

# The Signs and Principles of Goal Setting as a Specific Kind of Activity<sup>1</sup>

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## Abstract

*The article is devoted to identifying the characteristics and principles of goal setting as part of the strategic management of the economic system. The article determines principles and characteristic features of goal setting as an activity. The authors propose the relationship between the individual and the principles of qualitative characteristics of goal-setting, which allows the process of management and decision-making to enhance the effectiveness of goal-setting characteristics through the activation of specific principles.*

## Key words

*Goal setting, the economic system, the principle, characteristic, development, strategic management, type of activity*

**JEL Classification:** D03, M31

## Introduction

Strategic development of the economic system will be successful if the quality and the intelligent application management tool will be used. Among the instruments of strategic management one of the most important places takes goal-setting.

The significance of goal-setting is determining by different aspects; between which it is necessary to underline the following.

Firstly, the establishment of strategic development objectives of the economic system is the part of the vision of economic system development. The realism of the strategic goal, which is determined by goal-setting, is condition of future business success.

<sup>1</sup> Project VEGA No. 1/0282/15 „Nástroje marketingovej politiky v nových obchodných modeloch orientovaných na tvorbu viacnásobnej hodnoty pre zákazníka v podmienkach trvalo udržateľného rozvoja“

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Secondly, strategic objective is the guide for top management in making strategic decisions. Management decision-making must meet the requirements of strategic objectives; it provides management efficiency. So, the correct goal-setting is one of conditions of future business effectiveness.

Thirdly, goal determines position of the economic system with regard to higher-order systems and the relationships between them and it must be mentioned during goal-setting. The strategic goal of the subsidiary may not come into conflict with the objectives of the parent company, otherwise both economic systems lose a certain degree of their competitiveness.

Except this, targeting allows to determine the most effective and rational development of the economic system, to explore possible scenarios for the behavior of the economic system, to determine the long-term obstruction and benefits of vital activity of the economic system, whether the enterprise, region or national economy.

In recent years, strategic planning and goal setting are engaged not only by researchers, but also is interesting for the practice, understanding the importance and the role of strategic levers. As an example, the experience of enterprises in Ukraine can be offered: most of them have no culture of objective management and goal-setting. This is one of the reasons that led to the low efficiency of the business and the national economy. So, the level of labor productivity in Ukraine more than three times less than in Slovakia (Miklovda, 2015), business of which uses the strategic tools actively.

All this determines the importance of goal-setting, which determined the subject of this publication.

## 1 Review of publications

The problem of goal-setting is the focus of today's researchers in the field of management. Modern authors mainly pay attention to filling the categorical definition of objectives. So, targeting – “the activity, which defines the parameters of the optimal operation of the facility in the future. The development of goal-setting allows you to implement a fully systematic approach, including not only define the goals, but also to carry out their inspection, correction, coordination and forecasting” (Tkhorikov, 2012).

We can watch the attempts to describe the effectiveness of goal-setting, “under which traditionally refers to the process of selecting one or several objectives with the establishment of the tolerance parameters to control the process of the idea” (Gaidatov, 2013).

The next approach to the goal setting is technical. So, Kalnytskyy & Ohorodnyk (2012). underline the necessity to use in goal setting of business development the landmark of investments. Slovak researcher Hvizdová E. (2014) underlines the implementation of strategic planning tools in sectoral tourism development.

At the same time the methodological aspects of goal-setting have not received adequate attention. The principles of targeting are mainly concentrated on SMART

components, and signs of goal-setting are not covered; and it does not show the way of goal setting improvement as a tool of strategic management.

## 2 Methodology

**The aim if the article is** to describe the correlation between signs and principles of goal-setting, which can give to the management the additional synergy. To achieve the aim, the following objectives were implemented.

1. The principles of goal setting were determined and described.
2. The main signs of targeting as indicators, characteristics this kind of activity are covered.
3. The metric method is proposed to troubleshoot problem and identify the urgent correlation between signs and principles of goal setting.

The research is based on the following methods: theoretical analysis gives opportunity to summarise present theoretical positions and offer new approach; method of abstraction is used during principles and signs elimination; induction lets to determine the connection of the signs and principles and so on.

