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ORGANIZATIONAL AND ECONOMIC MECHANISM OF SOCIAL
INFRASTRUCTURE OF INDUSTRIAL ENTERPRISES MANAGEMENT

The article deals with peculiarities of social infrastructure management of industrial enterprises and capabilities of its efficiency achieving by various components. The appropriateness of different scientific points of view on the social institutions management is considered. The organizational and economic mechanism of social infrastructure management is proposed. The approach to social enterprise potential evaluation is specified.

Keywords: enterprise's social infrastructure; industrial enterprise management; organizational and economic mechanism; social potential; management efficiency.

JEL Classification: J320, L590, M140.

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ОРГАНІЗАЦІЙНО-ЕКОНОМІЧНИЙ МЕХАНІЗМ УПРАВЛІННЯ СОЦІАЛЬНОЮ
ІНФРАСТРУКТУРОЮ ПРОМИСЛОВОГО ПІДПРИЄМСТВА

У статті досліджуються особливості управління соціальною інфраструктурою промислових підприємств та можливості досягнення ефективності закладів соціальної інфраструктури за різними складовими. Обґрунтовано доцільність різних наукових точок зору щодо управління закладами соціального призначення підприємств. Розроблений організаційно-економічний механізм управління соціальною інфраструктурою. Запропоновано підхід до оцінювання соціального потенціалу підприємства в сфері управління соціальними об'єктами.

Ключові слова: соціальна інфраструктура підприємства; управління промисловим підприємством; організаційно-економічний механізм; соціальний потенціал; ефективність управління.

Рис. 3 Літ. 15.

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ОРГАНИЗАЦИОННО-ЭКОНОМИЧЕСКИЙ МЕХАНИЗМ УПРАВЛЕНИЯ СОЦИАЛЬНОЙ
ИНФРАСТРУКТУРОЙ ПРОМЫШЛЕННОГО ПРЕДПРИЯТИЯ

В статье исследуются особенности управления социальной инфраструктурой промышленных предприятий и возможности достижения эффективности учреждений социальной инфраструктуры согласно разным составляющим. Обоснована целесообразность разных научных точек зрения касательно управления учреждениями социального значения предприятий. Предложен организационно-экономический механизм управления социальной инфраструктурой. Разработан подход к оцениванию социального потенциала предприятия в сфере управления социальными объектами.

Ключевые слова: социальная инфраструктура предприятия; управление промышленным предприятием; организационно-экономический механизм; социальный потенциал; эффективность управления.

Problem setting. The prerequisite for competitiveness of national economy in a globalized world is the increasing of labor quality. The timely identification and solution of major problems in the sphere of labor using is a key issue for state sustainable development. Employment of workers is influenced by personnel movement. Factors of employee turnover are working and living conditions of workers. People are looking for better working conditions and it leads to a high level of mobility. Social privileges that personnel receive working at certain enterprise can be stimulus to retain staff. At some domestic enterprises personnel obtain these

privileges due to departmental institutions of social infrastructure. Social objects remain as an inheritance from Soviet period. Building of new social organizations is costly deal. It is easier to develop the existing basis of infrastructure. The article investigates some aspects of social institutions of industrial enterprises in modern conditions.

Recent research and publications analysis. The following Ukrainian and foreign scientists engaged in solution of the problem of departmental social infrastructure management: Yu. Ternavskiy (2011), A. Malahanov (2004), V. Leksin, O. Hrigorev (2001), Yu. Petrushenko, O. Dudkin (2011), F. Seidaliev (2006), V. Mital (2013) and others.

However the issues of practical realization of the measures of social infrastructure management, departments responsible for financial and organizational burden of these actions are controversial. In this regard, **the research objective** is to study the peculiarities of the system of social infrastructure of industrial enterprises and the development of organizational and economic mechanism of management actions.

Key research findings. The analysis of modern management practice shows that only a few companies focus their efforts on maintaining the existing state of social infrastructure, and even less part of them endeavor to develop and actually do something in social sphere (Zhalilo, 2013). In comparison, among 1758 innovatively active enterprises (17.4% of the total number of industrial enterprises of Ukraine) only 6% of companies pay attention to the improvement and development of social sphere, to so-called social innovations (Simchenko and Zhaldak, 2013).

