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## **THEORETICAL PRINCIPLES OF ORGANIZATION EFFECTIVENESS MANAGEMENT**

The purpose of the study is to substantiate and generalize the basic theoretical and methodological principles of managing the effectiveness of the organization in modern conditions of the economic space functioning. The main objectives of the study are to generalize the essence of the concept of «effectiveness», the basic principles and criteria of effectiveness; to determine the range of factors influencing performance management; to determine the system of performance measurement indicators; to reflect the main components of the performance management system; to present the main tools for implementing the concept of BSC; to systematize regulatory and legal support of relations in the field of performance management.

The work of numerous domestic and foreign researchers is devoted to the problems of research and measuring the effectiveness of the enterprise. It is worth noting a number of scientists who in their research have highlighted the conceptual foundations of performance management and the fundamentals of measuring performance. In particular, M. Armstrong [1], P. Drucker [2; 3], O. Kuzmin [5], O. Oleksyuk [6], D. Sink [7], B. Phelps [9], F. Khmil [10] and others. In their works, economists focus on the scientific and theoretical foundations of enterprise performance management, exploring the essence and content of the of management effectiveness concept, considering the criteria and indicators for measuring performance, various methodological approaches and models for its definition.

In the research plane, the complexity and ambiguity of the «effectiveness» category interpretation is manifested in the development of many concepts and paradigms that formulate the variability of the characteristics and conceptual apparatus of effectiveness. The ambiguity of approaches to the concept of «performance» at the theoretical level leads to its identification with «efficiency», «productivity», «profitability», which is then expressed in the calculations of relevant indicators [6, p.131].

The study of the evolutionary views of different scientists to understand the essence and content of the concept of «management effectiveness» shows that the opinions of researchers are quite diverse and ambiguous. The classic of management theory P. Drucker pointed out the need to distinguish between two fundamental categories of «effectiveness», with which he associated the answer to the question: «How to do the right actions (things)?», and «efficiency», meaning the answer to the question: «How right to do the actions (things)?». This definition raises the problem of the functioning effectiveness duality: the achievement of the stated goal (effectiveness / efficiency); achieving the goal in the most economical way (efficiency). Understanding the essence of concepts is individual for each enterprise (company) [2; 3].

However, when interpreting this concept most scholars are based on the fact that the effectiveness of the enterprise reflects the economic category, which includes a set of interrelated indicators of the enterprise diagnostics from the standpoint of tasks correctness (results that meet the owners' needs, their subordinates and consumers) and rational use of resources.

The main task of performance management is to provide organizations with an advantage in human capital. Because the «human factor» is difficult to copy, it is an extremely important competitive advantage for the organization. Other competitive advantages, such as product design or business process, are easily copied. The advantage in human capital is achieved by hiring employees with valuable competition. skills and knowledge. The intellectual capital of the organization requires development - the creation of «the total amount of knowledge, skills and abilities of individuals accumulated by the firm over time and its characteristic competence» [1].

The principles of management are the rules and norms of management, according to which the management system of the organization is created, operates and develops. With their help, managers establish rules of action and behavior that are binding on all employees, coordinate, combine, coordinate and regulate their activities, make and implement management decisions, ensure the selection of appropriate management methods, and so on. Their formation is influenced by the system of priorities and values formed in the organization. [5; 10]. According to a number of scientists and practitioners in the field of management, the basic principles defining the indicators for measuring the effectiveness of the enterprise, comprise system, economic efficiency, optimality, reliability, timeliness, flexibility, purposefulness and others.

The most common criteria for measuring the effectiveness of the organization presented in the economic literature, which reflect the degree of its approach to the desired state, include efficiency, cost-effectiveness, quality of working life, innovation, market position. However, one of the priority criteria of effectiveness is competitiveness, as it is a generalizing characteristic of the formation of resource potential and it reflects the level of quality to meet consumer demand and the achieved efficiency of the enterprise.

Therefore, the correct choice of appropriate criteria for measuring performance allows managers to justify optimal management decisions, ensure the effectiveness of their implementation in solving problems of strategic, tactical and operational nature and, as a result, will be the basis for determining key areas of measurement and interpretation of results of enterprises (organizations).

Criteria for the effectiveness of the organization, in their turn, are indicated by a system of certain indicators. Indicator is a quantitative characteristic of any property of socio-economic objects and processes, a qualitatively defined value that is the result of measurement or calculation [8]. Accordingly, performance management should be considered as a process of selecting, analyzing and measuring a system of interrelated indicators to achieve effective operation of the enterprise, which is to direct the efforts of the organization's staff, its structural units to solve meaningful rather than formal tasks, to achieve socially significant results [7].

Key performance indicators are quantitative indicators of the success of the organization (enterprise) in terms of strategy implementation and achievement of general strategic goals, which can be applied directly to a particular department (or even employee). They are the connecting elements between the strategy and business

processes and have a significant impact on its implementation, depending on how changes are developed and implemented in the enterprise. Ideally, you should focus only on those performance indicators that reflect progress in achieving certain goals, regardless of what aspect of the organization they represent [9, p. 97].

A sign of successful functioning and development of business entities is the achievement of goals, as well as the consistent solution of production, commercial, financial, social and other tasks, accompanied by obtaining the appropriate effects. Comprehensive analysis of the system of indicators - indicators of diagnostic performance of the enterprise involves the calculation of certain types of indicators that allow to measure the effective process of reproduction of resources of individual subsystems of the enterprise («Production», «Finance», «Marketing», «Personnel», «Innovation», «Foreign economic activity»). However, the main indicator in determining the results of the enterprise in the short term are performance indicators that set the level of profitability, various indicators of profitability. For the long term it is necessary to ensure the appropriate level of enterprise development.

The most popular concept of performance management is the strategic approach of a balanced scorecard of D. Norton and R. Kaplan, which allows company management to plan and implement their visions and strategies in four aspects: financial, customer, internal business processes, training and growth; control the current efficiency, as well as aimed at processing information about the future prospects of the enterprise. The main feature of the system is that it is closely related to business processes that are aimed at meeting customer needs and in which all employees are involved. The so-called "balance" in the concept of BCC has a multifaceted nature, covering the links between strategic and operational levels of management, achieved and future results, as well as between internal and external aspects of the enterprise [4].

In general, the performance management system reflects the combination of control subsystems with regulatory mechanisms at all levels of the organization (enterprise) management; works to improve the balance between plans and results, constantly determining the direction of movement, flexibility and development of the organization. The issue of improving the efficiency of the organization (enterprise) is one of the defining problems of further development in the functioning of market relations, when the results of some market participants depend on the clarity and coherence of others.

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