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Conceptual principles for assessing effective business management

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Abstract. In the context of global economic changes and increased competition, management efficiency is a key factor in the sustainable development of an enterprise. Despite existing theoretical developments, the application of comprehensive methods for assessing efficiency continues to be challenging due to economic challenges and insufficient staff qualifications. This highlights the relevance of improving the methodology for assessing management activities. The purpose of this study was to provide a comprehensive theoretical and methodological substantiation of the essence and measurements of enterprise management efficiency, as well as to develop a systematic approach to its assessment in the context of economic challenges. For this, the study employed the following methods: empirical and systematic analysis, generalisation and concretisation, induction and deduction, structural and functional analysis. The study generalised the concept of management effectiveness and defines it as the effectiveness of management activities, which is manifested in the degree of achievement of goals under the condition of rational use of resources. Three key dimensions of effectiveness were identified: economic, organisational, and social, each of which is detailed through relevant indicators and criteria. The basic principles of management effectiveness assessment (comprehensiveness, continuity, balance, time dimension, dynamism, and adaptability) were systematised. A model for assessing effective enterprise management was developed and presented, covering input indicators, internal processes, output results (financial and non-financial), the influence of the external environment, an integrated assessment and recommendations for strategic decisions. The interconnection of all forms of effectiveness and their dependence on numerous external and internal factors was emphasised. The key challenges that hinder the full implementation of modern methods of effectiveness assessment in practice were identified. The practical value of the study lies in the creation of a universal model for assessing management effectiveness, which will allow enterprises to increase the objectivity of analysis, optimise resources, and make informed management decisions to improve competitiveness. Additionally, the problems identified in the implementation of this model can form the basis for the development of targeted training programmes

Keywords: management activities; management assessment model; strategic management; performance measurement system; resource optimisation

Introduction

In a dynamic business environment characterised by global economic transformations and increased competition, ensuring the effective functioning of enterprises is of critical relevance. Management efficiency is a key factor in sustainable development, as it determines an enterprise's ability to use resources rationally and adapt to constant market

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changes. Despite major theoretical advances, practical assessment of efficiency faces challenges due to insufficient staff qualifications and the need for comprehensive, adaptive methodological approaches that account for economic, organisational, and social dimensions. Therefore, the relevance of the study lies in the development of a sophisticated assessment tool that will provide a reliable basis for making informed strategic decisions, thereby contributing to the success and viability of the enterprise.

The issue of management effectiveness is a subject of constant scientific interest, as evidenced by numerous publications. S.T. Piletska & T.Y. Korytko (2018) provided a detailed analysis of various approaches and methods for assessing management effectiveness, finding that the most suitable tools are those that incorporate not only financial but also non-financial aspects, such as the balanced scorecard. The relationship between financial indicators and management effectiveness was investigated by S.W. Jang & W.C. Ahn (2021). Using the logistics industry as an example, the researchers demonstrated that high-quality financial analysis is a valuable tool for making informed decisions. Developing this topic, A. Pingilili *et al.* (2025) emphasised that in the context of digital transformation, management efficiency is intricately linked to the integration of information technology and enterprise architecture. This ensures sustainable development and competitive advantages, especially for small and medium-sized enterprises. According to a report by the Board company (2025), the use of artificial intelligence and predictive modelling is becoming a key trend in planning, enabling management teams to make data-driven decisions and thereby markedly improve efficiency. The social dimension is also a prominent aspect of management effectiveness. T. Van Waeyenberg *et al.* (2020) showed that effective management that creates a positive psychological climate contributes to increased emotional commitment of employees and reduced professional burnout. This positively influences productivity. S.H. Awan *et al.* (2020) argued that an effective performance management system is key to increasing employee engagement and, as a result, productivity. These findings were complemented by R. Pérez Estébanez & F.J. Sevillano Martín (2025), who confirmed that integrating corporate sustainability and responsibility principles into a company's strategy positively influences financial performance by improving operational efficiency and customer loyalty. Apart from internal factors, management effectiveness also depends on the external environment. K.H. Bjurstrøm (2020) used the example of government agencies to prove that effectiveness depends on structural and managerial factors that determine the authority of the manager. H. Abidi *et al.* (2020) demonstrated that in humanitarian organisations, effectiveness is measured not only by financial indicators, but also by the quality of logistics and the ability to achieve goals. This thesis was confirmed and expanded upon by F.N. Johannes *et al.* (2025), who emphasised that the effective administration and management of state-owned enterprises largely depend on a clear corporate governance policy and its implementation.

Despite valuable scientific achievements, analysis of recent studies revealed a series of unresolved issues. Specifically, existing approaches often focus on individual aspects of efficiency without providing a comprehensive, integrated view of all its dimensions. The issue of adapting assessment methodologies to dynamic changes in the external and internal environment is also underdeveloped. The present study addressed these unresolved aspects of the overall problem. It aimed to develop a systematic model for assessing effective management, which, based on an integrated approach to all dimensions of effectiveness, can account for the dynamics of change and serve as an effective basis for sound management decisions, thereby contributing to the viability and competitiveness of enterprises. The purpose of this study was to systematise approaches to defining the essence of management effectiveness and to develop a practical model for its multifaceted assessment.

