

**A HUMAN RESOURCE PERSPECTIVE OF GOAL SETTING
ON EMPLOYEE PERFORMANCE AND JOB SATISFACTION
(THE CASE OF CROWN PAINTS (K) LIMITED)**

BY:

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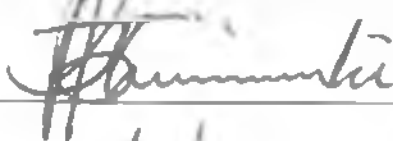
DECLARATION

This research project is my original work and has not been presented in an other university

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DEDICATION

To my wife Evelyn and my two daughters Zaryah and Sandra from whom I draw my inspiration to work long hours in writing and developing this project

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The ideas reflected in this report are my own opinion and hence any mistakes and omission are my responsibility and should not be attributed to any individual or body of persons.

ABSTRACT

Goal Setting is a critical organizational practice which involves the process of setting targets for accomplishment. In the business world, goals commonly take the form of quotas, work norms, deadlines and budgets. As a process, success in goal setting to influence job performance and job satisfaction is predicated upon the elements of: participation in the input while setting goals, having challenging and specific goals, having in place goal setting procedures and developing a strategy or plan to reach the set goal as important elements.

Equally important are the elements of prompting and feedback in goal setting.

If successfully and properly implemented goal setting can lead to increased productivity, improving work quality, relieving boredom and general increased job satisfaction among the employees. Goal setting motivates employees to reach challenging but attainable production and quality goals and thus through goal setting an organization can increase productivity and improve quality of their products or services rendered. Goal setting also clearly spells out what employees and managers expect of their employees. Human Resource Management function in organizations now than ever before has a critical role to play as far as goal setting process and practice is concerned.

Crown Berger (K) Ltd has for over the past 50 years been the market leader in the decorative industry enjoying the lion's share of approximately 65% of the market share by consistently. This it has achieved by developing and implementing goals and strategies aimed at ensuring efficiency in the utilization of and high level productivity from the resources at its disposal in addition to providing the necessary support and management of the relationships with the various stakeholders and partners critical to the success of the organization critical among all the goals and strategies implemented is the achievement of increased employee job

performance and job satisfaction. The purpose of this investigation is therefore to evaluate how goal setting affects job satisfaction and job performance in employees of Crown Paints (K) Limited. Through a process of conducting assessment, interactions between the variables were seen. The main effects found were that the element of participation in the input while setting goals and having challenging and specific goals had a positive correlation with job performance. The element of having in place a prompting and feedback mechanism also has a positive correlation with job performance.

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CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

A goal is an objective: something to strive towards. It could also be described as whatever an individual or group is trying to accomplish. Goal setting as a process is used by both individuals and groups to outline what, how and where to complete tasks or to achieve objectives. Therefore we could define goal setting as a process of establishing definite and specific goals for the individual, group of employees or the entire organization in pursuit of certain objectives.

Goal setting as a process is founded on the premise that the intention of one to work towards a goal is a major source of work motivation. That is goals tell an employee what needs to be done and how much effort would need to be expended to complete the task ahead. Thus goal setting process does increase the reinforcement value of task completion as defined by established "goal" thus increasing among the employees the behaviours which lead to task completion.

For groups, goal setting is part of the planning process in which strategies are developed to achieve specific organizational goals. Goal Setting can occur at all levels of Management in an organization i.e. top, middle and operational level management. Top Managers would be charged with setting long-term goals that define the overall objectives and missions of the organization. Middle level managers carry out the goals of their superiors and in doing so set goals that direct the groups and individuals whom they lead. Finally line managers strive to

accomplish the goals of middle managers. In doing so they usually create goals that address the day to day needs of the operations.

Therefore the success of an organization will therefore greatly depend on whether or not proper goal setting process is applied to ensure that the employees are motivated and to enlist their efforts towards the achievement of this targets and goals. Devoid of such a process with all the requisite elements then the employees and organization at large would be left to grapple and contend with vague goals which they would ultimately not know if they have achieved or not. Lack of proper goal setting would also result in less than optimum utilization of resources and poor allocation of resources resulting in wastages and resource underutilization

1.1.1 Profile of the Company

Crown Berger (K) Limited is Kenya's No. 1 ISO 9001-2000 certified paint manufacturing company in Kenya which was established in 1958 as Crown Paints Ltd. Crown Berger Ltd emerged from an integration of the then Crown Paints and Building Products Ltd (CPBP) and Berger Paints Kenya Ltd (BPKL).

The Company has a vision of being the most preferred innovative and colourful brand in not only Kenya but also the region.

This vision is guided and supported by an equally well placed mission of transforming lifestyles by providing world class coating solutions whilst caring for the environment and community and core values which include:

Integrity

Transparency

Think Big

Ownership

Innovation

The company has a workforce of 500 strong staff spread in its operations in the major towns in the region. Its main manufacturing operations and Headquarters are based in Nairobi, while distribution outlets are located in the following major towns:

Mombasa

Nairobi

Kisumu

Dar-es-Salaam

Kampala

Crown Berger is primarily engaged in the manufacture and sale of paints which range from ; decorative, industrial marine and automotive paints, adhesives, decorative sundries, plastic pipes, PVA and Alkalid Resins.

The Company has a wide distribution network with depots in Nairobi, Mombasa, Kisumu and Kampala Uganda. In addition in Uganda apart from the distribution of products from Crown Berger, it also has a subsidiary Regal Paints which also locally manufactures paints, adhesives, wood and vehicle finishes.

