

Actualization of Goal-Setting in the Management of Joint-Stock Companies

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Abstract— In the article, based on the results of the research carried out, the main directions of up-dating goal-setting in the management of joint-stock companies are substantiated: targeting, taking into account the complex of interests of stakeholders, including shareholders, personnel, buyers, authorities in the territory of presence; decomposition of the statutory goal of a joint-stock company in the form of a cortege of sub-goals and tasks, communicating them to each division and performer; organization of goal achievement by applying basic and special management functions. The authors' analysis of the content of several thousand charters of open joint-stock companies available on the Interfax corporate information disclosure site shows that the most common are stereotypical formulations that indicate that the activity of an equity company is the extraction of profit. The impact of elements of statutory goals on the financial results of joint-stock companies is estimated. Multiple regression analysis was performed in the context of 54 regions of the Russian Federation. Data on the occurrence of each of the elements of the statutory goals are used as predictors. Two indicators act as a response: the share of break-even joint stock companies in the region and the average level of profitability of joint stock companies. To assess the impact of combinations of elements of statutory goals on the level of profitability, the average values for types of statutory goals were compared using the Student's criterion.

Keywords—goal setting, joint stock companies, statutory goal, profitability, sustainable development, stakeholders

I. INTRODUCTION

Along with fairly widespread publications in which there is a stereotypical statement “as you know, the purpose of a firm is to make a profit,” there is now a sufficient number of works with a more detailed attitude to goal setting in commercial organizations.

So, I. Bondar believes that the general goal of a commercial organization is the state of the latter or the result of its economic activity, which meets the interests of the owners of the resources involved. The owners of economic

resources include employees who own labor or human capital [4].

According to A.M. Zhemchugov and M.K. Zhemchugov, the purpose of the enterprise can be considered as the implementation of the enterprise's mission to optimally meet the needs of all interested parties by the enterprise, of which the owner is the legislator of the enterprise - the founder of its institute. And the main goal of the enterprise is to form an institution that ensures the fulfillment of the noted mission [12].

V.I. Bespyatykh notes the key importance of goal-setting in management. Formulation of goals, in fact, is the first and most important element of management methodology, as a subsystem of a management system. First, goals are formulated, and then, in order to achieve them, a program must be developed, discussed and approved, on the basis of which the management mechanism is used [3]. In enterprise management, goal-setting performs a key function, since it gives direction to production and commercial activities in accordance with the available resources and priorities.

M.M. Panov considers goal-setting as the primary phase of management, involving the set-ting of a general goal and a set of goals (goals tree) in accordance with the purpose (mission) of the system, strategic settings and the nature of the tasks to be solved [6]. A.M. Zhemchugov and M.K. Zhemchugov also see goal-setting as the main section of management [11]. By the extent to which the goal-setting function is developed, one can judge the development of the management institution in the organization. V.N. Khodyrevskaya and E.M. Sakharova, highlighting in her classification five levels of management development at the enterprise, characterize the lowest level of unrealized goal-setting function, which is expressed in the fact that goals are not defined or are too vague [5].

Consequently, goal-setting is a system-forming management function that determines the content of planning,

organization and other management functions. The effectiveness of goal-setting depends on many factors, but first of all, on taking into account the interests of persons whose professional activity creates a product in demand on the market. Labor productivity, reduction of all types of losses, staff involvement - all this depends on the quality of management activities in terms of goal setting. Justification and formulation of the statutory goal of the enterprise determines the content of subsequent management decisions and affects the results of activities [2].

Note that in the scientific literature, in addition to the term "goal setting", there is the term "goal forming", for example, in the work [1]. A number of authors consider these terms as synonyms. Others, for example A.I. Prigogine emphasizes the difference between the concepts and argues that in relation to business, the more appropriate term is "goal forming," since a person in general and a leader in particular have little opportunity to influence their own goals. The goals are formed, and not otherwise, under the influence of mechanisms and processes of a social nature [7].

