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SOME ASPECTS OF THE ORGANIZING OF ADMINISTRATIVE MANAGEMENT IN ORGANIZATIONS

Abstract. *In the article the basic principles of process of organizing administrative management in enterprises and organizations are observed. A chain of factors that influence the span of management is suggested and the advantages and disadvantages of narrow and wide span of management are systematized. In the article the levels and types of authority, kinds of departmentalization and centralized administrative management are described. Based on the allocation of factors that affect the level of centralization and decentralization of administrative management, the number of advantages and disadvantages of these processes are established. The sequence of a process organization of administrative management in organizations is proposed.*

Keywords: *organizing, administrative management, principles of management, departmentalization, centralized and decentralized management.*

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ДЕЯКІ АСПЕКТИ ОРГАНІЗУВАННЯ АДМІНІСТРАТИВНОГО УПРАВЛІННЯ В ОРГАНІЗАЦІЯХ

Анотація. *У статті розглянуто основні принципи, на яких базується процес організування адміністративного управління на підприємствах та в організаціях. Виділено низку факторів, які впливають на норму керованості, а також систематизовано переваги та недоліки вузької та широкої норми керованості. У статті описано рівні та типи повноважень, види департаменталізації та централізації управління. На основі виділення*

чинників, які впливають на рівень централізації та децентралізації адміністративного управління, встановлено низку переваг та недоліків цих процесів. Запропоновано послідовність здійснення процесу організування адміністративного управління в організаціях.

Ключові слова: організування, адміністративне управління, принципи управління, департаменталізація, централізоване та децентралізоване управління

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НЕКОТОРЫЕ АСПЕКТЫ ОРГАНИЗАЦИИ АДМИНИСТРАТИВНОГО УПРАВЛЕНИЯ В ОРГАНИЗАЦИЯХ

Аннотация. В статье рассмотрены основные принципы, на которых базируется процесс организации административного управления на предприятиях и в организациях. Выделен ряд факторов, которые влияют на норму управляемости, а также систематизированы преимущества и недостатки узкой и широкой нормы управляемости. В статье описаны уровни и типы полномочий, виды департаментализации и централизации управления. На основе выделения факторов, которые влияют на уровень централизации и децентрализации административного управления, установлен ряд преимуществ и недостатков этих процессов. Предложена последовательность осуществления процесса организации административного управления в организациях.

Ключевые слова: организация, административное управление, принципы управления, департаментализация, централизованное и децентрализованное управление.

Introduction. The process of organizing administrative activities of companies and organizations in today's environment requires new approaches to its implementation, due to constant social and economic changes taking place in society. Under conditions of the deepening of systemic crisis in Ukraine domestic enterprises are rapidly losing competitiveness because of ignoring some principles of organizing process administration, insufficient consideration of the impact of different factors on centralization and decentralization of management of enterprises.

Literature review. The theoretical interpretation of the essence, singling out components and succession establishment of organizing the process of administrative management in the organizations studied domestic and foreign scientists, including: F.B. Havrylov, L.Yu.Hordiyenko, O.V.Hryhuntsov, P.V.Krush, A. Ye.Kuzmin, B.V.Novikov, A.V. Raychenko, O.V.Rusetska, H.F.Siniok, S.Ya.Yusupova, E.J.Ferreira, A.W.Erasmus, D.Groenewald, G. Briscoe, P.Gibson-Odgers and others.

Unsolved aspects of the common problem. However, insignificant attention was paid to systematization of principles of administrative activities organizing process and types of administration authority, issues departmentalization and centralization of administrative work in most of investigations. All this shows the importance of the subject, and dictated the choice of investigation direction.

Stating of tasks. The aim of investigation is to study theoretical concepts and develop practical recommendations regarding to improvement of administrative activities organization at enterprises and organizations.

Implementation of the goal necessitated the following tasks fulfillment:

– to summarize the theoretical aspects regarding categorical apparatus;

– to justify the need for utilization a number of principles of the organization process in administrative management;

– to explore the levels and types of authority of administration enterprises;

– to identify the advantages and disadvantages of narrow and wide span of management;

– to systematize departmentalization types;

– to identify the factors that influenced on the decision regarding centralization and decentralization of management;

– to establish the advantages and disadvantages of centralized and decentralized management of the organization;

– to propose the sequence of the process organizing fulfillment of administrative management.