The level of social infrastructure development for central regions of Ukraine is not so important because social needs of the locals are satisfied by a wide network of private institutions. But for peripheral regions social infrastructure of local enterprises is vital. One institution can meet the certain social need of the almost population of the region. Socially active enterprises of such regions play an important role in the welfare of local people – both workers of this entity and others. For example, according to statistics of the Sumy region (Sumy region is peripheral) in 2012,

companies which operate for profit spent on personnel 496.8 million UAH. Out of every 100 UAH – 30 UAH were spent on the welfare of workers, 19 – on cultural and community service, 2 – on vocational training, 1 – on workers' housing. The average monthly expenditure per full-time employee is 283 UAH; in industry – 455 UAH. In 2012 among businesses that spent money on personnel every second directed resources to social security of workers, every third – to cultural and community services and professional training. Only one of 18 companies spent money on workers' housing (Complex report, 2013; Statistic Yearbook, 2013). The number of departmental social infrastructure in Sumy region declines from year to year which is due to the transfer of them on the balance of other organizations. Such transfer often results in factual elimination of social facilities.

Privatization process gripped almost all former Soviet big enterprises of Ukraine, which together with the change of ownership (usually from public to private) undergone changes in social sphere that mostly not for the better. There are such types of social objects privatization if company which they are subordinated changes its ownership form (Malahanov, 2004):

- *formal synthesis privatization* (social objects are privatized with enterprise. The object does not acquire legal personality and remains on the balance of the same but already privatized enterprise);

- *commercial privatization* (social infrastructure becomes the object of commercial interest of new business owners. Social infrastructure is sold, used as a pledge for a loan or rented);

- *commercialization of reorganization* (transformation of social infrastructure that is on the balance of public enterprises into commercial organizations).

Moreover, even state-owned enterprises reduce departmental social infrastructure today. As a result, management of social infrastructure is not effective for employee stimulating and for regional social institutions provision (Figure 1).

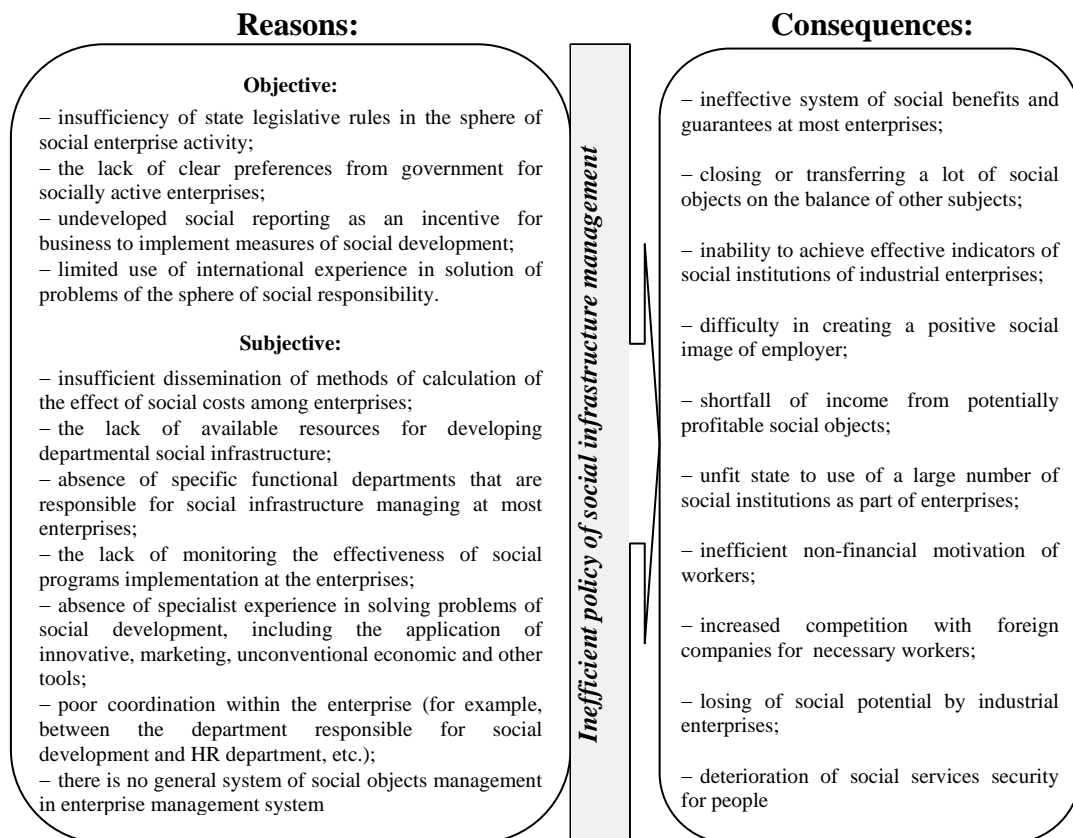


Figure 1. Reasons and consequences of ineffective management of social infrastructure of domestic industrial enterprises, author's development

