



IMPROVEMENT OF ENTERPRISE MANAGEMENT SYSTEM

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Article history:	Abstract:
<p>Received: 11th November 2023 Accepted: 10th December 2023 Published: 20th January 2024</p>	<p>The objective of the article is to highlight and consider the main directions for improving the modern enterprise management system, since that in the modern market conditions, the issue of effective development for industrial enterprises becomes more relevant, while the fundamental bearing core of the enterprise's internal environment is the management efficiency. The main problem is the managerial inefficiency of an excessively large structure that is not well suited to the work in market conditions. In the course of this analysis, the management system of an industrial enterprise was considered as a complex open system with the use of the system analysis methodology in the study, which made it possible to identify the main directions for its improvement.</p>
<p>Keywords: enterprise, controlling, business processes, risk-management, enterprise management system.</p>	

INTRODUCTION

The current state of the economy, which is experiencing the multidirectional influence of environmental factors, requires the production sector to improve management efficiency, to use new management tools in business practice that ensure the qualitative growth of the industrial business and its competitiveness in the domestic and foreign markets. Solving the problem of the increase in the competitiveness of industrial business through improving the quality of enterprise management and ensuring the growth of the efficiency of its production activities is especially important in the context of strengthening the integration of the state economy into the world economy, strengthening the integration processes. The problems of coordination and effective interaction of strategic and tactical priorities for the development of industrial enterprises are currently becoming an urgent task. Strategic interests of the development of micro-level industrial economic systems are aimed at the growth of business capitalization, the sustainability of its development, and the achievement of long-term competitiveness in a dynamically changing environment. On the other hand, traditionally, the goal of the operational management of industrial business development was considered to maximize the current profits and economic efficiency. Obviously, in the context of the conjunctural and institutional transformation of the industrial business and industry markets, the need to consider new effective directions for managing an industrial enterprise to ensure its highest efficiency in balance with the priorities of sustainable development of an

industrial enterprise is actualized. The enterprise management system consists of a complex of interrelated subsystems, which can be assessed by specific indicators, as well as determine their impact on the overall efficiency of the entire system. It makes it possible to evaluate the enterprise management system in a complex and to build it flexibly and efficiently. However, it should be taken into account that the structure of the enterprise management system and the weight of each of its subsystems will vary depending on: – changes in the external and internal environment; – strategic goals; – level of use of modern technologies, including in management activities; – results of financial and economic activities; – various risks, which always accompany any economic activity and other factors. Having considered and compared the points of view of the group of scientists on revealing the issues of structural elements of the enterprise management system, one can draw the following conclusions:

- approaches of scientists to the allocation of subsystems within the management system of the enterprise differ significantly, which indicates the lack of a common vision of the formation of the structure of the management system and its improvement;
- change in factors (external and internal) and conditions of functioning of the enterprise assumes an objective need to improve the management system based on changes in its structure or strengthening the role of individual subsystems (among those used in the enterprise) during a specific period.



For example, it is important to include risk management subsystem in the enterprise management system.

REVIEW OF SCIENTIFIC LITERATURE

Effective management of a production facility is traditionally viewed as a process based on the use of the modern management technologies and more advanced forms of its organization. The theory of business processes appeared at the end of the last century with the publication of the book by M. Hammer and J. Champy "Reengineering the Corporations: A Manifesto for Business Revolution", where the authors define a business process as "a set of different types of activities, within which at the entrance one or several types of resources are used, and as a result of this activity, the "output" is a product that has a certain value for the consumer" (Hammer, Champy, 1997). Today, business restructuring based on business processes has been adopted by almost all the leading companies in the world. It has been proven in practice by many enterprises that even a partial improvement of the organization's business processes brings an effect in the form of an increase in production by 10-20%, while a fundamental rethinking and radical design of business processes to achieve the fundamental improvements in the key performance indicators, it requires a dramatic tenfold increase in efficiency. At the same time, according to M. Porter and V. Millar, business processes are a set of internal steps (types) of activities, starting with one or more inputs and ending with the creation of products that the client needs and that satisfies him or her at a cost, durability, service, and quality. Moreover, this is the full flow of events in the system, describing how the client starts, leads and ends the use of the business (Porter, Millar, 1985).

Management activity at the management level of an industrial enterprise based on the process approach is the continuous execution of a set of certain interrelated types of activities and general management functions. However, it should be noted that the performance of individual work and management functions is also considered as a process, i.e. a general process is a set of interconnected continuously performed actions that transform some inputs of resources, information, etc. to the appropriate outputs and results. Management, as a whole, is the fundamental meaning and essence of the process approach. The meaning of the business

process management lies in the effective response of the organization to the requests of the external and internal environment in conditions of the complete independence from stereotypes. Business process management is an increasingly important element of the management of a modern organization. The main prerequisites for the implementation of management based on the business processes include:

- understanding of the entire flow of work, their role and level of responsibility by the employees of the organization;
- providing employees with the maximum freedom of action;
- reliable and effective communication at the junctions of the elements of the business process;
- exchange of information in real time;
- the possibility of regrouping the elements of the business process, if required by the interests of the organization in solving a specific problem;
- the ability of employees to solve a wide range of tasks;
- liberation from management stereotypes;
- non-standard, creative thinking of the employees;
- initiative and improvisation instead of diligence;
- strong and guaranteed motivation (Robson, Ullah, 1997).

Improving business processes in industrial enterprises allows you to create a whole block of strategic advantages and provide a higher level of competitiveness:

1. The management system based on business processes allows you to quickly respond to changes in the external environment.
2. Management becomes clearer as it becomes possible to evaluate the efficiency at each stage of the production as well as the economic activities of the enterprise.
3. Allows the use of a process approach in accordance with the requirements of ISO-9000. All of the above proves that the process approach leads to a synergistic effect, as a result of which the improvement of one of the business processes leads to the improvement of others.

