

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE  
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EDUCATIONAL AND SCIENTIFIC INSTITUTE  
OF ECONOMICS AND MANAGEMENT  
DEPARTMENT OF PUBLIC ADMINISTRATION,  
MANAGEMENT AND MARKETING

**LECTURE NOTES**  
**on the discipline "Organization Theory"**  
*(for students of specialty D3 "Management", master's level, full-time and part-time study modes)*

APPROVED  
at the meeting of the Department of Public  
Administration, Management and  
Marketing  
Minutes No. 13 dated May 7, 2025

Kyiv, 2025

UDC 005.1(075.8)

Lecture notes on the discipline "Organization Theory" (*for students of specialty D3 "Management", master's level, full-time and part-time study modes*). / Compiled by K.A. Pohorelova. — Kyiv: Publishing House of Volodymyr Dahl East Ukrainian National University, 2025. — 66 p. [Text in English]

The lecture notes provide a comprehensive and systematic overview of key concepts, approaches, and practical applications within the field of organization theory. The content covers the evolution of organizational thought, classical and modern theoretical schools, and fundamental structural types — including functional, divisional, matrix, project-based, and network structures.

The material explores the principles of organizational dynamics, systems thinking, and the role of organizational culture and communication in shaping internal processes. Special focus is given to the factors influencing organizational design, models of coordination and control, and the relationship between structure and strategic effectiveness. Case studies and visual models support the analysis of real-world organizational examples.

Attention is also paid to contemporary challenges such as agility, decentralization, hybrid teams, and digital transformation. The lecture notes are written in English, supporting both the development of subject-matter competence and professional terminology in an international academic and business context.

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## LECTION 1

### "ORGANIZATION THEORY: SUBJECT, METHODS, PRINCIPLES AND FUNCTIONS"

1. *Introduction*
2. *Contents of the "organization" category*
3. *Methods of organization theory*
4. *Principles and functions of the organization*
5. *Conclusion.*
6. *Recommended reading*

#### **Introduction**

In today's world, where the speed of change and innovation defines industry leaders, understanding organizational dynamics becomes critical. Take, for example, Apple, a company that has transformed its organizational structure into an incubator of innovation, embodying the philosophy of continuous improvement and flexibility. This emphasizes the importance of a deep understanding of organization theory not only for the academic community, but also for practicing managers. In this context, **organization theory acts as a bridge connecting strategic visions with daily operations**, helping organizations navigate complex business landscapes and meet the challenges of modern management.

#### **1. Content of the category "organization"**

The concept of "organization" is one of the leading categories of organizational science. The **term "organization"** (from the French organization - institution, planning in the context of events, functioning or mechanism) - in the theory of organization can be interpreted as **a type of social systems, an association of people who jointly realize a certain common goal and act on the basis of certain principles and rules.**

There are two approaches to defining an organization:

- 1) an organization as a system is an internal orderliness, coherence and interaction of parts of the whole, which is determined by its structure and goals;
- 2) organization as a process is a set of purposeful actions that lead to the formation of the necessary links. Establishment of quantitative and qualitative spatial and temporal relations is the essence of organization as a process.

The essence of an organization is revealed through its properties:

- Purposefulness is a property that characterizes an organization's orientation towards achieving a possible, desired, and necessary state;
- permanence - the property according to which an organization is in a state of constant and continuous change that occurs beyond the will of the subjects;
- discreteness is a property that means discontinuity, separation of components and reflects an elementary, step-by-step approach to the design, formation and functioning of an organization;

- Cyclicality is a property according to which there is a periodic repetition of successive events and transformations in an organization;
- reversibility is a property that defines a model for returning to previous actions. It allows you to manage the organization on the basis of repetition, adaptation and use of standard, typical and similar solutions;
- Efficiency - adaptation, compliance, synchronization of the rhythms and speed of the organization's process to the dynamic characteristics of the situation and their compliance with the necessary conditions for achieving the planned result;
- flexibility - the ability of an organization to adapt, modernize and reform;
- rotation - the possibility of mutual rearrangement, replacement of process components during its implementation. It becomes the organization's resource for implementing reorganization and reform processes;
- corporate - a tendency to group association and cooperation;
- communication skills - a predetermination and tendency to establish relationships;
- composability - the ability to build an adequate organization by purposefully assembling its elements; contributes to the improvement of the organizational structure of management;
- combinatoriality - the potential, resource of possible means and models of building and implementing a management organization in accordance with the goals, resources and conditions of activity;
- selectivity - the ability of an organization to improve by selecting, consolidating and developing the necessary qualities in order to ensure the desired synergistic effect.

**Organizations, the core of socio-economic systems, are dynamic groupings of people with a common goal.** Consider SpaceX, a company that changed the rocket industry by bringing together engineers and scientists to achieve the goal of making space travel more affordable. This example emphasizes that an organization is not just a group of people; it is an incubator of innovation, where joint efforts are aimed at a greater goal.

From kindergartens to global corporations, organizations shape our lives, indicating their omnipresence and importance in the modern world. They reflect the evolution of society from patriarchal to organized, where every element interacts to achieve a common goal.

## **2. Methods of organization theory**

The scientific method is a tool for theoretical research of the subject. A method is an organized activity to achieve a certain goals. Human cognitive activity can be theoretical and practical. Therefore, the concept of "method" applies equally to both theory and practice.

The scientific method is associated with the actions of a scientist and is a set of mental or physical operations performed in the course of the study. It is based on The scientific method in organizational theory is a compass for the researcher that points the way to new knowledge.

**The main methods of organization theory include: inductive, statistical, abstract and analytical, comparative.**



Figure 1.1. Main Methods of Organization Theory

The inductive method is the movement of thought from the particular to the general, from lesser knowledge to greater generalization.

The statistical method consists in quantifying factors and the frequency of their recurrence. The study of mass phenomena in the world using the methods of probability theory, groupings, averages, indices, and graphical representations allows to establish the nature and stability of organizational relations of structural elements in various complexes, to assess their level of organization and disorganization. This method helps to identify stable connections and patterns between organizational relations.

The abstract-analytical method makes it possible to identify patterns of phenomena that reflect connections and constant trends. As a means, "abstraction" is used, i.e., the mental isolation of the essential properties and relations of a subject, the rejection of the partial, which allows to reveal the pure basis of the phenomena under study. In all cases, abstraction is carried out by either isolating the phenomenon under study from a certain integrity, or drawing up a generalized picture of the phenomenon under study, or replacing a real empirical phenomenon with an idealized scheme.

The essence of the comparative method is the selection of similar organizations as objects of research. This method is extremely important in the process of determining the change, development, dynamics of the phenomenon under study, revealing trends and patterns of functioning of organizational systems.

**And now for practical use:**

Take the statistical method, for example: Tesla uses it to analyze large amounts of data from its electric vehicles to optimize performance and safety. This method helps to identify patterns in driver behavior and car response in different conditions, which contributes to continuous improvement.

The inductive method, on the other hand, helps startups like Beyond Meat move from individual innovations to global trends in plant-based foods.

Using abstract analytical and comparative methods, organizations can study the success stories of similar companies, adapt best practices, and avoid common mistakes.

In a world where every organization is part of a complex ecosystem, a comprehensive and systematic approach to analysis becomes a necessity, allowing for a deeper understanding of the relationships and dependencies within and between organizations.

**3. Principles and functions of the organization**

The principles of organization are the fundamental rules that govern the formation of systems in nature and society, ensuring their orderliness and efficiency.

Basic principles of organization:

The principle of chain communication: emphasizes the importance of common elements to connect different components of the system.

The principle of ingression: the introduction of additional intermediaries to integrate components.

The principle of selection is to select and strengthen useful connections and reject unnecessary ones.

The principle of moving equilibrium: maintaining a dynamic balance between system elements.

The weakest link principle: focusing on the most vulnerable parts of the system to ensure its overall sustainability.

**How does it work in practice?**

The principle of chain communication: In an organization such as Tesla, this principle is used to integrate different departments (e.g., research, production, and marketing) to work together on innovative projects.

The principle of ingression: Airbnb uses this principle by integrating local hosts as "intermediaries" to provide unique travel experiences.

Selection principle: Google constantly analyzes the effectiveness of its projects and products, rejecting those that do not meet the company's high standards.

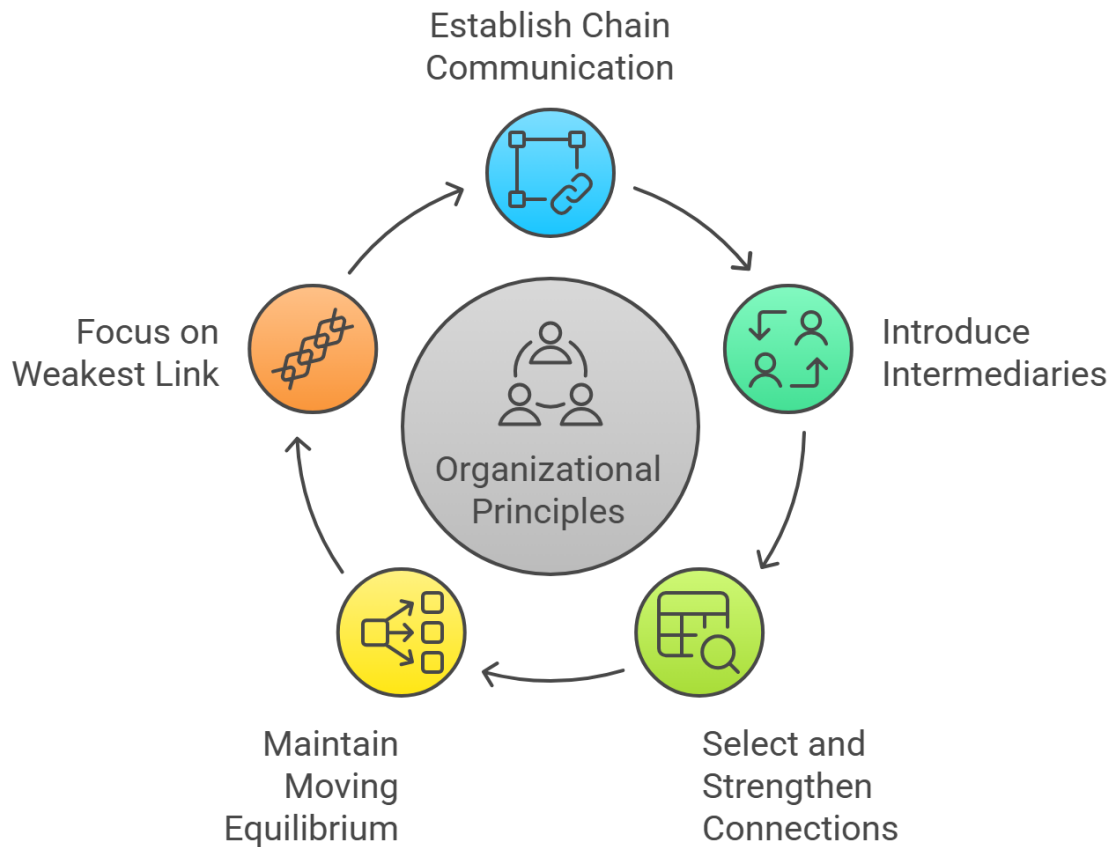


Figure 1.2. Principles of Organizational Dynamics.

The principle of moving equilibrium: Amazon is constantly adapting its logistics processes, using analytics and machine learning to optimize delivery.

The principle of the weakest link: Non-profit organizations such as Doctors Without Borders focus on supporting and training their volunteers in crisis regions, ensuring the sustainability and effectiveness of their missions.

These examples illustrate how the theoretical principles of organization are applied to real-world business models and strategies, helping to drive success and innovation.

**In the scientific literature, the principles of organization are divided into three groups:**

1. Structural principles (division of labor, unity of purpose and management, balance of centralization and decentralization, power and responsibility);
2. Process principles (fairness, discipline, staff rewards, corporate spirit, team unity, subordination to the main interest);
3. Principles of the final result (order, stability, initiative).

Since the emergence of general organizational science (created by A. Bogdanov (1913), which laid the foundations of organization theory, to this day the following programs, which are similar in content and subject matter, have developed rapidly research in such scientific fields as cybernetics and general systems theory,

structural analysis, disaster theory, synergetics, management theory, and applied social theories: management theory, sociology organizations, organizational behavior. They "picked up" and developed the basic conceptual ideas of organizational science, subjecting them to further research. Despite the similarity of the general problems solved by these related scientific fields, each of them certainly has its own outlined the range of research tasks.

The theory of organization is closely related to the natural and social sciences. They are sources of ideas, images, and organizational experience. So **with biology, chemistry, physics, a wealth of information is drawn from to comprehend the general organizational patterns and principles**, as well as to extend them to the processes of preservation and destruction of all kinds of systems. **Mathematics not only provides a toolkit for quantifying organizational connections and relationships**, but is also a clear example of the organizational forms of the whole.

Of particular importance is the connection of organization theory with the system of social sciences. It is thanks to the study of the regularities of organizational processes. It has a positive impact on the development of social management theory, science of national economic management, and theory of public administration.

However, organization theory cannot replace any of them, although it contributes to the development of applied research in these areas.

### **Functions of organization theory**

#### **Cognitive function:**

- The cognitive function helps to understand the processes of organization and self-organization in social systems, including development trends and dynamics of various social phenomena.
- Example: The application of this feature can be seen in the analysis of the reorganization of large corporations that seek to become more agile and innovative by learning and adapting elements of startup culture.

#### **Methodological function:**

- Provides an integrated approach to the study of organizational relations at different levels, from micro to macro, allowing them to be considered as integral systemic entities.
- Example: This feature can be used in the development and implementation of interdisciplinary research projects where it is important to combine knowledge from different fields to develop new organizational solutions.

#### **Rational and organizing function:**

- It is aimed at generalizing the experience of organizational activities, developing optimal models of organizations and identifying effective social technologies.
- Example: The use of this function can be seen in strategic planning for the development of urban areas, where it is necessary to take into account existing experience and develop models for improving social infrastructure and services.

#### **Predictive function:**

- It allows you to predict future organizational phenomena and events by looking into the "social tomorrow."
- Example: This function is used in analyzing market trends and developing new products, where it is important not only to respond to current customer needs but also to anticipate future changes and innovations.

These functions of organizational theory are critical to understanding and managing complex social, economic, and technological systems, providing tools for analysis, planning, development, and innovation.

### **Conclusion.**

Organization reigns in every corner of our existence, from the microcosm of nature to the vastness of the human mind. Every step we take, from the smallest to the greatest accomplishments, is a reflection of a deeply rooted order. Our thoughts and ideas, which are formed and developed in the oasis of consciousness, require sophisticated self-organization to germinate and flourish.

In a world where each of us is part of a vast organizational mosaic, the study of organizational structures and their impact on science and practice is becoming vital. In organizations, this translates into unique patterns of behavior that determine the fate of not only individuals but also entire corporations.

This is why the development of organizational sciences, which bridges the gap between organizational theory and organizational behavior, is becoming important. This field brings together concepts and principles aimed at improving efficiency at all levels under a single banner. The modern dimension of organizational sciences, which has grown out of the diversity of scientific disciplines, allows us to dive deeper into the analysis of organizational structures, opening up new horizons for knowledge and development.

## LECTURE 2 "ORGANIZATION AS A SYSTEM AND AS A PROCESS"

### *Introduction*

1. *Organization as an open system*
2. *External and internal environment of the organization*
3. *Organization as a process*
4. *Planning as the basis of organizational activity*

### *Conclusion.*

In today's socio-economic environment, characterized by rapid change, innovation and globalization, the role of organizations is becoming particularly important. **Organizations are the main drivers of economic development, cultural change and social progress.** They not only create economic value, but also shape the conditions for the development of individuals and communities, and have an impact on the environment. Understanding how organizations function as systems, adapt to change, and implement their processes is key to effective management and leadership.

The key initial concepts of the lecture include a systematic approach to managing an organization, the interaction of an organization with the external environment, the importance of planning and adaptation processes, and the role of innovation in the development of an organization.

**An example from practice:** Consider the story of LEGO, which faced significant financial difficulties in the early 2000s. The problem was the loss of focus on the main product line and unsuccessful attempts to diversify. The trend toward business diversification is considered one of the key strategic approaches for companies to grow and reduce risks. Diversification involves introducing new products or entering new markets that may not be directly related to the company's core business. This approach may include developing new products, expanding into new geographical regions, or even acquiring companies operating in related or completely different industries.

### **LEGO and Diversification: Failed Attempts**

The LEGO Company, known for its toy construction sets, decided to diversify its business at some point in its history. In the early 2000s, facing increasing competition and declining profits, LEGO considered expanding its product portfolio and markets. This included investing in areas such as:

Thematic amusement parks: LEGO Land parks were one such investment. Although they attracted attention, they proved to be quite costly to maintain and develop. Clothing production: LEGO tried to launch a clothing line for children, relying on its brand, but this initiative did not find much resonance among consumers. Computer games and cartoons: Although some products in this area have been successful, investments in the development of multimedia content and video games have been very large, and not all of them have paid off.