Materials and Methods

The methodological framework of the study was based on a comprehensive combination of theoretical and empirical methods, which provided a comprehensive substantiation of the essence of effective enterprise management and the creation of a model for its assessment. The first stage of the study involved the use of system analysis, which helped to identify the key components of effectiveness. This approach was also employed to consider and structure efficiency as an integrated system consisting of interrelated components. In parallel, generalisation and concretisation methods were applied to formulate an integrated definition of the term "management efficiency" based on scientific studies (Awan *et al.*, 2020; Abidi *et al.*, 2020; Jang & Ahn, 2021). The generalisation of key ideas helped to systematise existing approaches, while concretisation ensured the transformation of general theoretical provisions into concrete criteria and indicators for practical application.

The second stage of the study involved the use of inductive and deductive approaches. The inductive approach was employed to identify universal principles from the analysis of concrete cases of successful companies. Specifically, Microsoft's strategic transition to cloud services (Foley, 2020; Cloud spending growth..., 2023) and Google's innovative HR policy (Fordyce & Murray, 2023). The cases of these companies were selected to formulate universal patterns of successful management. The deduction method ensured the transition from these general patterns to the development of specific recommendations for evaluating effectiveness. Structural and functional analysis helped to develop an integrated model for evaluating management effectiveness. A structural approach was employed to break down the model into key blocks: "input resources", "internal processes", "performance results", "external environment", "integral assessment", and "recommendations". Functional analysis was applied to identify the relationships between these components, showing the transformation of input resources through internal processes into output results. The methodological application of the principles of integrity and integration ensured that effectiveness was considered within the model as a single multi-component system, where each element influences the overall outcome.

Empirical analysis was conducted by summarising existing research and analysing practical cases to validate theoretical propositions and confirm their relevance to real-world conditions. Case studies were used to illustrate theoretical propositions, namely examples from companies such as Microsoft, Google, Apple, and Netflix. They were chosen to demonstrate how various aspects of management (strategic, operational, social) interact to achieve competitive advantages (GE and Microsoft partner to..., 2016; Hastings & Meyer, 2020; Analyzing Apple's marketing..., 2024). To illustrate the limitations of conventional approaches focused exclusively on financial performance and to confirm the relevance of integrating innovative and social dimensions into the performance evaluation system, the negative experience of Kodak was also used (Lucas & Goh, 2009).

The source base of the study included scientific publications by S.T. Piletska & T.Y. Korytko (2018), T. Van Waeyenberg *et al*. (2020), R. Pérez Estébanez & F.J. Sevillano Martín (2025), analytical reports of international organisations Board (2025), McKinsey (The data-driven enterprise..., 2022), as well as practical materials related to the activities of leading corporations. The use of various sources ensured a multidimensional approach to the study and helped to verify the validity of the model based on real examples. The set of methods employed ensured the scientific validity and practical feasibility of the developed model. The approaches applied helped not only to outline the theoretical foundations for evaluating management effectiveness but also to confirm their applied value in the modern conditions of global competition.

Results and Discussion

The effectiveness of enterprise management is a key indicator of its viability and success in a competitive environment. According to S.T. Piletska & T.Y. Korytko (2018), effective management involves constantly adapting assessment methods to a dynamic business environment. Such adaptability, based on high-quality financial analysis, enables informed decisions that lead to profit growth, which is part of fulfilling the enterprise's potential and its dynamic development (Jang & Ahn, 2021). Additionally, effective management improves staff engagement and productivity, which is a manifestation of a high level of executive discipline (Awan *et al*., 2020). Therewith, management effectiveness largely depends on structural factors that determine the manager's freedom of action (Bjurstrøm, 2020). This emphasises that effective management requires the rational use of resources, i.e., organisational structure, to achieve goals. Effective management ensures the delivery of assistance "on time and of the right quality", which is a direct confirmation of the quality of performance of obligations and achievement of set goals (Abidi *et al*., 2020). Summarising the findings of the cited researchers, the term "management effectiveness" can be defined as the effectiveness of management activities, manifested in the degree of achievement of set goals and fulfilment of the enterprise's potential, provided that resources are used rationally in concrete external conditions. In other words, effective management ensures a prominent level of executive discipline, quality of performance of obligations, adaptability to change, and dynamic development of the enterprise.

The practical effectiveness of an enterprise's management system is manifested through a series of results that cover key management functions and correspond to the strengths of the organisation (Pylypenko, 2016). In strategic terms, this is expressed in the adoption and successful implementation of sound decisions, as well as in the implementation of innovative, investment, and other strategic development programmes. An example of this is Microsoft, which has successfully transitioned from legacy software to cloud services, including the Azure platform. This enabled it to enter into new partnership agreements, such as a USD 10 billion cloud computing deal with the U.S. Department of Defense (Foley, 2020) and a partnership with General Electric to implement cloud solutions in the industrial sector (GE and Microsoft partner to..., 2016). This strategic initiative has enabled the company to markedly increase its share of the cloud services market. According to the Synergy Research Group, Microsoft's share of the global cloud infrastructure market grew from approximately 10% in 2017 to over 20% in 2021, ranking second among the leading market players after Amazon Web Services (Cloud spending growth..., 2023). These achievements have considerably increased the company's competitiveness and investment attractiveness.

