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GOAL SETTING IN ENHANCING EMPLOYEES' JOB PERFORMANCE

BY

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**A PROJECT PAPER SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENT FOR
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ABSTRACT

The purpose of this experimental design study is to determine and analyze the effectiveness of goal setting in enhancing employees' job performance in Malaysia. Thirty respondents who are postgraduate students studying in the Master of Management course of the International Islamic University of Malaysia voluntarily participated in this study. The data from these respondents was obtained from the experiment conducted and analyzed by using simple percentages and means. The results of this study showed that goal setting is effective in enhancing employees' job performance although the effectiveness of feedback was not determined. So, superiors or managers of organizations either in the public or private sector in Malaysia are encouraged to use goal setting as one of their initiatives in order to enhance their employees' job performance.

ABSTRAK

Kajian berbentuk eksperimen ini adalah untuk melihat dan mengkaji sejauh mana tahap keberkesanan penetapan matlamat dalam meningkatkan prestasi kerja. Seramai 30 orang responden yang terdiri daripada pelajar-pelajar Ijazah Sarjana Pengurusan Universiti Islam Antarabangsa terlibat secara sukarela di dalam eksperimen yang dijalankan. Di sini data-data yang telah dikutip daripada responden adalah melalui pemerhatian penyelidik ke atas eksperimen yang dijalankan. Data-data yang diperolehi daripada eksperimen ini telah dianalisa dengan menggunakan peratusan mudah dan purata. Hasil daripada kajian ini mendapati bahawa kaedah penetapan matlamat mempunyai kesan ke atas prestasi kerja meskipun gagal mengesan keberkesanan maklum balas. Oleh sebab itu, pihak atasan sesebuah organisasi sama ada awam ataupun swasta yang terdapat di Malaysia adalah digalakkan untuk menggunakan kaedah penetapan matlamat sebagai satu usaha untuk meningkatkan prestasi para pekerja mereka.


APPROVAL PAGE

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DECLARATION

I hereby declare that this project paper is the result of my own investigations, except where otherwise stated. Other sources are acknowledged by reference notes and a bibliography is appended.

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DEDICATION

**To my parents,
Shabudin Abu Hassan and Norziah Yahaya**

**and my brothers,
Hafidz Shabudin and Rais Shabudin**

for their prayers, encouragement, understanding, love and support

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I would hope that this small contribution will enhance the knowledge of the society about goal setting.

Thank You.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Goal setting is well known as the most effective motivational tool in order to increase an employee's job performance. Nowadays, almost all firms or organizations in this world set their own goals or objectives to be achieved. However, there is a question as to whether goals or objectives set by firms or organizations (mostly by top ranking personnel in that particular organization) are sufficient to increase the job performance of the low-level employees.

Employees are important to organizations. This is because they are the people who do all the work in order to meet an organization's goals. If the employees' performance is low, the work being performed will be below the standard set and this might cause the organizations to fail in achieving their goals or objectives. That is why goals for individuals or groups are important in organizations because when these goals are achieved they will lead to the achievement of the organizations' goals or objectives.

1.2 Problem Statement

Setting goals is assumed to be the most effective motivational force to enhance an employee's job performance. This is because, according to Locke and Latham (1968) in their Goal-Setting Theory, the goal set can cause people to compare their present performance with that required to reach the goals. When people fail to achieve the goal, they will feel dissatisfied and work harder to attain it as long as the goal is attainable. People will feel successful and competent when they achieve their goals.

Previous research has been conducted to find out whether goals set are effective in increasing an employee's job performance or not. Generally, most of the results obtained from this research seem to confirm that goals set do increase an employee's job performance (Earley, Northcraft, Lee & Lituchy, 1990; Latham & Yukl, 1975; Locke, 1968; Locke & Latham, 1990; Locke, Shaw, Saari & Latham, 1981; Mento, Steel & Karren, 1987; Tubbs, 1986). However, these results are not sufficient to imply that Malaysians will increase their job performance when goals are set for them.