Electronics production: Attempts to create electronic toys and other gadgets also did not result in significant profit growth. These attempts at diversification required large investments and often diverted the company's attention from its core product, LEGO bricks. Ultimately, these failed attempts led to financial losses and a deterioration of the company's market position.

Having realized that diversification did not give the desired result, LEGO decided to focus on its key product - construction sets. In response to the crisis, LEGO has relied on innovation, focusing on its core product line - construction sets. **The company decided to involve its fans in the development of new products**, which allowed it to better understand the wants and needs of consumers. This led to the creation of several successful innovative sets:

**LEGO Mindstorms series:** Launched in 1998 and revitalized in the 2000s, Mindstorms allowed children and adults to create and program their own LEGO robots. This series has become popular not only among construction set enthusiasts, but also for educational purposes, stimulating interest in science, technology, engineering and math.

**Cooperation with franchises:** LEGO has entered into partnerships with the owners of popular media franchises such as **Star Wars, Harry Potter, Marvel Super Heroes**, and others. These sets, which depict favorite characters and scenes from movies and books, have been able to attract new customers and increase sales.

**LEGO Architecture:** a series that presents models of famous architectural structures and monuments around the world. This direction appealed not only to children but also to adults, expanding the target audience of LEGO.

**LEGO Technic:** Although this line existed before the crisis, it was significantly updated and expanded during the 2000s. LEGO Technic appeals to an older audience by offering complex models with mechanical elements such as motors and pneumatic systems, which allows for more sophisticated and functional models.

These initiatives allowed LEGO not only to recover from the financial crisis but also to become one of the most successful toy companies in the world, demonstrating the importance of innovation and focus on core brand values.

### **1. Organization as an open system**

An organization can be viewed as an open system that actively interacts with its external environment. Open systems are characterized by the exchange of resources, information, and energy with the environment, which allows them to adapt and evolve in response to external changes. The main characteristics of open systems include:

**Adaptability:** the ability of a system to adapt to changes in the external environment.

**Interaction with the environment:** the exchange of resources and information between the system and its external environment.

**Self-organization:** the ability of a system to improve and restore itself.

**Integrity:** the system as a whole has properties that are not reducible to the sum of the properties of its individual components.

### **Properties of an organization as a system**

An organization, when viewed as an open system, possesses a set of distinct characteristics that define its structure and behavior.

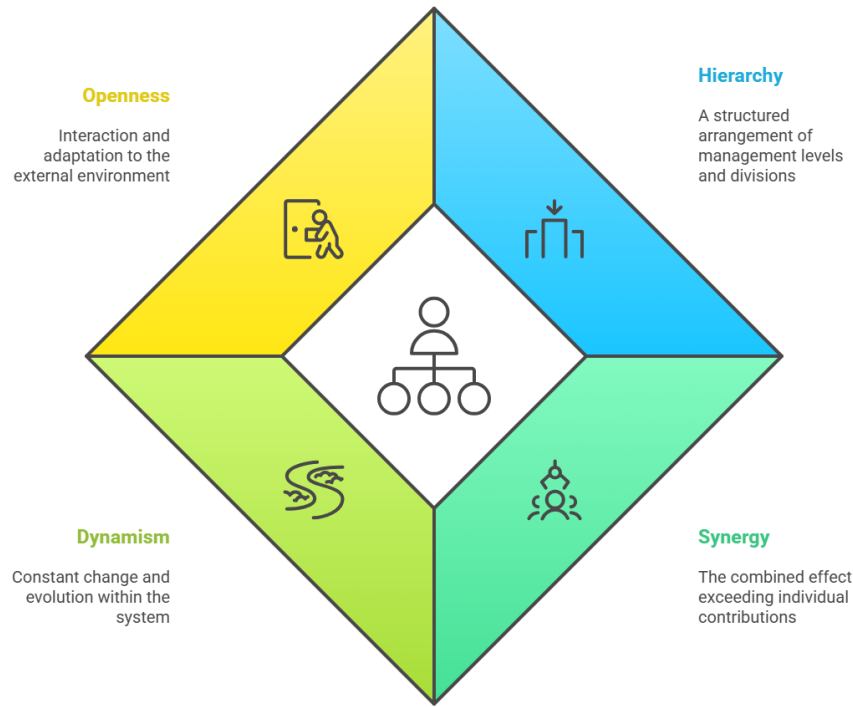


Figure 2.1. Properties of an Organization as a System

At its core lies a hierarchical structure, meaning the organization is composed of multiple levels of management and subdivisions, each with specific roles and responsibilities. This hierarchical arrangement facilitates coordination and control across various organizational layers. Another fundamental property is synergy—the capacity of the organization to generate outcomes that surpass the mere sum of its individual parts. This emergent quality reflects the interdependence and cooperative interaction among system elements.

Moreover, the organization is inherently dynamic. It does not remain static but continuously evolves in response to both internal developments and changes in the external environment. This constant state of flux requires adaptability and strategic foresight. The openness of the system further reinforces this need for responsiveness: the organization actively interacts with its external environment, exchanging information, resources, and influences, which in turn shapes its internal processes and decisions.

Within this complex system, we can distinguish two principal subsystems: the controlling and the managed. The controlling subsystem is responsible for setting objectives, making decisions, and regulating activities, while the managed subsystem executes tasks and implements decisions. Together, these subsystems

ensure coherence, feedback, and direction, enabling the organization to function effectively as a unified whole.

### **System components: control and managed subsystems**

The organization consists of two main components: the controlling and managed subsystems. **The management subsystem** is responsible for decision-making, planning and coordination of the organization's activities. It includes senior management, middle management, and other organizational structures that provide strategic direction and policy development. **The managed subsystem** includes the executive elements of the organization, such as employees, equipment, and processes. This subsystem is directly involved in the production of products or the provision of services in accordance with the plans and strategies developed by the managing subsystem.

Understanding an organization as an open system allows managers to interact more effectively with the external environment, adapt the organization to changes, optimize internal processes, and achieve their goals.

## **2. External and internal environment of the organization**

The external environment of an organization encompasses a wide range of factors and conditions that originate outside the boundaries of the organization but exert significant influence over its functioning, strategic choices, and long-term sustainability. Unlike internal variables that the organization can directly control, external environmental forces operate independently, requiring constant monitoring and adaptive responses.

This environment is traditionally divided into two key dimensions: the *macro-environment* and the *micro-environment*. The macro-environment consists of broad, overarching forces that shape the general context in which organizations operate. These include economic trends (such as inflation rates, unemployment, and global trade dynamics), political and legal frameworks (including regulatory policies, taxation, and government stability), technological advancements (which may create disruptive innovations or efficiency improvements), sociocultural shifts (such as demographic changes and evolving consumer values), and environmental concerns (such as climate change, resource scarcity, and sustainability norms). These factors are typically outside the immediate influence of a single organization but must be accounted for in strategic planning and risk assessment.

In contrast, the *micro-environment* includes more immediate and direct actors that engage with the organization on a regular basis. These comprise customers, competitors, suppliers, distributors, and strategic partners. The quality of relationships and interactions within this micro-level network can significantly influence organizational performance, brand reputation, and operational efficiency. For instance, changes in consumer behavior, supplier reliability, or competitive intensity may require swift organizational responses, ranging from product redesign to reconfiguration of supply chains or customer engagement strategies.

The dynamic nature of the external environment means that organizations must remain agile and proactive. The ability to continuously scan the environment, anticipate potential shifts, and realign internal resources accordingly is a critical determinant of resilience and competitive advantage. Organizations that fail to recognize and respond to external challenges risk strategic obsolescence, while those that identify emerging opportunities and adapt quickly can position themselves for growth and leadership in their industries.

### **Internal environment of the organization and its components**

The internal environment of an organization consists of elements that are directly under the control of the organization. The internal environment includes:

Organization's resources: human, financial, technological, informational and physical.

Management structure: management hierarchy, departments, teams, and individual employees.

Corporate culture: a system of values, norms, and behavioral models adopted by an organization.

Processes and procedures: ways of organizing work, interaction between internal departments, production and management processes.

The internal environment defines the organization's strengths and areas for improvement and is the foundation for implementing strategies and achieving goals.

### **3. Organization as a process**

**Organization as a process emphasizes the dynamic aspects of management and operations, focusing on how an organization creates, transforms, and deploys its resources to achieve its goals.** In this context, the organization is not a static structure, but a set of processes that ensure its development, adaptation to changes, and fulfillment of its mission. **The process approach allows the organization's management to focus on optimizing operations, efficiently allocating resources, and improving interaction** between different departments.

#### **Key processes in the organization: primary, secondary, management**

**Primary processes** are the main activities directly related to the production of products or the provision of services. These can be production processes, logistics, marketing, sales, etc. They form the basis of the added value that an organization offers to its customers.

**Secondary processes** are support activities that do not directly create added value but are necessary for the efficient functioning of primary processes. These include equipment maintenance, human resources, accounting, and finance.

**Management processes** are those that provide strategic direction, planning, control, and analysis of an organization's activities. They include setting goals, developing strategies, monitoring implementation, and evaluating results.

Let's consider examples of primary, secondary, and management processes using the example of a conventional company specializing in the production of electronics.

### **Primary processes**

Primary processes are those activities that are directly related to the production of products or services that a company offers to its customers.

**Manufacturing:** Assembling electronic devices on a production line, including mounting boards, soldering components, and testing finished products.

**Logistics:** The process of delivering components to production from warehouses and sending finished products to customers.

**Marketing and sales:** Developing marketing strategies to promote products on the market, negotiating with distributors, advertising campaigns, collecting orders from customers.

### **Secondary processes**

Secondary processes support primary processes, helping to maintain the effective functioning of the organization.

**Maintenance:** Scheduled maintenance and repair of equipment in production to prevent stoppages in the production process.

**Human resources management:** Recruitment and training of employees, development of motivational programs, resolution of conflicts in the workplace.

**Financial management:** Accounting, budgeting, financial planning and analysis.

### **Management processes**

Management processes provide strategic guidance to the company, including planning, organizing resources, motivating staff, and controlling.

**Strategic planning:** Developing a long-term strategy for the company's development, identifying the main areas for expanding the product range or entering new markets.

**Organization of resources:** Allocation of resources between departments and projects, optimization of supply chains.

**Monitoring and control:** Establishing a system of indicators to assess performance, auditing and implementing corrective measures to address identified shortcomings.

Each of these processes plays an important role in ensuring the success of an organization, helping it achieve its goals and adapt to changes in the external environment.

**The decision-making process is a key management process** that requires analyzing information, evaluating alternatives, and choosing the best course of action.

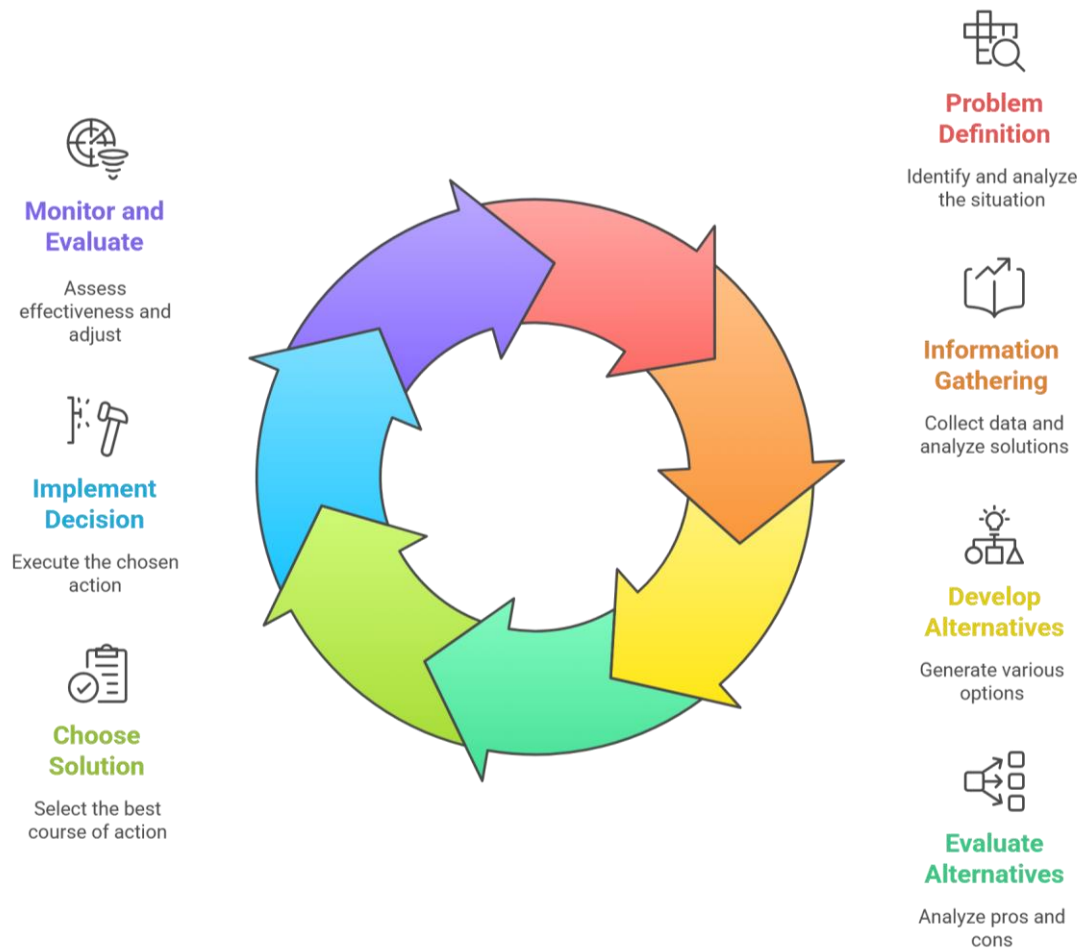


Figure 2.2. The Decision-Making Cycle

The decision-making process within an organization is a structured and iterative sequence of actions aimed at identifying and implementing the most appropriate course of action in response to a specific challenge or opportunity. This process unfolds through a series of interrelated stages, each of which plays a critical role in ensuring the quality and effectiveness of the final decision.

The process begins with *problem definition*, which involves the precise identification and thorough analysis of a situation that demands managerial attention. At this stage, it is essential to distinguish between symptoms and root causes to ensure that the decision addresses the actual underlying issue rather than its superficial manifestations.

Once the problem is clearly defined, the next step is *information gathering*. This involves the collection of relevant quantitative and qualitative data, as well as a contextual understanding of both internal and external variables that influence the situation. The goal is to establish a reliable knowledge base that will inform the development of effective solutions.

Building on this foundation, the organization proceeds to the *development of alternatives*. At this stage, decision-makers generate a range of possible solutions, encouraging creativity, cross-functional input, and scenario planning. A diverse set

of alternatives increases the likelihood of identifying a strategy that is both innovative and feasible.

This is followed by the *evaluation of alternatives*, during which each option is critically assessed in terms of its potential benefits, costs, risks, and alignment with organizational goals. This analytical phase may involve modeling, forecasting, or consultation with stakeholders to ensure that the decision is grounded in evidence and strategic rationale.

After evaluating the options, the organization moves to *choosing a solution*—selecting the course of action that offers the highest expected value or best balance of risk and reward. This selection should reflect not only analytical rigor but also the organization's capacity and readiness for implementation.

The *implementation of the decision* marks the transition from planning to action. At this stage, operational plans are executed, resources are mobilized, and communication strategies are deployed to ensure that the chosen solution is translated into concrete outcomes.

Finally, the process concludes with *monitoring and evaluation*, during which the results of the decision are systematically reviewed. Feedback mechanisms are used to assess effectiveness, measure performance against desired outcomes, and, if necessary, make timely adjustments to refine or correct the course of action. This closing loop ensures that decision-making remains adaptive and continuous.

Effective management of the decision-making process allows an organization to respond quickly and adequately to changes in the external and internal environment, optimize its operations, and increase its competitiveness.

Let's take a look at the decision-making process using the example of EcoTech, a company that faced the need to modernize its production lines to increase productivity and reduce product costs.

**Stage 1: Identify the problem.** "EcoTech noticed that their production capacity did not meet the growing market demand. In addition, an analysis of the production process showed that production costs were higher than the market average due to outdated equipment.

**Stage 2: Gathering information.** The company conducted a detailed analysis of the production equipment market, collected proposals from various manufacturers, and assessed the potential impact of modernization on productivity and product cost.

**Stage 3: Developing alternatives.** Several options were considered:

Purchase of new equipment from leading manufacturers.

Upgrade of existing equipment.

Outsourcing of certain production processes.

**Stage 4: Evaluation of alternatives.** The analysis showed that the purchase of new equipment would provide the greatest productivity gains, but would require a significant initial investment. Upgrading existing equipment is less expensive, but the effect of such changes will be limited. Outsourcing will reduce costs in the short term, but may lead to a loss of control over product quality.

**Stage 5: Choosing a solution.** Based on the analysis, EcoTech decided to invest in the purchase of new equipment, considering it the best option for the company's long-term development.

**Stage 6: Implementation of the solution.** A production modernization plan was developed, including a procurement schedule, staff training, and the introduction of new equipment into the production process.