1.2 Statement of the Problem

Businesses today are constantly striving to uncover those factors that will help them achieve success within their respective industries. Employee productivity and job satisfaction has a direct impact on the organizations ability to realize its visions and strategies and thus succeed. One of the critical contributions in achieving and realizing increased job satisfaction and employee productivity is through adoption and implementation of an effective goal setting process at all levels of the organization i.e. organizational, functional, team and even individual level.

Crown Berger (K) Ltd in it's pursuit for continued success to ensure it maintains its position as the leader in this industry has encountered challenges in terms of failure to meet goals and objectives as evidenced by less than expected and efficient utilization of resources allocated for the various expansion and product diversification ventures and longer than set time frames in completion of undertakings and goals. While political upheavals and changes in economics dynamics have contributed a fair share to this situation, of concern has also been the level of employee performance and satisfaction in what they do as a result of the effectiveness of the process through which the goals, targets and objectives are developed/set and the management of the process of implementation. Development of goals lacking in clarity and depth in integration especially vertically i.e. from the organizational goals to team and individual objectives ensuring synergy, top management set and imposed goals devoid of participation by the workers and lack of proper and effective mechanisms of ensuring feedback to the employees have been some of the characteristics of the goal-setting process at Crown Berger (K) Ltd. This has lead to lack of or low ownership of objectives and targets set by the employees and in some cases open resistance. Low job satisfactions and motivation

especially among the high performers has also been observed an effect which can be attributed to lack of effective and reliable feedback mechanisms.

This study thus seeks to examine the practice of goal setting in Crown Berger (K) Ltd and the impact of the various elements of the process to achievement of greater benefits from it.

1.3 Objectives of the Study

This study sought to evaluate the effectiveness of the Goal Setting process in Crown Berger (K) Ltd and more specifically:-

1. To determine the extent and role of goal-setting process plays in Crown Berger (K) Limited.
2. To identify the factors affecting the effectiveness of the goal setting process in Crown Berger (K) Ltd and their impact on job satisfaction and employee productivity.
3. To offer possible suggestions and recommendations to the Management.

1.4 Research Questions

1. What is the significance of the Goal-Setting process in Crown Berger (K) Ltd.?
2. What impact does the goal setting factors of clear & specific goals; regular feedback and participation have on job satisfaction and employee performance at Crown Berger (K) Ltd.
3. What are the possible areas/aspects of improvement to enhance the impact of the goal setting process at Crown Berger (K) Ltd.?

1.5 Assumptions of the Study

The Study was set against the following assumptions:

1. There are other factors that affect the performance of employees at Crown Berger (K) Limited.
2. There are other factors that affect the Job satisfaction of employees at Crown Berger (K) Limited.
3. That the goal-setting practices had been introduced and were in use in the organization.

1.6 Significance of the Study

The importance of an effective goal setting process in which goals are clearly identified and are made challenging be they at the individual personal, project or organizational level is essential in management and ensuring increased employee productivity.

Insuring there is employee participation, development and building on the workers commitment towards achieving the set goals is also vital if organizations have to realize increased employee performance and subsequently the organization's overall performance.

To improve employee performance and motivation, an organization also must be able to develop appropriate structures to provide regular prompts and feedback on the employee's achievement of both short-term goals and final long-term goals being undertaken by the employees.

The importance of Goal setting as a management tool in aid of the different functions in an organization including Human Resource Management, is therefore very fundamental as seen in its extensive use in among others: directing individual efforts at work and providing a

standard against which performance can be assessed. It's fundamental place in many appraisal schemes and also its strong influence in development and establishment of company reward systems is some among of the areas in which this process is vital. Its extensive use is also seen in many training programmes such as time management, stress management and supervisory skills training. As survey of 1331 British organizations in 1992 found that 79 percent of these organizations used some form of goal setting in their activities (Institute of Personnel Management 1992)

It's against this backdrop that makes the study of goal setting process very important since its influence in many activities in the organization means that if properly implemented and managed then chances of the organization realizing its vision is greatly enhanced and boosted.

1.7 Scope of the Study

This study took place at the Crown Berger (K) Limited. The target group were the employees in the departments of the organization both management supervisory and non-supervisory staff. The study took six months to complete.

1.8 Limitations of the Study

This research study had the following limitations:

1. Time allocated for the research especially the collection of data.
2. The method I used to collect the data is very common as I used the Questionnaire method for this research study while I could have used other methods for this research like group discussions. However this was not possible due to the time constraint.

1.9 Definition of Significant Terms

The following terms were used in the study

Goal: This is an objective, or something to strive towards achieving

Goal Setting Process: It's a process used to outline what, how where and when to complete tasks or to achieve objectives

Feedback: To let an employee/individual know how he/she has been performing on an assigned task. This could be negative or positive.

Goal Specificity: refers to the extent to which the goals set are specific and clear, so that they are understood by those responsible for meeting them

Employee Participation: It's the process through which individuals who are unequal hierarchically are able to share influence among each other.

Employee Performance: This is the output of an individual or the accomplishments by an individual of a given task measured against some set standards.

Job Satisfaction: internal state associated with a personal feeling of achievement either qualitative or quantitative

1.10 Summary of Chapter

Goal setting process is critical in the management process of any organization if success has to be realized it's envisioned objectives and goals. This process has critical elements which have to be observed if it has to have the desired impact. These elements include: goal clarity and specificity, existence of appropriate feedback and monitoring mechanisms and encouraged participation and ownership of the process by all the employees.

Goal setting process is applicable at all levels of the organization i.e. both at group, individual and team levels. Organizations able to integrate and encourage goal setting process at all this levels of the organization and thus clearly creating positive synergy are able to reap the highest benefits from this process.