Despite the fact that, according to M.A. Rumyantsev, goal-setting is the Foundation of economic and political power [8], E.Yu. Savchenko and A.A. Belkin note that organizations in modern Russia face a number of problems in the field of goal-setting, primarily strategic: misalignment of goals; lack of understanding of the organization's mission by employees; lack of expression of the organization's strategic vision; the actual lack of clearly formulated strategic goals of the organization. Misalignment of goals, according to these authors, is expressed in a typical situation for organizations, in which the goals of its various subjects contradict each other, which leads to a decrease in the effectiveness of the process of achieving goals and the effectiveness of the organization as a whole. Misalignment of goals can only occur when the goal setting function is not performed properly [9].

II. METHODOLOGY

The empirical basis of the study was information about the content of the statutory goals of joint-stock companies, obtained by studying the statutes published on the corporate information disclosure website "Interfax". It was examined 4455 charters of joint-stock companies registered in 46 regions, 6 territories and two Federal cities (Moscow and Saint Petersburg) Russian Federation. It was determined that in 137 of the 4455 charters examined, the purpose of the joint-stock company's activity was not formulated. 12 main elements of statutory goals are identified in 418 charters, as well as 68 types of statutory goals represented by various combinations of these elements.

The available information array includes information on joint-stock companies with incomplete information (there is no information on costs for 354 joint-stock companies), and on joint-stock companies with abnormal levels of profitability, for example -3198% and 2524%. To increase the objectivity of the analysis, and to analyze the influence of the content of the statutory objectives on the level of profitability of joint-stock companies, the available data set was reduced in the early to 4101 units by the exclusion of joint stock companies for which there is no information on cost of sales, and then to 3892 units by eliminating another 209 companies with extreme values of profitability (5% of 4101).

The list and frequency of occurrence of the elements of the statutory objectives of the surveyed joint-stock companies characterize the data of table 1.

TABLE I. OCCURRENCE OF ELEMENTS IN THE CHARTERS OF JOINT STOCK COMPANIES, %

The elements of the statutory objectives	Occurrence, %
Profit	95.5
Profile activities of the organization	12.7
Public (state) interests	12.6
Development (improvement) of the organization	12.1
The interests of the shareholders	5.6
The interests of the employees	3.3
Efficiency	2.3
Value of shares	1.0
Quality of products (services)	0.5
Competitiveness	0.5
Financial stability	0.3
Interests of the founders	0.1

The statistical relationship between the content of the statutory goals and the financial results of joint-stock companies was evaluated using multiple correlation and regression analysis. A pairwise comparison of the average levels of profitability for groups of joint-stock companies with different types of statutory goals using the Student's criterion was carried out.

The activity of one of the joint-stock companies, the statutory purpose of which is a stereo-typical wording found in 57.6% of the surveyed joint-stock companies, is studied. There is a contradiction between the content of the statutory goal and the economic policy aimed at intensive development of the enterprise and increasing employment of the rural population. Proposals for updating goal setting are justified.

III. RESULTS AND DISCUSSION

Noteworthy is the prevailing occurrence of the element "Profit", which in the charters of joint stock companies present in the phrases "gain profit" or "making a profit", due to the influence of stereotypical views about the purpose of a commercial organization. The performed correlation and regression analysis, however, does not confirm the positive impact of this element on the profitability of joint-stock companies.

When constructing multiple regression models, information about the occurrence of elements of statutory goals in the context of 54 regions of the Russian Federation was used as factor features. The response is based on two indicators: the share of unprofitable joint-stock companies in the region (model # 1) and the average level of profitability of joint-stock companies (model # 2). The parameters of model # 1 are shown in table 2.

The "Efficiency" element has a direct and statistically significant impact on the share of break-even stock companies in the Russian regions.