**Stage 7: Monitoring and evaluation.** After introducing the new equipment, EcoTech analyzed its impact on productivity and production costs. The results showed a significant improvement in both indicators, which confirmed the correctness of the decision.

This example demonstrates how a systematic approach to decision-making helps EcoTech effectively solve complex production and strategic tasks, ensuring its sustainable growth and development.

#### **4. Planning as the basis of organizational activity**

**Planning is one of the key functions of management**, which involves defining the organization's goals for the future and developing strategies and tactics to achieve them. This process allows the organization to adapt to changes in the external environment, allocate resources efficiently, and coordinate the actions of various departments. Planning sets the direction of the organization, promotes organization and reduces uncertainty.

##### **Types of plans and the process of their development**

Plans can be classified according to various criteria, including duration, scope and application. The main types of plans include:

**Strategic plans** are developed for the long term (5 years or more) and define the overall goals of the organization, its mission and vision.

**Tactical plans** are medium-term plans (1 to 5 years) that detail strategic goals, turning them into specific tasks for individual units.

**Operational plans** are short-term plans (up to 1 year) that describe specific actions and resources required to implement tactical plans.

The process of developing plans typically includes analyzing the external and internal environment, defining goals, selecting strategies to achieve them, allocating resources, and developing mechanisms to monitor the implementation of plans.

##### **Strategic, tactical and operational planning**

Strategic planning sets a long-term perspective for the organization's development, taking into account changes in the external environment and opportunities for internal development. It is focused on achieving competitive advantages and adapting to future challenges.

Tactical planning serves as a bridge between strategic goals and their practical realization. Tactical plans include project development, budgeting, and resource and timeline planning.

Operational planning focuses on daily tasks and short-term goals. It includes detailed planning of employees, production processes, and resource utilization to ensure smooth and efficient operations.

A holistic approach to planning, which includes strategic, tactical, and operational planning, allows an organization to effectively manage its resources, anticipate future challenges, and move confidently toward its goals.

EcoTech, a company specializing in the development and production of advanced water treatment technologies, exemplifies how effective planning across multiple levels—strategic, tactical, and operational—can support long-term success and adaptability in a changing external environment.

At the strategic level, EcoTech has set an ambitious long-term objective: to establish itself as a global leader in the water treatment technology sector within the next five years. To achieve this, the company is focusing on expanding its research capabilities in order to drive innovation and develop next-generation technologies that outperform current market solutions in terms of efficiency and sustainability. This strategic vision is being translated into concrete initiatives, including increasing investment in research and development, attracting external funding to support technological breakthroughs, and forming partnerships with leading universities and research institutions. Such alliances not only enhance EcoTech's scientific base but also foster knowledge exchange and co-creation of cutting-edge solutions.

Moving to the tactical level, the company is working toward the medium-term goal of launching a new product within the coming year. This involves completing the development of a new water treatment system designed to be more compact, energy-efficient, and economically accessible. To realize this objective, EcoTech has mobilized a dedicated cross-functional project team tasked with finalizing product design, overseeing prototype testing and certification processes, and coordinating the launch through a carefully crafted marketing campaign. This tactical effort serves as a bridge between the company's long-term strategic direction and its day-to-day operations.

At the operational level, the focus shifts to immediate improvements in the efficiency of the production process during the current quarter. Recognizing the importance of internal performance optimization, EcoTech is working to streamline its logistics and supply chain, reduce delays in the procurement of components, and increase workforce productivity. Measures include the implementation of a modern inventory management system aimed at minimizing stock-related disruptions, the organization of targeted training programs to enhance employee competencies, and the adjustment of work schedules to align with production demands more effectively. These operational enhancements are essential for maintaining high-quality standards and responsiveness in a competitive industry landscape.

Through the coordinated use of strategic foresight, tactical implementation, and operational execution, EcoTech demonstrates how multi-level planning can be

leveraged not only to achieve specific objectives but also to sustain innovation and agility in a rapidly evolving technological environment.

Each level of planning provides EcoTech with the necessary structure to achieve the company's strategic goals, respond to environmental challenges, and effectively coordinate daily operations. This demonstrates how the strategic vision is translated into concrete actions through tactical and operational planning.

### **Conclusion.**

During this lecture, we examined the main aspects of organization functioning in the context of modern management. We learned about the organization as an open system, the external and internal environment of the organization, the decision-making process, and the importance and methods of planning at different levels.

### **The main conclusions of the lecture:**

**Organization as an open system:** Understanding an organization as an open system that interacts with its external environment allows it to effectively adapt to changes and challenges.

**External and internal environment:** Identifying and analyzing the external and internal environment is critical to developing strategies and making decisions that ensure the sustainability and success of the organization.

**Decision-making process:** A systematic approach to decision-making, including problem identification, analysis of alternatives, and selection of the optimal solution, is key to effective management.

**Planning as the basis of organizational activity:** The development of strategic, tactical and operational plans provides a clear direction for the organization, allows you to coordinate the efforts of employees and optimize resources to achieve your goals.

Thus, the success of a modern organization largely depends on its ability to adapt to change, effectively manage resources, and plan its activities. The ability to analyze the environment, develop flexible strategies, and make informed decisions are crucial to sustaining the growth and development of an organization in the long term.

## **LECTURE 3. "DYNAMICS OF ORGANIZATIONAL PROCESS MANAGEMENT: MODERN STRATEGIES AND PRACTICAL CASES"**

### *Introduction*

1. *Characteristics and content of management processes in the organization*
  2. *Main tasks and functions of management*
  3. *Modern approaches to organizational process management*
  4. *Examples of effective management of well-known companies*
  5. *Examples of practical solutions to the problems of organizing business processes*
- Conclusion.*

### **Introduction**

In today's dynamic world, organizational process management plays a key role in ensuring the success and competitiveness of any company. The effectiveness of these processes determines not only the optimization of internal business operations, but also the organization's ability to adapt to changes in the external environment, implement innovations and meet customer needs. That is why modern managers attach great importance to the development and improvement of management processes, using best practices and the latest technologies.

This lecture is designed to give you a deeper insight into the concept of organizational process management. We will look at the main characteristics and content of these processes, discuss their important tasks and functions, as well as modern approaches to management. In addition to the theoretical foundations, we will focus on practical examples of well-known companies, which will allow us to understand the real impact of effective management on the achievement of the organization's strategic goals.

Let us briefly consider modern approaches to managing organizational processes. They include:

**Agile Management:** Aimed at rapid adaptation to changes in the environment, this approach allows organizations to respond effectively to challenges and opportunities. Flexibility and speed of decision-making are key success factors in a dynamic business world.

**Lean Management:** Focused on minimizing waste and optimizing processes, this approach helps to increase efficiency while reducing costs and improving product quality.

**Digital transformation:** The use of modern IT solutions and digital technologies to improve management processes and increase the company's competitiveness. Digitalization enables automation of routine tasks, improves data analytics, and promotes innovative development.

**Cross-functional teams:** Creating teams that bring together specialists from different departments to develop and implement integrated solutions. This approach promotes a deeper understanding of processes and improves collaboration between departments.

**Principles of sustainable development:** The integration of environmental, social and economic aspects into management strategy, enabling businesses to act responsibly and ensure long-term success.

These modern approaches to management help companies survive in the face of rapid change, and use these changes as opportunities for development and growth. They are becoming an important part of leadership and innovation strategies, enabling organizations to create new value and improve customer service. Let's take a closer look.

## **1. Characteristics and content of management processes in the organization**

At the core of effective management lies the ability to skillfully utilize the organization's key operational resources—human, material, financial, technological, and informational. These inputs form the foundation of all organizational processes, and their coordinated use directly determines both the stability of routine operations and the potential for strategic advancement.

Human resources represent not merely a workforce, but a dynamic and decisive element of organizational success. The professional qualifications, motivation, and interpersonal communication of employees influence both the quality of task execution and the organization's overall productivity. Contemporary management emphasizes a human-centered approach, which includes continuous competence development, professional training, the creation of career advancement opportunities, and the formation of a work environment that fosters motivation, engagement, and well-being.

Material resources—comprising raw materials, components, consumables, and technical supplies—are integral to the production of goods and the provision of services. The efficiency of procurement processes, the accuracy of inventory management, and the quality of supplied materials significantly influence operational continuity, cost control, and output quality. Modern production systems require strategic oversight of supply chains and a shift toward sustainable material usage.

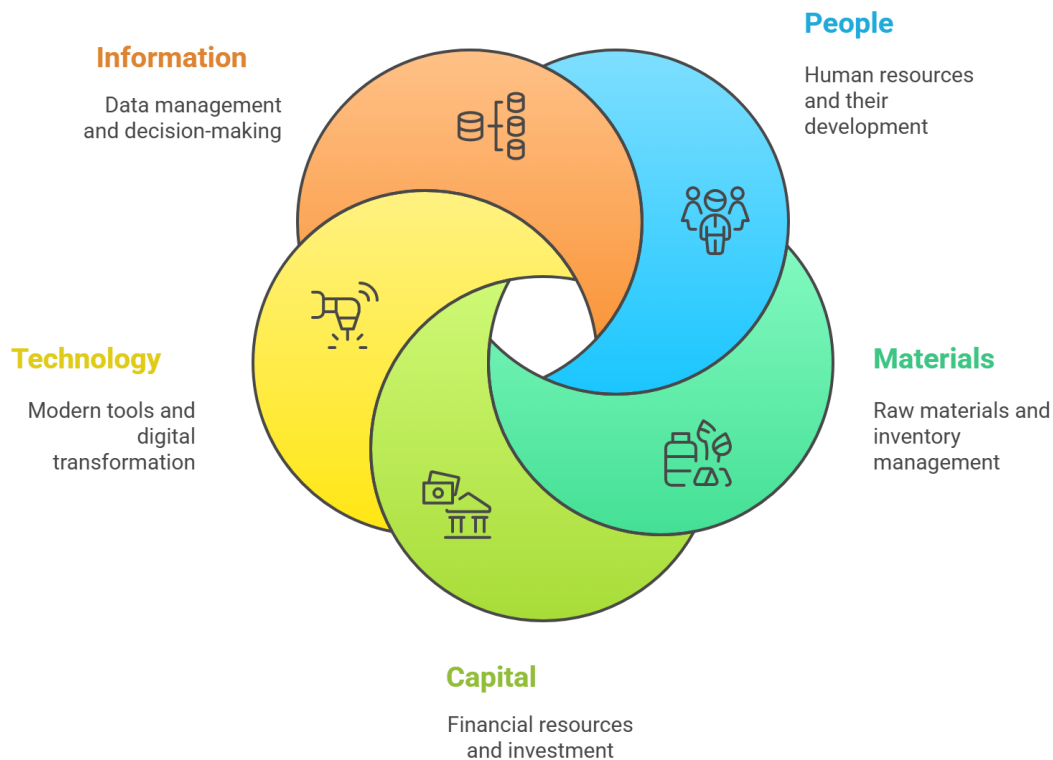


Figure 3.1. Key Operational Resources in Management

Financial resources serve as the economic engine of the organization. Effective financial management ensures liquidity, facilitates investment in innovation, and supports long-term growth. It involves comprehensive budget

planning, accurate forecasting, cash flow control, strategic investment, and regular financial analysis—all of which are essential for ensuring financial sustainability and resilience in uncertain environments.

Technological resources play a transformative role in modern organizational development. The adoption of advanced machinery, automation tools, and digital platforms enhances operational efficiency, reduces production time, and opens pathways for innovation. Embracing digital transformation allows organizations to rethink traditional workflows, optimize performance, and increase value creation through data-driven solutions and process integration.

Finally, information resources have emerged as a critical asset in the age of digitalization. The capacity to collect, process, analyze, and safeguard information enables informed decision-making and strategic foresight. In this context, information is not simply a support function but a driver of organizational intelligence, competitive advantage, and adaptability. Systems for knowledge management, cybersecurity, and analytical reporting have become indispensable tools for leaders navigating complex and volatile environments.

Together, these five resource domains form the operational infrastructure of any organization. Their effective management requires not only technical competence but also systemic thinking and a strategic vision aligned with the organization's mission and values. Ensuring coordinated interaction between all these components, adaptation to changes, and continuous improvement are the basis for effective management of organizational processes.

### **The importance of integrating information as a resource in modern management models**

In the era of digitalization and globalization, information has become one of the most important resources of any organization. Integrating information as a resource into management models plays a key role in making informed decisions, strategic planning, and process optimization.

Modern management models, such as Lean, Agile, and digital transformation concepts, require an integrated approach to information processing and analysis. This allows for greater flexibility, faster response to changes in the external environment, and effective risk management.

Information integration involves not only collecting and storing information, but also actively using it in all aspects of an organization's activities: from marketing and sales to production and logistics. This helps to improve communications, increase productivity and innovation, and provides a competitive advantage in the market.

Therefore, the integration of information as a resource is not just important, but a prerequisite for the successful development of modern organizations.

### **Main Tasks and Functions of Management**

Effective management is built upon a set of core, interrelated functions that guide organizational behavior, ensure coordination of resources, and support continuous adaptation in dynamic environments. These essential functions—*analysis, planning, organization, motivation, and control*—form the backbone of a systems-based approach to management. Together, they enable managers to formulate goals, implement strategies, and ensure operational excellence while maintaining long-term strategic flexibility.

The process begins with **analysis**, which serves as a foundational diagnostic function. Before any decisions are made, managers must thoroughly assess the internal state of the organization as well as the external environment. This includes evaluating market conditions, stakeholder expectations, internal capabilities, risks, and performance indicators. Analysis provides the factual basis for all subsequent management functions. Without a clear understanding of where the organization stands and what forces influence it, planning would lack direction and precision. Modern analysis relies on data-driven tools, benchmarking, SWOT assessments, and scenario modeling to generate insights that inform strategic and tactical choices.

Building on this analytical groundwork, **planning** defines the goals the organization intends to achieve and determines the optimal pathways for reaching them. Planning involves forecasting future developments, setting strategic priorities, allocating resources over time, and anticipating potential obstacles. It is both a creative and rational process that transforms abstract vision into structured actions. Effective planning coordinates efforts across departments, minimizes uncertainty, and ensures organizational coherence.

The next function, **organization**, is responsible for operationalizing plans. It involves the creation of organizational structures, workflows, and governance mechanisms that distribute tasks, authority, and accountability. Organization also includes the alignment of human, material, and financial resources to support task execution. A well-designed structure not only facilitates efficient communication and decision-making but also enhances agility and resilience under stress.



Figure 3.2. Cyclical Management Process

**Motivation** addresses the human dimension of management. It focuses on inspiring and enabling individuals to contribute meaningfully toward collective objectives. Motivation is realized through a combination of financial and non-financial incentives, such as performance recognition, career advancement opportunities, participatory management, and the cultivation of a supportive work environment. Importantly, motivation is not a one-time intervention but an ongoing process that requires alignment between individual aspirations and organizational values.

The function of **control** ensures that the organization remains on track by continuously monitoring outcomes, comparing actual performance with planned objectives, and correcting deviations. Control systems provide essential feedback that informs whether strategic decisions are producing the desired results. Furthermore, control enables learning: it helps the organization not only fix what's not working but also refine what is already effective.

Together, these five functions represent a cyclical and integrative management process. *Analysis* informs *planning*, *planning* shapes *organization*, *organization* enables effective *motivation*, and *motivation* drives performance, which is then monitored through *control*. The insights generated through *control* feed back into *analysis*, completing the loop and enabling ongoing refinement. This systemic perspective equips organizations not only to manage current operations efficiently but also to remain adaptive, forward-looking, and strategically competitive in complex environments.

### **Adaptation of management processes: A deeper look**

Adapting management processes to meet the evolving needs of both the organization and its external environment requires not only in-depth analysis but also a high degree of structural and behavioral flexibility. In the context of increasing uncertainty and accelerated change, management can no longer rely on rigid, linear models. Instead, it must adopt dynamic mechanisms that allow for timely adjustment, decentralized decision-making, and continuous feedback.

One of the critical dimensions of such adaptation lies in *planning flexibility*. At the strategic level, this entails moving away from overly prescriptive long-term roadmaps toward more open-ended frameworks that maintain a clear vision but allow for realignment as new information emerges. Strategic flexibility ensures that while the organization pursues long-term development, it remains capable of pivoting in response to market shifts, regulatory changes, or technological disruptions. On the tactical level, adaptability becomes evident through short-term initiatives designed to capitalize on immediate opportunities or mitigate pressing risks. These may include reallocating resources, launching pilot projects, or adjusting operational priorities based on real-time data.

Organizational adaptability complements planning flexibility by ensuring that the structure of the organization does not become a barrier to change. This involves transitioning from rigid hierarchies to more fluid arrangements, such as cross-functional teams or project-based units, which can respond more rapidly to emerging challenges. Empowering local units or departments through decentralization enhances the organization's decision-making capacity, enabling faster reactions and greater contextual sensitivity. Autonomy at the operational level encourages initiative and fosters a sense of ownership among employees, which is particularly valuable during periods of transition or disruption.

Equally important is the *motivation to innovate*, which hinges on the internal culture of the organization. An adaptive management system actively nurtures an innovation-oriented mindset—creating an environment where experimentation is encouraged, mistakes are viewed as learning opportunities, and calculated risk-taking is supported. Investing in the continuous development of employees, both through formal training and experiential learning, is essential to ensure that teams possess the skills and resilience needed to navigate change confidently and competently.

