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ROI METHODOLOGY APPLICATION TO DEFINE THE SYSTEM'S GOAL-SETTING TOOLS

Romans Dyakons, Rostislavs Kopitovs

Latvia, ISMA,

e-pass: romāns.djakons@isma.lv, rostislavs.kopitovs@isma.lv

Abstract

This work is aimed at using a comprehensive program for measuring efficiency distributed across various modes of the organization's functioning. Providing inter-mode distribution, it is possible to find a standard solution to overcome an unstable state. A non-standard, methodologically based, efficiency measurement complex is a system of four related approaches: bio-vital, conceptual, and technological types. Such approaches have a simple interpretation, on the basis of which the algorithmization of the efficiency measurement process is performed at various levels of the organization. At the same time, at each level, the efficiency of the system is assessed, considered in terms of a specific organizational unit. Thus, the transition from traditional constructive measurement makes it possible, based on known indicators, by decomposing the tasks to be solved, to ensure effective decision-making at any level of the organization in the presence of prerequisites for a crisis state.

Keywords: efficiency, measurement, period, purposefulness, crises, overcoming, growth

1 Introduction

When identifying the location of loss of efficiency, depending on the scale of the expected losses, additional obligations are imposed on the activities of individual departments, which causes contradictions in the early stages of launching new versions of efficiency measurement. However, as the selected scenarios are implemented, there is a gradual strengthening of confidence in the measuring instruments and the team principle of collective responsibility comes to the fore. Representatives of different services demonstrate competence and interest in participating in the development of medium-term scenarios for the organization's development.

Transition to team values Key participants in the organization understand that the efficiency of the organization's activities as a whole depends on the contribution of individual components to it. Their decoding allows you to find the levers of growth. The ability to correlate efficiency over an interval of different duration allows you to abandon the mechanisms of an effective

nature. The identified problem is reduced to the following formulation: "It is impossible to ensure collective responsibility for the results of the organization's activities as a whole in the absence of means for measuring distributed efficiency."

The level of distributed efficiency is associated with a set of four approaches used in measuring efficiency, which made it possible to formulate the requirements for the object of study. First of all, the conditions of Barnard's definition, as the author of the concept of "efficiency", must be met. Such conditions are related to achieving the cooperative goal. Secondly, the performance indicator should have a composite form, which allows its content to be detailed by the levels of the organization. Thirdly, the methodological provisions for describing the performance indicator should be taken into account. The criterion for measuring performance is accepted as the object of the study. Ensuring the fulfillment of the conditions of collective responsibility for the results of full activity requires selecting an efficiency indicator that could be used as a criterion for constructive, technological, conceptual, and bio-living approaches. The listed sequence is compiled taking into account the increase in the time intervals of the assessment: current and short-term periods, medium-term and long-term prospects. When choosing an indicator, the requirements for developing an algorithm for forming efficiency through its constituent organizational units were taken into account. Therefore, actions to apply the algorithm should be standardized, thereby eliminating the possibility of assigning false prescriptions. As a result of the analysis of definitions, conditions and requirements, the ROI methodology was chosen as the initial indicator for measuring efficiency.

2 Goal-Oriented Methodology Features

The objective of the study is to develop a procedure for full-scale measurement of the activities of a developing organization based on ROI concepts that form a complete methodology. The degree of completeness depends on the ability of the procedure users to promptly identify actions that contribute to the destruction of the organization. As an example of a negative action, it is appropriate to indicate the following recommendation: "Reduce the range of the norm of the complex indicator." Moreover, this is done without proper verification of changes in the rate of capital turnover." As a result, conclusions that include false diagnoses are rejected.

The study required solving the following tasks:

1. Justify the advantages of using the ROI indicator as a means of measuring the current state of the organization (a construct folded into three indicators).
2. Reveal the content of the ROI criterion in the context of the rate of capital turnover in the short term.

3. Form an approach to formalizing the optimal capital structure established using the ROI criterion within the framework of the adopted medium-term scenario.

4. Develop a mechanism for ensuring sustainable growth of the organization in the long term as part of the ROI criterion.

In total, the solution of the problems allows organizing full-fledged monitoring of activities based on the ROI methodology. In addition to the tracking functions, recommendations are issued to return the organization to a stable state, including exiting difficult situations. The presence of a standard ensures protection of the organization from destruction, as well as from unjustified adjustments of the criterion, which ultimately excludes premature transition to new measurement criteria. As a result, not only the reliability and time of issued diagnoses are reduced, but also confidence in the methodology itself increases. In this regard, the solution of the problems represents a complete cycle of full goal formation. It should be noted that the ROI methodology belongs to the class of goal-forming methodologies. Fig. 1 shows an enlarged diagram of the goal-forming device.

