

Management in Ukraine: Stages of Formation, Development, Types

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Abstract – In the article, based on the analysis of scientific researches of domestic and foreign scientists, are described the historical periods and stages of the formation and development of management in Ukraine, given are the characteristics of the seven main stages of development of Ukrainian management science from the origins to the present with the definition of the founders of the management schools at each of these stages. It is noted that depending on the object, the main types of management are distinguished: general and functional, innovative, personal, production, financial, international, ecological, quality management, marketing management, sales management, educational management. All these types are identifying priorities, problems and resources for achieving the main goal – success, profit making, investment attraction, leadership and competitiveness in the market.

Keywords – governance, management, stages of management formation and development, strategy, innovation, methods and approaches in management.

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1. Introduction

Competitiveness of Ukraine in the world economic market is impossible without effective management of companies, ensuring their operation in accordance with world standards. The dynamics of globalization processes requires scientific substantiation of management, the review of the boundaries, forms and methods of regulation of this strategically important area of activity and encourages the creation of modern Ukrainian management.

The need to study the theory of the formation and development of management in Ukraine is conditioned by several circumstances: it is possible to approach objectively to any issue on condition that historic point of view is used on the entire development of the problem as a whole. It is important to critically comprehend the mistakes and shortcomings in this field and realize that the accumulated experience creates the preconditions for successful solution of modern managerial problems, in particular, the formation of managerial culture of future managers, identifying different types of management with a view to their successful application in management [2, 7].

2. Analysis of scientific sources

An analysis of the scientific literature of domestic and foreign scientists shows that in their works O. Vikhansky, H. Woods, V. Gluschenko, P. Dol, M. Maskon, V. Simonov, in Tereschenko and others made an important contribution to the study of management as an object of governance; works of I. Galitsa, K. Andrew, I. Koropetsky, F. Kotler, V. Martsina, I. Radionova are devoted to the stages of formation and development of management; questions of management types classification were considered by V. Voronkov, V. Zhuravlev, M. Pavlik, P. Senge, T. Sergienko, G. Sonnenfeld, O. Skibitsky, M. Tugan-Baranovsky, and others; the scientific analysis of management in different countries was carried out in the works of

T. Bogolyub, M. Boychenko, V. Lyanyacheka, V. Smirnova; scientific achievements of V. Afanasyev define such basic functions of management as development and approval of managerial decision, regulation, adjustment, accounting and control.

The question of the formation and development of a general management theory in Ukraine and the types of management excited interest in their study.

The purpose of the article is to reveal the main stages of the formation and development of management in Ukraine as a management science, to identify different types of management through the theoretical basis of modern management trends.

3. Results and Discussion

The term "management" is of English origin. This term was confidently used by Ukrainian scientists, industrialists, and civil servants at the end of the last century. It represents a branch of knowledge and professional activity, aimed at the formation and achievement of the goal by rational use of labor resources, intelligence, motives of human behavior. At the beginning of its development, management was introduced as a theory of production management, but it rapidly transformed into the theory of personnel management in order to accomplish tasks and achieve certain goals.

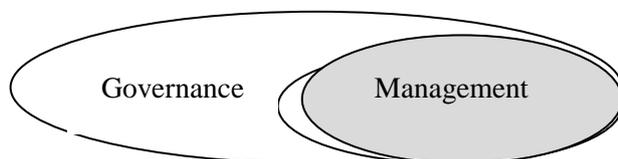


Figure 1. The relationship between the concepts of "governance" and "management"

Between scientists and practitioners, there is no unity with regard to the essence of the concept of management. Scientists insist that management is a process of achieving the goals of the enterprise, corporation, firm, organization with the help of other people, and therefore the main task of the manager is the art of communicating with and managing people. Other opinion is shared by managers who believe that management is a profession, which focused on practical use and most important aspect is a real result that is provided by the accumulated experience of the manager [6, 12].

We share the opinions of both scientists and practitioners, summarizing them, we believe that management is the process of adopting rational managerial decisions, and the main task of the manager is to find optimal managerial decisions

with the help of mathematical models, computing and information resources on the basis of the introduction of scientific knowledge system, and most importantly is skill of the art of managing people and building relationships between them, the unity of all members of the team to a joint successful activity on the basis of constant professional growth and self-development, creation of atmosphere of respect, trust and success in a team.