Crown Berger (K) Ltd, which this study is based on, has experienced several challenges which have contributed to negative and less than desired achievements in its set goals and visions. These challenges can be attributed to the lack of proper implementation of the goal setting process.

CHAPTER TWO LITERATURE REVIEW

2.1 Introduction

Goal setting has been defined as a procedure involving techniques, which identify what the individual is trying to accomplish (goals), and assumes that these goals are immediate regulators of human action (Locke, Shaw, Saari, & Latham, 1981; Erez & Kanfer, 1983). Goal setting is supported in the literature as an effective means to increase work performance. Locke et al.'s 1981, *Goal Setting and Task Performance*, a review of laboratory and field studies from 1969-1981, found that 90% of studies which used goal setting on task performance showed a statistically significant change. A study done by Erez, Early, & Hullin (1985) looked at the effects of goal setting on a simulated scheduling task.

The study included 120 male and female college students and employed a 3 X 2 factorial design, consisting of three conditions of goal setting, participative, representative, and assigned goals. Utilization of the goal setting procedures improved performance on this simulated scheduling task. Another study, conducted by Weldon & Yun, (2000) looked at how goal setting would affect the accuracy of reports for 31 teams of nurse surveyors working in a state department of health. Accuracy was defined as the percentage of the total number of deficiencies (i.e., a deviation from the guidelines found in nursing homes during an inspection) reported, where the documentation was completely correct. This study used statistical measures to evaluate the results of the group data and reported group means and standard deviations of the results. The results of this study showed that goal setting had a statistically beneficial impact on improving accuracy. Studies such as these show the changes that goal setting can bring about improved performance and quality of work.

2.2 Purpose of Goal Setting

According to N Kumar et al in *Personnel Management and Industrial Relations*, Goal Setting Process from studies in the past has shown that this process has great positive benefits on the performance and functions of Management like organizing, planning e.t.c. through ensuring that goals developed are specific, challenging and yet attainable. The participation in the goal setting process has also been observed to have positive impact. Specifically this process helps in achieving:-

1. **Higher Productivity:** - Clearly defined and set goals lead to improved productivity because individuals concentrate on the important tasks rather than wasting energies on unimportant matters
2. **Better Communication:** Clearly defined and specific goals leads to improved communication and organization which not only helps in locating problem areas but also improve efficiency.
3. **Basis of Control:** - Well defined goals usually provide the basis of control since contribution of each individual, job and unit is well clarified.
4. **Co-ordination:** - Goals/Objectives which are well defined helps to facilitate co-ordination of efforts and resources available or at the disposal of the individual, team or unit by providing unity of direction
5. **Means of Decentralization:** - In groups and group goals having clear and defined goals helps in decentralization whereby capacity for independent decision is shared among the members of the group. These goals provide guidance to co-ordination and remove conflicts or misunderstandings between the various individuals.
6. **Goals also stimulate Motivation** on the individuals expected since they are clear of the expectations and the requirements to achieving the goals and thus they see them as being attainable.

2.3 Goal Mechanisms

According to Locke and Latham (2002), Goals affect performance in four ways. First goals do direct "attention and efforts of the participants towards goal-relevant activities and away from goal -irrelevant activities". According to them this happens both cognitively and behaviorally. This notion is supported by the work of Rothkopf and Billington (1979) who found out that students with specific learning goals paid attention to and learned goal-relevant prose passages better than goal irrelevant passages. Secondly goals have an energizing function. That is high goals lead to greater effort than low goals. Thirdly goals affect persistence. When participants are allowed to control the time they spend on a task, hard goals prolong effort and vice versa. Fourthly goals do affect action indirectly by leading to the arousal, discovery, and/or use of task relevant knowledge and strategies. This is because from behavioural studies it is the knowledge that all action is the result of cognition and motivation, two elements which do interact in a complex way.

2.4 Job Satisfaction

Job Satisfaction is a multifaceted and complex concept which can mean different things to different people. (According to Munir, S. et al) Job satisfaction is more an attitude, an internal state. It could for example be associated with a personal feeling of achievement, either qualitative or quantitative. It's important to note that while there are different employee attitudes, from the perspective of research and practice, the most focal employee attitude is job satisfaction. Therefore in this study the term employee attitude will be used it will be referring to job satisfaction since from the perspective of research and practice, the most focal/ main employee attitude is job satisfaction

Employee satisfaction has always been an important issue for organizations. Few practices (in fact, few organizations) have made job satisfaction a top priority, perhaps because they have failed to understand the significant opportunity that lies in front of them.

Locke (1976) defined job satisfaction as "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experience." That is, it is the discrepancy between what an employee values and what the situation provides. Smith et al. (1969,

p. 6) suggested that "... job satisfaction is feelings or affective responses to facets of the situation." Dawis and Lofquist (1984) defined job satisfaction as the result of the worker's appraisal of the degree to which the work environment fulfills the individual's needs. Spector (1997, page 201) contends that job satisfaction is simply how people feel about their jobs or certain aspects of their jobs. This assumes that if employee like their jobs or certain aspects of their jobs they will be satisfied or happy. If they don't like their jobs or certain aspects of their jobs they will be dissatisfied or unhappy. According to (Gibson et al. 2000) he does view job satisfaction as feelings of happiness or unhappiness associated with doing a particular job expressed by the job-holder. This assumes that if the employee verbally says they are happy with the jobs, we must assume they are satisfied with their jobs. These definitions, as Lease (1998) pointed out, are similar to other definitions where job satisfaction is viewed as the degree of an employee's affective orientation toward the work role occupied in the organization.