The object of the investigation is the process of organizing administrative management at enterprises and organizations.

The subject of the investigation is theoretical and methodological arrangements regarding the process organizing fulfillment of administrative activity.

Results. Organizing can be defined as the management task that concerns the arrangement of the activities and resources of the organization by assigning duties, responsibilities and authority to people and departments, as well as determining the relationship between them, to promote co-operation and to make the systematic performance of the work and the achievement of objectives possible in the most effective way [2]. In other words, it means to decide beforehand how, by whom, with what aids and within what practical period of time the work must be performed so that it can take place in the most effective manner.

The purpose of organizing is therefore to [1]:

– divide work into specific jobs and departments;

– assign tasks and responsibilities associated with individual jobs;

– co-ordinate diverse organizational tasks;

– cluster jobs into units;

-establish relationships among individuals, groups and departments;

– establish formal lines of authority; and

– allocate organizational resources.

The usual way of depicting organizing in an organization is an organizational chart. An organizational chart is a structural framework that gives an overview of the activities of the organization, the functional areas, main and subordinate divisions, and the formal lines of authority, responsibility and communication, and the different levels of management.

The organizing process is based on the certain principles. Certain principles are applied to design the organizational structure. Experience has shown that if these principles are applied, no matter the size of the organization, the result will be an effective organization [10]. The most important principles are: chain of command, responsibility, unity of command, accountability, delegation, departmentalization, specialization, co-ordination and others.

The chain of command is the continuous line of authority that extends from upper organizational levels to the lowest levels and clarifies who reports to whom. It will clarify whom a subordinate will go to when experiencing a problem and to whom the subordinate is responsible. Chain of command must be discussed together with three other concepts: authority, responsibility and unity of command.

Authority refers to the rights inherent in a managerial position to tell people what to do and to expect them to do it. As a manager, the administrative manager will be given responsibility for achieving the departmental objectives and the authority to get the job done. Authority is delegated. The chief executive officer (CEO) is responsible for the results of the entire organization and he/she delegates authority down the chain of command to the lower-level managers, who are responsible for meeting operational objectives [4].

Authority should not be confused with power. Unlike authority, power is not coupled to a particular position, but is related to certain influences such as rewards, coercion and subject knowledge. A manager's authority stems from the more senior position that he/she holds in the organization, and from the greater responsibility and more complex tasks that accompany such a position.

Various levels of authority include the following:

– inform authority: employees inform their manager of possible alternative actions. The manager has the authority to make the decision.

– recommend authority: employees list alternative decisions/actions, analyze them and recommend one action. However, employees may not implement the recommendation without the manager's approval. The manager may require a different alternative if he/she does not agree with the recommendation. Committees are often given recommend authority.

– report authority: employees may freely select a course of action and carry it out. However, afterwards employees must report the action taken to the manager.

– full authority: employees may freely make decisions and act without the manager's knowledge. However, even with full authority, many people consult their manager for advice.

There are various types of authority in an organization: line authority, staff authority, functional authority and others.

Line authority is the responsibility to make decisions and issue orders down the chain of command. Line managers are primarily responsible for achieving the organization's objectives, and staff provides them with a service to help them. For example, the head of the telecommunication systems will only receive orders from his/her direct line manager – the administrative manager.

Staff authority is the responsibility to advise and assist other subordinates. All the primary activities in an organization are usually line departments, but some organizations also include supportive activities, which are known as staff departments. For example, the administrative manager might appoint a secretary to assist him/her. The secretary will have staff authority in advising the administrative manager on some issues, but he/she will not have line authority on all the other subordinates in the administrative department.

The staff's primary role is to advise and assist, but situations occur in which they can give orders to line subordinates. Functional authority is the right of staff subordinates to issue orders to line subordinates in established areas of responsibility. For example, the financial manager's input on financial affairs in the administrative department will be enforceable. A good example of functional authority is when an administrative manager draws up a policy document on the use of electronic equipment in the organization, with which everyone in the organization will have to comply.

