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FEATURE THEORETICAL AND METHODOLOGICAL FOUNDATIONS CONTROL OF OPERATIONAL MANAGEMENT

Objective. *The purpose of the article is to justify the theoretical and methodological principles of operational management control system and to identify ways to improve it.*

Methods. *For investigation we used such methods: methods of compilation and comparison, methods of analysis and synthesis (for justifying the nature of the theoretical aspects of the construction and functioning of the operational management, for studying the experience of using the operational management tools); structural functional method (structuring the control system for the operational management of the enterprise).*

Results. *The results of investigation based on the analysis of the theoretic and methodological principles of operational management handling system. The reliable and regular release of the finished product and its quality (which is results as a customer satisfaction, increasing revenue and profitability) depends on operational management handling system.*

Academic novelty. *The theoretical and methodological principles of the operational management, handling system are justified in this article, the application of which will provide a more reliable and systematic information about the object.*

Practical importance. *The results are focused on improving the management system of operational management.*

Key words: *operations management, operation, operating system.*

Problem statement. Features of the mythical idea of successful management in terms of the national economy are that focuses on financial management and marketing component. Operational level of effective business organization it staying just a dream of production.

In the study of any management activity one of the key points is consideration of the functional field and the object of management. In the context of operational management it is the operational system and the operational process.

Analysis of the last researches and publications. Analysis of the economical literature shows that the studies that were carried out, it is very versatile. Thus, R. Russell and B. Taylor analyzed the theoretical and methodological aspects of the value chain in food [1], while J. Heyzer, B. Render studied the meaning and characteristics of operating systems and modern manufacturing enterprise integrated management concepts organizations [2]. Successful are the works M. Lewis and N. Slack [3] in which they explored and described in detail the most common concepts of operations management. However, the integrated approach to the study of

theoretical and methodological bases on operational management system yet paid enough attention.

The purpose of the article is to study the theoretical and methodological bases of operation management system and to identify ways of improving it.

To achieve this goal were formulated the following objectives:

- to structure management system of the company's operational management system;
- to explore the experience of using tools of operational management.

Exposition of basic material. The framework for the company has a list of subsystems, which support the objectives of the enterprise and consequently achieve the main goal of its activities accordingly forming a system of operational management.

The successful operation of modern facilities under conditions of governmental activity specializations in the following functional sectors: financial management, investment management, marketing management, human resource management and operational management.

The operational management which is associated with manufacturing processes goes to the leading position among other subsystems of management. The importance of this kind of management is associated with its responsibility for the impact of the core activities of the company.

In modern economic literature we can find a numbers of opinions related to the identification of operational management, each of them is certain degree of clarity reveals the meaning of this concept and shown in table 1.

Table 1 – Definitions of operational management by different authors

Authors	Definition
<i>Approach, the authors focused on operational process</i>	
J. Zavadzky [4, 145]	... the management of production processes that convert raw materials into service
M. Hannah [5, 9]	... managing the processes of transformation «input» submitted by labor, capital and materials, a set of products and services that are valuable to consumers
W. Stevenson [6, 4]	... management of systems and processes to create goods and (or) services
O. Dekalyuk [7, 33]	... it's management in the process of creating goods and services that is carried out at the level of operations, ranging from security of non-production areas, entrances and in the process of transformation into outputs
<i>Approach, the authors focused on the result from operating activities</i>	
V. Kozlovsky, T. Markin, V. Makarov [8, 36]	... is an activity that relates to the creation of goods and services by transforming inputs (resources required of all kinds) to outputs (finished goods and services)
L. Hellevey [9, 32]	... it is an activity that is associated with the development, use and improvement of the systems on which the main products

Authors	Definition
	manufactured or services company
S. Lee and M. Shniderzhens [10, 3]	... the study of concepts, procedures and techniques used by managers and administrators who are involved in the operations of all companies

Effective operational management is possible in terms of understanding the content and implementation of rational functions of the organization and functions of management, the ability of senior management to structure the enterprise management functions in accordance with the functions of the organization and create its adequate structure.

The activities of modern enterprises distinguish the following specific functions such as a function of product creation, marketing, finance, investment, personnel and operational functions [5]. Performing of the operational functions provides operational management. It is a peculiar unit of the categories that are manifested in the direct management.

Operating function should satisfy the needs of the market, as any company in the field of social production is created in order to produce real value to the environment – products or services. Therefore, as the operational function of the organization should to be understood the function of the actions of which the company produces goods or services supplied to the external environment.

Well-known terms «production» and «operations» are mostly similar, but production is defined as production of goods and processing of raw materials. The term «transaction» broadly, it includes not only the production of goods, but also services providing.