According to P. Drucker's theory, "management" is a special tool, a special function, a specific apparatus that provides organizations with the opportunity to achieve the desired results. It determines which results the organization must achieve, which resources must be mobilized. The focus of management includes everything that in any way affects productivity and performance [3].

In definition of concept R. Dautt states that management is an effective and rational achievement of the goals of the organization through planning, organization of administration and control of organizational processes [2].

According to the scientists, L. Nechaik and N. Telesh, management is defined as an integration process through which professionally trained specialists form organizations and manage them by setting goals and developing means to achieve them. The ultimate goal of management is to ensure profitability of the enterprise [10, 11].

Management (as defined in the Oxford English Dictionary) is the process of dealing with or controlling things or people; the people managing a company or organization, regarded collectively; the responsibility for and control of a company or organization; the treatment or control of diseases or disorders.

In the world there are more than fifty concept definitions of "management", because at different stages of the organization's development, in the governance of certain spheres of its activities and the activities of its structures, we deal with management of different types: general and functional, innovative, personal, production, financial, international, ecological, quality management, marketing management, sales management, educational management.

Nowadays there are a large number of various scientific concepts, management theories and approaches to it, and therefore the analysis of domestic scientific researches, that are devoted to the development of the governance theory and management, allows to distinguish three historical periods: the ancient, industrial and systemic. The first period began with the 9th-7th century BC and continued until the beginning of the XVIII century. It is the most prolonged. During this period big

management experience was accumulated, but management was not yet been isolated in the independent field of knowledge. *The industrial period* continued from 1776 to 1917 and was characterized by the search for effective principles of production management, the emergence of the first theories of scientific management. The bright representative of this period is Henry Ford, who developed a mass-produced theory and formed mechanisms for clear control and planning, effective motivation, conveyor assembly, continuous technological processes, innovative development and active administration [4, 7].

The systemic period in Ukraine has been going on since 1917 up to the present. At this time management is defined as an independent science, and this period can be characterized as a period of systematization and informatization. The most important basis for the formation of modern management is the development and ideological formatting of relationships in the class of entrepreneurs, managers and employees.

Scientists B. Andrushkov and O. Kuzmin distinguish seven basic stages of development of Ukrainian management science from the origins to the present [1]. Developing their theory, we will reveal the content of these stages.

The first stage. *Development of personnel management science in the production process.* It covers the period from October 1917 until March 1921. This period of progress is based on the development of forms and methods of management, administration and state regulation, improving the organization's efficiency on the basis of enhancement production processes and operations. At present, managers are concerned with issues that include not only equipment, lathes, machines, different types of technologies, but management knowledge, organizational structures, methods of production planning, ways of organizing workplaces for employees, mechanisms for providing training and advanced training, training of staff. The first stage is characterized by the development of scientific management school and the classical management school, whose classics are recognized in the world: Frederick Taylor, Frank and Lilian Gilbright, Henry Hunt. Their works are related to research at the organization level, the creation of production management and the disclosure of scientific management principles. Principle of the division of labor, introduced by F. Taylor, extends to all management activities, since the manager is assigned a planning function, and the worker is to execute. Creation of incentive programs for the worker means that any element of labor has its price and its payment depends on

volumes of production, and in case of achieving higher productivity the employee is paid bonuses.

The second stage. *Formation of managerial mechanisms on the basis of human relations development.* It covers 1921-1928 years. During this period further improvement of administrative management of production was carried out. Also the first attempts were made to use self-financing as the basis of economic management methods, trusts and syndicates appeared, and the possibility of employees participation in management was studied.

During this period elements of the classical (administrative) school of management, initiated by the French industrialist Henri Fayole, which was the most prominent person that Europe gave to the science of governance in the first half of the 20th century, was widely used in Ukraine. It was H. Fayole who first formulated universal managerial functions: planning, organizing, motivating and controlling, and proved that they accurately reflect the essence of the management process, and practitioners use these functions as the most important part of their work.

