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## SETTING GOALS FOR IMPROVING THE PRODUCTIVITY OF INDUSTRIAL SYSTEMS

**Robert Latin<sup>1</sup>, Goran Babić<sup>2</sup>, Vlada Živanović<sup>3</sup>, Daniela Todorova<sup>4</sup>**

[robi.latin@gmail.com](mailto:robi.latin@gmail.com), [goranbabic91@gmail.com](mailto:goranbabic91@gmail.com),  
[vladazivanovic1981@yahoo.com](mailto:vladazivanovic1981@yahoo.com), [dtodorova@vtu.bg](mailto:dtodorova@vtu.bg)

<sup>1</sup>*Business and Law Faculty, University "MB", Belgrade, Serbia,*

<sup>2</sup>*The College of Academic Studies "Dositej" Belgrade, Serbia,*

<sup>3</sup>*Business and Law Faculty, University "MB", Belgrade, Serbia,*

<sup>4</sup>*University of transport "Todor Kableskov", Sofia, Bulgaria*

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**Abstract:** *Effective business management on a global level sets goals that will lead to the success of companies, which have built their own framework of business strategies. Understanding and accepting a profitable and optimal strategic business framework is of special importance for management. Success is determined by the achieved competitiveness and productivity on the world and national market in the long term of this 21'st century.*

*To achieve high market results, management should focus on acceptable formulations of complex business strategies to set these productivity goals, which must be clear and focus on:*

*1. Specific business goals of each strategy. These goals are identified and set in a business and planning strategic framework that takes precedence over other competing business strategies.*

*2. Mapping (drawing appropriate schemes) of mutual relations and connections between different strategies (for example, which given framework of mutual relations is appropriate), with systems and connections that support other frameworks.*

*To ensure the strategy of business excellence and improve productivity, it is necessary that the business strategy concretizes the company's work plan to achieve its vision, prioritize goals, to successfully compete and optimize financial performance, for productivity based on its own business model, etc.*

*The paper designs steps in the process of developing a strategy for setting goals for the productivity of industrial firms. That job for management is a key issue. Practically, this means, that those actions that give the greatest efficiency in business should be included. This process of strategy development is rational, clear and successful if the strategy plans to take steps for its implementation in the order of performing key activities for each step. In the practice of successful entrepreneurship, this means building a strategy as a formulation that suggests a construction process, which is orderly and systematic and results in data that is final and accurate.*

## I. INTRODUCTION

In industrial business systems, economic performance indicators (productivity, profitability and economy) are the most important factors for the success and competitiveness of firms, and therefore represent a key issue for management. In practice, this means that those actions that give the greatest efficiency in business should be incorporated into the work activities of the business system.[1]

Therefore, it is necessary to build an effective strategic framework that meets the market requirements of modern business. In successful entrepreneurial management strategies, the strategic framework for the realization of clear goals for improving the productivity of industrial systems should be built through several important steps (Table 1).

**Table 1. The process of obtaining an effective strategic framework for improving productivity**

PRODUCTIVITY IMPROVEMENT	REQUIRED ACTIVITIES
The <i>first step</i> - implementation of activities in the strategic framework plan	The strategic plan is built on VISION
The <i>second step</i> - the implementation of activities and perceptions of employees	Focus on top level goals
The <i>third step</i> - implementation of activities in the management team	Plan your attack, choose a battlefield
The <i>fourth step</i> - conducting activities by systematizing ideas	Check the reality, whether the model is accepted
<i>Fifth step</i> - conducting decision-making activities	Make a decision on accepting the built strategic framework.

Basically, the goal of management is to effectively formulate:

- ✓ winning business strategy,
- ✓ business model and,
- ✓ strategic framework.

To the strategic question, How to develop a business strategy and measure the strategic impact on business excellence, the answer is: Developing a quality business strategy of a company that provides business excellence is carried out through 6 factors that can contribute to differentiating the company in terms of revenue and where he achieves the greatest success. Accordingly, the following should be borne in mind: [2]

- ✓ First, it is clearly defined, What is a business strategy?
- ✓ Second, what is the purpose of the accepted strategy?
- ✓ Third, How do you know that strategy serves its purpose?
- ✓ Fourth, Understanding the concept of strategy and the meaning of success?
- ✓ Fifth, How should companies know when it is good to change the existing strategy?
- ✓ Sixth, How can one know, can a new plan succeed?