Systematic approach makes it possible to evaluate the scope of operational management and to determine the role of the operational system under the coordination of the company, to distribute responsibilities and define competencies of managers, exploring not only the individual elements, but especially their interaction.

The operational management, like marketing and finance, is a business environment with clear management functions. This view should understand very clearly as operations management is often confused with such activities as operations research – OR, scientific management organization – MS and engineering design – IE [10, 132].

Unlike other sciences, operations management refuses of the tools and methodologies developed and taken all the way to its historical development. A striking example is presented in chronological order of practical developments in the field of manufacture:

- timing and analysis work;
- the economic size of the order;
- quality control and its statistical evaluation;
- modelling of industrial activity and network planning projects;
- graphics procurement, inventory management and material requirements planning;
- updating of business processes and more.

Thus, although the operational managers often use in their work methods and tools of OR / MS (for example, in a graphical definition of the critical path), and dealing with problems related to engineering design (e.g problems of automation of production), a purely administrative role of operations management distinguishes this area is referred to other disciplines [5, 6].

Thus, as indicated in table 1, comparing the definition of operational management can be noted that part of the action is focused on the operational processes and the rest of the action – the result of the implementation of operations.

Actions that result in manufactured goods and provided services have a common name – «operational function», the essence of which is revealed indirectly methods and measures of operational management.

Companies differ in the types of activities that are included in the operating function, leading to differences in the systems of operational management, including:

- companies that produce goods (such enterprises are major consumers of raw materials) – products designed for the mass market;
- companies that provide services (spends a small number of inputs) – services are usually customized and designed for the demands of consumers.

By using of the methodology of systematic approach was established that any undertaking enterprise is an open system that converts the input value, raw materials, semi-finished products and work for a finished products and services.

Thus, affecting the performance of the company, operations management contributes to the production of goods and services which are needed by customer needs, increasing profitability, and the proper organization of operations helps to reduce costs.

The structure of the operational system is determined by the composition and relationships of components and subsystems, as well as connections with the environment. The structure of the operational system covers all possible actions, processes, methods associated with direct goods movement (services), as reflected in figure 1.

In any international business development operational system in manufacturing has traditionally been viewed as the most important management function [5].

There are spatial (location of system elements in space) and temporal (sequence changes in the components and the system as a whole) structure of functional systems. Shaping the integrity of each other, they mutually intertwined.

For the optimization of the enterprise's activities it has to ensure effective management of these relationships. Operations depend on the engineering features that ensure the development of new products, manufacturing facilities and processes. Engineering function should receive from the production of relevant information on issues related to the design of products. Marketing should provide reliable demand forecast and actual customer orders on the release of the operational system. The same function must inform the production of any claims of consumers about the quality and timing of delivery of products.

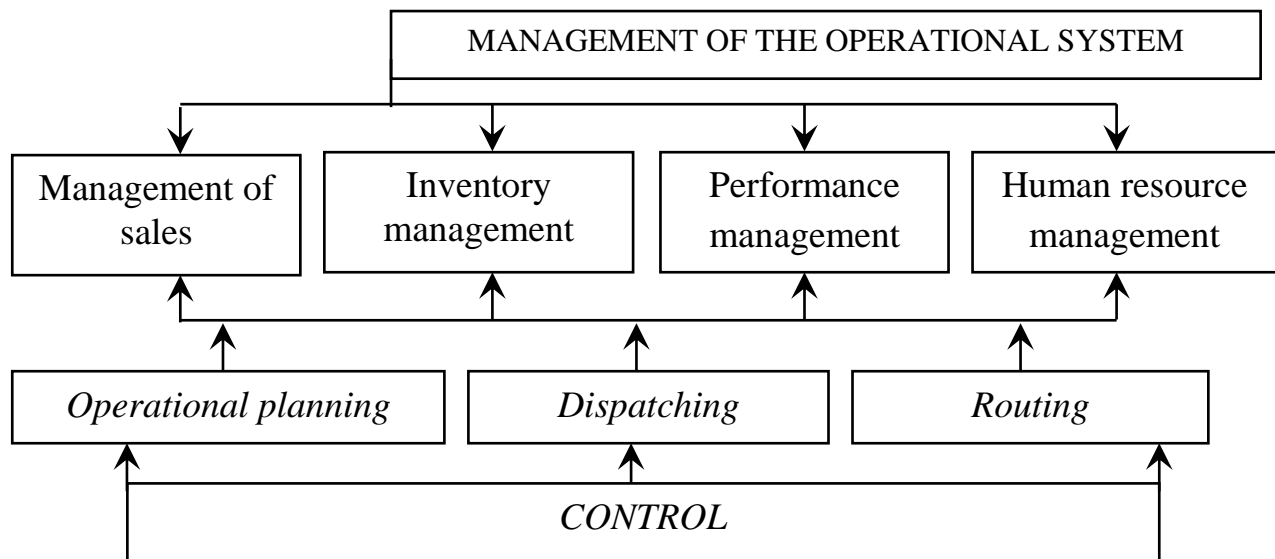


Figure 1 – Structure of management operating system management company

Operations of a company are combined in two groups by the character movement flow of materials from the supplier to the buyer:

- 1) production and supply (the material from the supplier enters the system, processed and transferred to the buyer, and the buyer is the final recipient of the goods. Differences in patterns arising from different approaches to inventory management);
- 2) transportation and services (the buyer makes a contribution to the process).

