

## EFFICIENCY OF MANAGER'S WORK AS A KEY FACTOR OF ENTREPRENEURIAL ACTIVITY DEVELOPMENT

**L. Donets, O. Remeslova, D. Toderich**

*Donetsk national university of economics and trade named after Mykhailo Tugan-Baranovsky, Ukraine*

### **Abstract**

This paper analyses the characteristics of manager's work in the context of social and economic transformations of Ukraine's economy and entrepreneurship development; the article examines the factors determining the efficiency of managerial work and their effects on business activity.

### **Introduction**

The concept of small businesses development in Ukraine at the present stage of development is characterized by three trends: the availability of different kinds of resources and the possibility to use them to gain profit under conditions of uncertainty; the efficient management and organization of the production process with the constant use of innovation; the creative initiative of the agent - the manager, which becomes the main factor influencing economic processes.

Discussing the problem of small businesses development, the most significant is the issue concerning the definition of the criteria for such development. The need for such a determination is based on the provisions of the general methodology of any process or phenomenon development, according to which, before assessing the situation in a particular area of economic management in Ukraine, or forecasting the expected results one must define the criteria for such assessment or, respectively, the principles that present the basis for the forecasting process.

In this context summing up the approaches of various scientists-economists on the challenges of small businesses it is appropriate to mention such basic criteria for its development: the advantage of private ownership of production; legal and economic independence to make decisions; simplified management system; participation of owners in an enterprise management without making it complex with unnecessary administrative structures; proactive character of activities.

Small businesses in the beginning of market transformations in Ukraine were identified as an independent and requiring reforms system. As a consequence of this approach there was a tendency of growth of small businesses. But faced with the difficulties of various kinds (inadequate legal framework, lack of support from authorities, etc.) the number of those who intend to carry out this type of work decreased significantly.

In the early 90s, when Ukraine's economy was doing the very first steps in the field of market transformations, a lot of manufacturers of various kinds of goods and services took up entrepreneurial activity. Thus, gradually Ukraine began to build up market relations more actively and confidently both at macro and micro levels, i.e. there appeared a civilized market in Ukraine. Under such conditions entrepreneurial activity was in need of a more demanding attitude. Therefore, as a consequence, some entrepreneurs ceased to exist. Termination of their activity occurred for various reasons, among which there were purely objective ones.

As the economy and society develops, management becomes more complex, and its role in achieving the goals that reflect not only the desirable but necessary state of the economy becomes more significant. Therefore, at the stage of formation of market relations in Ukraine there emerges an urgent need to use management as a system of skills to achieve the set goals, using labor, intellect and motives of others.

It is a well-known fact that the specific character and content of managerial work are defined by the functions of management. However, management is not just functions; it is primarily people who implement them: the management personnel determine the management itself, its quality, results, and efficiency. Hence it becomes obvious that the key factor in defining the quality and efficiency of management is the human factor of management - the activities of leaders and managers.

A manager, acquiring a more significant status, becomes a major player in the management system. Thus the requirements for the quality of training and assessment criteria of their activities become more rigid and focused on professionalism.

Based on the fact that people are the most valuable assets for the company, the management system should be aimed at revealing a variety of skills of workers, and managers should strive for the prosperity of their company. But for this one must possess, besides the professional skills, some particular personal characteristics.

There is a legend that at first God has endowed a man with the three main properties: the talent, the will and the decency. But then, for unknown reasons, He changed His mind and left each of the human race only two properties. Since that time, as they say, there are decent and strong-willed but untalented, talented and decent, but helpless, strong-willed and talented, but dishonest. So, with regard to the manager, every manager in connection with their professional activities must possess organizational skills, developed charismatic qualities and perfect decency.

In the context of market relations and civilized entrepreneurship managers have a certain power and provided resources. In accordance with the amount of power and resources they have responsibility and liability. Responsibility as a characterological feature of a personality has a dual function: on the one hand, it serves as a limitation of power, but on the other hand, it acts as a motivational force that stimulates the activity of a manager. In addition, the responsibility presupposes the assessment of a manager's activity and their encouragement or disapproval according to this assessment. A manager is personally responsible for both the power he/she possesses and the decisions he/she takes. This is explained by the fact that in a system of market relations, a person with a certain amount of power is responsible for the results of their administration. Even if managers delegate authority in their organization to perform certain tasks, they are still responsible for the results of decisions.