At the operational level, management efficiency is reflected in cost optimisation, ensuring prominent product quality without defects, and prompt completion of production tasks. It also includes the implementation of a developed production infrastructure and an adaptive inventory management system, which reduces debt volumes. In the field of human resource (HR) management, effective management ensures the functioning of effective recruitment and adaptation procedures, as well as the use of effective labour motivation mechanisms. An example is Google, known for its HR policy, which focuses on flexible working hours and innovative employee support programmes. Specifically, the company introduced initiatives such as "20% Time", which allows engineers to devote a fifth of their working time to their personal projects, and the "Peer Bonus" programme, which allows employees to recognise and reward each other for their contribution to the shared goal. This has led to a marked reduction in staff turnover and the creation of a favourable moral and psychological climate within the team. Due to this policy, Google has achieved one of the lowest staff turnover rates in the industry, as employees feel valued, engaged, and protected. High staff satisfaction and engagement levels have directly translated into increased productivity and innovation (Fordyce & Murray, 2023).

In terms of financial and marketing management, practical effectiveness is reflected in the prompt preparation of budgets and financial reports. It is also reflected in the application of an effective marketing strategy that encompasses PR and other public communication tools. Apple is a prime example, as the company has successfully changed its marketing strategy by focusing on emotional connection with consumers and innovation. Instead of focusing on technical specifications, the brand generates narratives and initiates an affective (emotional) response from consumers by using minimalist design, visually appealing advertising, and emphasising how technology can improve users' lives (Analyzing Apple's marketing..., 2024). This has enabled it to expand its product range to meet market needs by transitioning from a predominantly computer company to an ecosystem with products such as the iPhone, iPad, Apple Watch, and services (Apple Music, iCloud). This diversification has contributed to considerable growth in its market share, particularly in the wearables and services segment. According to analysts, Apple's share of the global smartphone market is growing steadily, while revenue from the services segment exceeded USD 85 billion in fiscal year 2023, making it the company's second-largest source of revenue after the iPhone (Apple Inc., 2023). Additionally, the diversification of sales channels (own stores, online marketplaces) and a reasonable pricing policy that positions the products as premium contributed to the growth of its financial indicators. Finally, effective internal and external communications form an integral part of successful management.

The assessment of management effectiveness is based on a system of interrelated criteria and indicators. Therewith, the effectiveness criteria characterise the essential aspects of the process and its content, reflecting the qualitative requirements for the effectiveness of management activities. As a rule, the effectiveness criterion must fully reflect the outcomes of economic activity, record and measure the level of achievement of the set goal. Conventionally, the effectiveness criterion is formulated as the maximum excess of results over resource costs. Various indicators, which are grouped into several key groups (Piletska & Korytko, 2018), can be used for a comprehensive assessment of the effectiveness of enterprise management. The first group includes financial and economic indicators that reflect the economic results of activities, specifically the level of profitability, return on investment, liquidity, solvency, and financial stability. This also includes the ratio of assets to liabilities, as well as indicators of business activity, such as market share, export and import levels, pricing policy, the company's image, and its stage of the life cycle.

The second group includes production and technological indicators that characterise product quality according to criteria such as absence of defects, reliability, durability, and safety. This category also covers the nomenclature and range of products, their cost price, storage conditions, as well as the efficiency of production capacity and technological processes. Organisational and managerial aspects constitute the third group, reflecting the regularity of the production cycle, the performance of production plans, the optimisation of logistics schedules for the supply and shipment of products, as well as the terms of their sale. The fourth group includes management characteristics that assess the quality of decisions made in terms of their promptness, soundness, flexibility, and optimality. These indicators also reflect the compliance of management actions with the expectations of stakeholders, the quality of documentation, and the effectiveness of marketing research. Personnel and social factors constitute the fifth group of indicators, which assess the professional qualifications of personnel, the level of staff turnover, the effectiveness of the motivation system, the nature of the socio-psychological climate in the team, and the quality of interaction between employees and management.

Performance indicators are quantitative measures, usually expressed in monetary terms, reflecting the relationships between various economic variables. The financial stability of an enterprise can be assessed by the ratio of equity to debt capital, which reflects its solvency and creditworthiness. The concept of financial stability assumes that investments in entrepreneurial activity should be offset by cash flows, while profits should ensure internal self-financing, contributing to independence from external sources of asset financing. Business activity indicators enable a dynamic assessment of the overall operational efficiency of an enterprise. These include the profitability of products sold, gross and net income, production volume, the efficiency of labour and material resources, and the productivity of fixed assets. Economic performance indicators are defined as the ratio of results achieved (specifically, in operating activities or from product sales) to the volume of resources used. These resources are directed towards achieving the strategic and tactical goals of the enterprise in line with the interests of its owners. Indicators that assess the state of the enterprise's assets and liabilities reflect the efficiency of use of tangible and intangible assets acquired with equity or borrowed funds for the purpose of generating profit. At the same time, they account for the volume of short- and long-term monetary obligations for past periods, the repayment of which involves a reduction in the enterprise's resources, which are potential economic benefits. The system of management performance indicators should be based on a comparison of the outcomes achieved by the enterprise, expressed in monetary terms, with the amount of management efforts made to achieve them. Since management costs may grow unevenly, it is advisable to analyse performance in a dynamic aspect. If a significant increase in production and sales volumes, as well as an increase in profit, is observed in the period following the assessment, this reflects an improvement in management performance. In simplified terms, the effectiveness of the management system can be characterised by the level of satisfaction of staff and customer needs, as well as the overall results achieved by the organisation.