In the Malaysian context, there are some questions that arise when discussing goal setting, which increases an employee's job performance. Do employees in Malaysia understand or care about

the goals set? Do they compare their present performance with the standards set by their superior to attain the goals? Do they feel dissatisfied or work harder when they cannot achieve the goals set? Since most of the studies about goal setting are conducted outside Malaysia, it is necessary to determine whether goal setting would be effective if it were implemented in Malaysia. This is because, the work culture of a certain country is different from that of other countries. So, goal setting might be effective in some countries but not in others.

1.3 Significance of the Study

There are a lot of factors that contribute towards the success of an organization. One of them is through effective human resource management. The human resources or employees in organizations are very important elements because these people are the ones who work to achieve the organizations' goals. Therefore, it is necessary for leaders or managers to identify ways of improving the performance of their subordinates. Previous researchers have identified goal setting as one of the most effective motivational tools to increase employees' performance. This study is conducted to assist the leaders or managers to enhance their knowledge on goal setting.

Since the work culture in one country differs from that of other countries, the study of goal setting needs to be conducted to find out its effectiveness in increasing performance. So, this study is conducted to see whether the Goal-Setting Theory developed by Locke and Latham (1968) is effective when it is implemented in Malaysia. Besides that, this study will also analyze the attitude of Malaysians towards goals set for them. The results of this study will determine whether or not goal setting is effective as a motivational tool to increase the job performance of employees who work in Malaysia.

Besides that, this study also assists managers or leaders in an organization to develop more effective goals for their teams or departments. This study will analyze factors and problems that might influence the effectiveness of the goals and this analysis can be used as guidance when managers or leaders want to set their goals. The result of this study will determine whether goal setting is effective or not in the context of Malaysia. The findings from this study will hopefully enable managers to modify their method or approach to setting goal so that it will be effective and can be accepted by employees or teams.

1.4 Objectives of the Study

As mentioned by many scholars, goal setting is effective in enhancing an employee's job performance. However, since all the studies conducted to test the cause and effect relationship between goal setting and job performance have been performed outside Malaysia, it is necessary to conduct research to determine the effect of goal setting on Malaysians. Does employees' performance increase when goals are set for them?

Besides that, this study will also look at the effect of goal setting in enhancing performance. Since all the respondents that will be tested are Malaysians, this study will determine how strong the effect of goal setting is on their performance. Does goal setting have a strong influence on their performance? Or do employees in Malaysia care about goals or feedback regarding their performance?

This study will be conducted by means of an experiment in which respondents will be given three tasks to complete and their performance for each task will be recorded. Comparisons of these three tasks will be made to ascertain which of these tasks shows the highest score; the task without goals and feedback, the task

with goals but without feedback or the task with goals and feedback.

1.5 Definitions of Terms

For the purpose of this study, the following operational definitions are used:

i) *Goal*

A target or objective or end from a task given that management desires to reach (Bateman and Snell, 1999).

ii) *Goal Setting*

The process of deciding or determining specific levels of performance in a job assigned for employees to attain (Greenberg and Baron, 2000).

iii) *Feedback*

Knowledge of the results from the job performed which refer to the effectiveness of employees' performance.

iv) *Employees*

People in Malaysia who are working in the public and private sector.

v) *Job Performance*

The process of reviewing employees' achievement, that is the difference between expected results and the results they get from the task assigned.

vi) *Self-Efficacy*

The individual's belief that he or she is capable of performing specific tasks successfully (Robbins, 1993).

vii) *Goal Commitment*

The degree to which people will accept and strive to attain goals which have been set for them (Greenberg and Baron, 2000).

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter will provide a detailed review of the literature on the relationship between goal setting and job performance.

2.2 Concepts

2.1.1 Goal Setting

Arnold, Cooper and Robertson (1995) defined goal setting as a cognitively based theory which proposes that when specific and difficult goals are accepted by the individual, it will lead to effective performance.