To ensure that adaptation is not based on guesswork but guided by evidence, a robust *control and feedback system* must be in place. This includes systematic monitoring of the external environment—tracking market dynamics, competitor strategies, regulatory shifts, and technological innovations—to identify emerging threats and opportunities early. At the same time, internal audits play a key role in assessing the performance of teams, evaluating the efficiency of internal processes, and identifying areas that require realignment. Feedback mechanisms—whether derived from employees, customers, or strategic partners—serve as a vital

communication channel that informs ongoing adjustments to management practices and strategic orientation.

Ultimately, an organization's ability to adapt its management processes effectively is a source of long-term advantage. It enhances operational agility, strengthens innovation capacity, and fosters a culture of continuous improvement. In an increasingly complex and volatile world, such adaptability is not a luxury, but a necessity for sustained competitiveness and resilience.

### **Modern approaches to managing organizational processes: Agile management**

Agile Management is characterized by increased adaptability and the ability to respond quickly to changes in the external environment. This approach, borrowed from the world of software development, is now used in a wide range of industries to manage projects, teams, and entire organizations.

Basic principles of flexible management:

- Individual approach and interaction over processes and tools. The human factor and teamwork are of paramount importance.
- Willingness to change over following a pre-established plan. Flexibility and adaptability to change are considered key to success.
- Work product on comprehensive documentation. Focus on creating value for the client.
- Collaboration with the client on formal agreements. Close cooperation between customers and contractors in the development process.
- Reacting to changes over following the plan. Projects evolve through iteration, with the ability to quickly change direction based on feedback.

The benefits of flexible management:

Increase customer satisfaction by responding quickly and flexibly to their needs.

Increase the productivity and efficiency of teams.

Improving product quality through continuous testing and optimization.

Reducing project risks through iterative development and the possibility of course correction.

Flexible management is seen as a response to the challenges of today's dynamic business environment, allowing organizations to remain competitive and innovative.

### **The concept of Lean Management and its impact on process optimization**

The concept of Lean Management originated in Japan at Toyota factories and eventually transformed into a universal management philosophy to improve the efficiency of business processes in various industries. It is aimed at minimizing losses in all processes of the organization, maximizing the creation of value for the client at minimal cost.

Basic principles of Lean Management:

Defining value from the customer's point of view: Anything that does not add value to a product or service from the customer's perspective is considered a loss.

Streaming production: Optimize workflows to avoid production stoppages and delays.

Use of the "Pull" system: Production is launched only when there is real customer demand, which reduces inventory levels and costs.

Striving for excellence: Continuous improvement of processes and production with the goal of achieving zero losses.

### Foundations of Lean Management

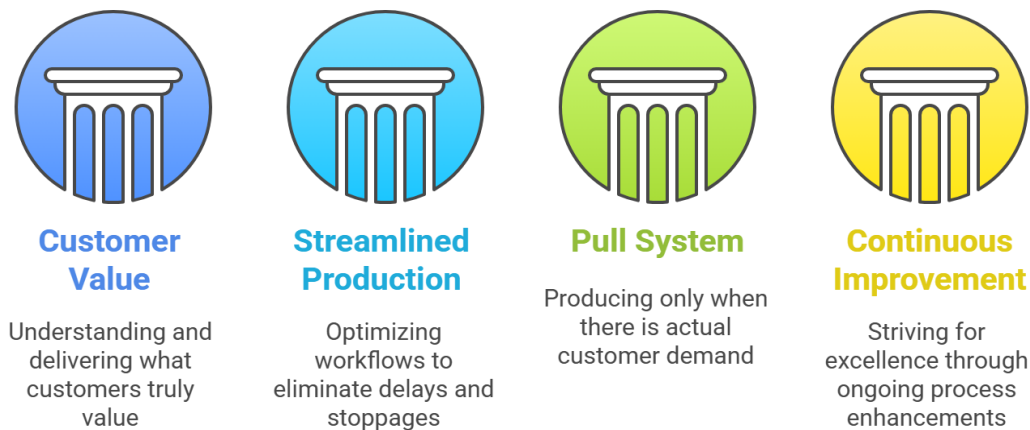


Figure 3.3. Foundations of Lean Management

Lean Management, as a philosophy of continuous improvement and value-driven efficiency, exerts a profound influence on the optimization of organizational processes. At its core lies the principle of eliminating all forms of waste—whether time, resources, or effort—that do not directly contribute to customer value. This methodological approach leads to systemic transformation across multiple dimensions of operational performance.

One of the most immediate and measurable effects of Lean implementation is *cost reduction*. By identifying and eliminating redundant steps in production and minimizing excess inventory, organizations reduce operational overhead and improve resource allocation. This not only lowers direct costs but also enhances financial transparency and control over the value chain.

*Quality improvement* is another fundamental outcome of Lean practices. Emphasis on root cause analysis, defect prevention, and iterative refinement contributes to higher consistency in output and fewer disruptions in the production cycle. Quality becomes embedded into the process itself, rather than being treated as a separate checkpoint at the end of production.

A further benefit of Lean is the *reduction in production time*. Through the standardization of tasks, optimization of workflows, and removal of bottlenecks, production cycles become faster and more predictable. As a result, organizations are

able to fulfill customer orders with greater speed and flexibility—an advantage that is particularly valuable in fast-moving or customer-driven markets.

This, in turn, leads to *increased customer satisfaction*. The ability to deliver high-quality products in shorter timeframes and to respond quickly to individual client needs strengthens the organization's reputation and enhances its market responsiveness. Lean principles align operational excellence with customer expectations, reinforcing loyalty and competitive positioning.

However, the impact of Lean extends beyond process metrics. It fosters a cultural shift within the organization—a collective mindset of accountability, ownership, and continuous improvement. Every employee, regardless of role, becomes an active participant in identifying inefficiencies and proposing solutions. This cultural transformation not only sustains the gains achieved through process optimization but also builds a more resilient and adaptive organizational system.

In essence, Lean Management is not merely a toolkit for operational efficiency—it is a strategic approach that enhances value creation, strengthens internal capabilities, and supports long-term competitiveness in complex and dynamic environments.

### **Digital transformation of management**

Digital transformation of management is the integration of digital technologies into all aspects of business, which radically changes the way we do business and deliver value to customers. It encompasses the transition from traditional management methods to data-driven models, process automation, and digital customer engagement.

Key elements of digital transformation:

- **Process automation:** The use of software to automate routine tasks, freeing up employee time for more complex tasks.
- **Big Data and analytics:** Collecting, analyzing, and using large amounts of data to make informed decisions and predict trends.
- **Cloud technologies:** Ensuring flexibility, scalability and availability of information resources through cloud services.
- **Mobile technologies:** The use of mobile solutions to provide access to information and management tools from anywhere in the world.
- **Artificial intelligence and machine learning:** Automation of decision-making and process optimization based on advanced algorithms.

Digital transformation enables organizations to become more efficient, flexible and customer-centric. It helps to increase productivity, reduce costs, and introduce innovative products and services. At the same time, it is a challenge that requires companies to be ready for change, invest in new technologies, and develop employee skills.

Digital transformation is not a one-time project, but an ongoing process that requires constant adaptation and updating of management approaches in the face of rapid technological development.

### **Case Study: Toyota's management principles**

Toyota, one of the largest automotive companies in the world, is known for its unique management approach known as the Toyota Production System (TPS) or "Lean Manufacturing". This approach is based on the philosophy of continuous improvement (*kaizen*) and respect for people, which allows the company to achieve high efficiency, quality, and flexibility.

The Toyota management philosophy is built on a set of interrelated principles that have redefined global approaches to efficiency, quality, and organizational culture. Central to this model is the idea of *Kaizen*, or continuous improvement, which positions development not as a one-time initiative but as an ongoing, iterative process that involves all employees at every level. This principle fosters a mindset of constant reflection, experimentation, and enhancement, leading to gradual but sustained organizational advancement.

Equally significant is the principle of *Jidoka*, which allows production equipment to halt automatically at the moment a defect is detected. This not only prevents defective products from progressing further down the line but also empowers employees to take responsibility for quality assurance. It shifts quality control from being a reactive function to a built-in safeguard embedded in the system.

Another pillar is *Just-in-Time (JIT)*, which reorients production processes to respond precisely to demand—producing only what is needed, in the quantity needed, and at the exact time it is required. By synchronizing production with consumption, Toyota drastically reduces inventory costs, shortens lead times, and minimizes waste throughout the value stream.

At the heart of this system lies a deep *respect for people*. Employees are not seen as mere executors of tasks but as active contributors to organizational development. Toyota's management culture invests in motivation, engagement, and the professional growth of its workforce, recognizing that innovation and efficiency are rooted in human potential.

The principle of *Genchi Genbutsu*—which translates as “go and see for yourself”—emphasizes decision-making based on first-hand observation of processes. Managers and problem-solvers are expected to visit the actual place where work happens, understand the context, and base their decisions on real-time data and concrete facts. This principle reinforces accountability, accuracy, and pragmatic thinking.

The cumulative impact of these principles on management is profound. Toyota's ability to maintain *high product quality at low cost* is the result of systematically eliminating inefficiencies and refining every process detail. The combination of JIT and Kaizen provides *strategic flexibility*, enabling rapid

adaptation to market fluctuations without compromising stability. Moreover, the organization's focus on human respect and customer value translates into *strong employee commitment and high levels of customer satisfaction*.

The Toyota Production System has become more than just an internal methodology—it has evolved into a global benchmark for excellence in operations management, inspiring organizations across industries to pursue leaner, smarter, and more human-centered approaches to performance and innovation.

### **Analyzing the success of technology startups using agile management techniques**

Technology startups often face unpredictable and rapidly changing market conditions. Agile management methodologies such as Agile and Lean Startup help them stay competitive, adapt quickly to changes, and maximize customer value at minimal cost.

The effectiveness of Agile methodologies lies in their ability to combine speed, adaptability, and user-centered thinking within a cohesive management framework. One of the central components of Agile success is the use of *rapid prototyping*, which allows teams to move quickly from idea to implementation by developing a minimum viable product (MVP). This approach enables early testing with real users, generating immediate feedback and revealing both strengths and weaknesses at an early stage. As a result, adjustments can be made proactively, significantly reducing the risk of building a product that fails to meet actual user needs.

*Iterative development* further enhances this adaptability. Instead of relying on long, linear project cycles, Agile methods promote short, repeatable iterations where the product evolves incrementally. Each cycle delivers a functional update that reflects new insights, enabling the team to adapt to emerging market conditions, shifting customer expectations, or unforeseen technical constraints.

A critical component of this approach is *market validation*. Agile teams continuously test hypotheses related to business models, user behavior, and customer value through real-world experiments. By gathering empirical data instead of relying solely on assumptions, organizations can make informed decisions that minimize uncertainty and strengthen their competitive position.

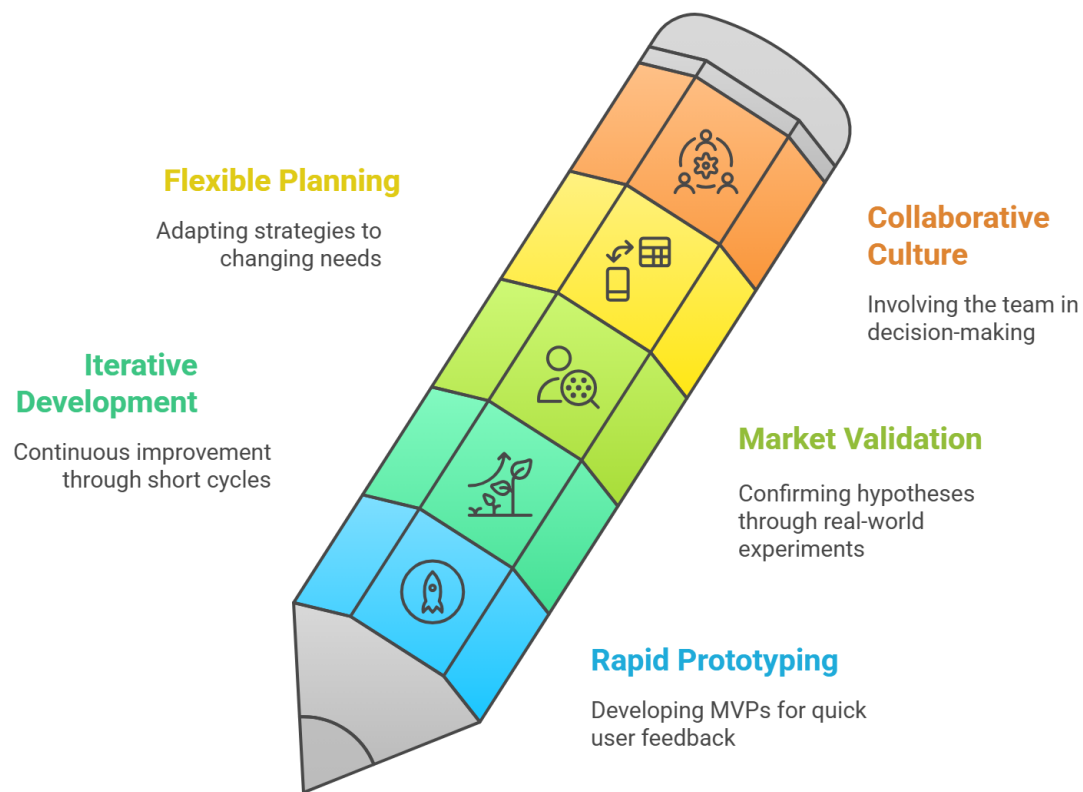


Figure 3.4. Agile Success Components

Supporting this is a system of *flexible planning*. Agile strategies are not set in stone; they are responsive, allowing teams to reprioritize tasks and shift direction based on current information. This ensures that the most valuable and time-sensitive features are always addressed first, maximizing impact while preserving alignment with strategic goals.

Finally, success with Agile is rooted in a *collaborative culture*. Decision-making is distributed across the team, encouraging shared ownership, cross-functional cooperation, and a diversity of perspectives. This inclusive approach fosters not only innovation and creativity, but also a sense of psychological safety—where team members are empowered to experiment, take initiative, and learn from failure.

Collectively, these aspects make Agile methods particularly effective in complex and rapidly changing environments. By integrating user feedback, continuous learning, and collective intelligence, Agile empowers organizations to build better solutions faster—without sacrificing quality, relevance, or adaptability.

Many well-known tech startups, such as Spotify, Airbnb, and Dropbox, have applied agile management techniques at different stages of their development. This allowed them to quickly adapt to market conditions, optimize their processes, and achieve significant growth.

Agile management techniques have proven to be effective in the dynamic and competitive world of tech startups, where speed, adaptability, and customer focus are key success factors.

### **Examples of Practical Solutions to Business Process Organization Problems: Workflow Optimization**

Workflow optimization plays a critical role in enhancing organizational efficiency, reducing operational costs, and improving service responsiveness. It requires a systematic analysis of existing processes to identify inefficiencies, eliminate non-value-adding steps, and implement modern technologies that support automation and real-time responsiveness. At its core, process optimization is not merely about speeding up tasks, but about rethinking how work is done to deliver greater value with fewer resources.

In the logistics and retail sector, Amazon has become a benchmark for automation-driven optimization. By deploying advanced robotics in its fulfillment centers, the company has streamlined tasks such as order picking, sorting, and packaging. This integration of robotics has dramatically reduced order processing times, minimized human error, and allowed the company to scale operations with consistent quality and speed.

Zara, in the fashion industry, exemplifies strategic supply chain agility. The company has built a vertically integrated logistics system that leverages data analytics and real-time communication between retail outlets and production units. As a result, Zara is able to rapidly respond to evolving consumer trends, minimize inventory holding costs, and significantly reduce the time required to bring new collections to market.

Toyota's experience provides a classic example of industrial process optimization through the application of the Just-in-Time (JIT) principle. By synchronizing production with actual demand and maintaining minimal inventory levels, Toyota has been able to reduce storage expenses, eliminate overproduction, and elevate product quality. The JIT system also contributes to leaner operations and promotes a culture of accountability and precision across the production line.

In the digital domain, Netflix illustrates how workflow optimization can be achieved through intelligent automation. The company employs sophisticated machine learning algorithms to personalize user content recommendations, a process that was once entirely manual. This not only enhances user satisfaction and engagement but also creates operational efficiencies by reducing the need for human curation while increasing the precision of content delivery.

These diverse examples—from retail and fashion to manufacturing and digital entertainment—demonstrate that the key to successful business process optimization lies in an organization's capacity for ongoing analysis, technological integration, and openness to organizational change. Regardless of industry, the ability to adapt workflows in line with customer expectations, technological advancements, and

internal performance feedback becomes a critical determinant of long-term competitiveness and sustainable growth.

### **Implementing innovations: the role of IT solutions in modern management**

In today's rapidly evolving world, IT solutions play a key role in driving innovation and management efficiency. They allow companies to optimize processes, improve communication, increase productivity, and secure a competitive advantage.

