

EFFICIENCY BY ACHIEVING GOALS IN SMALL ENTERPRISES

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Abstract:

Usually, in small enterprises the process is not clearly planned. The hazard is often a way of management. Setting goals as enterprises, as leaders and as employee should be a way to grow efficiency. Leaders should teach employees to set and to achieve goals in accordance with the enterprise goals. In this paper I wish to give some of “recipe” how to achieve goals in small enterprises.

Key words: liability, insolvency, patrimonial responsibility

JED Classification: M14

1. Introduction

Since it was first researched five decades ago, goal-setting theory has been the most researched, utilized, and established theory of work motivation in the field of industrial and organizational psychology. The theory began with the early work on levels of aspiration developed by Kurt Lewin and has since been primarily developed by Dr. Edwin Locke, who began goal setting research in the 1960's. The research revealed an inductive relationship between goal setting and improved production performance. A goal is the aim of an action or task that a person consciously desires to achieve or obtain. Goal setting involves the conscious process of establishing levels of performance in order to obtain desirable outcomes. This goal setting theory simply states that the source of motivation is the desire and intention to reach a goal. If individuals or teams find that their current performance is not achieving desired goals, they typically become motivated to increase effort or change their strategy.

The decision to set a goal results from dissatisfaction with current performance levels. Setting a goal should include setting a structure that directs actions and behaviors which improve the unsatisfactory performance. Setting a goal will change a person's behavior in order to work towards achieving the set goal. Goal-setting theory predicts that people will channel effort toward accomplishing their goals, which will in turn affect performance). Locke and Latham found a direct linear relationship between goal difficulty, level of performance, and effort involved. This relationship will stay positive, as long as the person is committed to the goal, has the requisite ability to attain it, and doesn't have conflicting goals. Locke and Latham's goal setting theory states that several conditions are particularly important in successful goal achievement. These include goal acceptance and commitment, goal specificity, goal difficulty, and feedback. These conditions have been extended and edited by other researchers, such as Kenneth Blanchard and Spencer Johnson's SMART goals, which are conditions that are necessary to make goals effective.

Goal mechanisms affect performance by increasing motivation to reach set goals. These mechanisms are inputs that affect behavior in groups or individuals, which serve to increase attention to a goal, energy in pursuing a goal, persistence in achieving a goal, and ability to strategize to reach a goal. When an individual or team can focus attention on

behaviors that will accomplish a goal, they also divert attention away from behaviors that will not achieve the goal. Goals energize people to expend more effort based upon the effort that is required to reach a certain goal. Goals also lead to a persistent pursuit of reaching the goal by providing a purpose for that pursuit lastly, when people are pursuing a goal they will seek effective means for accomplishing it, particularly if the goal is difficult to achieve. The following chart briefly describes each of the four goal setting theory mechanisms.

Understanding the importance of goal setting and knowing how to set goals in small enterprises is crucial to accomplishing great things in those planning activities. The following reasons are considered to be the most important for leaders in setting goals: goals propel the company, make impossible things possible, help increase self confidence, imply responsibility, they make leaders self aware of the reality, help them set a direction.

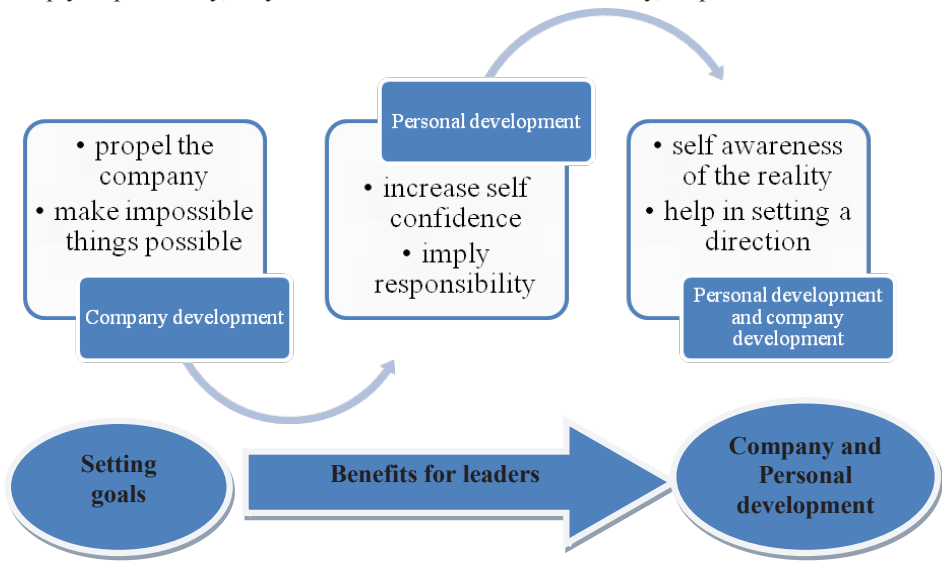


Figure 1 Importance and benefits of establishing goals

Source: Projection made by the author

2. Goal management in organizations

In organizations, goal management consists of the process of recognizing or inferring goals of individual team-members, abandoning goals that are no longer relevant, identifying and resolving conflicts among goals, and prioritizing goals consistently for optimal team-collaboration and effective operations.