Starting from the views of science and practice, that Organizations are business systems that behave dynamically towards the environment, and which consider their business strategy as a change according to the requirements of the external environment, i.e. the market. A large number of study research has shown that strategies are successfully implemented if their growth is monitored in the function of achieved competitive and financial data. Successful achievement of these goals is realized on the basis of adjusting one's own marketing strategy to new business standards, as important characteristics for measuring the achieved results.

### 1.1. The process of measuring success with effective strategies?

A new strategy or strategic change in a business organization is successful when the strategic plan is built from measurable and tangible results. On this basis, the strategy determines:

*First*, business growth. Increasing growth means:

- ✓ Regular customer demand
- ✓ Revenues from sales
- ✓ Constant increase in business volume
- ✓ Quality business volume
- ✓ Customer retention rate
- ✓ Acceptable market size
- ✓ Average sales value, etc.

*Second*, **focus on the quality and magnitude of market success**. The essence is to achieve a strong competitive position, which means increasing:

- ✓ Market share
- ✓ Market positions
- ✓ Competitive success rates
- ✓ Growth rates towards competitors
- ✓ Margins towards competitors
- ✓ Brand awareness, etc.

*Third*, **focusing on financial performance**, which means increasing:

- ✓ Gross profit
- ✓ Gross margins
- ✓ Operating profit
- ✓ Operating margins, etc.

When measuring the *strategic impact on the growth and development of the company*, analyzes show that the impact on financial performance should be examined, analyzed and measured with measurement data that are focused on the company's core business. Given that a firm's strategy affects performance in its core business, this means that strategic planners measure (e.g., net income). However, in addition to the basic factors, other factors of the strategy correspond: (1) income and expenses outside the core business, (2) accounting conventions, such as depreciation, and (3) taxes. In doing so, *strategic planners* tend to use the net income generated to measure the impact of strategy changes.

## 2. CUSTOMERS AND THE COMPANY MARKET - KEY FACTORS OF SUCCESSFUL BUSINESS

The key determinants for *modern successful strategists* are: **customers** and the company's **market**. In strategic management, special attention should be paid to customers and the market. This is crucial for developers who create, build and structure a strategy that is conducive to modern business. The goal is, to list the market for the company's offer and value proposition. It should be noted that markets have defined characteristics. Companies take this into account, initiating factors such as: age of the company, economic status, work and business experience, geographical location, etc. For each goal, tangible performance measures that are useful for strategy development are listed. In this way, performance measures help set goals, plan budgets and evaluate performance.

In the Johnson & Johnson business example, high-level values follow the firm through its success in fulfilling all responsibilities to the environment (i.e. customers and employees worldwide in its own offices, to all users of services and products, to the community in which the company resides, to its shareholders, etc.). The importance of the above is reflected in the values of strategic goals.

In the general business strategy, the MISSION should rely on "broad differentiations" to differentiate itself from the competition and to attract the interest and demand of customers for its own product. Namely, in managerial practice, a set of values is respected that helps shape the way a company designs and implements strategies. The formulation of the strategy on the question "How", means emphasizing the plan, i.e. defining exactly **how the company achieves its goals**? For companies that operate successfully in competitive industries, the question should be considered: How does a firm win and how is it better than competitors, how does it create customer demand and how does it earn, how does it maintain and increase profits? Given business systems develop a unique business strategy that refers to **competitive strategy**.

### 2.1. Designing a competitive strategy action plan

According to the research data, *two action plans* are known and recognized in science and practice: **first**, differentiation and **second**, cost leadership. In case of *differentiation*, the firm provides the market with desirable products and services. Then the companies for creation and communication use:

- ✓ Plan to create new products or services by adding unique features or new opportunities for existing products (innovation or diversification)
- ✓ Achieving the strength of the trademark - mark or brand, conveying the requirements and wishes of customers, exclusivity, superior design and high quality products.
- ✓ Favorable prices that will ensure the prestige of the competition.
- ✓ Efficient cost management (companies follow cost management goals, which from the economic aspect of business should minimize production and sales costs. Companies with a strategy of "cost management" can achieve success in the business industry through satisfactory profits, because their costs are lower than the competition.
- ✓ Companies achieve *cost leadership* with the added element of a difference in price achieved by selling at lower prices. Despite this, they can still achieve acceptable margins because their costs are low. A significant component of the strategic action plan is the **vision**: [3]

