

The Bureaucratic Organization in Enterprises under Crisis Conditions

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Abstract: The work points to the possibility of applying the bureaucratic organization in the enterprise in the process of reorganization of an enterprise in the City of Subotica. The analysis in the work begins by the presentation and critical analysis of the organization and functions of the given enterprise. The proposal of measures to overcome crises follows, and then it suggests the structure of a new organization of the enterprises and defines the stages of the organization. At the end, successfulness of the application of the bureaucratic organization is evaluated.

Keywords: enterprise, bureaucratic organizations, reorganization, management

1 Introduction

This work illustrates the possibilities and effects of applying the bureaucratic organization and reorganization of an enterprise X for ready-made clothes. The quoted enterprise was in big troubles, almost in a hopeless situation, at the beginning of the 1990s. The team of experts, selected by the professors of the Faculty of Economics, managed by Prof. Esad Ahmetagic, got down to work the project of reorganizing the enterprise with a view of its reorganization and business revival. The following work is the result of a detailed and thorough study of the project of reorganizing with the goal to follow-up the role of bureaucracy, i.e. the administrative system, in organizing, managing in the given firm, from the moment of starting the project, then in the course of the process of reorganization and business revival. Our attempts were to present concisely the analysis of organization and business revival, diagnosis of the situation and suggested solutions, from the aspect of establishing the efficient bureaucratic organization. The suggested organization changes the previous, technically and organizationally irrational – “self-management” organization and management.

2 The Old Organizational Structure of the Enterprise x – the Presentation and Criticism

The previous organizational structure of WO (Work Organization) points to the four organization units, i.e. three BOALs (Basic Organization of Associated Labor) and one WC (Work Community, for the performance of affairs of common concern), with pretty various organizational entities and numerous intermediary links (Figure 1).

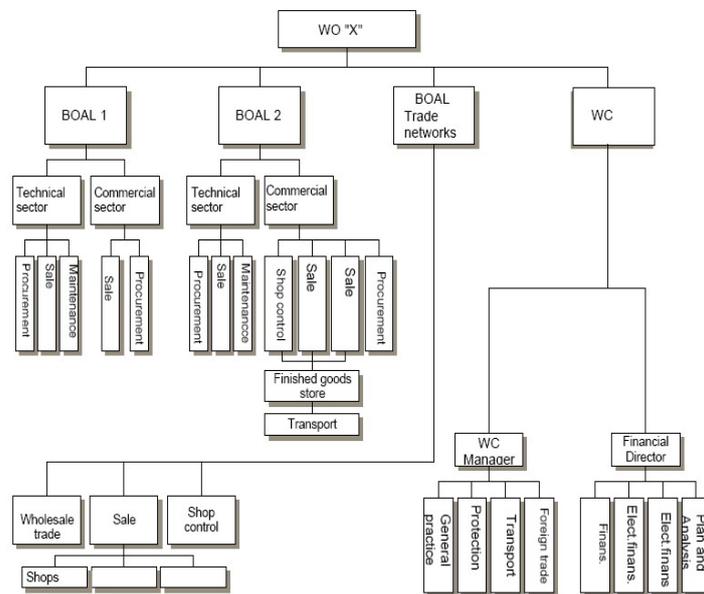


Figure 1
Organizational structure of WO “X”

Production was done within the framework of two BOALs having the same technical sector with an identical organization.

Organization and production processes were as follows:

- 1 Preparation and production were done in three locations, two of them in Subotica, one in Jasa Tomic, a small village near Subotica. Production dislocation made production control and preparation process more difficult.
- 2 Thirty-one production lines functioned and it caused irrational splitting of production.
- 3 The planning services and commercial services of WO were not an entirety. These asynchronies made difficult the timely and efficient coordination and control of reproduction cycle segments in the line: market –planning – preparation – production – realization.

4 Specialization was not carried out, i.e. rational labor division, or production was not profiled in BOALs, but they both worked on realizing the same production process.

5 Turnover function was done in both production units separately, and besides, there were retail trade and export units. It means that the enterprise had four separate turnover units existing under the names: BOAL commercial service 1, BOAL commercial service 2, BOAL trade network 3, and export-import. This splitting of turnover functions was very inoperative, irrational and non-efficient, and it caused an increasing closing of BOALs into its own frameworks.

6 There was not a separate development section at the level of WO. The efficient enterprise in contemporary conditions cannot be imagined without this kind of service. Development projecting and planning were done within the framework of the commercial service in coordination with the executive organ of BOALs.