## 3 Results and discussion

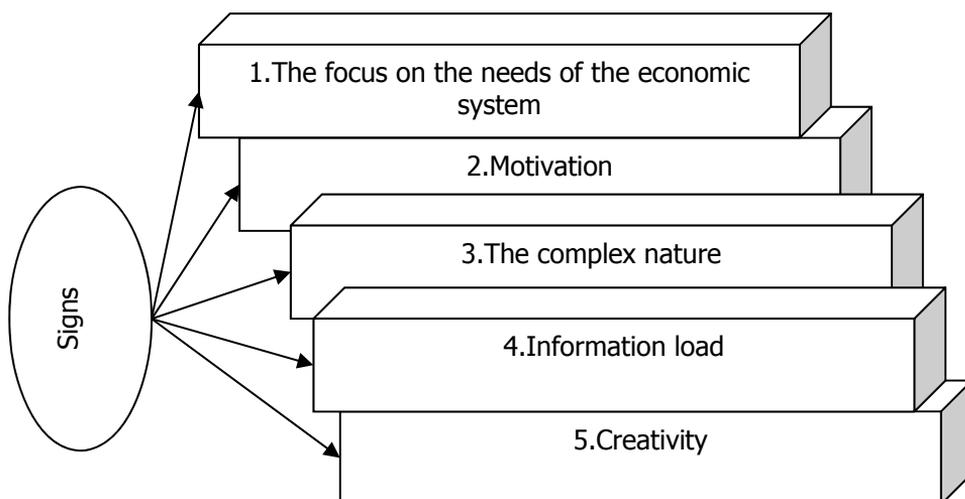
Activity in the philosophical sense is a way of existence of the person in society, his communication, which implements his overall attitude towards the environment and the whole world. Activity can be defined in this study as a set of functions of a person or organization; and this set of functions forms a manner of relationships of person or organization with the human world and its embodiment in life. Management activities as we consider the impact of any system (economic, cultural, environmental, etc.) in order to transform it to a system of a higher level of competitiveness.

As part of the management activity the goal-setting takes a great place, it determines the aim of the development, evaluate existing and possible trends, scenarios for purpose achievement.

Sign is an indicator, characteristic feature, by which one can learn to identify something.

The characteristic features of the targeting distinguish the following (figure 1):

1. Focus on the needs. "Activity – is an active human interaction with the environment, so that it reaches the conscious goal, which results from the manifestation of her particular needs". The main objective necessity of economic system is to ensure its competitiveness, which can be reached in case of implementing strategic management and implementation of targeting. Requirements, needs stipulate inclusion of motivation mechanisms.