The major difference between centralized and decentralized authority is who makes the important decisions [3]. With centralized authority top management make important decisions and with decentralized authority, middle– to first-level managers make important decisions.

When authority is granted, responsibility is created. Responsibility is the obligation of a subordinate to achieve objectives by performing assigned tasks. Accepting a task creates an obligation of performance and responsibility. When a manager shares responsibility with subordinates, however, it does not mean that the manager is abandoning responsibility. The manager must still have the responsibility to:

– know what is going on and how it affects the work environment or objectives;

– keep abreast of important decisions;

– track the progress of projects (or lack of it);

– ensure that "derailed" projects get back on track;

– set the direction of subordinates;

– make the decisions subordinates cannot make;

– ensure that subordinates are on course;

– offer a guiding hand by opening doors to clear the way.

Next principle of organizing process is unity of command states that a subordinate should report to only one manager. Without unity of command, conflicting demands and priorities from multiple managers can create problems.

Accountability as one of the principles of process organizing is the evaluation of how well subordinates meet their responsibility. All members of the organization should be evaluated periodically and held accountable for achieving their objectives [8].

Effective organization of activity at the enterprises is possible in case of establishment of optimal span of management (number of subordinates over whom a manager can exercise effective, direct control) [6]. However, there are restrictions on the span of an individual manager based on his/her individual ability to lead and maintain authority. Similarly, the relevant activities and skills required of the subordinate concerned are as decisive. Span of management, together with the degree of decentralization of authority, is therefore decisive in many ways with regard to establishing an effective organizational structure.

On the determination of the optimal span of management affects a number of factors. The first group includes factors related to performed work:

– similarity of work;
– territorial remoteness works;
– the complexity of the work;
– the importance of the work;
– clarity of the delegation of rights and responsibilities;
– clarity in setting goals;
– objectivity in measuring results;
– novelty of led unit problems.

The second group of factors are associated with those who are governed and who governs:

– the level of competence of subordinates;
– the level of professionalism of the head;
– motivation of employees;
– the level of need for personal contact with subordinates;
– the boundaries of not management work of the manager and need of contacts with other people and organizational units.

Another group of factors related to the organization:

– stability (frequency of changes) in the organization;
– the intensity of the interaction between individual units and subordinates;
– hierarchical level of the organization;
– type of production;
– geographical location of the company.

The advantages and disadvantages of narrow and wide span of management are in the table 1.

Table 1

The advantages and disadvantages of narrow and wide span of management

	Advantages	Disadvantages
Narrow span of management	– easily monitor the work of subordinates; – fewer subordinates may mean manager is more familiar with each individual; – quality control of work and feedback	– the more levels of management the more long and expensive connections; – slower decision-making due to vertical layers; – isolation of top management; – decrease o of employee autonomy
Wide span of management	– fewer levels of management means increased efficiency and reduced costs; – increase of subordinate autonomy leads to quicker decision-making; – greater organizational flexibility ; – higher levels of job satisfaction due to employee empowerment	– difficulty controlling of subordinates; – possible lack of familiarity due to large number of subordinates; – often managers cannot provide necessary leadership or support; – lack of co-ordination or synchronization

Delegation as one of the principles of process organizing is the process of assigning responsibility and authority for accomplishing objectives. It is important to note that if a task is allocated to a subordinate without the necessary authority and/or responsibility, no delegation has taken place. The manager who delegates tasks remains accountable for the delegated task. This means that managers cannot completely be divorced from their tasks.

Managers delegate tasks to their subordinates so that they will have more time to concentrate on managing their subordinates. The less important tasks are therefore delegated, which gives the manager time to attend to the more important management tasks. Through the delegation process, subordinates are given an opportunity to develop themselves and to gain more experience. Delegating allows managers to make optimum use of their subordinates' skills and to supplement their own abilities [7].

Most of the time, managers are hesitant to entrust their tasks to someone else. They are afraid that they will lose some of their authority and esteem in the process. Managers must appreciate that by delegating tasks, they are involving the subordinates in their activities, and are consequently adopting a participative management approach.

Next principle of process organizing is departmentalization, which comprises the logical grouping of the activities in an organization that belong together. All sources required for a certain activity are grouped together in one department. The different departments created by departmentalization therefore represent the organizational structure of the organization as it often appears on an organizational chart.