7 Connectivity of functions and stimulating remuneration did not function in the Work community.

8 The work organization managed its affairs with worrying losses, both in BOAL 1 and BOAL 2. Together with unfavorable external business factors as economic sanctions, low-income level of consumers, unfair competition of illegal trade, internal factors were increasingly significant. Besides the cited irrationalities, both in technical and even more in organizational sense, big influence of high rate frozen claims, big stocks of goods and negative influence of capital asset revalorization should also be quoted.

3 The Structure of a New Organization in the Enterprise and the Proposal of Measures for Overcoming the Crisis in the Enterprise

After a detailed and meticulous analysis of functioning and managing all the units, we can conclude that there is a significant potential for increasing the whole production and considerable decreasing of production costs. In this way, there is a possibility to eliminate all negative financial results. All this, of course, means the application of a row of systematic measures to organize rationally production and functions of attached services. The proposed measures to overcome the crisis in the enterprise and recommendations to reorganize and approve business are:

1 Take over the activities to eliminate and neutralize business negativities, support and strengthen the existing good solutions,

2 The work organization should be organized as a united organization without BOALs,

3 Establish new organizational structures that will provide business advancing, development and permanent quality control,

4 Make the new organizational structure in the way as follows:

a) Establish a united work organization according to the requirements of the technological process,

b) Form three sectors (Figure 2) and two functions of analysis and control (economic control and quality control) that will represent the headquarters of the Executive organ.

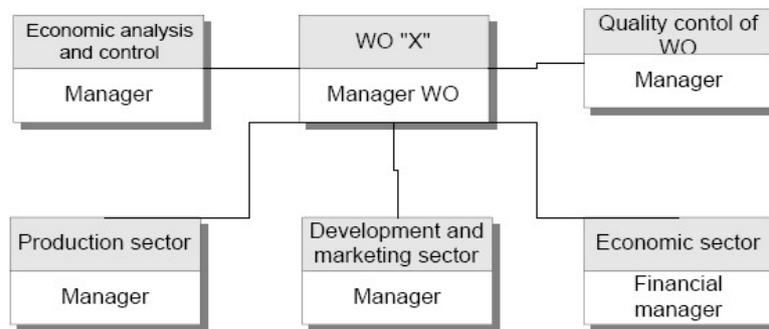


Figure 2
Sectors of the new structure

5 Production process should be located in the sector (Figure 3) consisting of three plant sections, with 21, instead of previous 31, production lines,

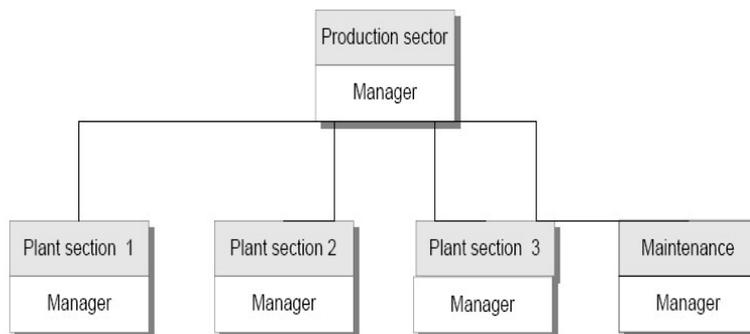


Figure 3
Production sector

6 Maintenance service should include three main service workshops that will coordinate the work plant sections. Labor division in production lines inside the plant sections should be precisely worked out.

7 Form marketing sector at the level of the work organization (Figure 4), with the following tasks:

- a) Keeping permanent market communications,
- b) Business planning,
- c) Production planning,
- d) Developing new products,
- e) Organizing efficient production preparation,
- f) Perform commercial functions.