The third stage. *Construction of market-oriented control systems.* The length of this stage covers 1929-1945 and is associated with the organization of the industrial base of social production, with particular attention to improving the structures of management, methods of selection and training, planning and organization of production. During this period, market-oriented management schools were rapidly developing based on marketing concepts, which were aimed at satisfying the needs of consumers with a profit for the enterprise. It prompts the manufacturer to thoroughly examine the needs of potential customers and market demands that put forward specific requirements for the quality and competitiveness of products.

Precisely the requirements for products, declared by consumer, necessitate the use of the most optimal management structures, the combination in the management of centralized and decentralized forms, the implementation of the targeted approach to the development and adoption of managerial decisions in the planning of production and in marketing activities, organization, selection of relevant personnel, in formation systems of material and moral stimulation, control and regulation at all stages of the management process.

Fourth stage. *Active application of economical and mathematical methods as important parts of management methods formalization and their transformation into managerial decisions.* It covered the ten-year period (1946-1965) and was characterized by the

search for new forms of functioning and interaction of state structures, the attempt to transition to the territorial and territorial-sector management system, application mathematics in the management. The founders of this school are R. Acoff, S. Bir, D. March, M. Mezarovich, T. Simon, I. Chechmen, and others who formed the fundamentals of the quantitative approach. They first began to consider the organization as an open system, which led to the emergence of systemic approach.

During this period, the main focus is on making decisions, when the process of their adoption is the main component of the daily activities of managers, decision criteria is economic efficiency. As a result there is a need to use electronic computers for the implementation of complex mathematical models with a large amount of data, high accuracy and number of calculations, which are performed during modeling.

The fifth stage. *Formation of system and situational approaches in management.* This period of management development covers 1965-1975 and concerns considering the organization as a system whose activity is constantly dependent on a changing set of circumstances. Significant contribution to the development of the system approach belongs to C. Bernard, who considered the organization as a social system; P. Drucker, R. Davis, D. Miller, L. Newman, who proved the exclusive role of manager professionalism, the importance of self-management and organizational orientation; scientists V. Glushko, O. Deineko, G. Popov, Y. Chernyakom, N. Chumachenko developed and implemented mathematical methods in the practice of forecasting and modeling of production systems, developed a methodology for the creation of automated control systems. As a result systematic approach has been generalized in the development of automated control systems.

Situational theory of management is most studied in the works of D. Woodworth, J. Galbraith, N. Lawrence, D. Lorsch, Stalker and D. Thompson, who founded the methods of operations research, modeling and organizational behavior. Researchers in the basis of the situational approach put the concept of the situation as a specific set of circumstances, that affect the organization for a certain time and sent it to the selection of management techniques for solving specific management situations in order to most effectively achieve the goals of the organization, having given the manager obligations to understand the management process, aspects of individual and group behavior, system analysis procedures, methods of planning, motivation and control, quantitative methods of decision making; be able to evaluate strong and weak methodologies to be

introduced, factors which play a crucial role in this situation, the effect of their changes; to select the methods of management that will have the highest positive effect. This period is marked by the fact that most companies employ highly skilled managers who are not owners of these enterprises and receive wages in the form of a share of profits. This fact became the basis for the announcement of the twentieth century "revolution of managers" [9].

The sixth stage. *Computerization of management processes.* This period lasted since 1975 to 1988, and it was connected with information and computer systems. The main features were high pace of development of information technologies and the use of modern computer facilities for network data processing, providing efficient collective use of computing and information resources, improvement of communications, information exchange processes, creating conditions for the operation with distributed data systems. To this end, enterprises use specialized software for computerized management of production and economic processes and marketing processes. The companies have local networks that provide information exchange among the employees of the organization, and at the regional and state levels systems are created to provide information from around the world to users remote from each other.

There are many telecommunication networks, but in Ukraine the most widespread network is Internet. Internet users work with library scientific foundations and reports of research institutes, have access to reports from various corporations, companies, firms, use statistical data of most countries of the world.