These groups are formed vertically and horizontally in a hierarchical structure with the people at the top controlling the people at the bottom. The number of hierarchical levels will depend on the size of the organization, the type of organization and the nature of its activities [11]. Departmentalization is usually based on the: function; product or service; location and customer.

Functional departmentalization is very common. The activities that belong to a particular organizational function are grouped together. For example, a set of activities is advertising, market research and sales, and these are grouped together under the marketing function, while all aspects of word processing, information processing and office layout are grouped together under the administrative function.

Departmentalization according to product or service is in case, when departments are formed according to the product or service provided by an organization. All the activities concerned with a product or service are grouped in production departments. In other words, all the specialists associated with a product or service are grouped together in that particular department. Organizations that have more than one product line or service often use this plan, such as banks. The reason why this type of organization form is used is that the administrative, marketing, financing and personnel needs associated with this may differ.

Departmentalization according to location is a logical structure for an organization that manufactures and markets its product in different geographical areas. This structure enables the area management to make their own decisions and to make adaptations according to the local business environment.

Departmentalization according to customer takes place when an organization focuses on a specific market segment or group of consumers or, in the case of industrial products, where the organization provides its product to only one or a small group of customers.

Specialization as principle of process organizing is division of tasks into smaller, more meaningful units in order to achieve the objective of the organization. In specialization, activities are divided amongst the subordinates according to the nature of the activity and the parts of the task in such a way that a particular subordinate can perform more or less similar tasks and utilize and develop his/her skills as much as possible.

Co-ordination is the process of achieving unity of action among interdependent activities. Co-ordination is needed when two or more interdependent individuals, groups or departments must work together to achieve a common goal. In organizations, organizing usually creates specialized

and differentiated jobs, such as managers for production and for sales. Somewhere along the line the work of these people must be coordinated.

Departmentalization always gives rise to the need for co-ordination, but some types of departmentalization create the need for more co-ordination than others. Functional departmentalization tends to create departments that are highly interdependent and that rely heavily on someone to make sure the work is coordinated.

On the other hand, co-ordination tends to be simpler with divisional types of departments. Each division – such as those for metals and chemicals, and aerospace – has its own research, production and sales units. In such an organization, each division can be managed more or less as an autonomous business. The job of achieving co-ordination between the more-or-less separate divisions would be relatively simple, because it is not essential for the divisions to work in unity on most day-to-day matters.

Centralization means that all administrative activities are performed in one place, for example a centralized record management program. One individual in the organization is responsible for the program, and the records of the different functional areas are stored in one central place.

Decentralization means that the administrative activities take place in different places. For example, suppose that record management is decentralized – then the managers of each functional area will be totally responsible for the maintenance of their own records [4].

Centralization and decentralization can be interpreted in three different ways:

– geographical centralization or decentralization refers to an organization that concentrates its business on one premise or distributes its business over more than one place. Geographical centralization occurs in organizations that operate their business on one premise, while geographical decentralization occurs when the organization operates its business on two or more premises.

– functional centralization and decentralization implies that the similar activities or functions of an organization take place in one division or are distributed. For example, functional centralization is when an organization has a separate administrative division that deals with all the matters of the administrative function. When each division deals with its own administrative matters, this is known as functional decentralization.

– the third meaning of centralization and decentralization is particularly important for managers. This concerns retaining or delegating decision-making authority. It refers to the level at which decision-making takes place. Centralization of authority occurs when a few top people in the organization have the authority to make all important decisions.

Decentralization of authority takes place when managers at lower levels receive a relatively large amount of authority to be able to make decisions. The factor that determines whether an organization must be centralized or decentralized regarding authority is the extent to which decision-making is retained by top management or delegated to the lower levels.

There are various administrative tasks such as typing, duplicating, correspondence and so forth that can easily be centralized or decentralized [9]. The degree of centralization or decentralization will depend on what applies in each organization:

– the heterogeneity/homogeneity of the need for information (as required by the different functions);

– the physical and geographical situation of the organization and its different divisions;

– the desirability of labor specialization and the division of labor.

