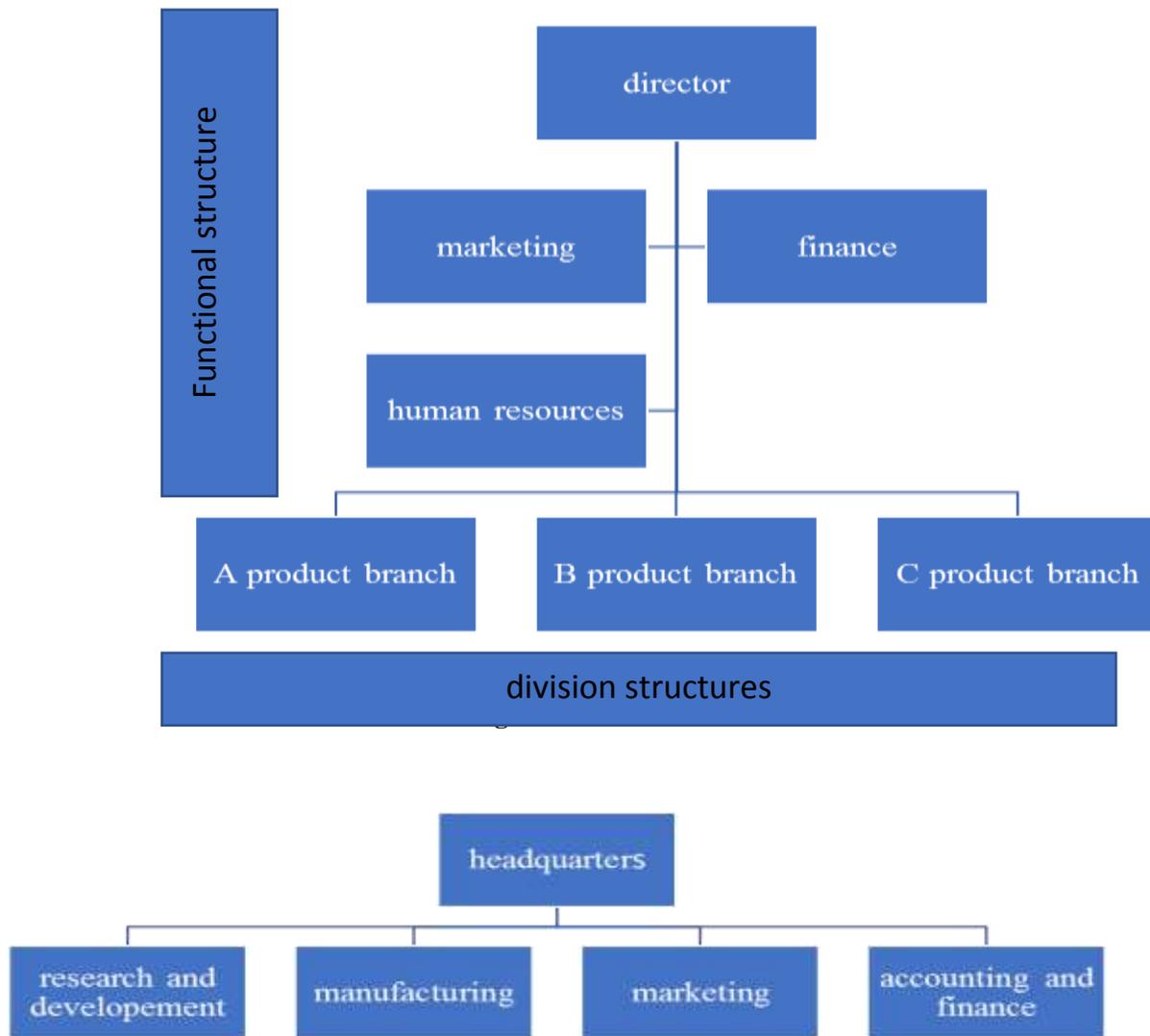
**Figure 1. The matrix structure of management.**



## 4. Hybrid structure

Like the matrix structure, the hybrid structure combines functional and divisional structures. Instead of organizing a network, a hybrid structure divides its activities into sections that can be functional or subdivided. This structure allows the use of resources and knowledge in each function while maintaining product specialization in different divisions. The hybrid structure is widely used by many large organizations.

