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EVOLUTION OF SOCIAL DIALOGUE ON STAGE ORGANISATIONAL DEVELOPMENT OF THE ENTERPRISE

The problem definition and its connection with the most important scientific and practical tasks. In the age of globalization of the contemporary market on the way of the reconstruction of social-oriented economy social factors in the domestic enterprises activity become more important. The new paradigm of entrepreneurship, which is aimed at human needs, values and corporate culture, gains popularity. Nowadays social and economic tasks are treated as complementary courses, rather than alternative. The implementation of the social policy is supposed to encourage economic growth, which is the key to welfare and social security of the country.

Contemporary innovative approaches to social development of enterprises stimulate and create its principally new strategic courses which major priorities are socially responsible functions, social infrastructure development, building of the social service development of the personnel, implementing standards of the ethical conduct and promoting the positive emotional climate.

To provide social stability and to forge the constructive social partnership it is very important to develop the social dialogue, which is considered to be the most promising technique of establishing relations between social partners, including the state, and which is used in the right to unification, conduct of collective negotiations, consultations and information. The adoption of the Act of Ukraine No. 2862-VI of 23.12.2010 "On social dialogue" [1] in the Verkhovnaya Rada actually was the acknowledgement of the social dialogue as the efficient mechanism of the improvement of the living standards and social stability in society.

Helping to achieve mutually advantageous compromises between participants of social and labor relations, the social dialogue becomes the tool of the enterprise development, providing the social and economic interests of the parties.

The latest research and publications review. The essence of the social dialogue, as well as its formal and informal institutes are revealed in scientific works of many both foreign and domestic scholars, i.e. Melnik S.V., Petroe O.M., Gellab Ya., Trunova G.A., etc.[2-5]. The scientific researches of Adizes I., Greiner L., Melnik S.V., Mironenko Yu.D., Terekhanov A.K., Shirokova G.V., etc. [6-10] are dedicated to solving the problems of the organizational development management of enterprises.

However, such aspects as the transformation of the social dialogue according to different stages of the life-cycle of the enterprise and its role in the organizational development security have not been studied in the scientific economic literature yet.

The object of the article is to reveal the process of the social dialogue evolution at the enterprise and to define its role in the organizational development.

The summary of the research findings. The research conducted is based on understanding the social dialogue as informative and communicative interaction between subjects which represent interests of adverse parties in social and labor relations (staff, employers, executive authorities and local government), which conciliates their attitudes to reach agreements and to come to the general consensus regarding both creating and implementation of the social and economic policies and regulation of social and labor relations. This understanding, in particular, is a research funding of the existing approaches to the definition “social dialogue” [1, 3, 4, ecc].

In the course of the social dialogue the congruent interests of the parties, which are based on information on their intentions and possibilities, detailed selection of analytic information and their attitude motivation, reasoning and expectations, are conducted. The social dialogue is a prerequisite for conducting of effective negotiations, allowing to reach a compromise between costs and benefits of the parties in order to achieve mutually profitable eventual result.

The development of the social dialogue as an institute of social and labor relations at the micro-level obeys the law of organization development which is traced in the most popular conceptual models [6-10]. Sharing the opinion of I. Adizes (fig.1) regarding enterprises as living organism [6], it is his model which was used for studying the evolution and the role of the social dialogue in the organizational development of the enterprise (fig.1).