Social and economic transformations of economic mechanisms in Ukraine make it necessary to increase the level of professional knowledge and skills of managers in different areas of their activities.

In the market conditions a manager in case of failure, as a rule, loses all the resources and is faced with financial and other problems for quite a long period of time. Therefore, being a manager in the business and entrepreneurship system is much riskier than in a planned centralized economy. Any decision made by the manager, should exclude the likelihood of a negative outcome.

It would be unjustified to assess such manager's position categorically. Naturally, we must take into account the fact that no solution, even the most carefully thought out and estimated ones, can give an absolute confidence in its correctness, i.e. that realized in the practice of a firm or a company this decision will have a positive effect. And this aspect serves as a disturbing, frightening prospect, since in this case a manager is liable for the damages. But on the other hand, a manager is not single, he always works with people. Therefore, if he/she has a fairly high level of professional skills of working with people, in case of possible failures he/she can always use the potential of human resources and a system of enhanced incentive motivation of employees. At that it is meant the situation of decision-making when not only the circumstances and conditions are considered, but also possible impact of various unpredictable factors is carefully analyzed.

Intensification of entrepreneurial activity, which has been observed recently in Ukraine, gradual formation of small and mid-sized businesses as a separate sector of the economy create the conditions for increasing competition in the market for goods and services. This, in turn, contributes to the emergence of new directions in managerial activity.

In the process of transition to the market economy, there is a need for the manager to carry out a new function aimed primarily at the relationship with the external environment, which contributes to functional changes in the business.

The complexity of social situations creates the complexity of management tasks, which cannot be solved only by increasing the number of workers in management. This would swallow in the future most of the working population. It is necessary to seek other ways to solve this problem. In the context of our discussion it would be right to focus on the fact that decision-making process is one of the key elements in the work of a manager. Despite the fact that decision-making processes in modern management conditions are formalized and automated, managers always have to use the subjective and intuitive approach to solving problems. Not in vain management is considered partially a science, partially an art.

The activity of a manager in most cases is an open system in which there appear new facts and old ones lose their value, in which one should take into account all incoming information and

carefully consider the totality of factors that may in future have a far greater impact that might be thought at the moment.

Analysis of the factors and decision-making is the process required in daily work of a manager. The decision is preceded by several stages associated primarily with the characteristics of the intellectual activity of an individual. The variant of the most effective solutions is not always equivalent to the variant of the optimal performance. A manager must take into account along with other indicators the most important psychological factor, which, of course, may vary depending on individual circumstances. Therefore, we believe the decision should be understood as a process rather than a single act.

If we consider the decision-making as a process, this logical premise implies the following conclusion: the decision-making process has dynamics, plasticity, it can be subjected to all sorts of modifications. This conclusion determines, in our opinion, the high importance of individual psychological characteristics of a manager, the level of their intellectual development, knowledge of issues and problems of both their company and external environment. In this regard it should be noted that the decision-making depends largely on the type of their behaviour defined by personal qualities and characterological features, i.e. by a subjective factor.

Assuming that a manager can learn a profession, the level of professional skill can be increased and improved. In this case the presence of a manager's job description becomes necessary, the use of which would provide the opportunity on the one hand to carry out a thorough professional selection for the post of manager and on the other hand - to become a kind of indicator of the level of development of the necessary qualities and properties of working managers.

A job description is a list and depiction of general and specific skills and qualities needed to perform certain professional activities. One of the components of a job description is the requirements for individual-psychological characteristics of a manager conditioned by their mental organization.

Individual features of thinking of managers are manifested primarily in the fact that there are various relationships between its types.

Analysis of the typology of managers' behavior and functions that have to be performed allows us to conclude that important mental qualities for a manager are organizational and communication skills.

Proceeding from such logical assumption, we conducted a research study whose main objective was the creation of a manager's psychogram. At the first stage of the study the individual psychological personality traits that affect the efficiency of a manager were identified. According to the results of the survey the following personal qualities were selected: efficiency of thinking, communicative control, the ability to hear, emotional stability, independence of solutions. To determine the optimum degree of each of these properties a social and psychological study based on the method developed by us was carried out.