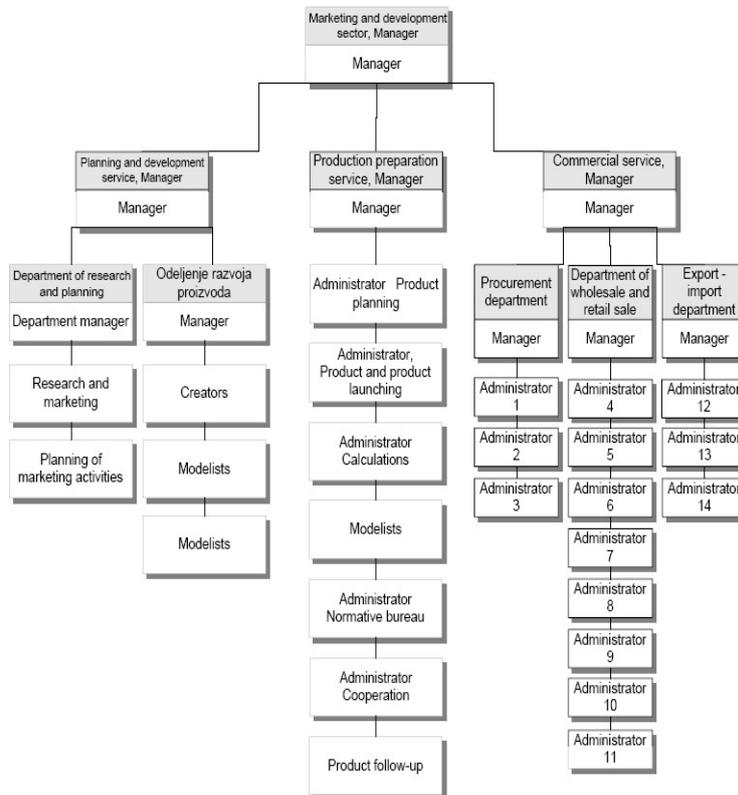


Figure 4
Marketing and development sector

8 Strict division of competences and responsibilities should be done (Figure 5) within the framework of the new organization. Put great efforts into conflict preventing.

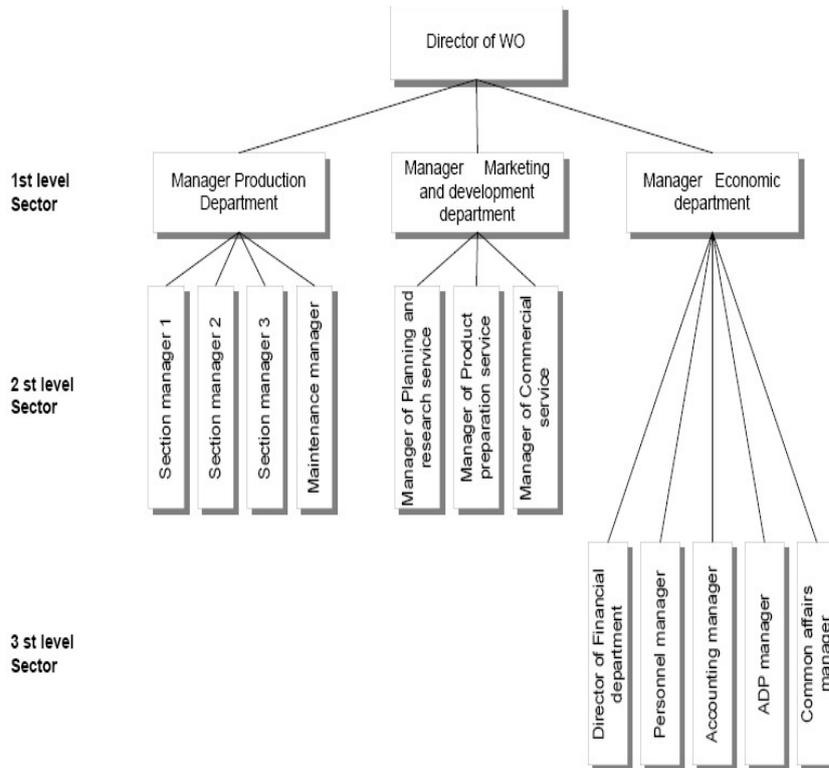


Figure 5
Business transaction system

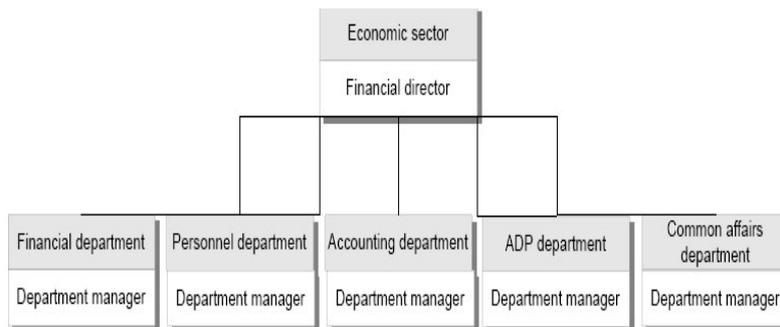


Figure 6
Economic sector

9 Establish a new ADP (automatic data processing) department with a view of retrieving update, accurate and all-inclusive information in order to provide exact and fast information transfer and record keeping in the enterprise.