The function and role of vision in setting goals for higher productivity of industrial companies determines a clear direction, *where* the business system should go and be sustainable in the long run. Basically, the vision is the ultimate goal of the company, that is, the ultimate goal of what the company wants to achieve. If a strategic plan is constructed to be mobile in the long run, the goal is not easy to achieve within a few months or a few years. All *business production systems* such as: firms, companies, corporations, small and medium enterprises or the public sector take into account economic indicators of business success, and from time to time change their concepts of vision. The vision is formulated general manager as a business leader with strategic and other management and all employees, or it is the owner of a private company, executive director or board of directors. The concept should be clear, concise, ambitious and in line with the company's values.[4]

### 2.2. How to motivate employees to increase productivity in the company

In management and leadership, the basic goal for increasing productivity is employee motivation. Motivation occupies an important place and position in the entire management process. This technique is important to encourage workers to make a positive contribution to achieving organizational and strategic goals. It is necessary for human nature as a kind of incentive, encouragement or security in order to achieve better results at work and performance. In economic practice, it acts as a technique to improve the performance of

employees working at different levels. This is one of the functions that every manager must perform together with other managerial functions (Figure 1).[5]



**Figure 1. Motivation of employees for higher productivity**

Employee motivation is an integral part of setting goals and realizing the management process itself. It is important to know **what** employees want. They need to be taught to measure their own success. That is why it is important to have:

- ✓ crystal clear and regular communication for business factors important to employees, with the provision of regular respect for employees,
- ✓ feedback and training of managers and leaders, the benefit of average benefits and compensation in the industry,
- ✓ insight into ideas in your binder, etc.

In psychology, the most important emotion that employees bring to work is motivation. Developing a team and culture in managers is not just a matter of fully utilizing emotions from the workplace, it is a mistake as scientists claim, because it is important to know how to get involved in the motivation of employees in challenging times, nurturing good relationships with them, the best from the team, etc. [6]

Employees should be satisfied and always strive for success: This requires that: [7]

To give attention to each employee individually. 1. Teamwork 2. Progress 3. Employee ideas and listening carefully to everyone. Employees want security at work, and attention to each other, for success and good communication. This is important especially in large firms where employees may feel unimportant and isolated throughout the system from other employees. Taking the time to talk to each employee means a lot and makes them feel valuable.

The best way is for EMPLOYEES to brag directly when they do a job properly. Not only will that individual feel valued, but other employees in the company or organization will start to do the same. It means that the company cares about themselves, and not just about the work they do.

Teamwork is important for the success of a company, and if grouping employees contributes to creating a sense of community and building a team mentality then the success of managers and leaders is achieved.

Motivate employees for promotion: The same job, the same position, without any indication or chance for advancement can demotivate even the most ambitious. There should be an opportunity for advancement, employees will be motivated to work harder and be more

productive. The good advice is - instead of hiring someone new, just promote someone who is already employed by the company. This will raise the motivation and productivity of all employees in the company. However, promotion does not always mean a raise and a new position. Promotion can also be in the form of trainings and courses.

Employees should be given the opportunity to develop their skills and improve their knowledge. As a result, they will be much more enthusiastic about working in that company. Supporting new ideas is a great motivation for employees. Any employee who presents an opinion to a manager and leader to increase success and productivity with a new idea or solution that they believe is good for a project or firm should support them. It is a sign that they care about the success of the company and the project. If the idea is good, adopt it. This will be a great motivation for all other employees in the organization. By *supporting the employee's idea*, they are given the opportunity to show themselves and that will motivate him for further work. Regardless of whether his proposal is a success or not. This means that the employee is motivated if his work is acknowledged. That is why listening carefully to employees is of paramount importance. Their problems, worries, frustrations, conflicts, states of insecurity and commitment, etc. should be listened to. A broader picture for the motivation of all employees is important because then they will realize that what they do contributes to meeting the ultimate goal. And that serves as a great force for motivating every employee. Those talented team members will surely give their maximum and exceed expectations.

Openness to new approaches, techniques and methods means a willingness to advance more than the competition. *How does employee motivation also depend on the business environment and why is it so important for productivity?* [8]

In essence, *there is no one piece of advice and one employee motivation strategy that can be applied to every individual*. Efforts should be made to motivate employees, to find out what drives each of the employees and whether each of the motivating techniques will have to be adapted for new knowledge *about individuals in the team*. In this way, **employees will be motivated and inspired, and will reward it with their dedication and hard work**. It is important to build a friendly relationship with employees, for someone to honestly point out a problem at work or a problem that is his personal, and business enough that there is a certain respect.