Notably, the controlled subsystem, which implements economic tasks, reflects the effectiveness of the control subsystem. In other words, the effectiveness of management influence directly determines the state and functionality of the entire management system. From an applied standpoint, it is advisable to analyse the term "management effectiveness" in various dimensions. This allows understanding the complexity of the relevant issues and the diversity of criteria for its assessment. Therewith, when analysing the results of an enterprise's activities, the economic, organisational, and social components of management effectiveness are usually distinguished. The economic efficiency of management reflects the degree of utilisation of material, financial, labour, natural, and other resources, and can be measured through key performance indicators of production and economic activity. Thus, profitability is assessed using the profitability of the enterprise, fixed assets, and current assets. In the sphere of production and income, crucial indicators are the volume of manufactured products and the amount of profit received. The efficiency of resource use is measured by return on assets and labour intensity. The financial position is characterised by indicators such as the financial leverage ratio, the fixed asset depreciation ratio, as well as the level of liquidity and risk. Organisational management efficiency reflects the level of perfection of the enterprise's organisational structure and the effectiveness of its management system. It is characterised by the ability of management to respond to internal conflicts and stressful situations, as well as its ability to adapt to organisational changes. The quality of developed and implemented management decisions is also considered. This type of efficiency is assessed based on indicators such as the degree of centralisation of management functions; the ratio of management personnel at different levels; the proportion of managers in the total number of administrative staff.

The social effectiveness of management reflects the correspondence between the costs of the enterprise and the social results achieved, which are related to broader goals and public interests. This measure of effectiveness includes the impact of management on the professional development of employees and managers; the development of a strong corporate culture and a positive psychological climate in the team; the creation of a sense of security and staff involvement in achieving organisational goals. Additionally, the role of economic mechanisms in shaping the professional environment and life experience of staff is considered. A concrete example illustrating the relationship between social initiatives and business results is Patagonia's (n.d.) implementation of a flexible work schedule policy, paid leave for environmental volunteering, and leadership development programmes. These initiatives have created a sense of security and belonging to the company's values for staff and have positively influenced their professional development. Due to this policy, the company has achieved one of the lowest staff turnover rates in its industry, which, according to Forbes, does not exceed 4% per year, considerably reducing the costs of recruiting and training new employees (Rock, 2020). Furthermore, high staff engagement and motivation have contributed to increased productivity, innovation and, ultimately, strengthened the business's competitiveness in the market. Netflix is another example of how social initiatives can benefit both staff and business. It is known for its policy of unlimited paid leave and flexible working hours, which markedly increases trust in employees and contributes to their well-being. As one of Netflix's founders, Reed Hastings, describes in his book, this culture of "freedom and responsibility" allows the company to retain exceptionally talented professionals (Hastings & Meyer, 2020). This has led to a major reduction in staff turnover, as employees feel valued and protected, rather than merely hired labour. As a result, Netflix has managed to retain highly skilled professionals, which has directly contributed to increased productivity and innovation, a key element of its market success.

The social effectiveness of management can be assessed by a series of indicators, which are divided into two key groups. The first group includes indicators of socio-cultural development, which cover working conditions, the level of labour discipline, staff stability, the level of social security for employees, wage growth dynamics, and the absence of job loss risk. The second group includes indicators of the compliance of production and economic results with market needs, such as labour productivity, customer satisfaction, and the number of orders executed on time and in full (Podolchak, 2004). All forms of efficiency – economic, organisational, and social – are closely interrelated and interdependent. As a rule, an increase in economic efficiency stimulates the growth of other types of efficiency. Social efficiency integrates elements of economic and organisational efficiency, focusing on the comprehensive satisfaction of employees' needs. Notably, the final outcomes of enterprise management efficiency, regardless of type, directly or indirectly depend on numerous variable factors that accompany economic activity.

The key factors influencing the effectiveness of enterprise management are the alignment of interests of all participants in the economic process, including owners, managers, employees, and suppliers, as well as the professional qualities of management personnel and employees, which include their professional level, experience, knowledge, competences, and personal qualities. The existence of an effective system of work organisation, staff training, and motivation, focused on achieving strategic results, is of great relevance. The level of development of the material and technical base and technical support, which create the conditions for increasing productivity, is a significant factor. Equally crucial are the degree of information security, the effectiveness of internal and external communications, and the established organisational culture. Furthermore, management effectiveness largely depends on the social aspects of the team's activities, specifically the moral and psychological climate, which influences employee engagement and cohesion. The effectiveness of enterprise management is a multifaceted concept that is expedient to assess according to various components of its potential (Table 1).