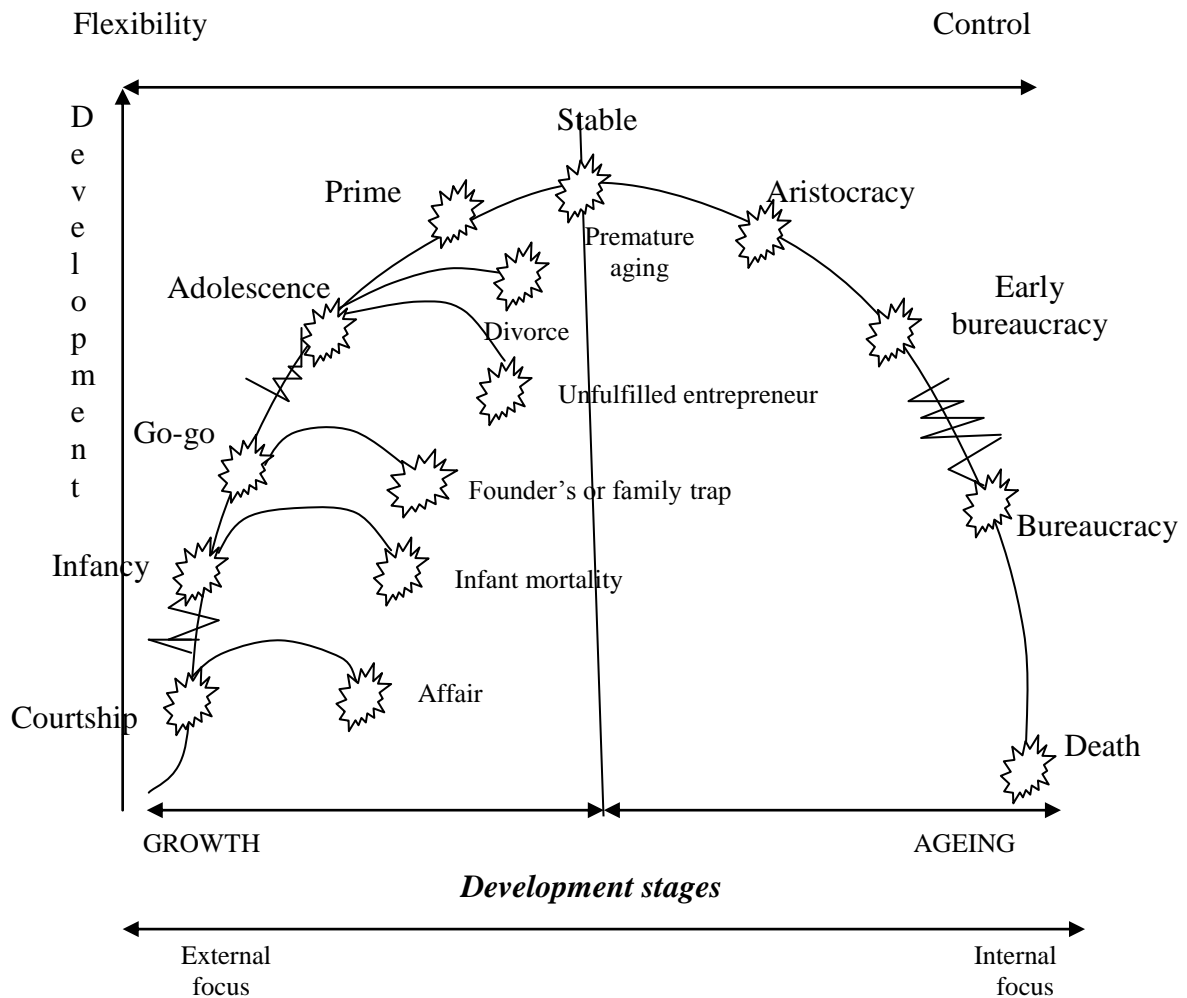


Figure 1 – The model of organizational development of I. Adizes [6]

According to the model of I. Adizes “the prime” as a stage of the life-cycle doesn’t always face such challenges as “infant mortality”, “family trap”, “unfulfilled entrepreneur”, “divorce”. However, the prime in itself is not a guarantee for a long-term activity of the enterprise: according to I. Adizes, bureaucracy that follows the stage “Prime”, will inevitably lead to the death of the enterprise.

Taking into consideration that the social dialogue at the enterprise arises at the stage of the birth (creation) of the enterprise, they develop simultaneously. The social dialogue has the biggest influence at the stage “Stable” (labor union is formed; labor contract is concluded; other conditions which spell out social and labor relations, are stated) and gradually decays as the enterprise ages and finally, stops existing at the stage “Death”.

The first stage of organizational development is “Courtship”. The organization doesn’t exist yet, but there is a business idea, and enthusiasm of the founders. The ideas are discussed, the mission is determined, the market is evaluated. The entrepreneur has product orientation, but he still can’t determine the market demand for this product. After this stage the organization moves to the new stage, only if the

entrepreneur believes in the idea and is ready to take all the risks of a new business and can find financial support. As the entrepreneur decides to create his own business, the social dialogue develops, which begins at the stage of selection and engagement of the personnel, discussing job conditions, drawing up the labor agreement (for large enterprises).

At the next stage, called “Infancy”, the enterprise has a flexible, but indeterminate structure, small budget, weak system of rules and administration procedure. During this period begins the organizational process, proceeding from mere ideas to practice. Much attention is given to outputs and needs of final costumers. The conditions for survival at this stage and the further development are: stabilization of cash receipts; devotion to the idea of the stable organization building. The role of the social dialogue is that the head of the enterprise should assure his staff that this idea is economically efficient and must be developed.

The third stage “Go-go” is also called stage of rapid growth, when there are no significant difficulties and it seems that the further road will be smooth, so the enterprise diversifies its activity. The performance of the enterprise grows, overcoming first obstacles, including the principle one, i.e. – the lack of liquidity. The staff understands that the idea realizes and can be economically efficient. However, the enterprise is not structured enough, the subordination procedure is not determined; the functional duties are not allocated. At this stage the social dialogue helps to avoid crash by means of creation of professional administrative subsystem, in particular, by forming the organizational structure, determining subordination (building the vertical power structure) and functional duties.

The stage “adolescence” is considered to be a critical stage on the analogy with the awkward age of people. The business overgrows the possibilities of the entrepreneur (founders) and he loses his enthusiasm. The common techniques to solve this problem are decentralization, authority delegation, hiring professional managers, who change the whole system of the corporate governance. However, it can cause conflicts between old and new employees, between professional managers and owners, subdivisions and particular employees. At this stage the corporate culture strengthens; improves efficiency of administrative procedures and management in whole. But with a help of the social dialogue at a certain enterprise it is possible to pass this stage at minimum expense and to resolve conflicts between old and new employees, between owners, managers and specialists, between the corporate objectives and employees.