For evaluation of manager's performance it is advisable to use an integrated approach that includes:

- use of team performance factors, which reflect the rationality of managerial work;
- division of manager's responsibility by specific functions and hierarchical levels of management;
- subordination and the relationship between performance indicators.

A manager who has the appropriate level of training and properly organizes his/her work and the work of their department, makes his/her activity dependant on the goals of the department and thus to a large extent ensures the growth of management efficiency.

The key indicators of social efficiency of managerial work are: the extent of enterprise functions fulfillment in the general social environment, social responsibility indicators of an enterprise (environmental situation, social programs, etc.). Income, profitability, receipts and expenditures, cost price, production volume, etc can be considered the indicators of economic performance. The organizational indicators include: the degree of goals achievement, quantitative parameters of the hierarchical structure of management, the degree of solutions acceptance and implementation.

Managerial work efficiency will grow only when they are connected to a corresponding system of incentive. The system of managerial work incentive must, as any incentive mechanism, be based on the structure of needs and peculiarities of human motivational sphere.

Efficiency of business management depends not only on quantitative and qualitative indicators of management efficiency, but also on adaptive capacity, which is influenced by the ability and willingness of managers to implement the decisions taken. This is connected with the fact that managers need time to get used to new conditions, unusual situations in which they have to work, to make decisions, which influence the success of an enterprise, and as a result, their personal wellbeing.

Decision-making process of a manager depends on the type of behaviour that is defined by their personal qualities and characteristics. Different types of managerial behavior can have both positive and negative effects on decision-making process. And this influence grows with the amount of decisions uncertainty. And it should be considered when developing an overall strategy and formulation of decision-making hypotheses.

Diagnosis and prediction of optimal behavior of a manager is a very complex problem and currently it is not completely resolved. Complexity to solve it is determined primarily by the fact that in conditions of extremely rapid economic change it is very difficult to accurately determine the requirements for optimal behavior in situations that are currently still unknown and not easy to predict.

Self-development of managers in order to enhance self-efficiency is central in the development of any organization. This is a sure way to achieve high performance in the whole organization. They raise the functional level of organizations in which they work to the extent they want to be beneficial. They broaden the vision of events horizons for themselves and for those around them.

Improvement of managers' performance increases the variety of directions and goals of the company. It stimulates people to positive thinking, i.e. gives them an opportunity to overcome the hypnosis of problems and begin to consider the situation in the light of opportunity, stop paying attention to the weaknesses and spot strong, particularly useful and productive qualities. If such features are inherent to entrepreneurs, they become attractive to people with high abilities and aspirations, encourage them to give better performance at work.

Thus, improving the efficiency of the work of a manager helps optimize the use of human resources in the business sector.

## References

1. Кадровые политики и кадровые стратегии: цели, задачи, результаты. – [Электронный ресурс]. – Режим доступа: [http://hr.getu.net/pages/art20080324\\_40397.html](http://hr.getu.net/pages/art20080324_40397.html)
2. Критерии эффективности управленческого труда. – [Электронный ресурс]. – Режим доступа: <http://www.eup.ru/Documents/2006-07-07/46D3A-2.asp>
3. Сахарцева И.И. Методические подходы оценки трудовых активов предприятий // Вісник Академії економічних наук України.-2003.-№ 2.-С. 67-73.
4. Управління персоналом. – [Електронний ресурс]. – Режим доступу: [http://www.vuzlib.net/mzed\\_k/3.htm](http://www.vuzlib.net/mzed_k/3.htm)
5. Шедяков В. Є. Еволюція трудових відносин та можливості розвитку системи вітчизняного менеджменту //Формування ринкових відносин в Україні. – 2004г.-№ 4. – с 64-67.
6. Щекин Г.В. Организация и психология управления персоналом. – М.: МАУП, 2002.
7. Эмтон Р.Х., Мюлтер Ф. Структура американской программы повышения квалификации менеджмента в Европе // Международный журнал „Проблемы теории и практики управления” – 2002. – № 6.