Topicality of social objects management improving of at Ukrainian enterprises is caused by several circumstances. First – competition and occurrence of enterprises with foreign capital. The owners of these companies after comprehensively examining of labor market in Ukraine offer their employees more attractive social package compared to domestic enterprises (health insurance; membership in fitness club; providing company cars not only to members of senior management, but also to middle managers, sales staff; other social proposals). It is obvious that to compete at labor market it is advisable not only by wages but also by the compliment of social package. Second – the need for change the own social policy due to the threat of labor shortage, which causes the problem of attracting qualified staff. Third – the newest trend towards cooperation between Ukraine and the European Union imposes the increased requirements to the state of employees’ welfare. Fourth, it is unquestioningly true the statement that has not lost its relevance since H. Ford, the

ideologist of «social engineering»: “disloyal staff only interested in its own benefits, but indifferent to success of the company”. He said: “I am not a scientist, I am a simple mechanic who made money, but I thought of everything. Profit is necessary to divide between capital owners and employees. Employees should be given most of it, as they do most of the work that creates wealth. Workers are unhappy with the fact that capitalists captured a larger share of profits”. H. Ford is the founder of paternalism management. It assumes that company takes the initiative to improve working and living conditions of personnel (Social engineering of Ford, 2014).

There are two approaches to the prospects of inefficient social infrastructure of enterprises. Each of them has its supporters and opponents:

– *first approach* – municipalization of social infrastructure if it is necessary. Proponents of this approach (basically scientists of the late XX century) prove the benefits of municipalization: transfer of financial and management responsibility for the maintenance of social objects from enterprises to local authorities (Leksin and Shvetsov, 1998; Kabalina and Sidorina, 1999; Hrihorev, 2001).

It should be mention that today when the Ukrainian society yearns for strengthening the role of local government this approach has significant prospects.

– *second approach* – municipalization is not the only and usually not always proper solution of the problem of unprofitable and too onerous in financial sense social objects. Proponents of this approach are seeking a way of solution this problem differently. Some propose to optimize the system of social benefits and services, others – to consolidate the efforts of state and business in solving the problem of social infrastructure unprofitability (Ternavskiy Yu., 2011; Malahanov, 2004; Petrushenko and Dudkin, 2011; .Seidaliev, 2006; Mital, 2014).

As the first approach is outside our study we consider a second opinion on the future prospects of social infrastructure management within enterprise. Development and stabilization measures must base on modern principles for ensuring their effectiveness. *The principle of adequacy* means that any measures to control social infrastructure of industrial enterprises should be tested firstly on their relevance in current development level of social object. *The innovative principle* focuses on the

latest achievements in the sphere of social management – from organization to specific measures. *The principle of effectiveness* involves comparing the desired objectives and actual outcome after implementation of measures for social infrastructure improving. *The principle of competitiveness* is obligatory for social institutions that can be profitable. They have to compete with other institutions that provide similar services in the region. *Marketing principle* focuses on marketing tools in the social infrastructure management. *The principle of opportunity to choose* assumes the choice for user of social services (worker of certain enterprise or not). It is unacceptable to impose the use of social services, of course, if it does not a compulsory medical examination, visiting the professional training institutions, corporate celebrating at determined place, etc. *The principle of consistency* implies that measures for management of social infrastructure are carried out in specified order. The implementation of targets is carried out according to plan which senior management has developed. *The principle of constancy*, which is achieved by stability and continuity of all management measures in social sphere of the company. *The principle of differentiation* assumes that owners of an enterprise must isolate the sphere of social infrastructure management from all other spheres of economic activity. Social infrastructure management should be a separate function of enterprises' management. *The principle of versatility* by which all possible variants of infrastructure using are examined: from using it to destination (if it brings income or important in the system of staff motivating) to renting for instance (to cover the costs of its sustentation).