**Figure 2. Hybrid structure**

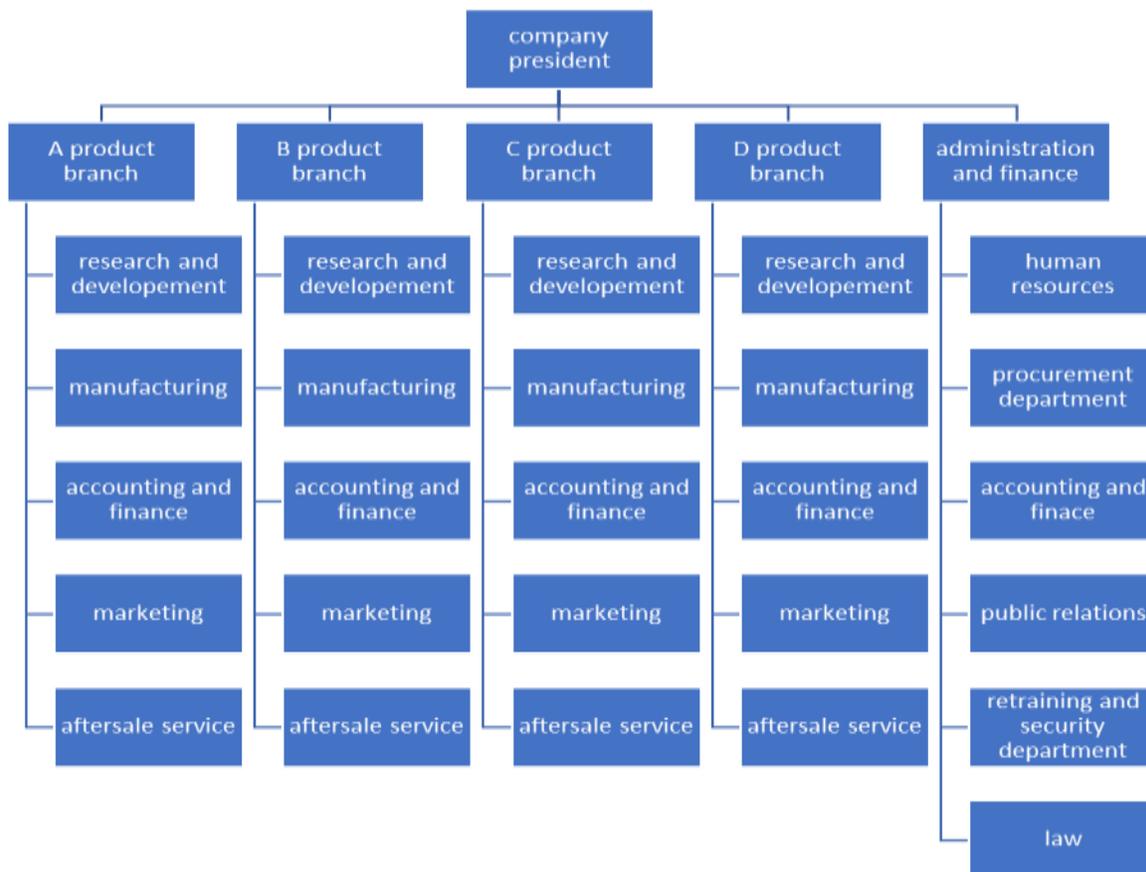


The functional structure shown in Figure 3 is one of the oldest and most widely used organizational designs. This structure is organized by departments and areas of expertise such as R&D (research and development), production, accounting and human resources. Functional organizations are called pyramid structures because they are managed as a hierarchical, top - down management system. Small companies, startups and organizations operating in a simple, stable environment, as well as many large government agencies and divisions of large companies use this structure for specific tasks. The functional structure excels in providing a high level of specialization and a simple and understandable reporting system within departments, offering scale savings, and is not difficult to expand as the organization grows. Disadvantages of this structure include the separation of departments from each other because they lack closed thinking, quick decision-making, and coordination of tasks between departments that are not open to communication between departments and tend to form a “silo” that is competitive for power and resources.

The ones shown in Figure 4 are actually multiple functional units combined under a department head. Each functional group in the department has its own marketing, sales, accounting, manufacturing and production team. This structure is similar to a product structure with profit centers. These smaller

functional areas or divisions can be grouped by different markets, geographies, products, services, or anything else that a company’s business requires. A market-based structure is ideal for an organization that has products or services that are specific to specific segments of the market, and is particularly effective if the organization has advanced knowledge in those segments. The advantages of a divisional structure are: each area of specialization can be more focused on the business segment and budget it manages; everyone can more easily know their responsibilities and expectations from responsibility; customer communication and service can be faster; and easier to coordinate within subgroups because all features are available. The division structure is also beneficial for large companies, as decentralized decision-making means that the headquarters does not have to micro-manage all divisions. The disadvantages of this structure in terms of headquarters are that the units are easily separated and separated from each other and different systems, such as accounting, finance, trade, etc., are weak and rarely suffer from coordination of coordination and enterprise functions. In addition, inconsistencies in systems (technology, accounting, advertising, budgets) can occur, leading to strain on the company’s strategic goals and objectives.