**Figure 1** Signs of a goal-setting activity

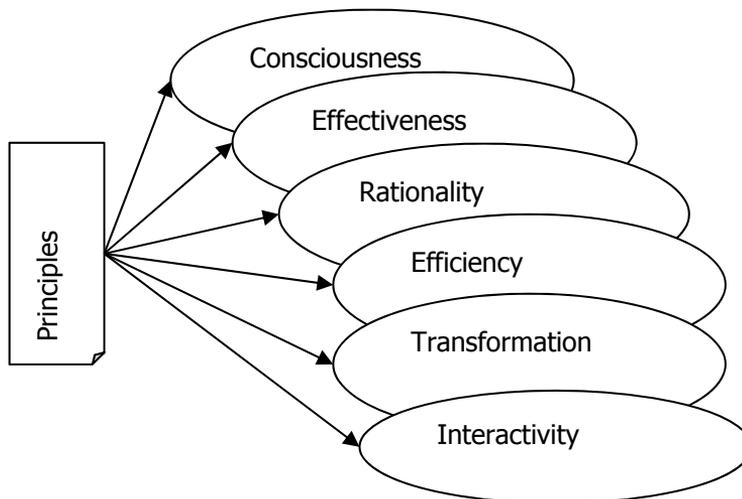
Source: compiled by the authors

2. Motivation means that there are some internal and external motives, incentives for the implementation of goal-setting. There are main goal-setting stimuli of targeting as economic and management kind of activity attributed under management theory external factors: competition, turbulence, technological progress, and globalization. Motives are the internal impulses of the activities, which include the need for economic development, social development needs, the need for competitiveness. Thus, in the process of the targeting activity it is possible to determine the dispositional (internal) and situational (external) motivation system.
3. The complex nature of targeting, which is expressed through the coordination of the objectives of the economic system with those of other economic, social, political, etc. players. Targeting with its complex content occurs in the interaction of people, organizations because of the differences in their place and role in different structures and situations.
4. The growth of information saturation of goal-setting activity. Targeting takes place in the emerging of information society and information economy. Kazakova (2000) provides such features of the information society, which we suppose may affect goal-setting activity: the contradiction between the information volume and hunger for information; information provided priority over other resources; information economy as the main sphere of the development; information technology has become global in nature, covering all areas of social rights. In the process of goal-setting is a problem of timeliness, adequacy and timeliness of information.
5. The creative nature. Creativity is an economic system's ability to generate new ideas that can transform the current system to a system of a higher level of development. By definition R. Floridy (2007), creativity has become a key factor in the development of economy and society, and this is the real driving force of all processes.

Only a creative approach to strategic management and goal-setting as an activity enables management of economic leverage, which in itself is already innovative and, therefore, represent a competitive advantage.

When examining goal-setting activity it is impossible to note its key principles, which are presented in figure 2.

**Figure 2** Principles of the goal-setting activity



Source: compiled by the authors

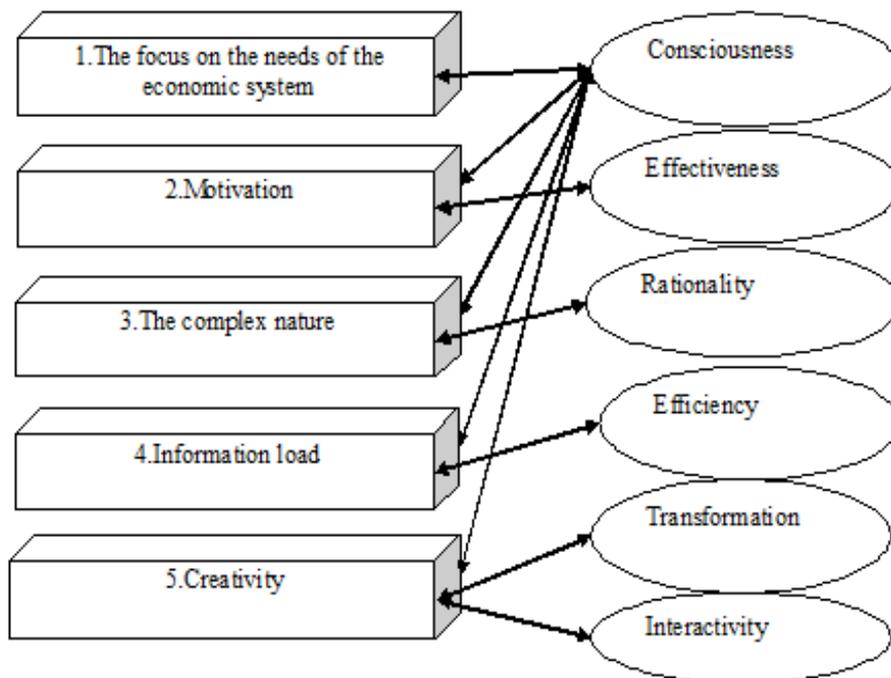
1. The principle of consciousness. Man consciously identifies goals, objectives and ways of achieving them. Consciousness means that a person or group of people have the capacity for logical, rational behaviour as a means of reflection of objective reality. Consciousness, as and irrationality, is presented in all kinds of activity, but goal-setting is an activity that relates to conscious by definition. The very essence of goal involves goal-setting, which is the result of certain logic future actions.
2. The principle of effectiveness, ie achieving results, implementation of goals and objectives. Accordingly, the aim involves achieving a certain result, which is the practical expression of theoretical calculations and studies.
3. The principle of rationality. Any activity provides a logical sequence of actions aimed at achieving the intended result. Rationality considers the best version of aim in definite conditions. The best version we suppose to determine as the version, which gives the organization the opportunity to improve all elements of the economical system.
4. The principle of efficiency, which provides for the establishment of such a goal, the implementation of which requires economically reasonable resources. Efficiency as a category and estimated indicator designed and identifying and measuring the economic feasibility of spending some resources. Efficiency as a category is a certain quality actions in which the result of covering the costs of the action. As

an indicator, the efficiency is a result of value to cost. In other words, the costs of goal-setting should be less than the result of this function. Thus, highly skilled professionals with great wages for the use of Foresight analysis for the purpose of targeting can be ineffective, if the project for which the aim set is not intended for large income.