Key aspects of the impact of IT solutions on management:

**Process automation:** Modern IT systems allow you to automate a large number of routine tasks, reducing time and human error.

**Improved decision-making:** Analytical tools and big data allow you to collect and analyze information for informed decision-making.

**Effective communication:** Cloud-based and mobile solutions facilitate rapid information exchange and support flexible collaboration within and across the organization.

**Data security:** The development of cybersecurity is a response to growing cyber threats, ensuring the protection of important business information.

**Innovative business models:** IT solutions enable the development of new products and services, opening up new markets and opportunities for growth.

Innovating with the help of IT is not just a technical upgrade, but a strategic necessity that requires a new approach to management, company culture, and customer interaction. This opens the way to creating flexible, adaptive organizations capable of responding quickly to the challenges of the modern business environment.

### **Conclusion.**

In this lecture, we reviewed the key aspects of modern organizational process management, covering topics ranging from the characteristics and content of management processes to modern approaches, including agile management, Lean Management, digital transformation, and analyzed successful examples of solving organizational problems on the example of well-known companies.

We found that effective management depends on an organization's ability to adapt to change, integrate innovation, optimize processes, and develop a culture of collaboration and continuous improvement. Digital technologies play a key role in this process by providing tools for automation, data analysis, effective communication, and the development of new business models.

Successful case studies of companies such as Toyota, Google, Zappos, IKEA, Tesla, and Slack demonstrate how different management approaches can lead to revolutionary changes in production, service, logistics, and corporate communications, ensuring growth and sustainability in the long run.

The challenges of today's business environment require organizations not only to implement the latest technologies, but also to develop adaptability, creativity and strategic thinking at all levels of management. The key to success lies in the ability to constantly learn, adapt and innovate, creating value for both customers and the organization.

## **LECTURE 4 "ORGANIZATIONAL CULTURE"**

1. *Introduction*
2. *Theoretical Aspects of Organizational Culture*
3. *Formation and Development of Organizational Culture*
4. *The Impact of Organizational Culture on Productivity and Efficiency*
5. *Case Study: Organizational Culture in Well-Known Companies*
6. *Conclusion*

### **Introduction: Organizational culture**

Organizational culture is a fundamental aspect of any corporation or institution, defining both its internal environment and external perception. It encompasses the shared beliefs, values, behaviors, and ways of interacting among the organization's members. Together, these elements form the unique character of an organization, which influences all aspects of its functioning from human resources management to customer service, innovation and strategic planning.

Organizational culture can be defined as a set of shared values, norms, beliefs, and expectations that guide the behavior of the organization's members. It is not just a dry set of rules, but a living, dynamic entity that evolves with its people and responds to changes in the internal and external environment. Organizational culture influences the behavior of employees by establishing norms for the "right" way to act in the context of the organization. It acts as a "social glue" that binds individuals together, helping the organization to function as a single, coherent whole.

The importance of organizational culture cannot be underestimated, as it plays a key role in shaping employee motivation, performance, satisfaction, and their ability to adapt to challenges and change. Therefore, understanding and consciously cultivating organizational culture can serve as a powerful tool for achieving an organization's strategic goals.

**A brief overview of the importance of organizational culture for the success of companies.** Organizational culture is crucial to a company's success, affecting every aspect of its operations. It not only determines how employees interact with each other and how they perform their tasks, but also affects the perception of the brand by external stakeholders, including customers, partners, and investors.

Culture affects employee motivation, job satisfaction, and commitment. Organizations with a strong, positive culture often report higher levels of employee

engagement. Engaged employees are more productive, less prone to burnout, and less likely to leave the company, which reduces the cost of recruiting and training new employees.

Organizational culture can ensure alignment between a company's core values and its strategic goals. Companies whose culture supports innovation, for example, often achieve significant success in developing new products and technologies. This alignment strengthens the organization's ability to adapt to market changes and respond to challenges.

A company's culture can also influence its approach to corporate social responsibility (CSR). Organizations that value sustainability, integrity, and social responsibility often set high standards of ethics in all aspects of their operations, which improves their consumer perception and strengthens brand loyalty.

The culture of an organization determines the approach to customer service, influencing the quality of customer interactions and overall customer satisfaction. Companies with a customer-centric culture tend to have higher levels of customer satisfaction and loyalty.

Thus, organizational culture plays a key role in building a well-rounded organization that is able to adapt, compete, and innovate in an ever-changing business environment. Culture not only shapes the internal environment, but also becomes the basis of the company's external strategy, determining its long-term success.

### **Theoretical aspects of organizational culture: Main characteristics and structural elements**

Organizational culture is made up of several key elements that interact with each other to form the unique environment of each company. Understanding these elements is critical to analyzing and developing organizational culture.

**1. Values.** Values are the foundation of organizational culture. They define what is important to the organization and its members. Values can be explicitly stated in a company's mission and vision or implicitly conveyed through the behavior of management and employees. They serve as a guide for decision-making and policy making.

**2. Standards.** Norms are informal rules that govern the behavior of employees in a company. They may include expectations for work attire, working hours, interpersonal relationships, and communication methods. Norms often develop organically and can be shaped by common practices.

**3. Artifacts.** Organizational culture artifacts include physical symbols, such as corporate symbols, office architecture, workspace design, official documents, and slogans. They are a visual expression of organizational culture and convey the values and norms of the organization.

## Organizational Culture Pyramid

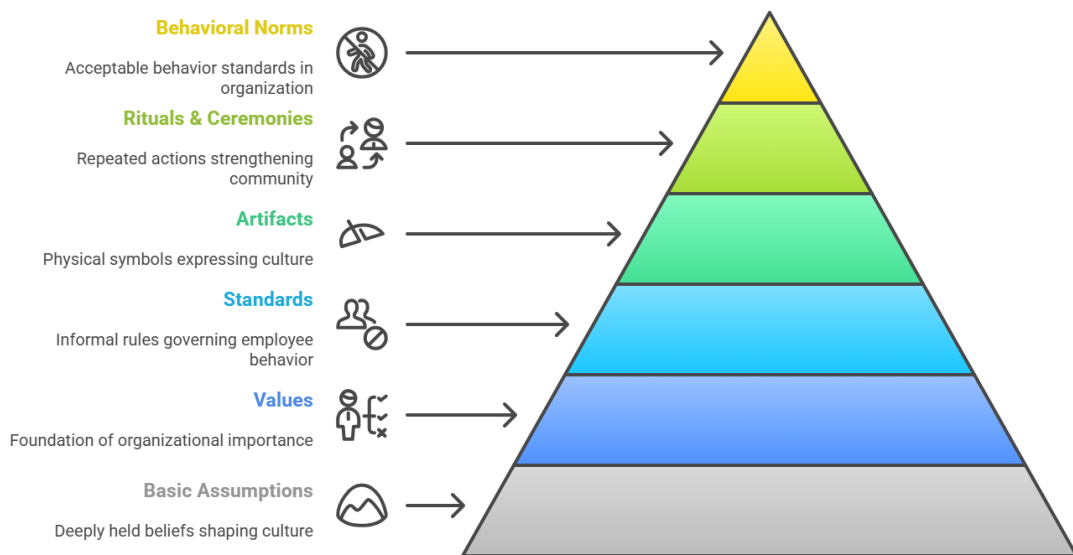


Figure 4.1. Organizational Culture Pyramid

**4. Rituals and ceremonies.** Rituals and ceremonies are repeated actions that have meaning for an organization. They can include annual corporate events, employee awards, weekly meetings, and other events. Rituals strengthen community and maintain a sense of belonging among employees.

**5. Behavioral norms.** Behavioral norms describe the standards of behavior that are considered acceptable in an organization. They define how employees should interact both inside and outside the company. Behavioral norms can influence the way conflict is resolved, negotiations are conducted, and feedback is handled.

**6. Basic assumptions.** Basic assumptions are deeply held beliefs that are rarely discussed openly, but are the basis for all aspects of organizational culture. They influence how all of the above elements are perceived and how reactions to external stimuli are formed.

The combination of these elements creates a unique organizational culture that plays a key role in shaping the behavior and success of a company. It is important that management understands and actively manages these aspects to cultivate a healthy and productive work environment.

### **Formation and development of organizational culture: Processes and factors**

Organizational culture is not static; it evolves and transforms in response to internal changes and external influences. Understanding the processes and factors that shape organizational culture is key to effective management and leadership.

#### **Key Factors Influencing the Formation of Organizational Culture**

The formation of organizational culture is a complex and dynamic process shaped by a combination of internal mechanisms and external influences. Among

the most significant internal drivers is *leadership*. Leaders play a central role in defining and reinforcing cultural norms through their actions, decisions, and patterns of communication. Their behavior becomes a reference point for employees, signaling what is acceptable, desirable, and rewarded within the organization. Moreover, leaders influence the internalization of values by modeling them in practice and embedding them into the organization's everyday routines and rituals.

Another powerful shaping force comes from *organizational policies and practices*. The way an organization structures its systems of reward, recognition, and professional development communicates what is truly valued. For example, if innovation is celebrated and rewarded, it will gradually become part of the organizational ethos. Similarly, hiring policies that prioritize alignment with the organization's core values contribute to cultural cohesion by ensuring that new employees reinforce, rather than disrupt, the existing culture.

The *external environment* also plays a crucial role in shaping organizational culture. Market dynamics, regulatory frameworks, technological advancements, and broader societal trends all exert pressure on organizations to adapt their internal norms and behaviors. Culture, therefore, is not formed in isolation; it evolves in response to shifting external realities. Organizations that are culturally agile—able to realign their practices and narratives in light of external challenges—are more likely to sustain relevance and resilience.

*Communication* serves as a vital mechanism for the transmission and reinforcement of cultural values. Open, transparent, and continuous communication builds trust, fosters inclusion, and enhances alignment between individual and organizational goals. When employees are consistently informed, listened to, and engaged in dialogue, the cultural fabric of the organization is strengthened, and shared values are more likely to be internalized across all levels.

Finally, *traditions and rituals* contribute to the preservation and continuity of culture over time. Whether through symbolic events, team celebrations, or recognition ceremonies, these repeated practices reinforce collective identity, create a sense of belonging, and provide opportunities to express and reaffirm shared values. Such rituals, while often informal, carry deep symbolic weight and serve as anchors of cultural memory and cohesion.

In sum, the culture of an organization is not a static or accidental phenomenon—it is actively shaped by strategic leadership, consistent practices, responsive adaptation to the environment, effective communication, and meaningful traditions. The interplay of these factors determines whether a culture remains merely aspirational or becomes a lived and sustainable reality.

Culture building is a dynamic process that involves the integration of new values and practices into the daily life of an organization. This process requires constant effort and attention, as culture can evolve or even degrade depending on changes in internal and external conditions.

Developing organizational culture requires a strategic approach and the inclusion of all levels of the organization to ensure that the culture remains relevant and supported.

### **The role of leadership in the development of organizational culture**

Leadership plays a critical role in shaping and developing organizational culture. Leaders don't just communicate their own values and beliefs; they also model and encourage behaviors that contribute to the cultural integrity of the organization. Through their actions, decisions, communication style, and interactions with others, leaders shape and influence cultural change.

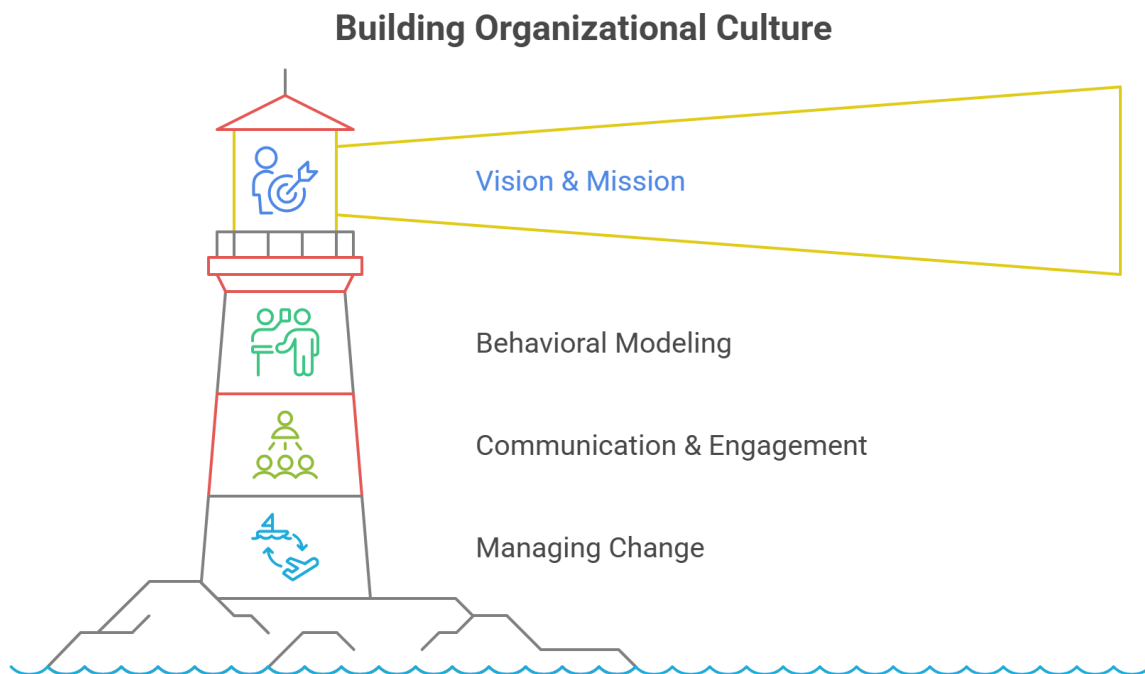


Figure 4.2. The role of leadership in the development of organizational culture

**Creating a vision and mission statement.** Leaders define the vision and mission of the organization, which are the foundation for the organizational culture. These statements help employees understand where the organization is going and what core values guide it. When leaders consistently demonstrate and support these values through their actions, they create a strong foundation for engaging and motivating staff.

**Behavioral modeling.** Leaders are the key carriers of cultural norms and behavior in an organization. Their behavior serves as a model for employees to emulate. Leaders who openly demonstrate ethical behavior, respect for others, and commitment to corporate values contribute to a positive and productive work environment.

**Communication and engagement.** Effective leadership includes the ability to communicate cultural expectations and values clearly and consistently. Leaders should not only be transmitters, but also active listeners, open to feedback and new

ideas from employees. Involving employees in the process of shaping the culture strengthens their sense of belonging and influence in the organization.

**Impact on change.** Leaders have an important task not only in maintaining the existing culture, but also in managing cultural change that meets external challenges and opportunities. Through strategic leadership, which includes planning, motivating, and adapting, leaders can effectively navigate their organization through change processes, ensuring its success in a dynamic business environment.

The role of leadership in an organization's culture is extremely important, as it affects all aspects of the company's work, from human resources to customer service, innovation, and strategic development.

### **The impact of organizational culture on productivity and efficiency**

Organizational culture has a direct impact on employee productivity and performance by influencing their work environment, motivation, and overall job satisfaction. A culture that values openness, innovation, and mutual support can create a strong foundation for high performance, while a toxic or poorly defined culture can lead to stress, low morale, and high turnover.

The relationship between organizational culture and employee productivity. Organizational culture exerts a profound influence on employee productivity, shaping not only how individuals perform their tasks, but also how they perceive their roles within the larger system. A well-developed culture creates an environment where motivation, collaboration, psychological comfort, and well-being are not incidental but embedded in daily practice.

One of the most direct mechanisms through which culture affects productivity is *motivation and engagement*. When an organization actively recognizes employee achievements and reinforces the value of individual contributions, it cultivates a sense of purpose and belonging. Employees who feel appreciated and see a clear connection between their efforts and organizational outcomes are more likely to demonstrate initiative, maintain focus, and deliver results with consistency and pride.

Equally important is the cultural emphasis on *communication and cooperation*. Open communication channels and a climate of transparency ensure that information flows freely across departments and hierarchies. This minimizes misunderstandings, accelerates decision-making, and promotes more effective coordination of tasks. A culture that encourages collaboration—not just cooperation in name but genuine teamwork—also enhances problem-solving capacity and supports the emergence of innovative ideas through the integration of diverse perspectives.

The *quality of workplace relationships* also plays a critical role. A culture that promotes mutual respect, trust, and emotional safety reduces internal conflict and creates a psychologically secure environment where people can concentrate on their work rather than navigate interpersonal tensions. Strong peer relationships facilitate

quicker knowledge exchange, smoother handoffs in cross-functional processes, and a more resilient team dynamic—all of which contribute to higher productivity.

Furthermore, attention to *health and well-being* as a cultural priority reflects a mature understanding of sustainable performance. Organizations that foster work-life balance, mental health awareness, and supportive policies tend to experience lower rates of absenteeism, burnout, and turnover. Employees who feel physically and emotionally supported are better equipped to sustain high levels of energy, creativity, and engagement over time.

In essence, an organizational culture that offers clarity of purpose, acknowledges achievement, promotes trust and psychological safety, and prioritizes human well-being creates the optimal conditions for high performance. It transforms productivity from a managerial demand into a natural outcome of an environment where people are equipped, empowered, and inspired to do their best work. As such, cultivating a strong and supportive culture is not merely a human resources initiative—it is a strategic imperative for organizational effectiveness and long-term success.