Various degrees of centralization are found within the administrative manager's office. The most extreme form is to place all office or administrative tasks under the administrative manager and to make the unit supervisors responsible for the daily supervision of the workers, who also complete other tasks.

Another alternative, which is used a great deal, is to centralize certain office or administrative tasks, while other activities are decentralized and placed under the individual divisions. The administrative manager is responsible for the centralized administrative matters

while the functional manager accepts responsibility for the decentralized administrative activities for his/her specific area.

Several factors can affect management's decision to centralize or decentralize:

– Cost attached to the decision – cost is the most important factor in determining the extent of centralization. As a general rule, the more costly it is to the organization, the more likely it is top management will make the decision.

– Uniformity of policy – managers who value consistency favor centralization of authority. These managers may want to assure customers that everyone is treated equally in terms of quality, price, credit, delivery and service. Uniform policies have definite advantages for cost accounting, production and financial departments.

– Organizational culture – in organizations where the management style is autocratic decision-making will be centralized. In organizations where the management style' is participatory, responsibility and authority will be decentralized.

– Availability of managers – many organizations work hard to ensure an adequate supply of competent managers and employees, which is an absolute necessity for decentralization. Such organizations believe that practical experience is the best raining for developing managerial potential. They are willing to permit employees to make mistakes involving low costs.

– Control mechanisms – the establishment of an effective control process is a prerequisite for effective delegation. Even the most avid proponents of decentralization insist on controls and procedures to determine whether actual events are meeting expectations.

– Environmental influences – external factors (state regulatory agencies, and tax policies) affect the degree of centralization in an organization. Laws and government regulations regarding hours, wages and the employment of minorities make decentralizing the hiring authority difficult in an organization. When unions bargain on behalf of the employees of an entire organization top management cannot risk decentralizing labor negotiations. But when small local or regional unions represent employees in various departments, top management may delegate the authority to negotiate the terms of labor contracts to departmental managers.

The centralization of administrative activities has several main advantages and disadvantages (table 2).

Table 2

Advantages and disadvantages of centralization of administrative activities

Advantages of centralization	Disadvantages of centralization
– the decision makes a person who is familiar with the administrative work; – persons, who make decisions at the highest level of administrative management, have usually a great experience; – duplication of work is eliminated; – opportunities for growth of managers' qualification are provided.	– the decision makes a person who is badly familiar with a specific problem; – persons, who make decisions at the highest administrative level, rarely communicate with performers; – long lines of communication lead to significant time spent on the exchange of information; – managers of the lower level of administrative management are almost excluded from decision-making.

The decentralization of administrative activities has several main advantages and disadvantages (table 3).

Table 3

Advantages and disadvantages of decentralization of administrative activities

Advantages of decentralization	Disadvantages of decentralization
– decisions are made quickly; – the amount of TOR management work is reduced; – activity of the middle and lower level managers in making decisions is increased; -development of detailed plans is unnecessary.	– decisions on incomplete information are carried; – sometimes overshadowed initiative mind manager; – the range of interests and scale thinking middle and lower level is narrowed; – obstacle unification of rules and procedures.

The process of organizing of administrative management consists of the following steps:

– defining aim, setting goals;

– grouping objectives to determine types of activities;

– grouping types of activities in the units according to the purpose of the enterprise;

– delegation of authority, division of responsibility and determine the number of levels in the hierarchy of management;

– creating organizational climate that encourages employees to work actively to achieve the aim of the organization;

– designing system of communications that can provide efficient solutions, their control and coordination;

– building the common organizational structure that provides internal coordination of all elements, adaptation to external changes.

Thus, the essence of organizing as a function of management is to create such a network of organizational relationships that would ensure the integrity of the management system, effective relationship of its components, coordination and subordination between them. Regarding administrative management this means forming of the management structure, selection of personnel, organization of its work and so on.

Implications and conclusions. Thus, taking into account the system of principles of organizing process, proper identification of the factors influencing on the centralization and decentralization of administrative management, and installation of advantages and disadvantages of this process contribute to the effective organization of administrative management in organizations and enterprises. Further investigation needs more study of the interconnection of process organizing of administrative management with planning, motivating and controlling administrative activities.

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