2.5 Employee Performance

Employee Performance is the output of an individual or the accomplishments by an Employee of a given task measured against present standards of accuracy, completeness and speed. According to John Shields in his book: *Managing Employee performance and reward:*

concepts practice and strategies page 20, states that to conceptualize 'performance' as a manageable human resource phenomenon (and hence with prescriptive ends in mind), it's perhaps most useful to view performance in "cybernetic" terms i.e. a process based work "system". Adapting insights offered by Wright and other (Wright and McLahan 1992; Wright and Snell 1991) on what he described as the "open system model" of Human Resources Management, we can conceptualize work employee performance as a system comprising of 3 main elements arranged in a linear sequence:

1. Inputs: - including employee knowledge, skills and competencies (i.e abilities and attitudes) as well as other tangible and intangible resources.
2. Human Resources "throughputs" (i.e. activities that transform inputs into outcomes, including most importantly, work effort and other behaviour, and
3. "Outputs" including outcomes from work behaviour i.e. results.

So an employee provides work inputs in the form of knowledge, skills, abilities and attitudes, applies this through effort and related forms of work behaviour and produces a certain quantity of products or services of certain quality within a certain period of time.

According to (Corvellec 2001), Employee performance is an account of how individuals in a work-setup manage to get from state A to B where the latter being better than the former.

As the definitions and explanations suggest that employee performance has focused on the degree to which an employee reaches either a quantity requirement or satisfies some pre-conceived standard for effective behaviour. However according to Khan&Katz (1960), they feel that employee performance should be conceptualized as not only satisfaction of pre-conceived requirements but also include the performance of "spontaneous and innovative behaviour"

2.6 Goals – Employee Performance and Job Satisfaction Relationship

In this study of the goal- performance and job satisfaction relationship cognizance and reference will be made to the critical factors of employee participation, specific and clear goals and feedback affecting this relationship.

2.6.1. Employee Participation

One of the empirically supported elements of a goal- performance job satisfaction relationship is participation. Participation is a process in which influence is shared among individuals who are otherwise hierarchical unequal (Locke and Schweiger 1979; Wagner 1994). (Kenis 1979), refers to participation as the extent to which individuals are allowed the opportunity to influence the targets within the target setting process.

Participation allows participants to have input in setting the goal and thus provides a feeling of control to the individual, which has been associated with better goal acceptance (Early, 1985; Erez & Kanfer, 1983). Furthermore, participation can open the dialogue in the goal setting procedure, which can lead to the generation of information, including addressing concerns, answering questions, and asking for help/instruction, etc. (Beehr & Love, 1983; Early, 1985; Erez & Zidon, 1984; Steers, 1975; Mento, 1980). Mia (1989), argues that a participative target setting process has the potential to “increase managers” feelings of “ownership” of the targets and the personal responsibility they feel to achieve them. In this way, participation can facilitate the “internalization” of the established targets and maximize their motivational impact and thus positively impact on performance and other work outcomes such as job satisfaction, product quality and even absenteeism. According to Likert (1961), participation in decision making can satisfy employees’ self-actualization needs and

by doing so, increase employees' motivation and job performance. In addition participation allows individuals an opportunity to negotiate targets that are more attainable than would be set without participation, thereby increasing the perceived probability that effort expenditure will result in expected outcomes and thus increased acceptance of the goals thus ultimately impacting positively on employee performance.

In the front of employee performance, according to (Hellriegel, Stocum & Woodman, 1998), there is strong evidence that High performing, effective organizations have a culture that encourages employee involvement. Therefore employees are more willing to get involved in decision- making, goal setting or problem solving activities which subsequently result in higher employee performance.

According to Berg (1999), Human Resource policies that encourage worker involvement have the impact of providing employees with opportunities to have an input in decisions, incentives to expend discretionary effort and the means to acquire the appropriate skills

Thus for an organization the best way to improve productivity and job satisfaction is by striving to have shared goals of employees and managers, allowing workers input into developing the mission statement, establishing policies and procedures, determining perks e t c through boosting of communication and morale among the workers in the organizations.

Another important contribution to the role of participation on employee performance and satisfaction was by (Dosset, Latham & Mitchell 1979) who found out that the performances of those with participatively set versus assigned goals do not significantly differ. To explore the reasons for this discrepancy, Latham & Locke (1988) found that from a motivational perspective an assigned goal is as effective as the one that is participatively done provided

that the purpose and rationale for the goal is given. However if the goal is assigned without proper explanation it leads to performance that is significantly lower than for participatively set goal.

2.6.2. Clear and Specific Goals

Goal specificity does refer to the extent to which the goals set are specific and clear, so that they are understood by those responsible for meeting them (Kanis, 1979). Goal-Setting theory holds *ceteris paribus* that specific, clear goals regulate behaviour and result in greater effort than more general goals (Locke, 1968; Locke et al. 1981; Locke et al 1988; Locke & Latham 1996). According to Steers and Porter (1974), setting specific targets can serve to focus attention and effort and lead to improved goal performance. According to Latham and Baldes, 1995, setting of a goal that is specific leads to an increase in motivation and performance because it makes clear to the individual what he/she is supposed to do.

In contrast ambiguously stated, open-ended statements like to "do your best" are not usually desirable as they can lead to confusion, tension and dissatisfaction and reduce motivation (Meyer et al 1965; Tosi 1978). According to Kim, 1984 from an Expectancy- Valance framework point of view specific and clear goals reduces the unnecessary search for job-relevant behaviours in the work setting thus allowing one to see clearly the relationship between effort and performance and resulting outcomes in his job. In conclusion according to Locke et al 1981, laboratory, field and correlation studies provide fairly consistent evidence that target specificity generally tends to result in improved performance.