International experience [10] suggests that developing, implementation and apply of new tools of operations management are made primarily in engineering and automotive, textile and food enterprises.

This is easily explained by the highest level of vulnerability. Since each of these industries is characterized by a large number of necessary ancillary and supporting industries, the accepted standards and requirements automatically transferred to them, making them generally accepted, and increasing, thus, the overall culture of the organization and management of production.

In terms of regulation, then 100 % of mechanical engineering, 93 % textile, 88 % of the food industry in the USA is actively using its facilities [10].

In Germany, which is the «engine» of European industry, the preparation work, analysis and organization of business processes are the basis for building a modern production, based on high quality and fast ordering [6]. German quality, speed of processing and ordering process is the result of half a century of practice production optimization based on an effective data management system.

The Japanese tradition of effective management is based on a comprehensive toolkit to manage time, data, and processes while adhering to the highest quality. Thus, the practice of re-engineering of production processes today gave management

a number of unusual techniques of organization and management [10]. All know about the results of the use of KANBAN, KAIZEN and effective methods of human resource management.

Firstly on the optimization of production processes and the structure of the enterprise pay attention to the western style of operational management and foreign owners. They teach management style and try to impose an effective production system on the parent Ukrainian reality, forgetting that this system is planned, but built on the experience gained abroad.

All local businesses that transform the operational strategy have the first and definite goal is to be closer to international standards and the ability and opportunity to work with foreign partners.

On the other hand the issue of pricing and costs of national enterprises led to problems not only to reduce the cost due to cheap labour, the industry lobby, the weakness of competitors and work with suppliers, but primarily due to the effective organization and management of operational processes.

Despite the overall adverse situation with the management and organization of production in the domestic economy, some companies not only stopped working on process optimization and standardization of labour, but also created a new high-quality regulatory and organizational framework [7]. This is allowed (in terms of overall economic crisis) to increase output; improve productivity of labour and average wages of staff.

Operational tools used by domestic enterprises, dictated by the need of:

- obtain certification ISO 9000;
- release of working capital (freezing of the non-effectively organized production and logistics processes);
- drastic measures because of pressure from the market (price) changes in the competitiveness of manufactured products;
- response to rising raw material and skilled manpower.

But if you look closely at what, how and for what is used, it raises the inevitable question of the effectiveness of the use of these tools.

Quality certification ISO 9000 in some cases is symbolic and all the benefits that it has to carry, is the only formal (built, registered and visualized processes are ignored and specifications and job descriptions are not used).

Organizational actions related to reducing costs and production costs are often similar to fire fighting and begin and end with retirement of the personnel or purchase of new and selling used equipment. As a result, the production suffers, all «explained» the problems of the poor performance of the market and the sales department.

It is also difficult to accept position of the domestic local HR-managers that skilled workers are worth the money and effort on their content, ranging from building effective (for the company and the employee) motivation of work, focused on quality and performance, finishing with ergonomic approaches to organizing jobs for increased productivity and actions aimed at improving the socio-psychological climate at work.

A number of problems caused by the fact that the economic system and its educational institutions over the past 10 years did not provide definitions of operational manager.

Not an engineer-economist or an accountant, namely operational manager – the person who makes the management and organizational solutions for the workplace.

The Ukrainian enterprises often have several professionals that hold the factory, the organizational system of which they are built and modernized, spending on production 2/3 of his life. But once the question of the expansion of production, new strategies and requirements, the transfer of responsibilities, duties and control, then there are unforeseen problems and organized system fails or «heavier» so that it will be unable to serve the aforementioned professionals.

Lack of adequate perception and understanding of the role of operational Manager for the leadership, as a class, and lack of a sense that they are the lead managers of the company raises a number of problems in the development of enterprises.

Conclusions. So, in the article is justifying the essence of the theoretical and methodological principles of construction and functioning of operational management, structured operational management handling system of the enterprise as well as research experience in the use of tools of the operations management.

Prospects for further research related to the optimization of the operating system the company of certain areas of activity by different strategies of the operation.

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