In the context of the rapid growth of tension and instability of the external environment, the diversity of the market economy processes requires constant adaptation of industrial enterprise management processes to changes and reorientation



to market needs, which in turn requires a systematic improvement of management. Improving management, first of all, should be aimed at optimizing the organizational structure of the enterprise. The transition of an organization to a process-based method of forming management structures leads to the achievement of fundamental improvements in the main indicators of the enterprise, to the creation of a more optimal management system, and an increase in its flexibility. A process-oriented management model (i.e. a management model focused on business processes) requires the allocation of business processes at the level of modern requirements: name a certain type of work, designate its beginning and end, find the "owner of the process" (the one who is responsible for the result), and determine the required result (including indicators of quality and efficiency) (Kondratev, 2007). If an enterprise is not renewed and engaged in business activities, it will not last long. The sphere of attention and responsibility of the management includes everything that somehow affects the productivity of the enterprise and the efficiency of its activity. In today's business environment a great attention in organizations is paid to the problems of efficiency, effectiveness and quality of management. The efficiency of the activity as a whole, the possibilities and dynamics of the enterprise development, as well as its investment attractiveness depend on the efficiency of management at the enterprise. The quality of the entire management system depends on the quality of the structural elements of the management system. And its quality determines the position of a company in the market. Maintaining a certain level of competitiveness or improving it requires the introduction of a number of procedures aimed at improving its characteristics in the management system. Development of these procedures and ensuring their implementation are the tasks of senior management. The introduction of these procedures provides for the introduction of changes in individual or all structural elements of the management system.

RESEARCH METHODOLOGY

Today it is necessary such solutions that will unite people, information and business processes to effectively manage all areas of the enterprise. The main feature of enterprise management in today's conditions is that an effective management system is,

first of all, a system that can provide a rapid adaptation of the enterprise to changes in the business environment in the conditions of maximum possible satisfaction of the needs of potential customers. Receiving profit should be regarded exclusively as a result of the effective functioning of such a management system. In today's market conditions, enterprises are in a state of constant competition, so to get the maximum profit there is a need to constantly improve the system of enterprise management.

ANALYSIS AND RESULTS

The work on improvement of management is carried out in stages:

- 1) task is to find «bottlenecks» in management that reduce its efficiency;
- 2) specific proposals of managers, specialists, consultants and ordinary employees are identified, which can form the basis for the plan of measures to improve the management system;
- 3) implementation of the plan is ensured (management of implementation of developed measures depends on specific conditions and capabilities of the enterprise).

In unstable conditions, accompanied by the economic crisis and a decrease in purchasing power of buyers on the consumer market, an important aspect of the success of enterprises is the need to improve the management system and ensure its effectiveness. Management systems consist of a number of interrelated elements that contribute to the continuous improvement of certain areas or individual aspects of enterprise activity (safety, quality, etc.). All these elements serve to achieve the overarching objective of the system: continuous improvement in policy, vision or value expectations. Elements of the management system can be presented as part of a strategic cycle of continuous improvement or as a process: definition – measurement – analysis – improvement – control, the main elements of which are management, empowerment and involvement of employees, risk management. These basic elements of the system should be reliable and work in harmony with each other to be effective. Each of these three elements is dependent on the others and affects the final success. The relevance of the issue under study is due not only to the above, but also to the slowdown of economic development, the fall of economic dynamics in hundreds of countries. For example, in the Eurozone



countries in March 2020 business activity index fell to 29.7 points from 51.6 points a month earlier, as evidenced by the statistics of research company Markit Economics. In the United States, the index was 48.5 points at the beginning of April, the lowest level in a decade. The Ukrainian economy, as an example of a developing country, is now in a «lethargic sleep». The International Monetary Fund (IMF) forecasts a decline in GDP of 7.7 % and growth of 3.6 % next year. On the other hand, the Ministry of Economy of Ukraine forecasts indicators at the level of 4.2 % and 2.4 %, respectively. Besides, financial forecasts from the leading world analytical companies for 2020–2021 are disappointing. Therefore, the object of this research is the enterprise management system with its subsystems. The results of the enterprise's activity and prospects of its successful development largely depend on its effective functioning. And the aim of research is to clarify the components of subsystems in the general management system of the enterprise taking into account modern requirements, risks, necessity of adaptation to changing market conditions. This will help managers to ensure: – formation and functioning of such a managed system that meets the requirements of the external environment of the enterprise; – concentrate attention on the decision of the revealed problems and more rationally use available resources of the enterprise; – control costs both at the level of subsystems and at the level of the management system; – minimize risks, connected with acceptance of administrative decisions

CONCLUSIONS

In the course of research variants of interpretation of essence of concept «control system of the enterprise» are considered and approaches of scientists to components of the given system are investigated. It should be noted that the enterprise management system is a complex of interrelated subsystems, should include: planning, information, operating, marketing, logistics, commercial, financial, social, innovation, investment, risk management, controlling and change, including new subsystems. Such a complex of subsystems should ensure the competitiveness of the enterprise in a folding and constantly changing economic environment. In addition, it is recommended to take into account the changing role and weight of each subsystem in the overall management system of the enterprise, depending on changes in the external and internal

environment, the strategic goals of the enterprise, the level of use of modern technology, various risks and the like. Special attention is paid to the subsystem of risk management, in particular: the description of risks in the three levels of management is carried out, the main objectives of risk management and directions of work on risk management. The introduction of this subsystem will allow to increase the efficiency of both the management system itself and the results of the enterprise activity.

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