At the stage “Prime” the optimal balance between control and flexibility is reached. Organization is aimed at the achievement of the results and long-term development strategy. The subsystems of forecasting, planning and plan implementation are well-run. The sales volume, cash receipts and profit increase. The organizational structure and authority system are built. Providing that the process of the social dialogue and the corporate strategy are coherent, this stage can last for a considering time.

The first stage of the enterprise ageing, when the enterprise starts losing flexibility, is the stage “Stable”. The organization finds the stable niche market, but falls back. On the one hand, the stability calms down, but on the other hand – it turns

up to be very dangerous in the prospect, as the sense of comfortable circumstances doesn't foster technologies and new markets development. The interest in innovations decreases. Quantitative indices substitute flexible conceptual thinking, and as a result, the importance of financial subsystem grows while the role of marketing, innovative and research subsystems goes down. The management of the enterprise concentrates on the previous achievements and becomes biased against changes, conservatism increases. The role of the social dialogue at this stage is very important, because it is the social dialogue that can overcome it. At this stage the social dialogue reflects in the following components: the labor union functions; there is collective agreement, other contracts which regulate social and economic relations, etc. At this stage the social dialogue must gain its position at the enterprise activity, and the management of the enterprise must realize the efficiency of the social dialogue as a tool of organizational development. But if the social dialogue is ignored at the enterprise, as traditions and formal communication continue growing, the pass to the stage "aristocracy" is inevitable. At this stage money is spent on strengthening the control, arrangement, insurance, which in its turn, generates the need for saving money in volumes sufficient for the enterprise functioning, by means of price escalation with the same or even worse quality level. The enterprise loses its activity as for the long-term prospects; the short-term and guaranteed results become standard practice. The role of the social dialogue at this stage is to generate creativity at the enterprise by means of knowledge management and motivation to creative propositions.

The pass to the stage "early bureaucracy" is accompanied with the following problems: orientation of the enterprise management on self-preservation; inconformity of the corporate culture to expectations and desires of the personnel; increase of unreasonable conflicts in the collective; looking for persons to blame instead of reasons which caused problems at the enterprise activity. At this particular stage the potential of the social dialogue as for solution of the social and economic problems of the enterprise can be completely fulfilled.

Otherwise, the stage "bureaucracy", when the enterprise loses both the results orientation and contact with environment, is inevitable. The enterprise is not aimed at the improvement of the efficiency and changes; the enterprise doesn't meet customer needs. There is no working team, data communications between subsystems, subdivisions (at its best) are interrupted, and personal objectives prevail over corporate ones. Besides, the key employee turnover is high. The clearly defined rules, instructions and procedures are in force. The control loses directionality. Under these conditions the role of the social dialogue is to retain the most active and initiative employees, using both internal and external stimulus. For this purpose it is necessary to find out the head motivations and drives of employees towards their job at this enterprise and to determine the basic characteristics of the conditions which are necessary or sufficient to go back to the previous stage of the organizational development or at least to slow the process of the enterprise dying.

If at the stage "bureaucracy" the social dialogue is ineffective, the enterprise goes to the last stage "death". At this particular stage the non-confrontational and compromise features of the social dialogue come out to the full extent. The necessity of employees' social security as a principal objective of the social dialogue is

completely implemented. In case of the lack of the constructive communication between employees and employers the public authorities are engaged, i.e. the expansion of the social dialogue takes place.

The application of the theory of the organizational development of I. Adizes for the research of the social dialogue evolution at the enterprise made it possible to:

1. To prove the possibilities of the social dialogue to provide positive development of events and to avoid crisis phenomena (with the labor features) at the enterprises;

2. To elicit the organizational potential of the social dialogue not only in the transformation of the organizational development of the enterprise, i.e. concerning the change of the current stage of development into the previous one (by means of the social dialogue), but also in fostering the death of the enterprise (in the opposite case);

3. By means of the detailed describing of the enterprise internal processes, pointing out the principles and natural phenomenon, variances and problems in the organizational development, to determine clearly the role and potential of the social dialogue in nonviolent solution of the organizational crisis and removing the negative phenomena at the enterprise.

Conclusions. The role of the social dialogue at the organizational development of the enterprise lies in its communicative peculiarity, for it is based on the interaction between owners, managers and the staff of the enterprise. The efficiency of the social dialogue at the different stages of the organizational development determines the possibility of the enterprises to realize the strategy chosen.

One of the effects of the social dialogue can be easily considered the approval of the social development program, which is aimed at the integrated development of the social environment of the enterprise, overall development of the personnel, the development of the compensation forms of the labor participation of the personnel and the development of the corporate culture of the enterprise.

Being the social phenomenon in its nature, the social dialogue favors the increase the economic performances of the enterprise and helps to estimate the competitiveness of the enterprise. The research of the interrelation between social tools of the organizational development and growth rates of the enterprises are subject to the further promising trends of the future scientific research.

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