**Figure 4. Organizational structure of the department**



Geographic structure, Figure 5, is another option aimed at moving from mechanical design to more organic design to serve customers faster and with relevant products and services; thus, this structure is organized according to the location of the customers served by the company. These structured companies have evolved nationally, internationally and globally. Geographical structures are similar to the division structure and are an extension of it. Geographic organization gives each geographic organizational unit (such as a division) the ability to understand, research, and design products or

services, knowing customer needs, tastes, and cultural differences. The advantages and disadvantages of the geographical structure are similar to the division structure. The headquarters should provide effective coordination and control over each autonomous geographically independent structure. The main disadvantage of a geographical organizational structure is that decision-making can be easily decentralized, as geographic divisions (which can be hundreds or thousands of miles away from a corporate headquarters) often have great autonomy.

Economic methods of management require material motivation, that is, focusing on the performance of certain indicators or tasks and, when they are completed, economic reward for the results of work. Thus, the use of economic methods of management is accompanied by the formation of a work plan and control over its implementation, as well as financial incentives for labor, ie rewards for a certain amount and quality of work, as well as penalties for non-compliance and lack of quality is related to a rational system of wages that provides for its application.

The organizational and managerial methods of management are based on the rule of law, law and order, subordination to a higher official, ie the motivation of the authorities. This motivation plays a very important role in management. It is not only the unconditional observance of laws and regulations adopted at the state level, but also the clear definition of the rights and obligations of management and their subordinates, which are binding on their subordinates also requires. Failure to comply with this relationship by subordinates of the management may result in disciplinary action, such as reprimands, harassment, dismissal, and so on.

Leadership creates the necessary conditions for motivation and interaction. Organizational and management methods themselves are aimed at ensuring the effective functioning of the management system at any level on the basis of its optimal organization. These methods include organizational planning, organizational scheduling, guidance, management, and control.

Macro-level organizational and management methods can include legislation that regulates the rights and obligations of management entities and creates various conditions for the operation of the enterprise. Practice shows that the use of material and government motivations alone does not allow to fully mobilize the creative activity of employees and each employee in achieving the goals of the organization.

Spiritual motivation based on socio-psychological methods of management is necessary to achieve maximum effectiveness of management. These methods have a greater impact on the minds of employees, the social, ethical and other interests of the people, and provide a moral incentive to work. Spiritual motivation is very complex and delicate. Although the outcome is difficult to determine, the results are significant.

Mathematical modeling, expert evaluation method, brainstorming method, game theory and others are common methods of optimizing management decisions. Mathematical modeling is used when management decisions are made on the basis of widely used digital information that can be easily formulated. Extensive use of mathematical models allows you to quantify the problem and find the best solution.

The following are the main steps in optimizing management decisions using mathematical methods:

1. Assignment.
2. In a sense, for example, the selection of an effective criterion that reflects a certain number and the degree of consistency of the results of the solution of the set goal.
3. Analyze and measure the variables (factors) that affect the magnitude of the efficiency criterion.

4. Creating a mathematical model.
5. Find the mathematical solution of the model.
6. Logical and experimental verification of the model and the solution obtained using it.
7. Develop recommendations for the practical application of the results.

Expert assessment methods are used when the task is not fully or partially formed and cannot be solved by mathematical methods.

### ***Conclusions and Suggestions***

This article examines one of the most pressing issues of modern management - the organization of management. In general, the effective outcome of the management structure is characterized by the degree to which the management goal is achieved at the lowest cost. The main purpose of management performance appraisal is to improve the quality of departmental work, a process that is also of great importance for the establishment, retraining and development of long-term company operations.

Based on the data obtained from the study and the results of their analysis, we recommend the following conclusions.

To increase the efficiency of management activities in enterprises:

- scientifically based division of labor under the leadership of the organization;
- arranging the organizational structure based on the activities of the enterprise using a science-based systems;
- creation of an effective information system in the internal and external environment of the enterprise, the development of an effective communication system in the enterprise;
- formation of the most optimal variant of the enterprise management structure.

It should be noted that each business entity forms the social and management structure of the organization based on its own strategy of achieving sustainability. In this case, in the formation of the structure of social governance, the regulation using the structures mentioned in the article plays an important role in achieving the intended goals of the business entity.

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