According to Uwe Kleinbeck in his book :Work Motivation (pages 49-50) after conducting studies on specificity and hard goals with an additional perspective of interaction between the

disposition towards action or state orientation, he concluded that groups with specific external goals outperformed the groups with unspecific external goals.

On the job satisfaction front, goal specificity/clarity is expected to increase the job satisfaction of the individual since he/she gets a clear understanding of not only the outcomes desired but it also leads to the arousal, discovery and the use of tasks relevant knowledge i.e. the performance levels required thus the person will not be satisfied until the goal is met. (Locke and Latham 2002). found out that when an individual achieves a higher performance level than is required for a goal to be attained, satisfaction will be increased relative to the amount of performance. Likewise the further a subject is from meeting the goal, the more dissatisfaction will be experienced.

2.6.3. Feedback and Prompting

The other critical and empirically supported elements of the goal- performance/job satisfaction relationship are the presence of feedback and prompting. Feedback is the extent to which an employee is given information about the quality of his or her performance either by management, co-workers or the job itself. Prompting on the other hand provides support to the participants as they attempt to reach their set goals (Locke et al, 1981; Latham & Saari, 1979). Feedback provides participants with knowledge about their performance. For goals to be effective, people need summary feedback that reveals progress in relation to their goals. If they don't know how they are doing, it is difficult or impossible for them to adjust the level or direction of their effort or to adjust their performance strategies to match what the goal requires. According to Dr. Bob Milligan: *Improving Employee Performance with Constant Feedback*, without feedback, an employee is uncertain as to how he or she is doing. This uncertainty is very frustrating, especially to employees early in the process of mastering a

new task and can be very de-motivating. Good feedback thus reduces uncertainty and increases motivation.

Feedback is important to both individuals and also organizations because of its potential positive influence on performance and a variety of attitudes and work outcomes including job satisfaction which are of interest to organizations Jawahar I.M. (2006). According to Hackmann & Oldham (1976), there are 5 factors that can be related to Job Satisfaction (task identity, task significance, skills variety, autonomy and feedback). Out of the 5 feedback and autonomy are the critical ones. Without feedback at work one finds that job satisfaction is low.

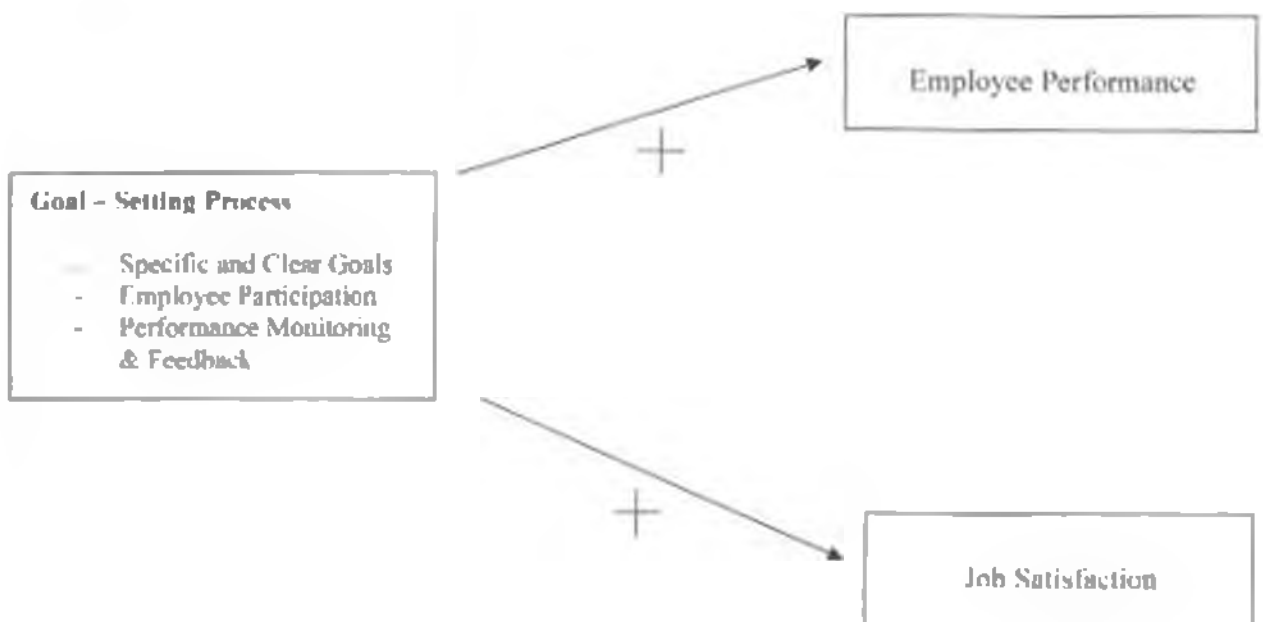
In a replication of the 1976 study, Julie Janicek and others on the impact of autonomy and feedback on job satisfaction it was recorded an average score on feedback ranging from 2.17 to 5.0 with a mean of 3.72 (SD = .61) thus indicating a positive correlation between feedback and job satisfaction. Participants who reported a higher amount of feedback also reported being more satisfied with their work itself, their co-workers, their promotions and their job overall.

R. Narayana, 1989, defines two forms of feedback that enhance goal related effort and thus improve the chances of goal attainment. These are:

1. Process feedback which is information related to how the process is being done. As the performer receives support for some portion of procedure and methods he is using and getting some suggestions for modifying some other portions he develops interest to continue the activity and improve its weak points.

2. Outcome feedback which is information related to the goal. As the performer receives indication that his effort is helping him in moving towards attainment of his goals there is motivation to continue with the task.