### 3. CONCLUSION

When setting goals for improving productivity and market operations, the *dynamics of public participation* should be taken into account in industrialized companies, as important characteristics of decision-making and impact assessment on efficient economic operations. In essence, the main success factors are observed and analyzed, such as: insufficient information of the public (customers) about the processes of productivity improvement, lack of improvement in work that should occur and be identified through a positive correlation between the degree of improvement and the business environment common and useful *plans and programs*. The business economics of successful leadership, which is determined by optimal jobs, techniques and technologies, has a strong connection with these issues. The goal is to reduce costs to an acceptable level, which includes and defines product quality and affordable price for customers. This is achieved by the *technique* Leadership development and employee motivation, measured through teamwork and employee education, through employee ideas and the work that employees show at work, which relate to small and medium enterprises, as well as large firms and companies in the world.

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## ПОСТАВЯНЕ НА ЦЕЛИ ЗА ПОДОБРЯВАНЕ ПРОДУКТИВНОСТТА НА ИНДУСТРИАЛНИТЕ СИСТЕМИ

Роберт Латин<sup>1</sup>, Горан Бабић<sup>2</sup>, Влада Живановић<sup>3</sup>, Даниела Тодорова<sup>4</sup>  
[robi.latin@gmail.com](mailto:robi.latin@gmail.com), [goranbabic91@gmail.com](mailto:goranbabic91@gmail.com),  
[vladazivanovic1981@yahoo.com](mailto:vladazivanovic1981@yahoo.com), [dtodorova@vtu.bg](mailto:dtodorova@vtu.bg)

<sup>1</sup>Факултет по бизнес и право, Университет „МВ”, Белград, Србија,

<sup>2</sup>Академичен колеж „Dositej”, Белград,

<sup>3</sup>Факултет по бизнес и право, Университет „МВ”, Белград, Србија,

<sup>4</sup>Висше транспортно училище „Тодор Каблешков“, София, България

**Ключови думи:** Производителност, поставяне на цели, управление, индустрия, стратегическа рамка, ефективен подход

**Резюме:** Ефективното управление на бизнеса на глобално ниво, поставя цели, които ще доведат до успеха на компаниите, които са изградили своя собствена рамка от бизнес стратегии. Разбирането и приемането на печеливши и оптимална стратегическа бизнес рамка е от особено значение за управлението. Успехът се определя от постигнатата конкурентоспособност и производителност на световния и националния пазар в дългосрочен план на 21 век.

За да постигне високи пазарни резултати, ръководството трябва да се съсредоточи върху приемливи формулировки на сложни бизнес стратегии, за да постави тези цели за производителност, които трябва да бъдат ясни и да се фокусират върху:

1. Конкретни бизнес цели на всяка стратегия. Тези цели се идентифицират и поставят в стратегическа рамка за бизнес и планиране, която има предимство пред други конкурентни бизнес стратегии.

2. Картографиране (изготвяне на подходящи схеми) на взаимни отношения и връзки между различни стратегии (например, коя дадена рамка на взаимни отношения е подходяща), със системи и връзки, които поддържат други рамки.

За да се осигури стратегията за бизнес върхови постижения и да се подобри производителността, е необходимо бизнес стратегията да конкретизира работния план на компанията за постигане на нейната визия, за определяне на приоритетите на целите, за успешна конкуренция и оптимизиране на финансовите резултати, за

*производителност, базирана на собствен бизнес модел и т.н. В статията се проектират стъпки в процеса на разработване на стратегия за поставяне на цели за производителността на индустриалните фирми.*

*Управлението е ключов въпрос. На практика това означава, че трябва да бъдат включени тези действия, които дават най-голяма ефективност в бизнеса. Този процес на разработване на стратегия е рационален, ясен и успешен, ако стратегията планира да предприеме стъпки за нейното изпълнение в реда на извършване на ключови дейности за всяка стъпка. В практиката на успешното предприемачество това означава изграждане на стратегия като формулировка, която предполага строителен процес, който е подреден и систематичен и води до данни, които са окончателни и точни.*