Social infrastructure of an industrial enterprise is a complex system which consists of subsystems and includes a large number of interrelated elements. *Social infrastructure of enterprise management* is the process of planning, organizing, motivating and controlling of the activities of departmental social objects. Social infrastructure management includes the development of organizational economic mechanism, management decisions, which together lead to the effectuation – effective work of all social institutions of a company. *Organizational and economic mechanism of social infrastructure of an enterprise* is a combination of elements that

create the organizational and economic basis of managerial influence on factors that affect the results of social objects activities (Figure 2).

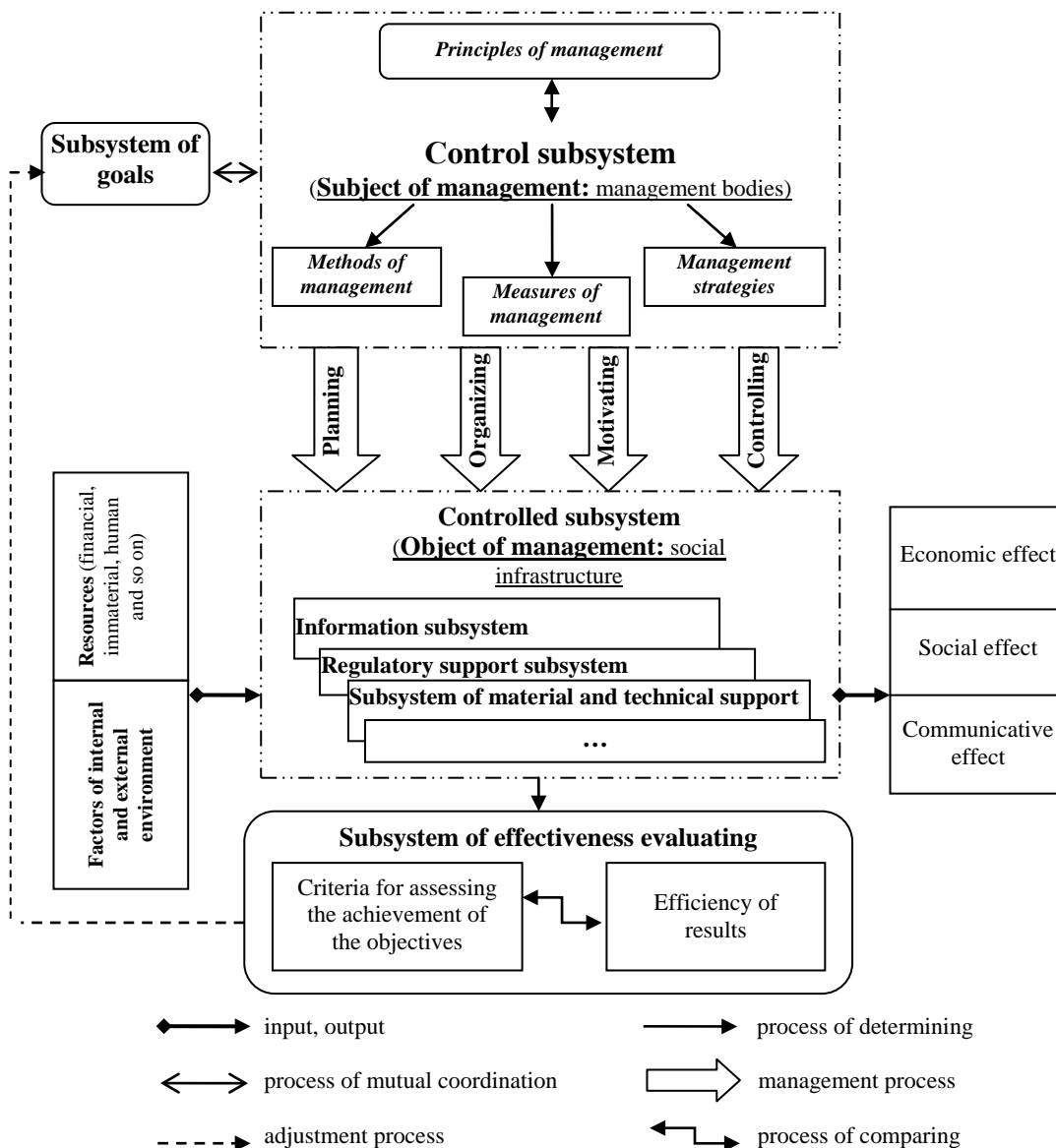


Figure 2. General scheme of the organizational and economic mechanism of social infrastructure of industrial enterprise management, author's development