## **The impact of organizational culture on employee decisions and behavior**

### **1. Netflix: Freedom and responsibility**

Netflix, known for its innovative approaches in the media industry, gives its employees a lot of autonomy in decision-making. This policy allows employees to tackle complex issues such as content selection, marketing strategies, as well as software issues and improvements to recommendation algorithms without the need for constant approval from senior management. This encourages innovation and rapid adaptation to market changes.

### **2. Zappos: Extraordinary customer service**

Zappos is an American company specializing in online sales of footwear and clothing, known for its corporate culture focused on customer service. There is a famous case when a Zappos employee spent more than 10 hours on the phone with a customer who could not decide which shoes to choose for a special event. This episode demonstrates not only an exceptional level of customer care, but also a corporate culture that fosters such actions.

### **3. PrivatBank: Environmental initiatives and sustainable development**

PrivatBank, one of the leading banks in Ukraine, has been actively implementing environmental initiatives, reflecting their organizational culture focused on sustainable development. For example, the bank has implemented a project to install self-service terminals that allow customers to use electronic checks instead of paper checks, significantly reducing paper usage.

In addition, PrivatBank organized a battery collection campaign at its branches to ensure proper disposal, responding to the growing need for smart waste management. These steps not only support environmental sustainability, but also demonstrate a cultural focus on social responsibility and environmental stewardship.

These initiatives influence employee behavior, encouraging them to engage in more sustainable practices and increasing their environmental awareness.

Encouraging responsible consumption and resource conservation in corporate processes becomes a model not only for other companies but also for society as a whole.

### **Case study: Analysis of the organizational culture of Ukrainian companies**

Let's look at three well-known Ukrainian companies and analyze the organizational culture that contributed to their strategic results.

#### **1. PrivatBank: Innovation and customer focus**

PrivatBank is known for pioneering digital banking in Ukraine. The bank's cultural characteristic is a constant pursuit of innovation and improvement of the user experience.

Approaches and solutions:

Development of one of the first mobile banking applications that allows users to perform a full range of financial transactions from their smartphones.

Implementation of functionality that enables remote account opening and management without the need to visit branches.

Strategic results:

The introduction of digital innovations has provided PrivatBank with a significant increase in its customer base and customer loyalty.

The bank strengthened its position in the market as a leader in innovation and customer service.

#### **2. Monobank: A revolution in mobile banking**

Monobank, as the first Ukrainian fully digital bank, has created a unique culture based on the principles of transparency, openness to feedback and innovation in customer service.

Approaches and solutions:

Use social media to communicate directly with customers, collect feedback, and respond quickly to user issues.

Constantly updating the functionality of the mobile application, introducing new financial instruments and supporting the user community.

Strategic results:

High user ratings and a rapid increase in the number of customers.

Monobank has become a symbol of a new generation of banks focused on young, technologically savvy users.

#### **3. SoftServe: Training and talent development**

SoftServe, one of the largest IT developers in Ukraine, maintains a culture of continuous learning and professional development that drives innovation and technology leadership.

Approaches and solutions:

Creating in-house training programs, mentoring and coaching courses for employees.

Involvement of employees in international projects, which provides them with access to global scientific and technological practices.

Strategic results:

High level of employee satisfaction and loyalty.

Significant growth of the company in the international market, expansion of the client base and project portfolio.

These cases demonstrate how a strong corporate culture can influence a company's business strategy and overall success, shaping both its internal environment and its reputation in the market.

### **Conclusion.**

Throughout this lecture, we have discussed in detail the importance of organizational culture and its impact on all aspects of a company's operations. Organizational culture determines how a company operates internally and externally, influencing employee behavior, productivity, innovation, and adaptability.

**Employee motivation and engagement:** Organizational culture fosters motivation and engagement when it reflects the values shared by employees, leading to higher productivity and lower turnover.

**Innovation and adaptation:** Companies with a culture that encourages innovation and risk-taking are better able to adapt to market changes and adopt new technologies.

**Interaction with customers:** A customer-centric culture increases customer satisfaction and has a positive impact on the company's reputation.

**Corporate social responsibility:** Companies that integrate social responsibility into their culture benefit in the long run by increasing their social impact and overall perception.

In general, successful companies understand that organizational culture is not just a set of values and norms, but a key asset of strategic importance. They invest resources and time in developing and maintaining a healthy organizational culture that adapts to external challenges and internal employee needs.

## **LECTURE 5: DESIGNING ORGANIZATIONAL STRUCTURES AND EVALUATING THEIR EFFECTIVENESS**

1. *Introduction*
2. *Types of Organizational Structures*
3. *Design process: from analysis to implementation*
  - a. *A step-by-step overview of the implementation process from concept to implementation.*
  - b. *Real-life cases about the successes and failures of implementing organizational structures.*
4. *Requirements for the organizational structure*
  - a. *A detailed overview of the key requirements: optimality, efficiency, reliability, cost-effectiveness, and flexibility.*

- b. *Discussion and analysis of the importance of each requirement through the prism of real-life scenarios.*
- 5. *Evaluation of the effectiveness of structures*
  - a. *Overview of performance indicators and coefficients.*
  - b. *Analysis of case studies on the effectiveness of different organizational structures.*
- 6. *Conclusion.*

## **Introduction**

In today's business environment, the organizational structure of an enterprise plays a crucial role in ensuring the efficiency and adaptability of the organization. Designing organizational structures is the process of creating or adjusting the structure of an enterprise to enable it to achieve strategic goals, respond to changes in market conditions, and operate more efficiently.

This lecture focuses on various aspects of designing organizational structures, including the design process, key requirements for an organizational structure, and methods for evaluating its effectiveness. We will also look at real-life examples from organizations that illustrate successes and failures in implementing organizational structures.

## **Types of Organizational Structures**

The choice of organizational structure plays a critical role in determining how efficiently an enterprise functions, adapts to external changes, and achieves its strategic objectives. Each structure defines how roles, responsibilities, communication flows, and decision-making processes are distributed within the organization. Below is an overview of the most common types of organizational structures, their defining features, and areas of application.

### **1. Functional Structure**

A functional structure organizes the company according to key activities such as marketing, finance, production, and human resources. Each department operates under a specialized leader and focuses on a clearly defined set of responsibilities. This structure allows for a high degree of specialization, promotes efficiency in routine operations, and facilitates skill development within functional areas. However, it can also lead to limited cross-departmental communication and reduced flexibility in dynamic environments.

### **2. Divisional Structure**

In a divisional structure, the organization is segmented based on products, markets, or geographic regions. Each division operates as a semi-autonomous unit with its own functional departments. This approach enhances responsiveness to market needs and customer demands, making it suitable for large, diversified corporations. Nevertheless, divisional structures can lead to duplication of efforts and resources, and may complicate strategic alignment across the enterprise.

**3. Matrix Structure.** The matrix structure combines elements of both functional and divisional models. Employees report to both a functional manager and a project or product manager, which promotes resource sharing and interdisciplinary collaboration.

## Matrix Structure

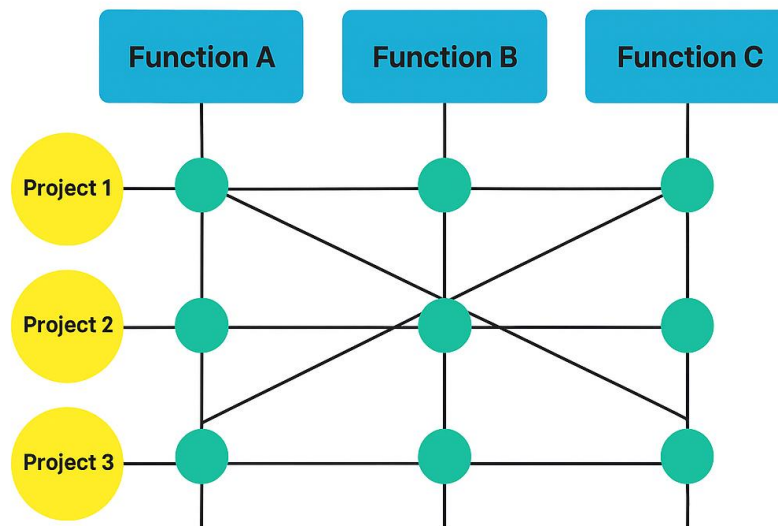


Figure 5.1. Matrix Organizational Structure

This structure supports adaptability and innovation, particularly in project-based or knowledge-intensive industries. However, it also increases complexity and can create conflicts in authority or resource allocation.

## 4. Project-Based Structure

A project-based structure is designed around temporary or long-term projects rather than permanent departments. Teams are formed for specific tasks and disbanded upon completion. This model enhances flexibility, shortens response time, and focuses efforts on defined outcomes. It is common in construction, consulting, and creative industries. The challenge lies in ensuring continuity of knowledge and maintaining clear reporting lines.

The diagram (fig. 5.2) shows a project-oriented structure in which each project operates as an independent unit with its own functional roles directly attached—Team Lead, Engineer, and Designer. These roles are duplicated across different projects, highlighting that similar functions may exist simultaneously in multiple teams. This structure provides high flexibility, responsiveness to client or market needs, and clarity of project ownership, making it particularly suitable for organizations engaged in short-term contracts, consulting, construction, or creative industries.

# Project-Based Structure

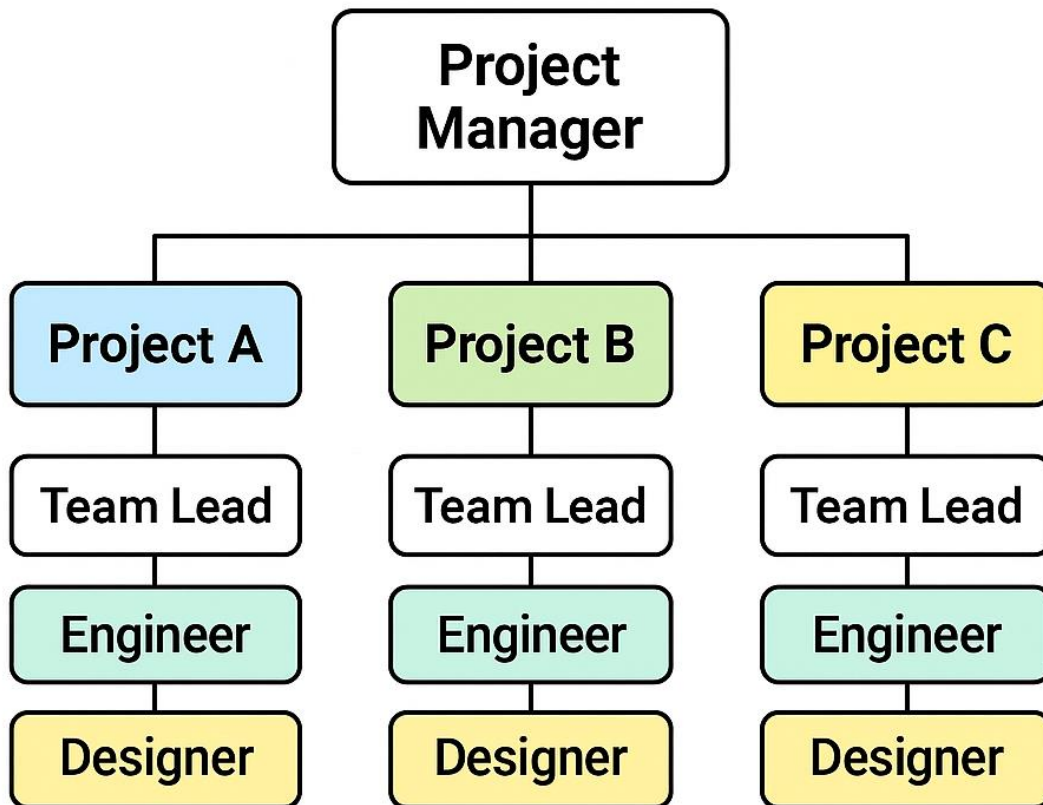


Figure 5.2. Project-Based Organizational Structure

## 5. Team-Based Structure

This structure emphasizes flat hierarchies and autonomous workgroups. Teams are empowered to make decisions, set goals, and solve problems collaboratively. Such an approach fosters innovation, employee engagement, and agility. However, it requires a strong culture of trust and shared responsibility, and may suffer from lack of coordination if not managed properly.

## 6. Network Structure

A network structure involves a central core organization that coordinates with external partners, subsidiaries, or contractors. It is characterized by high decentralization, reliance on technology, and an emphasis on partnerships. This model is well-suited to global operations, startups, and digitally driven businesses, but it demands robust information systems and strong relationship management capabilities.



Figure 5.3. Network Organizational Structure: Real-World Visualization

Each organizational structure offers distinct advantages and limitations. The effectiveness of a chosen model depends on the organization's size, strategic goals, industry context, and adaptability needs. In practice, many modern enterprises adopt hybrid forms—combining structural elements to create flexible systems capable of balancing stability with innovation. Understanding these structural types equips future managers with the tools to design and adapt organizations in line with evolving demands and long-term strategic vision.

The goal of this lecture is to provide you with the knowledge to help you effectively design organizational structures, evaluate their effectiveness, and implement the changes necessary for organizational success. Studying these aspects will allow you to better understand how organizational structure affects management, communication, and decision-making, and how it can be optimized to achieve strategic goals.

Ready to get started? Let's move on to the first section, where we will look at the process of designing organizational structures, from analysis to implementation.

## 1. Design process: from analysis to implementation

The concept of organizational design dates back to the early 20th century, when management pioneers such as Frederick Taylor, Henri Fayol, and Max Weber began to develop methods to improve production and management efficiency. They created the basis for systematic analysis and optimization of organizational structures. Subsequently, in the mid-20th century, the ideas of organizational design evolved along with the development of management theories and innovations, allowing organizations to adapt their structures to a rapidly changing business environment.

Designing an organizational structure is a management function in any organization. This process ensures that roles, responsibilities, and information flows are optimally aligned, allowing the organization to achieve its goals effectively.

### Who is involved in design in the organization?

In organizations, the design of the organizational structure is usually the responsibility of senior management, including executive directors, managers, HR specialists, and business analysts. In larger companies, this process may also include organizational development specialists or dedicated project teams. Designing organizational structures is critical to creating efficient, flexible, and adaptive companies.

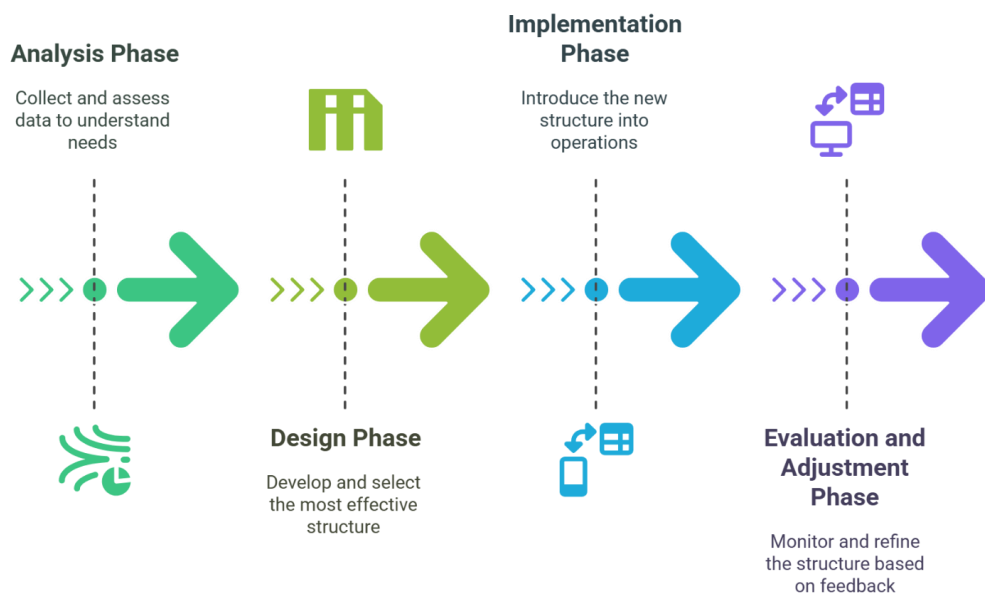


Figure 5.4. Organizational Structure Design Process

**1.1 Analysis.** The process of designing organizational structures begins with analysis. At this stage, it is necessary to determine what functions, roles, and interactions are required to achieve the company's strategic goals. The analysis includes:

1. **Data collection:** These can be internal documents, interviews with key employees, surveys, workflow analysis, etc.

2. **Assessment of compliance:** This step compares the existing structure with optimal models in the industry. It is important to assess how effectively the current structure allows the organization to fulfill its strategic objectives.

3. **Report on the results:** Identified inefficiencies and proposals for their elimination are formulated in the form of a report, which becomes the basis for the next steps.

**1.2 Design.** The next step is to develop an organizational structure. As part of this stage:

1. **Strategic planning:** The main directions of the structure's development are determined in accordance with the strategic goals of the organization.

2. **Structure design:** Various options for organizational structures are developed using analogy, expert opinion, and modeling.