Table 1. Key areas for assessing the effectiveness of enterprise management based on key components of its potential

No.	Components of enterprise potential	Areas of assessment of enterprise management effectiveness
1.	Production capacity	The assessment should focus on analysing the efficiency of the use of resources and equipment, the implementation of technologies, and the management of production processes. Particular attention is paid to inventory control, material and technical support, production rhythm, as well as the effectiveness of operational and strategic planning and control.
2.	Labour capacity	Management effectiveness assessment focuses on the effectiveness of creating a favourable social and psychological climate in the team. This includes analysing the effectiveness of the management apparatus, team cohesion, communication processes, and rational use of labour. Equally significant is the assessment of the effectiveness of operational and strategic personnel control.
3.	Organisational capacity	Management effectiveness is measured by the success of innovative, investment, and commercial projects, as well as the effectiveness of business plans and enterprise development programmes. To this end, operational and strategic controlling is used to assess the effectiveness of these processes.
4.	Financial capacity	The financial aspect of management effectiveness is assessed through analysis of budgeting, liquidity, financial stability, and business activity. Particular attention is paid to the effective use of assets, liabilities, equity, and borrowed capital. The effectiveness of operational activities, as well as operational and strategic financial control, are key indicators in this area.
5.	Market capacity	Management effectiveness is determined by the competitiveness of the enterprise and analysis of supply and demand. Key areas of assessment include the effectiveness of marketing research and communications, analysis of product, pricing and sales policies, and the effectiveness of operational and strategic marketing control.

Source: compiled by the authors of this study based on data from O.M. Rats (2008)

Table 1 presents a comprehensive approach to understanding and measuring performance, considering it not only in terms of financial results, but also from the standpoint of production, labour, organisational, and market activities. Each block of potential (production, labour, organisational, financial, market) covers a wide range of concrete aspects that are subject to evaluation. This emphasised that effective management is a multifaceted phenomenon that requires analysis at different levels and in different functional areas of the enterprise. Specifically, Table 1 sequentially presents both operational and strategic aspects of control and planning for most components, demonstrating the significance of both current management and long-term development.

The list of assessment areas is quite comprehensive and includes both conventional quantitative indicators (efficiency of use of labour resources, profitability, liquidity) and qualitative, albeit potentially measurable, aspects (favourable moral and psychological climate, quality of communications). Table 1 demonstrates a systematic and comprehensive approach to assessing the effectiveness of enterprise management, revealing it through the lens of five key capacities. It clearly confirms the previously expressed thesis that a comprehensive assessment of management effectiveness requires an analysis of all areas of enterprise activity, considering its functional capacities. This emphasises the impossibility of fully measuring effectiveness using a single indicator or a combination of indicators and instead requires an integrative approach that covers the operational and strategic aspects of each of the capacities. Such detail is fundamental to the development of effective monitoring systems and improving the effectiveness of management decisions at the enterprise.

Evaluating the effectiveness of enterprise management is a methodological process aimed at determining the effectiveness of the economic activities of the enterprise and its structural units based on a system of indicators. The key task of such an assessment is to measure the degree to which the set goals have been achieved. This assessment is a crucial element of the information and analytical support of management activities and can be used in both strategic and tactical contexts. Management science distinguishes a variety of methodological approaches to evaluating management effectiveness, including conventional, multifactorial, mathematical, ergonomic, conceptual approaches based on performance management, integrated, and level-based approaches. The scientific studies analysed above have demonstrated that approaches to assessing management effectiveness have undergone major transformations, driven by the introduction of innovative management technologies and the need to constantly adapt to dynamic changes in the external environment.

This evolution is best illustrated by the development and implementation of new concepts that have departed from the conventional focus on financial indicators alone. R.S. Kaplan & D.P. Norton (1992) developed a balanced scorecard that allowed assessing the management effectiveness from four perspectives: financial, customer, internal business processes, as well as learning and development. This approach helped to link strategic goals with operational activities, considering both tangible and intangible assets. M.E. Porter (1985) and other researchers popularised the concept of value-based management, where management effectiveness is measured by the creation of long-term value for shareholders. M.T. Hansen & J. Birkinshaw (2007) emphasised that management effectiveness largely depends on the ability to generate and implement innovations, which led to the emergence of new assessment methods that measure the speed of bringing new products to market and the volume of investment in research and development (R&D). Research in the field of digital transformation also confirms that modern management must be flexible, innovative, and focused on constant change, which is reflected in the evolution of methods for assessing its effectiveness.

Despite the extensive theoretical arsenal of methods, their practical implementation faces a series of substantial complications. As a result, in practice, only a limited number of tools can provide accurate and objective measurement of management effectiveness. For example, Kodak is a classic example of how ignoring modern approaches to assessment and focusing exclusively on conventional financial indicators led to a loss of competitiveness. The company's management, focused on profits from film sales, failed to promptly respond to technological changes and the growth of the digital photography market (Lucas & Goh, 2009). This led to strategic decisions being made without accounting for non-financial aspects such as the innovative potential that was evident in the early development of the company's own digital cameras. As a result, Kodak lost its leading position, demonstrating the inadequacy of old evaluation methods in modern conditions. Thus, these barriers limit the number of concrete tools capable of providing accurate and objective measurement of management effectiveness in practice. Analysis of research has revealed that among the wide range of methodological approaches that have been developed in science, only those that have been adapted to business needs have found practical application.