The control subsystem includes company's management and organizational units responsible for social development management. It affects controlled subsystem through management processes. It is consistent with the subsystem of objectives, principles of social infrastructure management. Information about the external and internal processes comes through information subsystem. Controlled subsystem implements the goals and objectives, planned actions for social infrastructure managing. Regulatory support subsystem affects the process of measures

implementing. The reverse process of interaction with the management subsystem takes place after the process of implementing. It is a test of measures implementation for their effectiveness.

Units that are responsible for the management of enterprise's social infrastructure, their main tasks and information about the state of social enterprise that comes from them are shown at Figure 3.

The main goal of the management of social infrastructure of enterprise is to achieve profitability of potentially profitable social infrastructure ; achieving of target proposal of social objects for personnel; the increase of the effectiveness of cooperation between state authorities and business in the sphere of social development; development and increasing of the efficiency of departmental social infrastructure		
Department	Task of the department	Information that must come
<i>Department of social development</i>	Ensuring the effectiveness of social policy including social infrastructure management; monitoring of social changes at the company	The effectiveness of social spending; achieving of normative indicators of working and living conditions for personnel; stability of the social situation at the enterprise, etc.
<i>HR department</i>	The impact of social benefits to attracting the necessary personnel; regulation of training and retraining of personnel in the system of departmental social infrastructure; monitoring of personnel development in different units of the enterprise; organization of sociological research of the effectiveness of the work with personnel and stability of the staff	Changes in the quantity and quality of staff; indicators of consistency and fluidity of employees; information about vacancies and the rate of their filling; the effectiveness of personnel motivation system, etc.
<i>Finance and economics department</i>	Financial support of management measures in the sphere of social infrastructure development	Financial and economic indicators of social institutions
<i>Marketing department</i>	Finding and attracting customers who do not work at enterprise; organization of services at high level; analysis of requests and needs of the customers of social objects; development and implementation of measures to promote social services of certain institutions; formation of product, pricing, communication and promotion policy of social institutions; tracking the actions of competitors	Information about the effectiveness of promoting services policies; monitoring of the number of customers, repeat visitors; information about social services market conditions; monitoring of the opinion of service users on various aspects of social proposal using, etc.
<i>Department of information and technical support</i>	Gathering of information that is required for formation of database; implementation and monitoring of special software of social infrastructure management	Completeness of information in databases; frequency of data revenue regarding the development of social institutions; the effectiveness of database using by other departments which are involved in the social development management, etc.
<i>Department of Public Relations</i>	Set-up of cooperation with government agencies and public; analysis of social image and reputation of the company	The ratio of public to the enterprise; level of partnership with government agencies; level of social image of the company; monitoring the reputation of the company as an employer, etc.
<i>Local management</i>	Providing of consistent and uninterrupted function of social institutions; transfer of necessary information to company's management; set-up of customer service directly within the institution	Operative information on a wide range of indicators of certain social object

Figure 3. Departments in social infrastructure management structure of enterprise: their tasks in accordance with the main goal of management and the list of possible information that comes from these departments,
Author's development

Local management is represented by authorized persons within a particular social object. They often have much more power. It is typical for hotels, restaurants and leisure business. Then they play a much smaller role in the social development of

enterprise. They are more independent economically and try to get self-sustaining status, although in reality it is not so due to neglect of innovation and marketing directions in management. Therefore they are financed by enterprise in most cases.

Despite different sources of social infrastructure financing, most of them are directed to restoration of social sphere assets. The structure of investments of industrial enterprise in social infrastructure depends on the following factors: taxation of business income; growth rate of product realization; asset structure of the company; state of the capital market in the country; interest policy of commercial banks; degree of financial management processes of the company; strategic directions of the company; the amount of social objects that enterprise has, etc.

For social infrastructure which is subsidized capital investments are necessary for the replacement and renewal of fixed assets. It helps to improve the quality of services and to increase demand. If we consider the commissioning of new fixed assets or expansion of existing capacities then it is appropriate only for social objects that are self-sustaining.

