

SYSTEMS MANAGEMENT THEORY (ТЕОРІЯ СИСТЕМ МЕНЕДЖМЕНТУ)

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The systems management theory has had a significant effect on management science. A system is an interrelated set of elements functioning as a whole. An organization as a system is composed of four elements:

1. Inputs – material or human resources.
2. Transformation processes – technological and managerial processes.
3. Outputs – products or services.
4. Feedback – reactions from the environment.

In relationship to an organization, inputs include resources such as raw materials, money, technologies, and people. These inputs go through a transformation process where they're planned, organized, motivated, and controlled to ultimately meet the organization's goals. The outputs are the products or services designed to enhance the quality of life or productivity for customers/clients. Feedback includes comments from customers or clients using the products. This overall systems framework applies to any department or program in the overall organization.

Systems theory may seem quite basic. Yet decades of management training and practices in the workplace have not followed this theory.

Contemporary system theorists find it helpful to analyze the effectiveness of organizations according to the degree that they are open or closed. The following terminology is important for understanding of the systems approach:

- An organization that interacts little with its external environment and therefore receives little feedback from it is called a closed system.
- An open system, in contrast, interacts continually with its environment.
- Subsystem is any system that is part of a larger one.
- Entropy is the tendency of systems to deteriorate or break down over time.
- Synergy is the ability of the whole system to equal more than the sum of its parts.

The systems theory encourages managers to look at the organization from a broader perspective. Managers are beginning to recognize the various parts of the organization, and, in particular, the interrelations of the parts.