2.7. Conceptual Framework of the Study



The hypothetical research model above proposes that where the three independent elements of goal setting process i.e. setting specific and clear goals, enlisting the participation of employees in the goal setting process and ensuring there is consistent and reliable performance monitoring and feedback system leads to a positive impact on the general employees performance and their overall satisfaction with their jobs. That is there is a positive relationship between the elements of goal setting process and their general performance and satisfaction in their jobs.

2.8. Summary of Literature

Goal setting process is very important in any organization due to its significant impact on employee performance-productivity and job satisfaction which are core among other outcomes and which heavily influence the success of any Organization. For the process to have a positive impact emphasis should be given to elements such as ensuring the goals are specific and clear both in quantitative and qualitative terms and which should be accompanied by concrete actions, plans e.t.c. In addition the employees should be allowed to participate in goal setting and decision making in order to ensure the goals are owned and accepted by them instead of being imposed on them. Performance monitoring and feedback should also be given special attention in goal setting since it ensures employees work with greater involvement thus leading to greater job satisfaction. In addition performance monitoring indicates to employees that their work is important and their contributions to the organization are valuable.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This research study is a relational for exploring association between Goal setting, employee performance and job satisfaction. The study involved the participation of both the management and non-management employees of Crown Berger (K) Ltd. Both qualitative and quantitative components of the study were used.

This chapter encompasses the research process, design, sampling techniques and sample size and instruments of data collection.

3.2 The Research Design

This study used a simple survey to study characteristics of each subject and it was be split into four separate sections: demographics section that enlisted the responses of each participant. These responses consisted of gender, name, departments, age designation, and number. of year in the current job. The second section consisted of items that explored the participant's job satisfaction and performance on the job. Last section examined goal related aspects of employee participation, specific and clear goals and feedback. A 7 point Likert Scale was used with the survey.

The sample size was made up of respondents from all the seven departments within the organization. However the respondents in the various departments were chosen using the disproportionate stratified random sampling method.

3.3 Study Population and Sample Size

The study was undertaken in Crown Berger (K) Ltd which has over 500 employees distributed into 7 departments among of which 350 are permanent. The distribution of the permanent staff by department is shown in the table 1.0 .A representative sample of the population of 60 respondents was however used due to the limited time cost and labour resources. Study participants included both management and non-management staff of the organization.

3.4. Sampling Techniques

The Sampling technique used was disproportionate stratified random sampling method. Each department was considered as a strata of the entire population of the organization and the respondents chosen from each department in the proportion that each department bears on the total population of the organization.

3.5. Data Collection Instruments

The main method for the primary data source was a sample survey by way of a simple survey questionnaire in which the subjects were asked to respond to the items provided. A 7 point Likert scale was used with the survey questionnaire.

3.6. Procedures of Data Collection

A review of the existing literature and development of the survey based in research questions and objectives was initially done.

Participants were then presented with the simple survey questionnaire and asked to respond to the items provided. A 7-point Likert scale was used with the sample survey. Factors

measured included goal clarity and specificity, extent of participation in goal setting, overall performance and overall satisfaction. Upon completion by the participants, survey sections were separated and tallied

It was envisaged and agreed for a time frame of 2 weeks for data collection. From 60 subjects targeted only 45 responded back, response rate of 75%.

3.7. Data Analysis and Presentation techniques

The data collected was both qualitatively and quantitatively analyzed. This was after the data had been edited and coding of the responses to make the data actionable had been done. The outcomes of the descriptive statistics in terms of mean, standard deviations and correlations for all variables used were presented in a table format.

Pearson's "r" correlation test was used to compute the correlation between the various items of clear and specific goals, participation in goal setting, prompting and feedback, employee performance and job satisfaction.

3.8. Delimitations of the Study

The data collection took longer than anticipated because of the slow pace with which the targeted respondents took in completing the questionnaires and returning them. This problem was compounded by the geographical location of the various distribution outlets and headquarters location of Crown Berger (K) Ltd in relation to the Mombasa office. A significant number of the respondents who did not submit back their questionnaires were those from the outlying centers.

CHAPTER FOUR PRESENTATION OF FINDINGS, ANALYSIS AND INTERPRETATIONS

4.1 Introduction

The findings from the respondent picked for the survey are set out in this section. The findings are organized in the sequence of questions and items as covered in the survey questionnaire distributed to the respondent. The first part presented findings on the demographics while the second part presented the findings of the goal related aspects of employee participation, specific and clear goals and feedback including the participants' job satisfaction and performance on the job.

4.2 Demographics

Of the 60 subjects targeted only 45 responded, there were slightly more men than women (30 men, 15 women) who completed the questionnaire. The mean age of the participants was M=30.25 years). The mean age on the other hand has a very strong connection with the indication of the fact from the participants 75% of them did hold non-managerial positions. The mean number of years of service in the organization by the participants is M= 5 years.