TABLE II. PARAMETERS OF A MULTI-FACTOR REGRESSION MODEL OF THE IMPACT OF THE OCCURRENCE OF ELEMENTS OF THE STATUTORY GOAL (%) ON THE SHARE OF BREAK-EVEN JOINT-STOCK COMPANIES (%) IN THE REGIONS OF RUSSIA (FORWARD STEPWISE PROCEDURE)

The elements of the statutory objectives	B	Std. Err.	t(46)	p-level
Efficiency	0.787	0.347	2.27	0.028
Quality of products (services)	-0.992	0.367	-2.70	0.010
Value of shares	-1.790	0.869	-2.06	0.045
Competitiveness	0.908	0.606	1.50	0.141
Profile activities of the organization	-0.316	0.174	-1.82	0.075
Development (improvement) of the organization	0.239	0.146	1.64	0.108
Interests of the founders	7.108	6.087	1.17	0.249
Intercept	72.358	2.981	24.27	0.000
Coefficient of multiple regression R = 0.552; Coefficient of determination R ² = 0.304; F(7, 46) = 2.875; p < 0.014				

Step-by-step selection of predictors using the Forward Stepwise procedure excluded the element "profit" from their composition, which is caused by the absence of a statistically significant influence of this variable.

The parameters of model # 2 are shown in table 3.

TABLE III. PARAMETERS OF A MULTI-FACTOR REGRESSION MODEL OF THE IMPACT OF THE OCCURRENCE OF ELEMENTS OF THE STATUTORY GOAL (%) ON THE AVERAGE PROFITABILITY OF JOINT-STOCK COMPANIES (%) IN THE REGIONS OF RUSSIA (FORWARD STEPWISE PROCEDURE)

The elements of the statutory objectives	B	Std. Err.	t(48)	p-level
Quality of products (services)	-0.474	0.130	-3.64	0.001
Public (state) interests	0.073	0.058	1.26	0.213
Value of shares	-0.866	0.298	-2.90	0.006
No goal	-0.200	0.109	-1.84	0.073
Competitiveness	0.388	0.265	1.46	0.151
Intercept	3.854	0.885	4.36	0.000
Coefficient of multiple regression R = 0.583; Coefficient of determination R ² = 0.340; F(5, 48) = 4.954; p < 0.001				

With different levels of statistical significance, the direct impact on the average level of profitability of such elements of the statutory goal as "Public (state) interests" and "Competitive-ness" has been established. A statistically significant inverse effect on the average level of profitability of joint-stock companies in the regions occurs for the elements "quality of products (services)" and "share Price". The absence of a goal has the opposite effect on the level of profitability. The "Profit" element again, as in model # 1, was

not selected by the standard procedure of multiple regression analysis.

TABLE IV. GROUPS OF JOINT STOCK COMPANIES WITH AN AVERAGE LEVEL OF PROFITABILITY EXCEEDING CONTROL

Combinations of elements of the statutory goal	Number of JSC	Profitability	
		average, %	variance
Profit, shareholders' interests, the core business, the interests of employees	3	29.2	1049.3
Profit, quality, organization development	2	25.8	1497.3
Profit, shareholders' interests, core business	4	17.0	2794.6
Profit, shareholders' interests, public interests	16	16.7	786.3
Profit, organization development, efficiency	5	15.9	267.4
Profit, quality, core business	2	13.6	313.4
Profit, efficiency	28	10.9	251.7
Profit, the interests of employees	2	10.5	106.7
Profit, public interest, efficiency	8	10.1	93.0
Profit, shareholders' interests, public interests, employees' interests	9	8.0	116.6
Profit, competitiveness and the public interest	2	7.1	74.0
Profit, profile activity, efficiency	9	7.1	382.2
Profit and interests of shareholders	87	6.7	340.1
Profit, core business, organization development, efficiency	3	6.2	70.2
Profit, core business	273	5.5	587.5
Public interest	4	5.4	59.2
Profit, public interest, the interests of employees	3	5.3	76.9
Profit, the interests of employees, the interests of the shareholders	2	5.2	56.4
Profit, interests of shareholders, public interests, development of the organization	4	5.2	133.9
Profit, core activities, development of the organization, the interests of employees	2	5.2	4.8
Profit, public interest, organization development	21	4.6	337.9
Profit, shareholders' interests, product quality, competitiveness, employees' interests	8	3.9	98.5
Profit and public interest	378	3.9	546.1
Profit, interests of shareholders, development of the organization	29	3.8	861.7
Extracting (receiving) profit	2229	3.8	604.5
The goal is not stated in the charter (control)	137	3.6	688.7

Profit-making as an independent element and as a single goal does not have a statistically significant impact on the profitability of joint-stock companies, which is not true for combinations of the "Profit" element with other elements that form goals balanced by the interests of stakeholders.