Locke and Latham (1979) mentioned in their research that goals set should have two main characteristics. Firstly, the goal should be specific and not vague. Secondly, the goal set should be challenging yet reachable. If the employee accepts the goal, difficult goals will lead to better performance rather than easy goals. In contrast, if the goals are perceived as unreachable, employees will not accept them. Employees with low self-confidence or ability should be given more easily attainable goals rather than those who

have high confidence and ability. Other characteristics which need to be considered are the degree of task interdependence and whether the goal set is designed for individuals or groups. Individual goals better promote individual responsibility and make it easier to appraise individual performance.

Locke and Latham (1979) concluded that goal setting is a simple, straightforward, and highly effective technique for motivating employee performance. However, according to Locke and Latham, goal setting also can cause problems rather than solve them. If it is used incorrectly, it may lead to a dissatisfaction, poor performance and low quality. They stated that goal setting works only when combined with good management judgments like other management tools.

Ilgen, Fisher and Taylor (1979) stressed the importance of goals and emphasize two perspectives, namely the specificity of feedback received by the individual work performer and the specificity of goals that are established as shown in **Figure 2.1**.

Figure 2.1: Interaction of Goal and Feedback Specificity

		GOALS	
		Specific	General
FEEDBACK	Specific	Feedback is easily understood and applied to future performance	Performance evaluation is difficult
	General	Feedback is interpreted in terms of the performer's frame of reference	Feedback is difficult to interpret and apply

Source: Ilgen, D. R., Fisher, C. D., and Taylor, M. S. (1979), "Consequences of individual feedback on behavior in organizations", *Journal of Applied Psychology*, 64, pp. 349-371

This figure suggests that the greatest improvement in performance would be expected when there are both specific feedback and specific goals, which allows the recipients to evaluate their performance easily. Specific feedback combined with general goals is likely to result in doubt on the part of the recipient as to whether the goal was achieved or not. General feedback to an individual work performer who has specific goals is likely to be interpreted by the individuals in terms of good or bad performance. The inadequacy of general feedback for error correction is most pronounced when the goals themselves are general.

2.1.2 Performance

Campbell, Dunnette, Arvey and Hellervik (1973) defined job performance as behaviors or actions that are relevant to the goals of the organization. Specifications of these goals represent a value judgment by those with the authority to make such judgments. According to McCloy *et al.* (1994), performance is not the outcome, consequence, or result of behavior or action; performance is the action itself.

Kanfer and Ackerman (1989) viewed job or task performance as jointly determined by individual differences in resource capacity, resource requirements imposed by the task, and the self-regulatory processes by which persons allocate effort across activities.

Beehr and Taber (1993) outlined that two of the mobility channels involve performance-based factors, that is exceptional performance and reliable performance. They defined exceptional performance as the employees' exceeding the role requirements and demonstrating competence for the next higher job in the career ladder. Exceptional behavior indexed by such behaviors includes; (1) having good ideas and initiative; (2) coming up with lots of ideas; (3) unusually

good work; (4) showing good judgment; (5) leadership ability; and (6) working long hours.

Another mobility channel is reliable performance. Reliable performance is defined as work behaviors and job that is relevant to personal characteristics which are indicative of the ability to perform the current job reliably. Reliable performance indexed by such behaviors includes; (1) doing a good job; (2) good attendance; (3) having job experience and ability; (4) seniority; and (5) length of time since last promotion.

Arnold, Cooper and Robertson (1995) viewed performance as a process of being evaluated and appraised that can be a stressful experience to the employees. It must be recognized that performance appraisals can be anxiety provoking for both the individual being examined and the person doing the judging and appraising. The way in which an evaluation is carried out can affect the degree of anxiety experienced. For example, taking a written examination can be a short-term stress factor, while continuous and confidential appraisals by supervisors can have a more long-