4.3 Other descriptive Statistics

The outcomes of the descriptive statistics of the other aspects of goal setting process are presented in table 2.0 as to the means, standard deviations and correlations for the variables

Table: 4.1 Means, Standard deviations and Correlation Variables

| | M | SD | TS | IC | EP | FP | JS | EPs | EMI |
|---------------------------|------|------|-------|-------|--------|--------|-------|-------|-------|
| Target Specificity | 5.85 | 1.24 | 1.00 | -0.53 | 0.118 | 0.438 | 0.596 | 0.251 | 0.093 |
| Target Clarity | 5.85 | 1.36 | -0.53 | 1.00 | 0.362 | 0.034 | 0.304 | 0.278 | 0.085 |
| Employee Participation | 3.71 | 0.85 | 0.118 | 0.362 | 1.00 | -0.139 | 0.717 | 0.454 | 0.344 |
| Feedback Prompting | 6.28 | 0.88 | 0.425 | 0.034 | -0.139 | 1.00 | 0.093 | 0.643 | 0.374 |
| Job Satisfaction | 5.14 | 0.98 | 0.596 | 0.304 | 0.717 | 0.093 | 1.00 | 0.390 | 0.538 |
| Employee Performance | 5.15 | 1.15 | 0.251 | 0.278 | 0.454 | 0.643 | 0.390 | 1.00 | 0.643 |
| Extent of meeting targets | 5.28 | 0.88 | 0.093 | 0.085 | 0.344 | 0.374 | 0.538 | 0.643 | 1.00 |

Where:

- M = Mean
- SD = Standard Deviation
- TS = Target Specificity
- EP = Employee Participation
- FP = Feedback/Prompting
- JS = Job Satisfaction
- EPs = Employee Performance
- EMI = Extent of meeting Targets

Table 4.1 shows that all the elements of goal setting i.e. target clarity, target specificity, employee participation have a positive correlation with job satisfaction and employee productivity.

4.4 Target Specificity

Target Specificity has a strong positive correlation with job satisfaction at (0.596) and also a positive relationship with employee performance at (0.251). The correlation between this element and the extent of meeting targets is also positive however weaker than the previous two at (0.093). This shows that setting of targets that are specific do serve to focus attention and efforts of individuals and lead to improved task performance since the individual is clear on what he/she is supposed to do. In addition the strong correlation between target specificity and job satisfaction is supported by the perception that targets are attainable since through specific targets individuals are able to see the relationship between their effort and the performance and the resulting outcomes on their jobs thus improving commitment and motivation which are critical constituents of job satisfaction.

4.5 Target Clarity

Like target specificity this element also has a positive correlation with job satisfaction at (0.304) and an equally positive but less strong correlation with employee performance at (0.278).

4.6 Employee Participation

This element of goal setting showed the strongest positive correlation with job satisfaction at (0.717) and the second strongest correlation with employee performance and extent of meeting targets at (0.454) and (0.374) respectively. These strong relationships could be attributed to the "ownership" of the targets set and the internalization effect this element has and thus motivating them to expend higher amounts of efforts towards achievement.

4.7 Feedback and Prompting

Feedback and prompting had the weakest correlation with Job satisfaction among all the other elements at (0.093) however it's correlation with employee performance was the strongest at (0.643).

4.8 Regression Results

Table 4.2 below presents the regression outcomes of the elements of goal setting to job satisfaction and employee performance. The regression equation which was used is as under:

$$\text{Goal Set.} = a + b1 \text{ Job Sat} + b2 \text{ Emp. Performance}$$

Goal Setting = Intercept + Coefficient (Job Satisfaction) + Coefficient (Employee Performance)

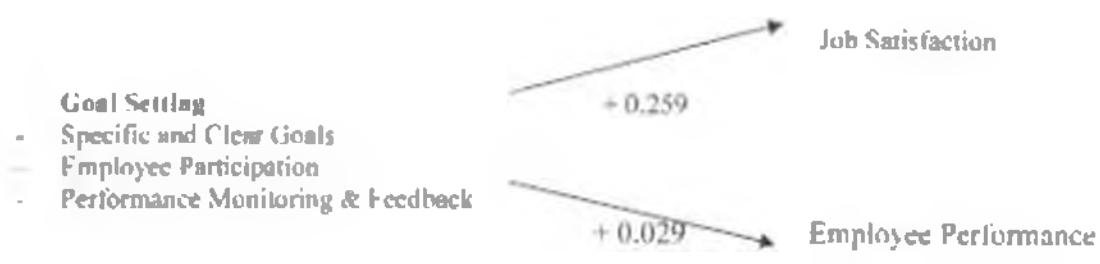
We used one regression equation which included two independent variable i.e. job satisfaction and employee performance.

Table 4.2: Regression Results of Model

| Elements in consideration | Equation: Goal Set. = a + b1 Job Sat + b2 Emp. Performance |
|---------------------------|--|
| Intercept | 3.32 |
| Job Satisfaction | 0.259 |
| Employee Performance | 0.029 |
| R ² | 0.97 |
| F | 3.75 |
| N= 45 , P < 0.10 | |

Thus Goal Setting = 3.32 + 0.259 Job Satisfaction + 0.029 Employee Performance

Figure 4.1: Research Model with Regression Results



In Figure 4.1 above the Regression results indicate that Goal setting process indeed does have a positive impact on the dependant variables of Job Satisfaction and Employee Performance. From this study it's observed that the impact is stronger on Job Satisfaction (0.259) than on Employee performance (0.029).

This results implications is that where the process of goal setting is properly implemented ensuring that the elements of specific and clear goals is observed, employee participation is encouraged and that there are structures in place for performance monitoring and feedback then positive motivation is expected and thus increased job satisfaction and performance. It therefore can be argued that these elements have the impact of ensuring the employees expected to achieve the goals are aware of what is expected of them and are able to direct their energies positively. In addition participation in the goal setting leads to internalization and ownership by those expected to deliver on the goals and thus increased acceptance of the goals.

Given that Goal Setting = a + b1 Job Satisfaction + b2 Employee Performance

Then:

- Standard Error of Coefficient - (S.E b1) = 0.022
- Standard Error of Coefficient - (S.E b2) = 1.52

Therefore the t-score for $b_1 = \frac{0.259}{0.022} = 11.7$ at $p < 0.10$

This shows that the slope of the b_1 coefficient is significantly different from zero and thus the variable of Job Satisfaction is significantly important in the equation.

t-score for $b_2 = \frac{0.029}{0.02} = 1.45$ at $p < 0.10$

This shows that the slope of the b_2 coefficient is not significantly different from zero and thus the element variable of Employee performance is not significantly important in this equation as far as this study is concerned.