Various combinations of elements identified in the statutory goals of joint-stock companies allowed identifying 68 types of statutory goals. Table 4 shows data for 25 groups of joint-stock companies with average profitability exceeding its level in the group of joint-stock companies whose charters did not specify the goal. Some of these groups are small, which makes it difficult to identify a possible significant difference between the average levels of profitability. The Student's t-test was used as a statistical criterion for testing the hypothesis of equality of averages.

Information on group means, between which there is a statistically significant difference, is given in table 5.

TABLE V. SIGNIFICANT DIFFERENCES BETWEEN THE TYPES OF STATUTORY GOALS IN TERMS OF THE LEVEL OF PROFITABILITY OF JOINT STOCK COMPANIES

Combinations of elements of the statutory goal	Average profitability, %	t _{score}	t ₀₅
Profit, shareholders' interests, the core business, the interests of employees	29.2	1.989	1.987
Profit and interests of shareholders	6.7		
Profit, shareholders' interests, public interests	16.7	2.111	1.966
Profit and public interest	3.9		
Profit, shareholders' interests, public interests	16.7	2.076	1.961
Extracting (receiving) profit	3.8		

Thus, the results of economic and statistical analysis of mass data indicate that higher profit-ability is demonstrated by joint-stock companies that have the most balanced interests of their main stakeholders for their statutory purposes.

Profit, which many joint-stock companies postulate as a statutory goal, is an important result and condition for further economic development, but cannot be considered as the only reference point. There is a contradiction between the mono-goal "making a profit" and the content of the activities of dynamically developing joint-stock companies. One of such companies is JSC "Samarinskoe". An analysis of the activities of JSC "Samarinskoe" shows that profit is not the main goal of shareholders, although the current Charter contains the following wording: "the Purpose of the Company is to make a profit."

Only in 2019. JSC "Samarinskoe" invested about 1.1 billion rubles to increase milk production by 2.5 times and bring it to 40 thousand tons per year. In 2017-2019, the number of cows increased by 75%, and milk production increased by 78%. The average number of employees has increased by 22%, while the number of people employed in agriculture has decreased in the country as a whole. Significant investments of money and human capital in the development of the dairy cattle industry, which many consider as unprofitable, cannot be explained by the desire only to make a profit. Every year, the shareholders' meeting of JSC "Samarinskoe" makes a decision according to which more

than 92% of retained earnings are allocated for reinvestment (table 6).

TABLE VI. DISTRIBUTION OF PROFITS AT JSC "SAMARINSKOE"

Profit year	Total profit, RUB	including distributed		Share of profit allocated to business development, %
		on development of activity	for dividend payment	
2016	98176133	93676261	4499872	95.4
2017	206916233	202067233	4849000	97.7
2018	63394285	58545285	4849000	92.4

Therefore, the wording of the statutory goal of this enterprise needs to be updated. A possible option is "sustainable development of the joint-stock company in the interests of buyers of products, shareholders, residents of the region and members of the workforce". Sustainable enterprise development means expanded reproduction in all areas, including social, environmental and economic.

IV. CONCLUSIONS

The main directions of updating goal-setting in the management of joint-stock companies are: 1) targeting, taking into account the complex of interests of stakeholders, including the interests of shareholders, personnel, buyers, authorities of the territory of presence of joint-stock companies; 2) decomposition of the statutory goal of the joint-stock company in the form of a cortege of sub-goals and tasks, communicating them to each division and performer; 3) the organization of goal achievement by applying basic and special management functions.

In any case, no matter how decomposition and goal attainment are performed, the goal stated in the charter matters. This is evidenced by the results of economic and statistical analysis of mass data on goal forming and the activities of several thousand joint-stock companies.

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