Specifically, the balanced scorecard, which enables a comprehensive assessment of a company's activities, and approaches based on value-based management have gained the most popularity. These methods are distinguished by the availability of developed tools and a sound methodological rationale, which makes them effective in determining the effectiveness of management decisions. To ensure the practical effectiveness of the process of evaluating the effectiveness of enterprise management, it is essential to adhere to a series of key principles, including:

Principle 1. Comprehensiveness and integration. The assessment process should be performed with the participation of senior management and include the active involvement of all employees of the enterprise. Each employee should perceive performance assessment as part of their professional duties. Management performance should be determined according to the mission, strategy, and goals of the enterprise, which are formed with the participation of the staff.

Principle 2. Continuity. Management performance evaluation should be ongoing, reflecting the dynamics of changes in the management system.

Principle 3. Balance. Performance should be evaluated considering the interests of all stakeholders – consumers, management personnel, shareholders, the public – as well as in the context of the company's overall policy.

Principle 4. Time dimension. Effectiveness must be assessed not only in terms of past and current results, but also by forecasting the future consequences of management decisions.

Principle 5. Dynamism and adaptability. Considering the constant changes in the internal and external environment, as well as the influence of objective and subjective factors, the assessment of effectiveness should be based on flexible, dynamic models that account for economic risks. This allows obtaining more reliable and substantiated results (Shchehlova *et al*., 2017).

Considering all the above, the authors of the present study have developed a model for evaluating the effective management of an enterprise. The model for assessing effective enterprise management presented in Table 2 represents a systematic and multi-component approach to the analysis of management activities. It logically structures the assessment process into six main blocks that reflect the full cycle of the enterprise's functioning and its interaction with the external environment.

Table 2. Model for assessing effective enterprise management

No.	Model component	Detailing of indicators and areas
1	Input indicators (resource base)	• human resources (number and qualifications of personnel); • material resources (equipment, raw materials); • financial resources (capital, loans, investments); • information support; • innovative potential.
2	Processes (internal environment)	• operational efficiency; • organisational structure and management; • implementation of modern technologies; • quality management; • logistics and supply.
3	Output indicators (performance results)	*financial indicators:* • profitability (of assets, sales, capital); • net profit; • income from core activities; • liquidity and solvency indicators; • asset turnover ratio. *non-financial indicators:* • market share; • customer satisfaction level; • number of innovative products/projects; • quality of products/services; • brand reputation.

Continued Table 2

No.	Model component	Detailing of indicators and areas
4	External environment	market analysis (competition, demand); interaction with stakeholders (government, suppliers, investors); social and environmental responsibility.
5	Integrated performance assessment	building a KPI (key performance indicator) system; determination of the overall performance index (based on weighting coefficients); SWOT analysis.
6	Recommendations and strategic decisions	cost optimisation; improvement of the organisational structure; investment in development and innovation; change or adjustment of the enterprise's development strategy.

Source: compiled by the authors of this study based on data from O. Shchehlova *et al.* (2017)

The model begins with input indicators (resource base) covering all types of resources necessary for the enterprise's activities, from human to innovative. This is followed by processes (internal environment) that detail how these resources are transformed into results, focusing on operational efficiency, management, and technology. The "output indicators (performance results)" block clearly distinguishes between financial and non-financial results, demonstrating the comprehensiveness of the final assessment. A prominent aspect of the model is the inclusion of the external environment, which emphasises the impact of market conditions, stakeholder engagement, and social and environmental responsibility on management effectiveness. This reflects management trends that extend beyond purely internal indicators. Additionally, the "integrated performance assessment" block takes centre stage, involving the use of tools such as key performance indicators (KPIs), integrated indices, and SWOT analysis. This enables a transition from disparate indicators to a consolidated assessment. The model concludes with the "recommendations and strategic decisions" block, which emphasises the applied value of assessment – its focus on making informed management decisions and adjusting development strategies.

The developed model for evaluating effective enterprise management is a comprehensive and instrumental approach that enables a comprehensive analysis of the effectiveness of management activities. Its sequence – from resources to processes, results, external influences, and integrated assessment with subsequent recommendations – ensures the completeness and systematic nature of the analysis. The model not only allows measuring the current state but also creates a basis for strategic planning and improvement, emphasising the dynamic and adaptive nature of effective management. It serves not only as a framework for assessment, but also as a roadmap for improving the overall efficiency and competitiveness of the enterprise in a changing business environment. Such detail is fundamental to the development of effective monitoring systems and improving the effectiveness of management decisions in the enterprise. Therewith, depending on the concrete goals and nature of the management effectiveness assessment process, the objects of analysis may include enterprise management overall; individual aspects of the management structure; the level of effectiveness of management labour; the performance of individual structural units, etc. Notably, management effectiveness and its assessment depend to a considerable extent on a series of specific factors, such as industry characteristics, technical equipment, types and kinds of technological processes, scale and level of production specialisation, type of products, and staff qualifications. Understanding these contextual variables is critical for the correct interpretation of the assessment results and the formulation of sound recommendations.