10 Establish a control department (Figure 7) for uniting the input and output control.

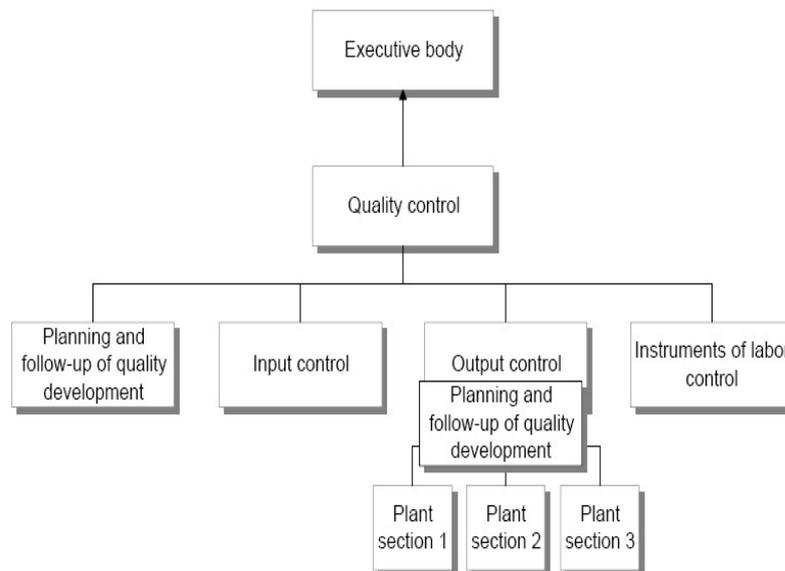


Figure 7
Quality control

11 Establish a department of economic analysis and control (Figure 8), with a view of providing creative support for planning and business decision-making on realizing the WO development regarding:

- a) Rationality of cost standards, the engagement of production factors and prices in cost accounting,
- b) Recording costs and performances in business, quantification of quantitative and value deviations regarding to the planned values and costs of unused capacities,
- c) Rationality of technological procedures and the use of existing resources,
- d) Quantification of influences of objective and subjective factors on achieved business results and its distribution,
- e) Follow-up liquidity, the degrees and conditions of indebtedness and financial stability of the work organization,
- f) Adapting the methodology of analysis to the system of accounting and coordination with planning methodology, accounting follow-up and control of business in the work organization,
- g) Provide timely and necessary data for business planning. Organize current realization and business control.

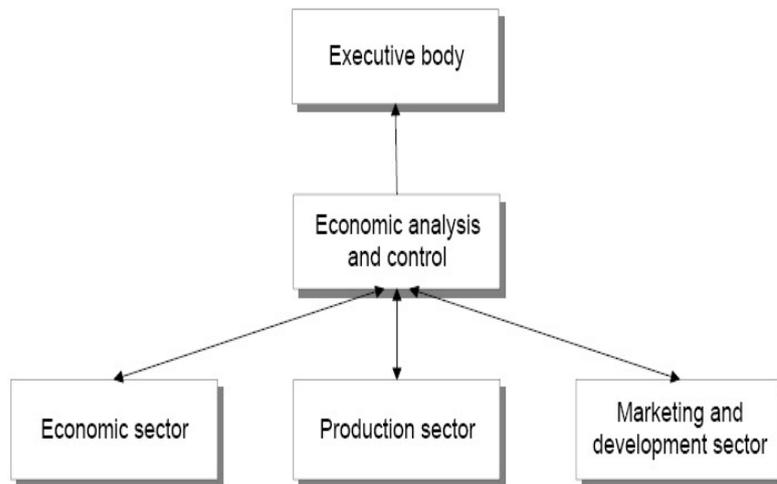


Figure 8

Department of economic analysis and control

Reorganization plan of the enterprise, i.e. introducing a new organization should be carried out gradually in four phases, including:

- 1 Phase of public discussion on the concept of reorganization,
- 2 Phase of working out new job systematization and their analytical evaluation,
- 3 Phase of staff recruiting by the institution open internal competition,
- 4 Phase of follow-up functioning the new organization and effects of its application.

Conclusion

As it can be seen in the work, the process of reorganization of the enterprise started by determining the position of the enterprise, then the analysis was done and proposals for recovering the enterprise followed. It was done by outlining the rational reorganization of the enterprise by the application of the principle of efficient bureaucratic organization. After finishing the project, the expert team withdrew from the work organization. The project of reorganization was transferred into practice. The work organization is managing its affairs today, according to the new reorganization. Business is stable and without losses, but the enterprise has not yet been privatized. Taking into consideration that this is a low capital-intensive activity that is exposed to great pressure of domestic and (mostly unfair) foreign competition, we can conclude that the introduction of a bureaucratic organization and management has been successful.

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