Seventh stage. *Implementation of economic reforms.* This stage covers the period from 1985 to the present and is marked by the active work of enterprises on the economic calculation models, based on the normative distribution of profits and the normative distribution of income, the development of lease relations, the introduction of progressive forms of work organization, the formation of corporate culture, which creates a value and regulatory framework for the organizational development of the corporation, the strengthening of the cooperative movement, which leads to an increase in economic freedom and territorial self-sufficiency at all levels of governance, gives rise to the development of market reforms. The high rates of scientific and technical development put forward those management systems that could quickly master the results of innovations, provide international cooperation, integrate into the world scientific and economic space and internationalization.

Management represents the nature of managerial work, reproduces the connection between causes and consequences, factors and conditions in which the joint work of people should be more useful and productive. Management organizes knowledge that allows timely and qualitative administration of current affairs, to predict the development of events, to develop strategy, market policy of the company.

The purpose of management is to ensure profitability of the company on the basis of rational governance of the production process, development and introduction of new technologies, efficient use of human resources and investment attraction.

The complexity and diversity of managerial activity at the present stage generates various types of governance and management, which are 80 varieties. Depending on the object, the main types are distinguished:

common (general) management is a key function of general governance of the company; it manages the processes of creating a corporation, develops corporation's structure and management system, performs administrative functions in the development of norms, regulations, rules, standards, instructions, provisions and ensures the successful achievement of the goals; it ensures consistency between operations, carries out planning, coordination and control of the process of transforming resources into a final product that has material expression or service provision; his specific tasks are the optimal organization of production processes, the conformity of production with quantitative and qualitative characteristics of demand, development, distribution and use of innovations, strict quality control, personnel development;

strategic management defines the key management positions of the company and the company's development prospects depending on the priority goals, based on human potential; it provides for the company's resources to be allocated to strategic goals, the establishment of management centers for each strategic objective, the assessment and promotion of production units and their managers when achieving strategic goals, identifies and develops the key competitive

advantages, establishes the right relationship with competitors;

operational management determines activities aimed at solving current issues that require an immediate, prompt and timely solution; it combines the processes of organization and governance to resolve operational plans by distributing work, resources, making adjustments to production and financial processes, dispatching issues, inventory management, monitoring results, assessing, analyzing and implementing operational adjustments, performers incentives or punishment;

financial management includes managing financial flows by means of the development of a financial plan, which leads to the most efficient use of capital, cash flow forecast, maximum profit, break-even; the central place in financial management is analyzing the financial condition of the company, its profitability, financial stability, the rate of capital turnover, the payback of invested funds;

marketing management governs the processes of studying the needs of the market, the registration of economic contracts for the supply of raw materials, semi-finished products, components, their delivery to production, as well as packaging, storage and delivery of finished products to the market segment, shapes the company's behavior in the market, creates channels for sales of finished products, determines price policy, engages in advertising campaign;

personnel management is aimed at planning and determining criteria for staffing: selection and recruitment, professional orientation towards adaptation, training, advanced training, management and evaluation of staff quality and selection of the best of them from the reserve, determining their wages, benefits, social package, incentives, etc.

innovative management is a purposeful process of creation, development, use and dissemination of innovations that determines the transformation of a new idea into goods through the stages of fundamental scientific and applied research, design development, production, marketing and sales [4, 5].

Relationships between different types of management is presented in Fig. 2.

