



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

Directions of formation of innovative organizational management structure

**Michael Ksenofontov, PhD in Economics,
National Scientific Centre "Institute of Agrarian Economics", Ukraine, Kyiv, Ukraine
e-mail: m_ksen@ukr.net**

***Selected Paper prepared for presentation at the VI. Large Farm Management Conference,
September 16-18, 2015, Kyiv, Ukraine***

Copyright 2015 by Michael Ksenofontov. All rights reserved. Readers may make verbatim copies of this document for non-commercial purposes by any means, provided that this copyright notice appears on all such

1. Introduction

The nature of the market stipulate necessity of active position of all business entities in economy and their need to act in a competitive environment. This foresee efforts to stabilize the firms or strengthening its market position. Firms that choose passive position, have ultimately lost revenue. In extreme cases they can become bankrupt. Therefore is significant of paying attention in firm management to issues of improvement of their competitiveness [Rothwell R. (1992), Cooper R. G. (2001)].

2. Data and Methods

The articles is based on information of scientific publications.

In article are used next methods: analogy method, expert method, method of organizational modeling and typological method of analysis of organizational development.

3. Results

Successfulness of firm's activity are stipulated for order of management organization, distribution of all functions between levels of management of managerial staff. Enterprises, that renovate of production permanently by means of adoption technological and organizational innovation, have a strong market position. Therefore, it is appropriate selection in a particular business innovation function distributed by level management system [Ansof H. (1972)].

List of necessary works for appropriate implementation of innovation function: selection, training, skills development of appropriate management personal; analyses of the domestic and foreign markets for its industry segments; analyses of innovation market; analyses of organizational and legal conditions of obtaining innovation; generalization of production conditions to a certain number of its classes; selection of innovation, that is more to use under each identified class production conditions; selection of organizational structure at the parent company and in subordinated enterprises for fulfillment of innovation function.

Innovation can involve using the following mechanisms: buy, franchise, royalty, rent, license agreement, leasing and so on.

Large companies can use next organizational forms of structural units for introduction of innovation [Mintzberg H. (2004), Chepurda L. M.(2005), Savenko I. I. (2012)]:

a) Units for secret invention of unscheduled projects. On the projects company management allocates time to his subordinates.

b) Risk (venture) units – are formed in large enterprises (corporations) for adoption of innovations. Herewith tasks of the units are search new innovation for the enterprises.

c) New enterprise in structure of a corporation. One of the variant of the new enterprise is: parent company created new enterprise on the basis of stocks and bulk of shares (for example, more 75 %) reserves. The bulk of losses (in the early years almost all) are included in the financial statements of the parent company. In statute (or other constituent instrument) of subsidiary (or other subordinate units) are stipulated size of the profit remaining to him on the results of economic activity.

d) Innovation vertical inside enterprises.

It is expediently formation of a director position or innovation service with responsibility for fulfillment of innovative functions.

In practice, base organizational approach to integration of different enterprises and structural subdivisions of transregional agrarian enterprises is often regional or divisional. In small size subordinated enterprises is used linear approach as bases approach to formation of its organizational structure. In average size subordinated enterprises is choosed often as bases functional or product approach [Mescon M. H. (1992)].

Formation of organization structure of large transregional agrarian company occurs at conglomerate principle by means of consolidation and integration of different enterprises with proper organizational structures. It is reasonably accomplishment of innovation activity tasks to carry out at functional approach – with determination of innovation function as separate function of company management. It should be taking into account at formation of organizational structure of company management. For instance, at the level of top management should be director of innovation issues. At the level of subordinate enterprises the innovation function should carry out to director of enterprises or also and separate organizational subdivision depending on their size and volume of business activity.

4. Conclusions

An appropriate level of competitiveness determines prospects of firms in the market. Competitiveness is a dynamic characteristic of companies, depends on the level of innovation production and requires of special attention in management with formation of separate innovation function.

At the enterprise level innovation can involve using the following mechanisms: buy, franchise, royalty, rent, license agreement, leasing and so on.

At the enterprise level it is expediently to pay attention innovation issues and proper taking into account at formation of organization structure of management. Directions of accomplishment of innovation tasks on the base of organization transformation are: secret invention, risk (venture) units, new enterprises, separate innovation vertical inside enterprises.

References

- Ansof H., Brandenburg R.** (1972) : Methods of designing organizational structures. Within the corporate planning in the USA, Moscow, Progress, pp. 21-22.
- Chepurda L. M., Beliaieva S. S., Plahotnikova M. V.** (2005) : Economics and organization of activity of associations of enterprises, Kyiv, Proffisional, P.156.
- Cooper R. G.** (2001) : Winning at new products. Accelerating the process from idea to lauch, Cambridge, Rersesus Publishing, 296 p.
- Mescon M. H., Albert M., Khedouri F.** (1992) : Management. Third edition. Moscow, Delo, 702 p.
- Mintzberg H.** (2004) : The structure of the fist: to create an effective organization. St. Petersburg, Piter, 512 p.
- Rothwell R.** (1992) : Successful industrial innovation : Critical success factors for the 1990 s, R&D Management, 22 (3), pp. 221-239.
- Savenko I. I.** (2012) : Types of innovative processes and their management models, Odessa, Astroprint, pp.671-688.