5. The principle of transformation. Targeting in economic system is aimed at transforming the world as well and systems. This transformation in strategic management proposes to consider the transition of the system that turns on a qualitatively new level of development, which is reflected in the change of function, relationships between the elements or structure of the economic system. The conversion of the economical system may be in close connection with the principle of rationality and efficiency.
6. The principle of interactivity. "Under the" interactivity " of strategy, in this case, it is referred the process of continuous interaction with the environment in which people who take and implement key decisions regarding the development of the organization, reviewing ways and means of achieving the strategic goals, make adjustments and changes in tactics and strategic processes" (Lebedeva, 2015).

The signs and principles of goal-setting are interrelated, what we can see at the figure 3.

**Figure 3** The main relationships between signs and principles of goal-setting



Source: compiled by the authors

The authors suppose that the offered communications do not cover all of interdependence completeness; authors want to show that the implementation of certain principle of goal setting will accentuate definite signs of goal-setting and will find a better display in the target system development.

So, on practice, if the main goal is based on the principle of high effectiveness, the management has to activate motivation signs and function of the strategic target and to use teleological factors.

Next view of Dr. Edwin Locke and Dr. Gary Latham who's identified the following five principles of effective goal setting.

1. Clarity
2. Challenge
3. Commitment
4. Feedback
5. Task complexity

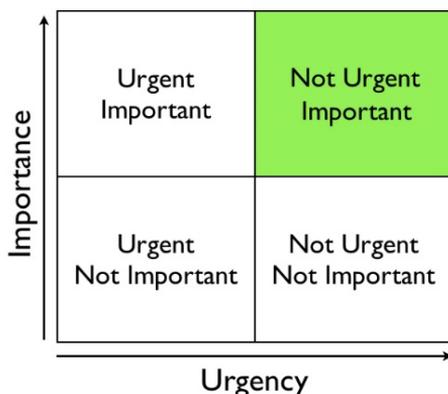
Their research showed that the achievement of our goals is directly related to the extent that these five principles are present. Let us explore each of these five goal setting principles in more detail. Goal setting is just like any other skill and so it takes practice to become good at setting and achieving goals. By applying these five research based principles you will considerably increase the chances of achieving your goals.

In other hands of possibility for use shows Stephen Covey the "Urgency/Importance matrix" which allows you to quickly and confidently enough sort out your tasks, even if you have a lot. All you need is to go through the list of tasks (which you have sure "dumped" out of your head by the GTD methodology) and answer the two questions for each task:

- Important? – Yes/No
- Urgent? – Yes/No

Depending on the combination of answers, each task summarily falls into one of the quadrants of the matrix, divided into 4 quadrants according to the importance and urgency of the problem (figure 4).

**Figure 4** Four quadrants according to the importance and urgency of the problem



The matrix lets to determine the position of strategic problem and helps to decide the main principles and signs, which can be activated in targeting.

## Conclusion

Goal-setting is a specific kind of activity which implements the attitude of organization towards the environment and the place of the organization in the whole world. Goal-setting at the same time reflects the internal strategic potential and gives organization the vector of development. As part of the management activity the goal-setting plays a great role in vital functions of the organization; it not only forms the aim of the development, but evaluates existing and possible trends, scenarios for purpose achievement. The goal-setting has definite signs, which correlates with principles.

The main signs are following: focus on the needs, motivation, and complex nature of targeting, information load, and creativity.

The principles of targeting include consciousness, efficiency, effectiveness, transformation, rationality.

Every sign is connected with principles. So, on the principle of consciousness all features of goal-setting are based. The sign of motivation is connected with principle of effectiveness. The complex nature of targeting communicates with rationality. Information load of the goal-setting depends on principle of efficiency. The creativity as the sign of goal-setting is based on principles of transformation and interactivity.

The using of correlation between principles and signs gives opportunity of synergy in practical management.

Special tool in goal setting, which lets to determine the main principle and his connection with definite signs and principles, is matrix.

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