The right node of the triangle base characterizes the mechanism of setting the organization's goal. In the framework of this study, we are talking about the mechanism of goal setting, which is the cognitive basis of the methodology of goal formation. It should be noted that there is a mechanism of goal striving, where the tasks of preserving the emergent property of the management system are studied. Checking the elements of the system, or rather its organizational units, for compliance with the specified goal

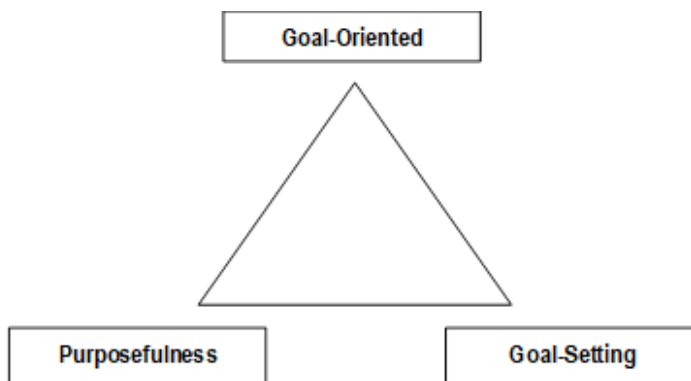


Figure 1. Scheme of the G0al_Oriented methodology

Figure 2 shows the goal setting scheme.

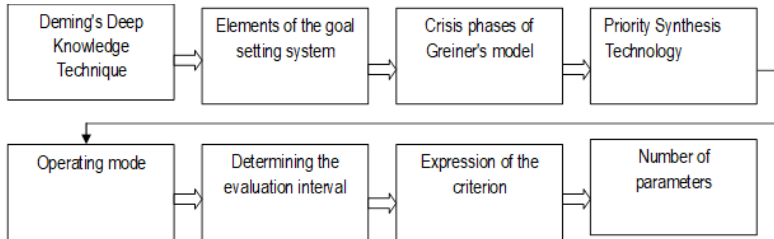


Figure 2. Structural diagram of the formation of the goal-setting mechanism

In accordance with the stages of the scheme, an approach was developed for applying the goal-setting mechanism as part of the goal-forming methodology. Table 1 provides a brief description of the mechanism.

Table 1

Characteristics of the goal-setting mechanism

Stages of the Deming Technique	Element of goal setting	Greiner's Crisis Phases	Synthesis of priorities	Mode	Interval	ROI expression	Number of key indicators (parameters)
Understanding	Vision	Bureaucracy	Growth	Bio-vital	Current	$ROI = \frac{Pr}{I}$	3 (33)
Losses	Mission	Control	Development	Conceptual	Year	$ROI = \frac{Pr}{S} \cdot \frac{S}{I} = TR \times CTR$	6 (42)
Cognition	Strategy	Autonomy	Distribution	Technological	Three years	$ROI = \frac{Pr}{S} \cdot \frac{S}{I} \cdot \frac{I}{E} = ROE \cdot \frac{E}{I}$	8 (57)
Recognition	Goal	Leadership	Destruction	Constructive	More than three years	$ROI = \frac{Pr}{Pr} \cdot \frac{Pr}{S} \cdot \frac{S}{I} \cdot \frac{I}{E} = SGR \cdot \frac{E}{I} \cdot \frac{Pr}{Pr}$	10 (78)

Based on the information provided in the table, algorithms for setting the goal in all modes of the organization's functioning have been developed. It has been established that as the task is detailed, the number of parameters increases. Thus, a simple form of expression after a number of transformations is the basis for conducting a full-scale assessment of the organization's state.

3 Conclusion

The use of the ROI methodology allowed monitoring various functional modes of the organization, differing in the length of the study period, within the framework of one mechanism. As a result, the use of one criterion was detailed by decision-making levels. The basis for detailing is standardized provisions that ensure the adoption of important decisions at various levels of the organization. Their use not only provides clarity in the management process, but also reduces the level of conflicts between departments. In addition, with the help of the standard, the procedure for not accepting unreliable conclusions is worked out, which reduces the number of accepted innovations of a false nature. Combining different technologies in one mechanism makes it possible not only to initiate the formation of a goal-based device for determining the position of the organization, but also made it possible to develop a procedure for full-scale measurement of activities based on the principle of distributed efficiency by functional modes. This principle allows increasing the level of trust in the mechanism used and uniting the participants of the organization around one goal. At the same time, the quality of decision-making has increased due to the fundamental nature of the approach, aimed at transforming negative facts into the potential for genuine growth. The basis of this approach is the so-called "Reverse Modernization" technology, which ensures the use of new facts for the selection of proposals for improvement, including the algorithms of the criterion itself. This reveals new chains of important correspondences: business information and distribution strategies, new knowledge and a new development scenario, compatibility of new solutions with the organization's growth programs.