3. **Validation and selection:** The proposed structures are evaluated with stakeholders and the most effective option is selected.

**1.3 Implementation.** Implementation involves the introduction of the selected organizational structure into the organization's activities. This stage includes:

1. **Implementation planning:** Developing a detailed implementation plan, including timelines and resources required for implementation.

2. **Communication:** Informing employees about the changes, their goals, and the impact on their workflow.

3. **Training and support:** Organizing trainings for employees to improve their competencies in the new structure.

**1.4 Performance evaluation and adjustments.** After the new structure is implemented, its effectiveness is evaluated and adjustments are made if necessary. This stage includes:

1. **Monitoring and feedback:** Systematic observation of the new structure's functioning and collection of feedback from employees.

2. **Data analysis:** Use of KPIs and other indicators to evaluate the performance of the structure.

3. **Adjustment:** Making changes based on data to improve structure and processes.

Organizational structure plays a critical role in shaping the operational efficiency, responsiveness, and strategic adaptability of a company. While a well-designed structure can become a catalyst for growth and transformation, a poorly chosen one may significantly hinder progress, decision-making, and innovation. This section explores real-world examples that highlight both the benefits and risks of structural design, offering practical insights into what makes organizational architecture effective—or detrimental.

One of the most cited examples of successful structural transformation is the case of *General Electric* under the leadership of Jack Welch in the 1980s. At the time, GE was burdened with excessive bureaucracy that slowed decision-making and diluted accountability. In response, Welch launched the “Work-Out” initiative,

a radical restructuring strategy aimed at streamlining communication channels and eliminating unnecessary managerial layers. The implementation of this more agile, horizontal structure not only accelerated decision-making processes but also empowered employees and enhanced cross-functional collaboration. As a result, GE experienced significant gains in efficiency and profitability, and the company became a benchmark for organizational modernization during that period.

In contrast, the case of *Nokia* provides a powerful lesson in structural rigidity. Despite being a global leader in the mobile phone industry, Nokia failed to respond adequately to the rise of smartphones. One of the key internal obstacles was its highly hierarchical and siloed organizational structure, which stifled innovation, slowed down critical decision-making, and created resistance to change. Even though the company had the technical capabilities to compete, its structural inflexibility prevented timely adaptation to the shifting technological landscape. The result was a dramatic loss of competitive advantage and a sharp decline in market share.

From these cases emerge several key lessons. First, *adaptability* must be embedded into the structure—organizations need to be able to pivot quickly in response to environmental shifts. Second, *efficiency* in decision-making is not a luxury but a structural imperative; when structures become bottlenecks, they threaten organizational survival. Third, the structure should act as a facilitator of *innovation* rather than a constraint. It must create the space for experimentation, fast feedback loops, and the open flow of ideas across departments.

In essence, the effectiveness of an organizational structure is not determined solely by its formal design, but by how well it aligns with the strategic context, technological change, and the pace of market dynamics. These real-life cases demonstrate that structure is not a static blueprint—it is a living system that must evolve with the organization it serves.

### **3. Requirements for the organizational structure**

The organizational structure has a significant impact on the efficiency and productivity of an enterprise. For structuring to be successful, the organizational structure must meet a number of key requirements. In this section, we will review the main requirements for an organizational structure, including optimality, efficiency, reliability, cost-effectiveness, and flexibility.

**3.1 Optimality.** Optimality implies that the organizational structure should be designed to maximize the achievement of the company's strategic goals. The structure should allocate resources efficiently, avoid redundant or duplicative roles, and provide clear lines of responsibility.

**3.2 Efficiency.** Agility means that the structure should facilitate quick decision-making and rapid response to changing market conditions. Organizations with overly complex hierarchies or cumbersome processes often lose competitive advantage due to slowness.

**3.3 Reliability.** Reliability means that the structure should ensure stability and continuity of operations. A robust structure minimizes the risks associated with critical functions and ensures the organization's resilience to external and internal disruptions.

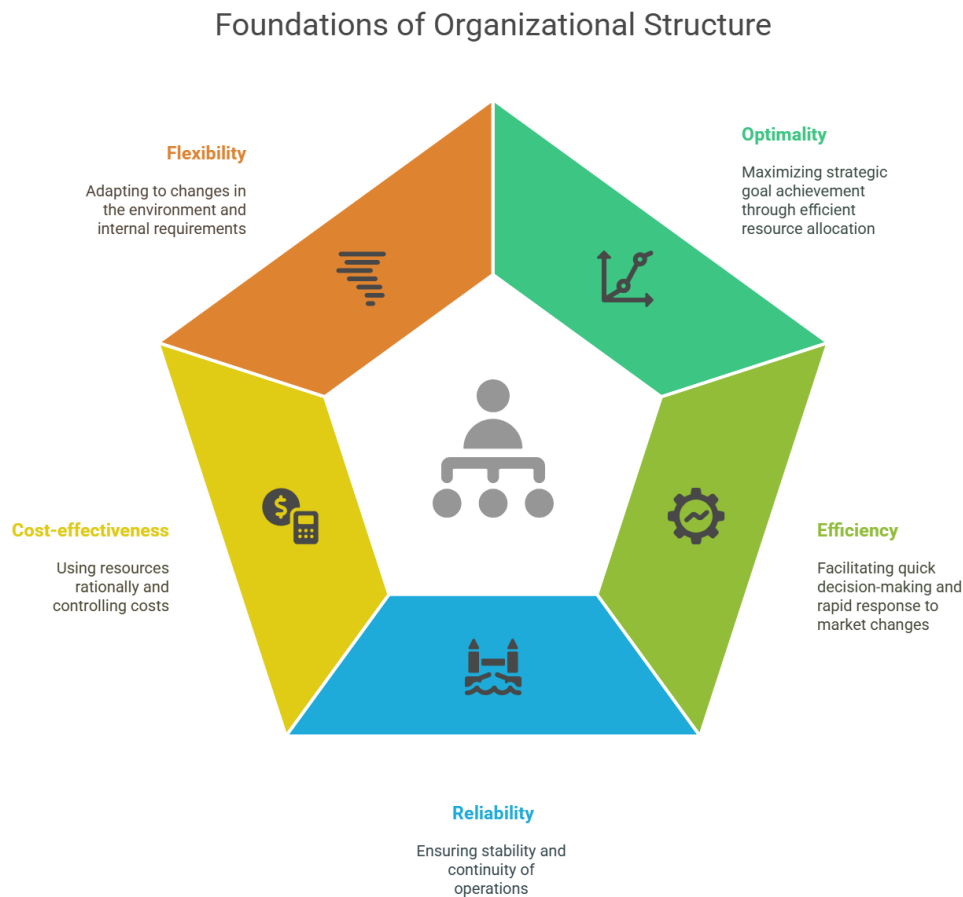


Figure 5.5. Foundations of Organizational Structure

**3.4 Cost-effectiveness.** Efficiency implies that the organizational structure should be cost-effective. This means that resources should be used rationally and costs should be reasonable and controlled. A cost-effective structure helps an organization stay competitive and efficient.

**3.5 Flexibility.** Flexibility means that the structure should be able to adapt to changes in the external environment and internal requirements. A flexible structure allows the organization to quickly reorganize, change priorities, and respond to new opportunities or threats.

#### **4. Discussion and analysis of the importance of each requirement through the prism of real-life scenarios**

In the previous section, we reviewed the key requirements for an organizational structure, including optimality, efficiency, reliability, cost-effectiveness, and flexibility. In this section, we will discuss and analyze how important these requirements are in real-world organizational scenarios.

## **Illustrating the Core Requirements of Organizational Structure Through Case Examples**

The practical application of structural design principles can be clearly observed in organizations that have aligned their internal architecture with strategic priorities. Each of the foundational attributes of organizational structure—optimality, efficiency, reliability, cost-effectiveness, and flexibility—can be exemplified through real-world cases that demonstrate how structure directly contributes to performance.

### **Optimality: The Case of Toyota**

Toyota's organizational structure reflects a high degree of optimality through the precise and intentional allocation of resources. The company's commitment to lean production and the systematic elimination of redundancy has allowed it to streamline operations while maintaining quality. Structural simplicity, combined with clear accountability, enables Toyota to remain agile in responding to market demands and to sustain long-term competitiveness.

### **Efficiency: The Case of Amazon**

Amazon's structural model prioritizes speed and responsiveness, enabling the company to maintain operational efficiency at scale. Its decentralized decision-making approach empowers local units and departments to act quickly in dynamic market conditions. This structural fluidity accelerates innovation cycles and shortens time-to-market, allowing Amazon to continuously adapt, test, and deploy new solutions in a high-pressure digital environment.

### **Reliability: The Case of SpaceX**

In the aerospace sector, where operational failure can carry catastrophic consequences, SpaceX has built its structure around the principle of reliability. The organization emphasizes technical redundancy, process discipline, and cross-functional integration to ensure consistent performance under high-stakes conditions. The structural design supports continuity, system oversight, and long-term risk mitigation—essential elements in a sector driven by precision and safety.

### **Cost-Effectiveness: The Case of IKEA**

IKEA has embedded cost-efficiency into the very core of its organizational design. By emphasizing flat hierarchies, streamlined logistics, and resource-conscious processes, the company has minimized overhead while maximizing throughput. This approach allows IKEA to offer affordable pricing without compromising on design or customer experience, reinforcing its position as a leader in value-driven retail.

### **Flexibility: The Case of Google**

Google's organizational structure illustrates a strong commitment to flexibility and adaptability. Through the use of cross-functional teams, project-based units, and a culture of decentralized innovation, the company is able to pivot quickly in response to emerging technologies and market shifts. This structural elasticity not only facilitates rapid development and experimentation but also supports a sustained culture of innovation across the enterprise.

These cases demonstrate that an effective organizational structure is not universal, but context-dependent—each model is tailored to the unique demands, risks, and opportunities of the organization's environment. What unites these examples is the strategic alignment between structural design and operational goals, which ultimately drives sustainable success.

We have analyzed the importance of each organizational structure requirement through real-life scenarios. The next section will focus on evaluating the effectiveness of organizational structures, where we will look at performance indicators and ratios, as well as analyze real-life cases.

## **5. Evaluation of the effectiveness of structures**

The effectiveness of the organizational structure affects the productivity, innovation, and adaptability of the enterprise. In this section, we will look at how to assess the effectiveness of organizational structures using key indicators and efficiency ratios.

### **5.1 Internal efficiency**

Internal efficiency describes how well an organization works internally, how it interacts, makes decisions, and uses its resources productively. These indicators help to identify and eliminate internal inefficiencies.

#### **5.1.1 Decision-making time**

Decision time measures the speed with which an organization makes management decisions. Decision time can be calculated using a simple formula:

$$\bar{t} = (t_2 - t_1) / n$$

Where:

$\bar{t}$  is the average decision-making time,

$t_1$  is the start time of the process,

$t_2$  is the time of process completion,

$n$  is the number of decisions made.

The smaller the  $\bar{t}$ , the faster the organization makes decisions, which is a sign of an efficient structure.

#### **5.1.2 Labor productivity**

Labor productivity measures the amount of output or services provided per employee. Labor productivity formula:

$$P = Q / L$$

Where:

$P$  - labor productivity,

$Q$  is the volume of products or services,

$L$  is the number of employees.

Higher labor productivity indicates an effective structure that promotes employee productivity.

#### **5.1.3 Management costs**

Management costs measure the cost of management processes and administrative functions. Formula for calculating relative management costs:

$$\text{RM} = (\text{MC} / R) \times 100\%$$

Where:

RM - relative management costs, in percentage terms,

• MC - total management costs,

R is the organization's revenue.

The smaller RM, the more cost-effective the organizational structure.

#### 5.1.4 Level of cooperation

The level of collaboration measures the effectiveness of interaction between departments or teams. The level of collaboration can be assessed through surveys or special indices, such as the collaboration index:

$$\text{CI} = \text{EC} / \text{PC}$$

Where:

CI is the cooperation index,

EC is the number of effective collaborations,

PC is the total number of possible collaborations.

The index CI ranges from 0 to 1, where higher values indicate more effective cooperation.

### 5.2 External efficiency

External effectiveness describes how well an organization interacts with the external environment, meets customer needs, and responds to market changes.

#### 5.2.1 Customer satisfaction

Customer satisfaction measures how satisfied customers are with an organization's products or services. This can be assessed through customer surveys or the Customer Satisfaction Index (CSI):

$$\text{CSI} = \sum (\text{S}_i \cdot \text{W}_i) / n$$

Where:

S<sub>i</sub> is a satisfaction score from 1 to 10,

W<sub>i</sub> - weight of the assessment (by importance)

n - number of clients.

Example:

Apple maintains a high CSI by focusing on quality products and excellent customer service. Their customer satisfaction index often exceeds 90%, indicating an effective organizational structure and strategy.

#### 5.2.2 Market share

Market share measures the market share held by an organization compared to its competitors. It is calculated using the formula:

$$\text{Market Share} = (\text{Revenue of Company} / \text{Total Market Revenue}) \times 100\%$$

Example:

Coca-Cola has a significant market share in the soft drink industry, regularly in the 40% range. This indicates an efficient structure that ensures a dominant position in the market.

#### 5.2.3 Innovation

Innovation measures an organization's ability to develop new products, services, or processes. One of the indicators of innovation is the number of patents or new products developed in a given period:

$$\text{Innovation Index} = \text{Number of Innovations} / \text{Time Period}$$

Example:

Google is known for its innovation, developing many new products and receiving numerous patents. A high innovation index reflects the flexibility and efficiency of its organizational structure.

#### **5.2.4 Flexibility**

Flexibility measures an organization's ability to adapt to changes in the external environment. One of the indicators of flexibility is the time to respond to market changes:

$$\bar{r} = (r_2 - r_1) / n$$

Where:

- $\bar{r}$  is the average response time,
- $r_1$  is the time of the change start,
- $r_2$  is the time of adaptation completion,
- $n$  - number of changes.

Example:

Netflix is highly flexible, adapting quickly to changes in the external environment. It has managed to transform from a DVD rental company into a leading provider of streaming services by responding quickly to market changes.

The external effectiveness of an organizational structure is a key indicator of how well an organization interacts with its external environment. The next section will discuss financial performance indicators.

### **5.3 Financial efficiency**

Financial efficiency measures an organization's financial position and the effectiveness of its management of financial resources. These indicators are important for understanding how well an organization uses its resources to create value for shareholders and ensure long-term sustainability.

#### **5.3.1 Profitability**

Profitability measures the profitability of an organization relative to its costs or assets. Key profitability indicators include:

1. Return on sales (ROS)

$$\text{ROS} = \text{Revenue} / \text{Net profit}$$

Example:

Microsoft demonstrates a high return on sales, often exceeding 30%. This indicates effective cost management and high competitiveness.

2. Return on assets (ROA)

$$\text{ROA} = \text{Total assets} / \text{Net profit}$$

Example:

Apple has a high return on assets, regularly exceeding 10%. This shows how efficiently the organization uses its assets to create profit.

### 3. Return on equity (ROE)

$\text{ROE} = \text{Shareholders' equity} / \text{Net income}$

Example:

Facebook has a high ROE, often exceeding 20%. This reflects the efficient use of shareholder capital to create profits.

#### **5.3.2 Liquidity**

Liquidity measures an organization's ability to meet its short-term obligations.

Key liquidity indicators include:

##### 1. Current Ratio

$\text{Current Ratio} = \text{Current Liabilities} / \text{Current Assets}$

Example:

Johnson & Johnson has a stable current ratio, usually exceeding 1.5. This indicates the company's ability to cover its short-term liabilities.

##### 2. Quick ratio (Quick Ratio)

$\text{Quick Ratio} = \text{Current liabilities} / (\text{Current assets} - \text{Inventories})$

Example:

Tesla has a significant quick ratio, usually exceeding 1.2. This shows that the company can cover its short-term liabilities without selling inventory.

#### **5.3.3 Financial sustainability**

Financial strength assesses an organization's ability to withstand financial shocks and maintain long-term stability. Key indicators of financial strength include:

##### 1. Debt Ratio

$\text{Debt Ratio} = \text{Total assets} / \text{Total debt}$

Example:

IBM has a moderate debt ratio, usually around 0.5. This indicates a balance between using debt and equity to finance assets.

##### 2. Interest Coverage Ratio

$\text{Interest Coverage Ratio} = \text{Interest expense} / \text{EBIT}$

1. EBIT (Earnings Before Interest and Taxes) is earnings before interest and taxes.

2. Interest Expense is the cost of paying interest on debt.

Example:

Alphabet (Google) has a high coverage ratio, usually exceeding 10. This shows that the company has significant earnings to cover its debt service costs.

#### **5.3.4 Share price**

Shareholder value measures the market valuation of a company that reflects its financial position and prospects. Key indicators of shareholder value include:

##### 1. Price to earnings (P/E Ratio)

$\text{P/E Ratio} = \text{Earnings per share} / \text{Market price per share}$

Example:

Amazon has a high P/E ratio, often exceeding 100. This indicates that the market expects high profit growth for the company in the future.

##### 2. Price to sales ratio (P/S Ratio)

$P/S \text{ Ratio} = \text{Earnings per share} / \text{Market price per share}$

Example:

Netflix has a high P/S ratio, usually around 10. This reflects the company's high market valuation relative to its earnings.