Choice of efficiency criterions is one of the elements of the mechanism of social infrastructure management. Every social institution subordinated should ideally have some economic, social and / or motivational value for enterprise (in accordance, economic, social and motivational component).

To determine the potential of social enterprise in the sphere of social infrastructure management we suggest using of such formula:

$$SP_i = \frac{(E_1 \cdot w_{e1} + M_1 \cdot w_{m1} + S_1 \cdot w_{s1}) + (E_2 \cdot w_{e2} + M_2 \cdot w_{m2} + S_2 \cdot w_{s2}) + \dots + (E_n \cdot w_{en} + M_n \cdot w_{mn} + S_n \cdot w_{sn})}{w_{e1} + w_{m1} + w_{s1} + w_{e2} + w_{m2} + w_{s2} + \dots + w_{en} + w_{mn} + w_{sn}}, \quad (1)$$

$$SP_i \rightarrow 1$$

where SP_i – social potential of enterprise in the sphere of social infrastructure development; E_1, E_2, \dots, E_n – indicator of economic component of the first, second, ... n -th social object accordingly; M_1, M_2, \dots, M_n – indicator of motivation component of the first, second, ... n -th social object accordingly; S_1, S_2, \dots, S_n – indicator of social component of the first, second, ... n -th social object accordingly; $w_{e1}, w_{e2} \dots w_{en}$ –

weight of economic component of the first, second, ... n -th social object accordingly; $w_{m1}, w_{m2} \dots w_{mn}$ – weight of motivation component of the first, second, ... n -th social object accordingly; $w_{s1}, w_{s2} \dots w_{sn}$ – weight of social component of the first, second, ... n -th social object accordingly.

The limits of indicators from formula (1) are:

$$\begin{aligned} E_{(1,2,\dots,n)}, M_{(1,2,\dots,n)}, S_{(1,2,\dots,n)} \in 0 \vee 1 \\ W_{(e1, e2, \dots en)}, W_{(m1, m2, \dots mn)}, W_{(s1, s2, \dots sn)} \in [0; 1] \end{aligned} \quad (2)$$

Components E , M and S equal to 1 if the object fulfills the conditions of efficiency, and equal to 0 if it doesn't. Methodology and methods of calculation of these components are shown in the work (Letunovska, 2014). Weights are determined by experts. They can be different for each infrastructure object depending on the specifics of institution, social services which are provided by it, specifics of company activities, etc. The weight of motivational component of those institutions that are assigned primarily to meet the needs of staff must prevail.

In practice, the indicator SP_i is almost never can be equal to 1. For most institutions of social sphere it is acceptable to have significance of at least one of three components for their effective status. But it does not mean that company should not try to make potentially profitable institution (with high motivation value) economically beneficial too. It is possible to distinguish limits of values of SP_i within which we can confirm about the effectiveness or ineffectiveness of social infrastructure management. The extreme values of the boundary parameters are determined basing on the study of national experience in social institutions management:

$$\left\{ \begin{array}{l} 0 \leq SP_i < 0,2, \text{ unacceptable level of social potential} \\ 0,2 \leq SP_i < 0,4, \text{ low efficiency of social infrastructure management} \\ 0,4 \leq SP_i < 0,6, \text{ management of social infrastructure at the middle level} \\ SP_i \geq 0,6, \text{ highly effective management of social infrastructure} \end{array} \right. \quad (3)$$

Thus, the proposed conception of social infrastructure of industrial enterprises management assumes developing new effective organizational economic mechanism, which presupposes distinguishing forms and methods of social infrastructure

financing, planning mechanism of social enterprise development, mechanism of social infrastructure development, methodology for evaluating the impact of social infrastructure on the economy of enterprise.

Conclusions. The state is interested in saving and development of social infrastructure. Due to insufficient level of social institutions development population is worse provided with social services, social tension in society is increasing. In return the company in attempt to compensate negative effects of closure of existing social objects or refusal of them should implement new social policy for its employees. This social policy should provide such cash income increasing for staff that will be enough to pay for the enhanced cost of services not departmental social infrastructure.

There are a lot of unsolved problems in science that studies the issues of social development management of industrial enterprises: foundation of the system of social infrastructure effectiveness, development of managing strategies for departmental institutions of social infrastructure, studying of the system of priorities in the management of social objects. So we have a list of scientific issues that must be solved in the future.

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