The research findings, specifically the proposed model for assessing the effectiveness of enterprise management, are relevant and fully consistent with scientific trends. In this context, management effectiveness can no longer be viewed solely as a function of financial indicators. It is a multifaceted concept that extends beyond purely economic results to encompass innovative, social, and technological aspects of activity. Digital transformation is one of the most powerful drivers of management efficiency in the era of the Fourth Industrial Revolution. Management efficiency largely depends on the ability of management to generate and implement innovations, which has led to the emergence of new assessment methods. S.W. Jang & W.C. Ahn (2021) showed that the integration of digital tools not only optimises processes but also positively influences innovation and the development of new strategic business models, which ultimately increases the overall productivity of the company. This conclusion confirmed the thesis that effective management requires constant adaptation to dynamic changes in the business environment, where technological readiness becomes a decisive competitive factor. According to a McKinsey report (The data-driven enterprise..., 2022), organisations that actively use data analytics not only make more informed decisions, but also automate routine operations, freeing up employees' time for creative work, innovation, and cross-functional collaboration. This trend, which combines digitalisation, innovation, and management efficiency, has been confirmed and expanded by Ukrainian scientists, extending its focus from the micro level to the national economy. In an analysis of trends in the innovative development of the national economy, V. Kovalchuk (2023) emphasised that innovation is not merely a corporate advantage, but a direct indicator of a country's economic stability. The study proved that a consistent innovation vector, formed at the level of management decisions, is directly linked to the macroeconomic success and competitiveness of the country overall. This argument legitimises the inclusion of innovation metrics (such as investment in R&D and product launch speed) in the model for assessing the effectiveness of enterprise management, as their activities form an integral part of the national economic potential. I. Kobushko & B. Manzhola (2023) emphasised that innovation is not simply a corporate advantage, but a direct indicator of a country's economic stability. The study proved that a consistent innovation vector, formed at the level of management decisions, is directly linked to the macroeconomic success and competitiveness of the country as a whole. This argument legitimises the inclusion of innovation metrics (such as investment in R&D and product launch speed) in the model for assessing the effectiveness of enterprise management, as their activities form an integral part of the national economic potential. A.V. Minkovska & A.S. Molchanov (2023), researching the agricultural sector, which is typically viewed as conservative and less prone to rapid change, pointed out the vital need for innovation management. Their findings show that it is precisely innovation-oriented management practices that can increase the efficiency of operations even in the most conventional industries. This highlights the universality of the innovative approach: it is not limited to high-tech companies but is a fundamental condition for directly influencing economic results and the survival of enterprises in any field. However, introducing innovations and ensuring their universality throughout the organisation is impossible without a driving force capable of initiating, supporting, and integrating these changes into the corporate culture.

Apart from technology, leadership is a critical element. It is leaders who are the architects of change, ensuring that innovative ideas are transformed into real management practices, which requires not only strategic vision but also effective human capital management and employee motivation. K.H. Bjurstrøm (2020) emphasised that structural factors and managerial autonomy are key to effective management. This is complemented by the findings of L. Gun *et al.* (2024), who found that transformational leadership, characterised by the ability to inspire and motivate, correlates positively with the success of digital transformation, indirectly increasing productivity. Such leadership, focused on change and development, gives employees ownership of their ideas, increasing their self-efficacy and demonstrating that success depends not only on technological systems but also on the human factor. S.H. Awan *et al.* (2020) further emphasised that effective leadership directly correlates with staff engagement. This correlation was extensively confirmed by D.R. Elisabeth *et al.* (2025) and M.S. Khan *et al.* (2024). Both studies found that transformational leadership positively affects employee performance, with this relationship being partially mediated by job satisfaction. In other words, a leader who creates a favourable psychological climate not only enhances innovation but also markedly increases productivity. This points to concrete psychological mechanisms through which management practices based on trust, empathy, and support directly influence the final results of an organisation's activities.

Throughout the world, the value of innovation management is undeniable, and an organisation's ability to innovate is crucial to its competitiveness. Research by H. Abidi *et al.* (2020), conducted in humanitarian organisations, confirmed that the use of suitable management practices is vital for optimising logistics processes and achieving goals. This demonstrates the universality of the innovative approach, regardless of the field of activity. Innovation management is not limited to the development of new products but also includes the improvement of internal processes and organisational structure.