The financial efficiency of an organizational structure is a key indicator of how well an organization manages its financial resources to create value. The next section will look at case studies on the effectiveness of different organizational structures.

### **Conclusion.**

Designing organizational structures is essential for the successful management of modern organizations. In this lecture, we reviewed the design process from analysis to implementation, discussed structure requirements, and evaluated the effectiveness of structures using key indicators and ratios.

It is clear that optimality, efficiency, reliability, cost-effectiveness, and flexibility are important for an organizational structure. Assessing internal, external, and financial performance helps organizations stay competitive and adaptable.

The knowledge gained from this lecture will help you better understand how to structure organizations to achieve their strategic goals and ensure long-term sustainability. Let this knowledge inspire you to create effective and flexible structures that will drive success in a dynamic business environment.

## **LECTURE 6: CORPORATE SOCIAL RESPONSIBILITY AND SOCIAL COMMUNITY**

1. *Introduction to corporate social responsibility*
2. *Definition and historical context.*
3. *The importance of corporate social responsibility for modern organizations.*
4. *Social community and corporate environment*
5. *Overview of different types of social communities.*
6. *The impact of corporate actions on social communities.*
7. *Examples from different countries and cultures.*
8. *Man as an element of the social system*
9. *The role of the individual in the formation of social responsibility.*
10. *Interaction between individual and collective interests.*
11. *Practical examples of the influence of the individual on social dynamics.*
12. *Conclusions*

### **Introduction to corporate social responsibility**

#### **Definition of CSR**

Corporate Social Responsibility (CSR) is the practice of integrating social, environmental and economic goals into a company's operations, taking into account the interests of various stakeholders, including shareholders, consumers, employees,

and the communities in which the company operates. CSR is designed to ensure balanced business growth without taking higher risks or harming society and the environment. This means that companies do not just seek to make a profit, but also actively care about their impact on the world around them.

**Historical context of CSR.** The concept of CSR is not new, but its importance has grown significantly in recent decades. Already in the early 20th century, some entrepreneurs, such as Cadbury and Lever, showed their concern for the living conditions of workers and were engaged in improving working and living conditions for their employees. However, the modern view of CSR began to take shape in the 1950s and 1960s, when companies began to actively incorporate social issues into their corporate strategies in response to public and governmental pressure.

During the 1970s and 1980s, CSR ideas expanded to include environmental responsibility and sustainable development. A particularly significant moment was the introduction of the concept of "stakeholders," which changed the perception of business from being focused only on shareholders to taking into account a wider range of stakeholders. This concept, popularized by R. Edward Freeman in the 1980s, emphasized the importance of meeting the needs of customers, employees, suppliers, and even local communities.

From the 1990s to the present, CSR has become an integral part of the corporate strategy of many large companies, especially against the backdrop of globalization, growing international market pressures, and unprecedented attention to climate change and social justice. Companies such as Unilever, Google, and Microsoft are making efforts not only to comply with legal requirements, but also to lead the way in innovative CSR practices, demonstrating that sustainability and corporate responsibility can enhance competitiveness and brand value.

**The importance of corporate social responsibility for modern organizations.** Corporate social responsibility (CSR) has become a key element of corporate strategy and governance in modern organizations. Understanding and implementing CSR can have a significant impact on a company's long-term success, from its financial performance to its corporate image.

**Reputational benefits.** Companies that actively implement CSR are often perceived as more attractive to consumers, investors and potential employees. They receive positive feedback from the public and the media, which can increase customer loyalty and strengthen the brand. For example, companies that are actively involved in charitable projects or environmental initiatives often see an increase in positive perceptions among their target audience.

**Financial benefits.** While CSR implementation may require a significant initial investment, the long-term financial benefits can be substantial. Companies that demonstrate a responsible attitude towards the environment and society often have better access to capital, reduce the risk of fines and sanctions, and can open up new markets. Additionally, they can reduce costs through more efficient processes and increased productivity.

**Increase employee satisfaction and engagement.** CSR contributes to a better work environment by increasing employee satisfaction and engagement. Companies that invest resources in the health, education and well-being of their employees often experience lower employee turnover and increased productivity. It can also improve a company's ability to attract top talent, especially among the younger generation, who value companies with high standards of social responsibility.

**Contribution to sustainable development.** Promoting sustainable development is one of the key aspects of CSR. Companies that strive to minimize their environmental impact contribute to the conservation of natural resources, reduction of greenhouse gas emissions, and support for biodiversity. This not only ensures the long-term viability of the planet, but also maintains a positive image of the company as a leader in sustainable development.

In general, CSR allows companies to be not just market participants but active agents of change that contribute to positive social, environmental and economic development.

### **Social community and corporate environment**

Social communities can be diverse and differ in many ways, including scale, structure, goals, and interaction with the corporate world. Understanding these differences is key to effective CSR implementation.

1. **Local communities:** These communities are formed based on geographic location and include people who live or work in a particular neighborhood or city. Companies located in these areas often invest in local social projects, charity, cultural events, or environmental initiatives, strengthening their connection with the local population and improving their corporate image.
2. **Professional or industry communities:** These communities bring together professionals or businesses from the same industry. They share knowledge, experience and innovation, maintain quality standards and develop ethical behavior. Companies that actively participate in such communities demonstrate their commitment to high standards and enhance their reputation in the industry.
3. **Ethnic or cultural communities:** These communities are based on shared cultural, ethnic or religious identities. Companies involved in such communities can culturally adapt their products or services, support cultural events and initiatives, which helps to increase customer loyalty and expand the market.
4. **Virtual communities:** Thanks to the Internet and social media, numerous online communities have formed that bring people together based on interests, issues, or consumer habits regardless of their physical location. Companies can effectively engage with such communities through marketing, feedback, content sponsorship, or participation in discussions, which strengthens their presence in the digital world.

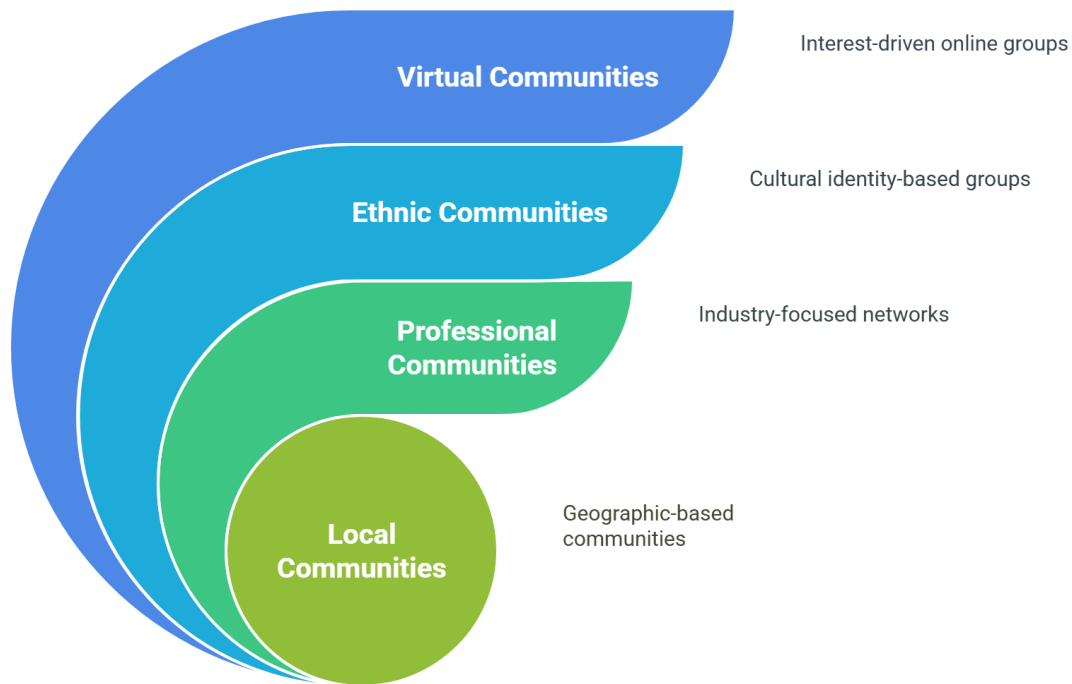


Figure 6.1. Types of Social Communities

Each of these types of social communities has its own characteristics that influence the company's strategy and approach to CSR. Studying and interacting with different communities allows companies to be more responsible, flexible and innovative in their activities.

### **Impact of corporate actions on social communities**

Corporate actions can have a significant impact on social communities, the ability to bring about positive change or, conversely, introduce destructive factors. Understanding this impact is key to the effective implementation of a CSR strategy.

#### **Positive impact**

1. **Economic growth:** Companies' investments in local communities can stimulate economic growth by creating new jobs, supporting small and medium-sized businesses, and improving infrastructure. This helps to improve living standards and stimulates additional investment in the region.
2. **Educational initiatives:** Many companies invest in educational programs, scholarships, training and skills development for local residents. This contributes to the development of the community's professional potential and the training of personnel that meet the needs of the modern labor market.
3. **Health and well-being:** Companies that invest in healthcare facilities, health programs, and public amenities help improve the quality of life in communities. This may include building hospitals, running health campaigns, or sponsoring sports events to promote active lifestyles.

4. Environmental sustainability: Companies that behave responsibly towards the environment contribute to the stability of the ecosystem. This can be done through conservation initiatives, waste management, renewable energy, and greenhouse gas emissions reduction.

### **Negative impact**

1. Social exclusion: Poorly thought-out corporate actions can lead to social exclusion, where certain groups are left out of mainstream development due to lack of access to resources or opportunities.
2. Environmental risks: Negligent attitude to the environment can lead to pollution, depletion of natural resources and loss of biodiversity. This negatively affects human health, agricultural sustainability, and the overall quality of life in the region.
3. Economic instability: While short-term growth can be stimulated, long-term economic instability can arise from dependence on a single employer or industry, especially when this leads to reduced investment in other sectors of the economy.
4. Social conflicts: Unfair distribution of resources or corporate actions that ignore the needs of local communities can cause social conflicts, protests, and negative campaigns against the company.

It is clear that companies must be careful in planning their actions to ensure a positive impact on social communities and avoid potential risks. This requires not only strategic planning, but also active engagement and dialog with all stakeholders.

### **Examples from different countries and cultures**

Looking at CSR practices in different cultural and geographical contexts demonstrates how companies adapt their strategies to local conditions and needs. Here are some examples that illustrate this adaptation:

#### **United States of America**

In the US, many companies invest in the development of local communities through charitable programs and volunteering. For example, Starbucks has launched an initiative to engage employees in volunteer projects, supporting educational and environmental projects in the communities where its cafes operate.

#### **Europe**

In Europe, the focus of CSR is often on environmental sustainability and ethical supply chains. German automaker Volkswagen is focusing on reducing the carbon footprint of its products by introducing electric vehicles and using renewable energy sources in its factories.

#### **Asia**

In Asia, many companies focus on supporting community development through education and health. In India, for example, the Tata Group is known for its involvement in educational programs, providing access to clean water and healthcare in rural areas.

#### **Africa**

On the African continent, corporate initiatives often focus on improving the agricultural sector and microfinance. South Africa's MTN, a major mobile phone operator, has introduced programs that help small farmers access weather information, market prices, and training materials through mobile technology.

These examples highlight how companies can use their resources and knowledge to create a positive impact on social communities, taking into account local characteristics and needs. Each country and culture offers unique opportunities for CSR implementation.

### **Human as an element of the social system**

#### **The role of the individual in the formation of social responsibility**

Individual involvement in shaping social responsibility is critical, as each person contributes to the overall corporate goals and culture of the company. Let's look at how individuals can influence social responsibility at different levels.

**Employees as ambassadors of change:** Every employee can act as an ambassador of the company's social responsibility by taking the initiative in social projects, offering ideas for improving practices, and participating in volunteer programs. Their personal involvement can strengthen the company's positive image and contribute to the development of corporate culture.

**Leadership and example:** A company's leadership plays a key role in shaping CSR by setting the tone and standards for the entire organization. Leaders who advocate for social responsibility and embody these principles in their behavior can motivate employees to follow suit, changing attitudes and practices at all levels.

**Developing personal responsibility:** Employee education and skills development can contribute to their ability to identify and pursue opportunities to positively impact social issues. Awareness raising about environmental issues, social justice, and ethical consumption can increase their participation in responsible initiatives.

**Communication and cooperation:** Effective communication and collaboration between employees, management, and external stakeholders can significantly improve CSR implementation. Sharing ideas, experiences and resources across departments and external partners can accelerate the development and implementation of effective strategies.

Understanding and actively implementing these aspects contribute to creating a healthier, more sustainable and socially responsible business environment, where each individual is a key player in shaping the company's overall strategy.

### **Interaction between individual and collective interests**

Corporate Social Responsibility (CSR) brings together individual and collective interests, creating synergies that can contribute to sustainable development and improve overall well-being. Understanding the interaction of these interests helps companies to develop effective strategies and a culture that reflects the values of all stakeholders.

### **Impact on corporate culture**

**Integration of values:** Employees' individual values can be integrated into corporate goals when companies incorporate ethical standards, environmental awareness, and social sensitivity into their mission and practices. This helps to increase internal engagement and job satisfaction.

**Motivation and commitment:** When employees' individual interests are aligned with corporate goals, it increases their motivation and commitment to their work. Employees who feel that their personal contributions matter are more likely to be more productive.

**Reducing conflicts:** Harmonizing individual and collective interests can reduce internal conflicts in an organization. Open communication and a clear understanding of common goals foster better understanding and cooperation between departments and teams.

### **Impact on product and service development**

**Innovation:** Individual ideas and initiatives can become the basis for innovations that address broader collective interests, such as environmental sustainability or social justice. This can lead to the development of new products and services that have great commercial potential and social impact.

**Corporate responsibility:** Understanding and taking into account the collective interest encourages companies to be more responsible in their operations. This can include everything from reducing the use of plastic in packaging to implementing corporate volunteer programs.

This interaction between individual and collective interests is a key element in achieving a sustainable and healthy corporate culture that ensures the long-term success of the company and its positive impact on society.

### **Practical examples of the influence of the individual on social dynamics**

The personality of each individual can have a significant impact on the social dynamics within an organization and in its interactions with broader social communities. The following case studies illustrate how the personal characteristics of employees can create positive change or cause challenges in an organization.

1. **Employee initiative in social projects:** An employee at Patagonia decided to initiate a program to recycle used clothing materials. His idea not only introduced a new environmental practice into the company's production, but also improved its reputation as a leader in sustainable development by attracting the attention of environmentally conscious consumers.
2. **Leadership in corporate philanthropy:** Google's CEO decided to allocate significant funds for the development of educational technologies in developing countries. This decision stimulated not only business expansion, but also the improvement of educational opportunities in these regions, demonstrating the interconnection between corporate interests and global social needs.

3. Involvement in community events: IKEA employees organized a series of furniture repair and recycling workshops for local communities. This approach not only strengthened the company's interaction with consumers, but also supported a culture of responsible consumption and waste reduction.
4. Employee advocacy for a healthy lifestyle: Fitbit's employee group started internal health competitions and programs that quickly expanded and became part of the corporate culture. This has improved the overall health and well-being of employees, which has had a positive impact on productivity and reduced sickness absence.

These examples emphasize how individual initiatives can influence collective activities and contribute to positive social change, creating a healthy, responsible and innovative corporate atmosphere.

### **Conclusion to the lecture**

In this lecture, we examined the importance of corporate social responsibility (CSR) in today's business environment and its impact on social communities. We learned about the various aspects of CSR, including its historical context, the role of individual and collective interests, and the influence of the individual on social dynamics.

The historical context of CSR has shown how approaches to social responsibility have changed from the early 20th century to the present day, from charity to stakeholder integration and sustainable development. The Value of CSR for Modern Organizations outlines how responsible practices contribute to reputation, financial benefits, employee engagement, and sustainable development.

The impact of corporate actions on social communities clarifies how a company's positive and negative actions affect economic growth, health, education, and environmental balance.

Examples from around the world illustrate how global companies are adapting CSR to local conditions, from environmental initiatives to supporting education. The role of the individual in the corporate context emphasizes the importance of each employee's individual contribution to the overall corporate goals and social dynamics. These aspects of CSR indicate that companies should consider a wide range of interests and actively engage employees and stakeholders to effectively implement socially responsible practices. This contributes not only to economic success, but also to improving the quality of life in communities and protecting the environment, creating a sustainable future for all.

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**LECTURE NOTES**  
in the discipline "Organization Theory"  
*(for students of specialty D3 "Management", master's level, full-time and part-time study modes)*  
*(Electronic edition)*

Compiler

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Підписано до друку \_\_\_\_\_  
Формат 60x84<sub>1/16</sub>. Папір типограф. Гарнітура Times.  
Друк офсетний. Умов. друк. арк. №. Облік. вид. арк. \_\_\_\_\_.  
Тираж \_\_\_ екз. Вид. № \_\_\_\_\_. Замов. № \_\_\_\_\_. Ціна договірна.  
Видавництво Східноукраїнського національного університету імені  
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