An organizational goal-management solution ensures that individual employee goals and objectives align with the vision and strategic goals of the entire organization. Goal-management provides organizations with a mechanism to effectively communicate corporate goals and strategic objectives to each person across the entire organization. The key consists of having it all emanate from a pivotal source and providing each person with a clear, consistent organizational-goal message so that every employee understands how their efforts contribute to an enterprise's success. Examples of goal types encountered in business management could be: consumer goals (supplying a product or service that the market/consumer want); product goals (supplying an outstanding value proposition compared to other products perhaps due to the likes of quality, design, reliability and

novelty) and operational goals (running the organization in such a way as to make the best use of management skills, technology and resources).

Jens Rasmussen (human factors expert) and Morten Lind distinguish three fundamental categories of goals related to technological system management: production goals, safety goals and economy goals.

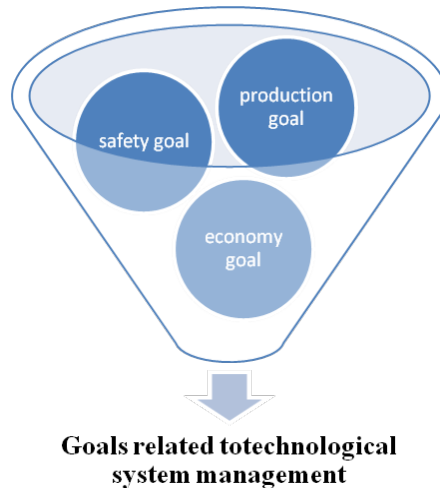


Figure 2 Goals related to the technological system management

Source: Projection made by the author – adaption after Rasmussen and Morten

For any successful commercial system, it means deriving profits by making the best quality of goods or the best quality of services available to the end-user (customer) at the best possible cost. Goal management includes:

- Assessment and dissolution of non-rational blocks to success.
- Time management.
- Frequent reconsideration (consistency checks).
- Feasibility checks.
- Adjusting milestones and main-goal targets.

3. Setting goals and the need to measure goals

Setting goals is relatively easy. Goals are a general target for medium to long range accomplishments, or just a direction which leaders might want to follow.

Goal statements usually begin with an action verb (create, change, increase etc), followed by a more specific and desired outcome, for example to create a safer work environment on the farm. The biggest difference between goals and objectives is that goals are not as concrete. Goals imply a purpose or a direction, unlike objectives, which must be measurable. Often to achieve a goal will require several specific objectives to be met.

If leaders have multiple goals (almost everyone does), then leaders will need to priorities them. For the goals which leaders want to proceed with, leaders will need to ask “What specific objectives must be undertaken to achieve this goal?”

Objectives describe what needs to be done to achieve a goal. They must be relatively short-term, practical statements about what needs to be done.

As with goals, leaders will need to priorities the various objectives. One way to determine the priorities across objectives is to do a quick analysis of the consequences if the objective is not achieved. One way to ensure that leaders' objectives are well focused is to follow the SMART system. Good objectives are described as having the following features:

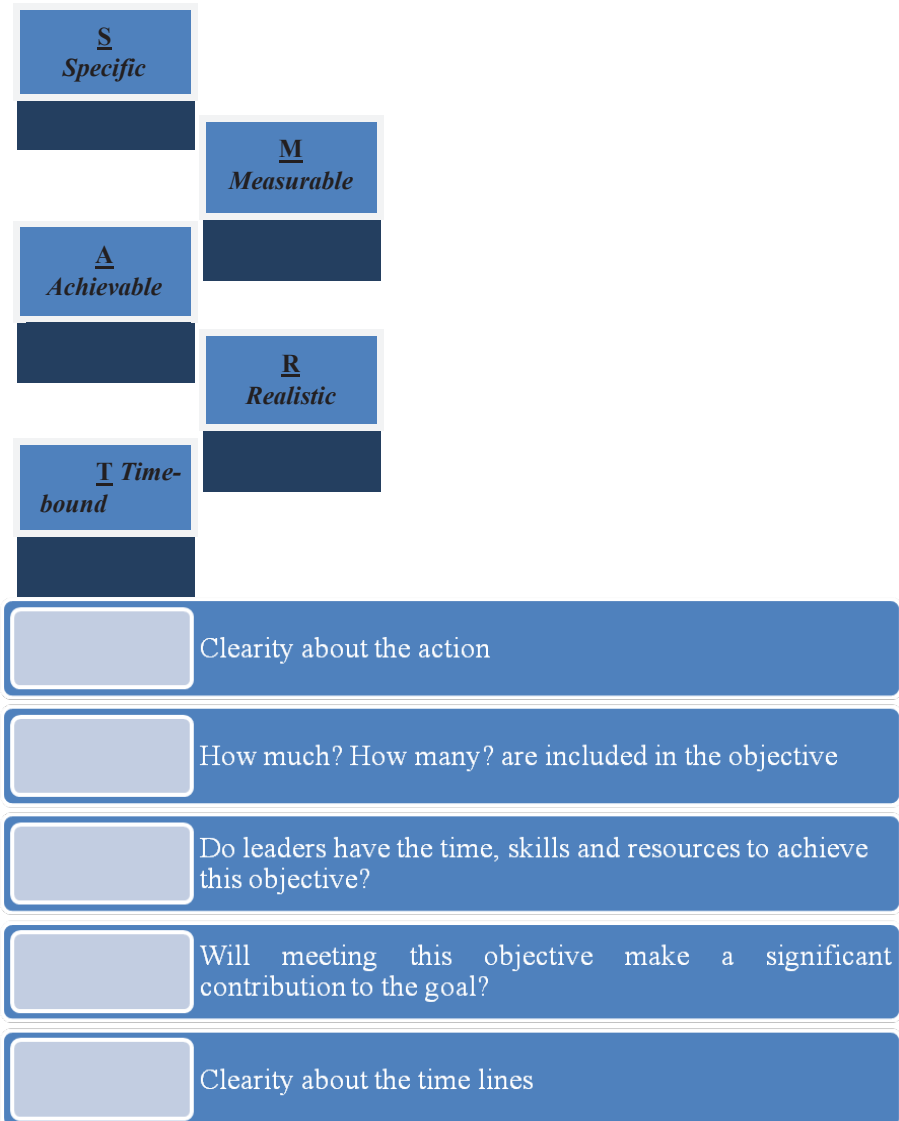


Figure 3 Features of the SMART system

Source: Projection made by the author

If leaders already undertake formal strategic and operational planning within their sheep production enterprise, then leaders will already have goals and objectives set, probably for both the short and long term.

Alternatively, if leaders have a less formal planning process, or if leaders keep all the farm plans in their head, then setting goals and objectives is a critical business activity for improving enterprise.

If leaders have undertaken the SWOT analysis they will have a good idea of the strengths, weaknesses, opportunities and threats in and surrounding their enterprise. This needs to be combined with an understanding of the value and vision leaders have for the enterprise (for help with determining these, see (developing shared values, personal and business goals) in capable and confident producers

4. Oracle Taleo Goals Management Cloud Service and its importance in business activities

Oracle Taleo Goals Management Cloud Service helps organizations ensure that employees are focused on high value-add activities and initiatives. When employees know what's important, they are more engaged, accountable, and better able to improve overall organizational performance.

Oracle Taleo Goals Management Cloud Service numerous benefits and allows leaders to:

- Monitor goal progress and alignment, and eliminate duplicative work across the organization to maximize business performance.
- Provide managers and employees with a fast, easy way to update goals and realign work when business conditions change.
- Link goals to development activities so employees get the necessary skills and competencies to be successful in their roles.

5. Conclusions

The first important thing for leaders is to find out where their clients or customers are hurting. This will always be the most pressing need, because no one works at its highest capacity when problems appear and the wise thing to do is to resolve the problems.

Another reason why strategic plans are flawed is that they often concentrate in identifying the problems encountered in the marketplace, rather than targeted the possible solution to solve these problems. Once even a small part of leaders' stops believing in the goal, the strategy, the dream, and their psychological energy is diminished, thus the entire business is affected.

In my opinion a possible solution for these problems would be that leaders should take the following steps: rewrite their goals every day, and remind the teams daily of the top 3; make a plan everyday to do at least one action that will move them, respectively the business closer to achieving goals; appoint someone to be accountable on a daily or at least a weekly basis.

In conclusion some key points regarding the efficiency of small enterprises by achieving goals, as well as the performance of their managers refer to the following steps that be followed: set their goals or strategies; create an action plan to achieve them; do consistent actions on a daily basis; measure progress towards the established goals; don't have to many measures; take into consideration the actual situation and base their optimism in real market needs.

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