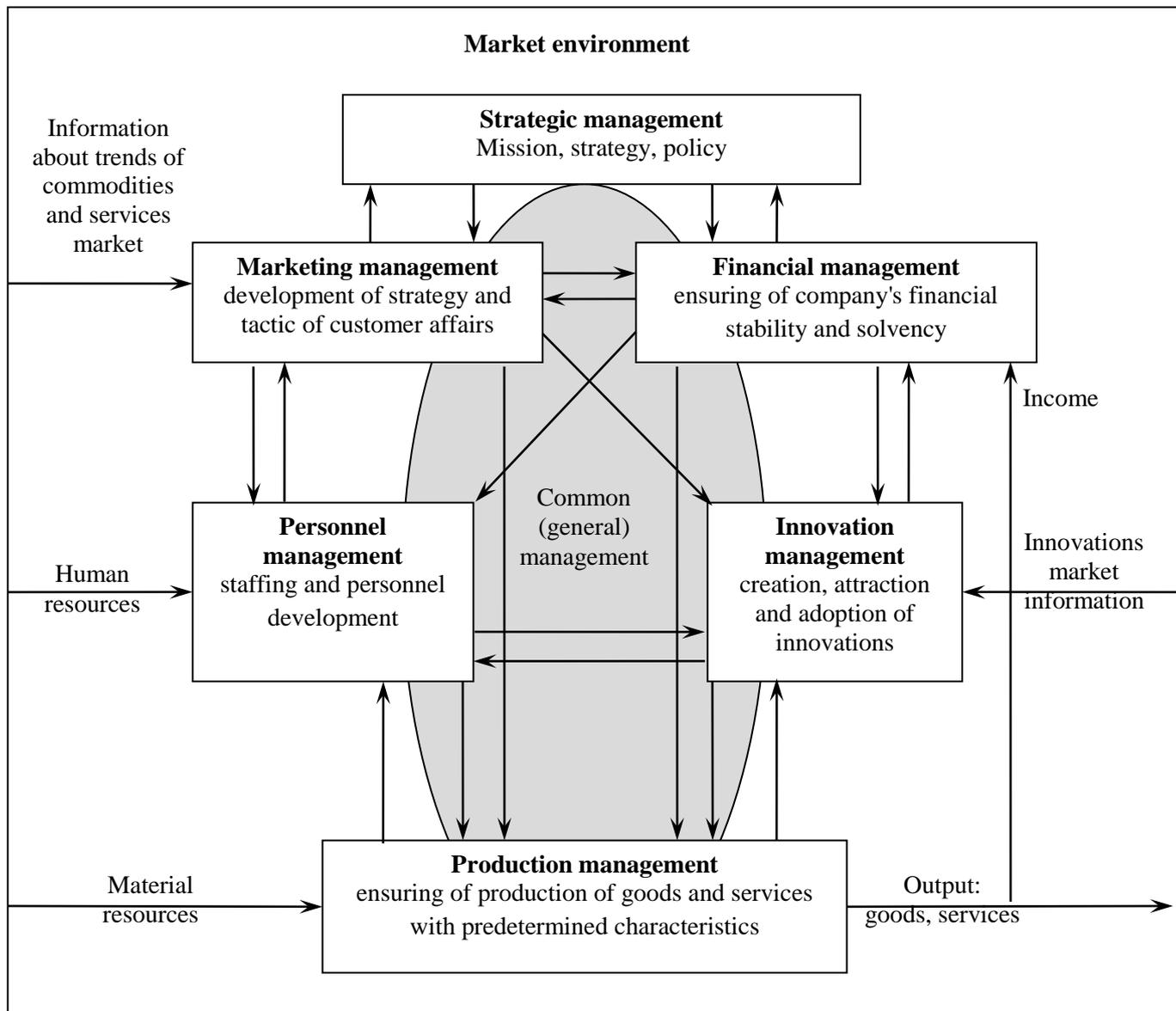


Figure 2. Relationships between different types of management

The practical implementation of management is complex and requires a radical revision of the entire business philosophy, changes in the psychology of the employees, including managers, improving their qualifications and personal growth, creating an atmosphere of openness, honesty, trust in the company [8, 13].

The disadvantage of modern management in Ukrainian business is the lack of corporate culture, as well as absence of a corporate values environment. The disadvantage of Ukrainian management is that managers, mostly on the intuitive level, realize what is good and what is bad, but they cannot formulate their ideas in the form of a corporate code that will become the next topic of our study [8].

4. Conclusions

The formation and development of management in Ukraine has a long history, but the scientific rationale for this phenomenon was first disclosed at the beginning of the last century and is in constant search for an effective management system that would meet modern conditions of economic and social development, and the identification of different types of management argues that modern theory and practice of management put forward high requirements for the training of specialists-managers: professionalism, competence in a wide range of economic, social and technological problems, high sense of responsibility for the company's activity.

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