Thus this results show that goal setting process does have a stronger impact on the job satisfaction of individuals in an organization than it has on their performance

CHAPTER FIVE

SUMMARY OF RECOMMENDATIONS & CONCLUSION

5.1 Summary of Findings

The study established that indeed in Crown Berger (K) Ltd there exists the practice of goal setting across all levels in the organization structure from the top management to the operational levels. The goals are in the form of targets and objectives specific to each job holder to be achieved over a defined period of time.

The results as evidenced by table 4.1 which gives a confirmation of the association sandwiched between goal setting, job satisfaction and employment performance show that these variables have a positive relationship with each other. The critical elements of target specificity, clarity, employee participation and feedback have all shown strong positive relationships with job satisfaction and employee performance as per table 1.

In addition the results in table 4.1 showed that there was a positive relationship between job satisfaction and employee performance: extent of meeting set targets. Thus indicating that if production is down it would be in the interest of the employer to make its workers more satisfied with their jobs in order to increase production.

Table 4.2 which is a build-up of the regression results of the interaction between the elements of goal setting, job satisfaction and employee performance indicated that goal setting has a positive and more significant impact on job satisfaction than employee performance indicating that an employee participation in decision making and establishing of targets leads to increased satisfaction with their jobs.

5.2 Conclusion

Goal Setting is therefore an effective tool in assisting an organization achieve its objectives. Goal setting at the organizational level therefore is critical to the continued long term success of any organization

Goals and targets that in their development and implementation are clearly specified and that the employees' participation is enlisted in the process can be the guiding principle for the increased effectiveness and continued growth of the organization. Conversely the absence on an effective goal setting process will lead to declines in the employee performance and the overall organizations performance.

It's therefore the responsibility of any organizations management to understand the importance of goal setting and the environment within which these goals must be made.

The study analysis of the Goal Setting process in Crown Berger (K) Ltd has clearly indicated that indeed this tool does have a positive impact on the performance and job satisfaction of the employees. In this regard the milestones achieved by the organization and it's retention of the market leadership position in the decorative paints industry can be attributed to among other reasons the implementation of an effective goal setting process.

5.3 Recommendations

Based on the data analysis of this research project, it is clear that existence of and implementation a goal setting process does positively impact on and enhance the job satisfaction and even the productivity of employees in an organization. It's however also

worth noting that the process will have increased impact if the following recommendations are implemented as picked out from the comments from the respondents to the research:

5.3.1: Target Clarity /Specificity

Management should establish information-sharing programs which ensure subordinates know what is going on in the organization which serves to increase clarity of targets .This enables them to take advantage of such information and use it to their utmost potential towards achieving their set targets

5.3.2 Employee Participation

To improve on the “ownership” of the targets set by the subordinates, Management should ensure increased level of participation by the employees in the process. This involves engaging them and enlisting their input from the conceptualization stages encouraging their views on which should be the priority areas and also identifying the level of performance that can be realistically achieved.

5.3.3 Feedback/Prompting

To ensure increased positive impact on employee performance, the organization needs to ensure that the 39% of the respondents who scored low on the frequency of feedback from the superiors are integrated in the established feedback/ performance assessment mechanism of the organization. This will ensure that such feedback if timely enables them to self-regulate their efforts and persistence towards meeting their goals should any discrepancies between the goal and the performance of the individual be noticed

5.4 Suggested Areas for future Research

The field of industrial/organizational psychology has a long, rich and at times controversial history related to the study of goal setting, employee performance and job satisfaction. One likely future direction of goal setting research will be to try and understand the impact of this process at the individual, group and organization goal setting levels. Also it would be important to evaluate the impact of this process where moderators such as self-efficacy and goal commitment are factored into the equation

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Appendix 1: IMPACT OF GOAL SETTING ON EMPLOYEE PERFORMANCE AND JOB SATISFACTION: A HUMAN RESOURCES PERSPECTIVE

The Information given will be used purely for academic purposes and will be treated with strict confidentiality

SECTION A: EMPLOYEE INFORMATION

Age: _____

Department: _____

Sex: Male Female

Designation: _____
Service: _____

Years in

Who do you report to: _____

List your current targets/goals in your position

SECTION B: (Examination of goals/targets related aspects)

1. How specific are your targets

1 2 3 4 5 6 7
Not at all specific Very Specific

2. How Clear are your targets

1 2 3 4 5 6 7
Not at All Very Clear

3. To what extent are you involved in setting your targets

| | | | | | | |
|--|---|---|-----------------------------|---|---|--------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| I am completely involved in setting targets | | | I set half of my targets | | | Someone sets all my targets |

Additional Recommendations/Comments _____

4. To what extent on average do you get feedback about your performance on the targets set from your supervisor.

| | | | | | | |
|------------|---|---|----------|---|---|--------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Not at all | | | Sometime | | | Always |

Additional Recommendations/Comments _____

5. To what extent on average do you meet your targets

| | | | | | | |
|--------------------|---|---|--------------|---|---|----------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Usually fall short | | | Usually Meet | | | Usually exceed |

SECTION C: (Explanation of Job Satisfaction and Performance)

6. Overall how would you rate your job performance

| | | | | | | |
|------|---|---|---|---|---|-----------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Poor | | | | | | Excellent |

7. Overall how would you rate your level of Job satisfaction

| | | | | | | |
|-----|---|---|---------|---|---|------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Low | | | Average | | | High |