Particular attention should be paid to the social effectiveness of management, which is increasingly being integrated into business models as a key element of success. The example of Patagonia (n.d.) has demonstrated that social initiatives, such as flexible working hours and paid leave for volunteering, lead to reduced staff turnover and increased loyalty. This is confirmed by numerous studies showing the interdependence of social effectiveness and financial results. However, according to M. Ahmad *et al.* (2023), corporate social responsibility can have both positive and negative effects on innovation performance. This means that social initiatives must be carefully planned and integrated into the company's strategy so that they promote rather than hinder innovation. This interaction is often non-linear. Ukrainian researchers also confirm the significance of a long-term perspective in assessing management effectiveness. V. Bihun *et al.* (2023) demonstrated that initial investments in digital transformation, despite a possible temporary decline in profitability, lead to considerable productivity growth and the creation of a sustainable competitive advantage in the long term. These findings suggest that for an objective measurement of management effectiveness, it is necessary to consider not only current financial outcomes but also the potential that forms the basis for future development. Thus, the model for assessing the effectiveness of enterprise management developed in this study is consistent with global trends. It reflects the value of a comprehensive, multi-factor approach that accommodates not only financial, but also innovative, technological, social, and environmental aspects of activity. This approach is key to ensuring sustainable competitiveness and successful operation of an enterprise in the face of global challenges and constant change.

Conclusions

Based on the analysis covering the essence of management effectiveness, its multi-component structure, evaluation principles, and influencing factors, key conclusions were formulated. The study found that the effectiveness of enterprise management is a multifaceted concept that extends beyond purely economic indicators. It encompasses three interrelated components: economic, organisational, and social, each of which has its specific criteria and indicators. This integrative approach emphasised the need for a comprehensive assessment that accounts not only for financial results, but also for operational excellence, quality of human resource management, innovation potential, and social responsibility of the enterprise. The study found that management performance evaluation is a complex methodological process that should be based on a system of interrelated indicators. The developed assessment model demonstrated the comprehensiveness of such an approach, as it includes an analysis of resources, internal processes, output results (both financial and non-financial), the impact of the external environment, as well as an integrated assessment with further recommendations. This confirmed that a comprehensive analysis of all the functional capabilities of an enterprise is necessary for an objective measurement of effectiveness.

The study found that the process of evaluating management effectiveness should be continuous, dynamic, and adaptive, considering constant changes in the internal and external environment. This involves not only analysing past and current results, but also forecasting the future consequences of management decisions, as well as flexibility in the application of assessment models, with consideration of economic risks. It was found that all forms of efficiency are closely interrelated. Improving economic efficiency tends to stimulate growth in organisational and social efficiency, while the latter contributes to better financial outcomes. This interdependence requires coordinated management actions and a comprehensive vision of the enterprise's development.

It was found that despite a significant theoretical arsenal, the practical implementation of management efficiency assessment methods faces challenges such as insufficient understanding of economic realities, limited access to information, low staff qualifications, and underestimation of the importance of assessment by management. Therewith, the study confirmed that management effectiveness and its assessment depend substantially on industry characteristics, technical equipment, production scale, and staff qualifications, which requires an individual approach to the development and application of assessment systems. Considering the results obtained and the challenges identified, further research will focus on the development of industry-specific models for assessing management effectiveness. This involves the creation of specific models that account for the characteristics of various sectors of the economy, such as industry, services, or the IT sector, which will improve the accuracy and validity of the assessment.

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Концептуальні засади оцінки ефективного менеджменту підприємства

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Анотація. В умовах глобальних економічних змін і посилення конкуренції ефективність менеджменту є ключовим чинником стійкого розвитку підприємства. Попри наявні теоретичні напрацювання, застосування комплексних методів оцінки ефективності залишається складним через економічні виклики та недостатній рівень кваліфікації персоналу. Це підкреслює актуальність удосконалення методології оцінки управлінської діяльності. Метою статті було комплексне теоретико-методологічне обґрунтування сутності та вимірів ефективності менеджменту підприємства, а також розробка системного підходу до її оцінювання в умовах економічних викликів. Для досягнення поставленої мети в роботі використано методи: емпіричного та системного аналізу, узагальнення та конкретизації, індукції та дедукції, структурного та функціонального аналізу. У статті узагальнено поняття «ефективність менеджменту», визначено її як результативність управлінської діяльності, що проявляється у ступені досягнення цілей за умови раціонального використання ресурсів. Виокремлено три ключові виміри ефективності: економічний, організаційний та соціальний, кожен з яких деталізовано через відповідні показники та критерії. Систематизовано основні принципи оцінювання ефективності менеджменту (комплексність, безперервність, збалансованість, часовий вимір, динамічність та адаптивність). Розроблено та представлено модель оцінки ефективного менеджменту підприємства, яка охоплює вхідні показники, внутрішні процеси, вихідні результати (фінансові та нефінансові), вплив зовнішнього середовища, інтегральну оцінку та рекомендації для стратегічних рішень. Підкреслено взаємозв’язок усіх форм ефективності та їх залежність від численних зовнішніх і внутрішніх факторів. Визначено основні виклики, які перешкоджають повноцінному впровадженню сучасних методів оцінки ефективності на практиці. Практична цінність дослідження полягає у створенні універсальної моделі оцінки ефективності менеджменту, що дозволить підприємствам підвищити об’єктивність аналізу, оптимізувати ресурси та ухвалити обґрунтовані управлінські рішення для покращення конкурентоспроможності. Крім того, виявлені проблеми впровадження цієї моделі можуть стати основою для розробки цільових програм підвищення кваліфікації

Ключові слова: управлінська діяльність; модель оцінки менеджменту; стратегічне управління; система показників; оптимізація ресурсів