

# Impact of Goal setting on Organizational Commitment of Employee

Amina Muazzam\* Sarmad Tiwana\*\*

## Abstract

This research aims to measure the impact of SMART goal setting on employees' commitment in the organization. Quasi-experimental research following purposive sampling technique was used to select the sample. Data was taken from managers of a family-run business (N=18 using case study approach) using Organization Commitment Scale by Meyer and Allen (1997). The intervention involved coaching managers as to how to set goals and objectives. All participants were given a questionnaire to complete twice: one week before and one week after the intervention. Paired sample t test clearly indicates that SMART goal setting has significant positive impact on employees' organizational commitment. ( $p < .01$ ). Research implications include contribution of new and improved ways to achieve maximum level of organization commitment from employees as well as new insights for the field of performance management.

Key Words: organizational commitment, goal setting, intervention, management

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## Introduction

**Setting goals** focuses the brain's filter systems to selectively attend to information in the environment directly relevant to the achievement of a goal. Setting goals is a clear pre-requisite for measuring one's attainment as performance cannot be measured at all if there were no goals. Goals provide an end point or target, against which performance can determine successful or

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\*Amina Muazzam Assistant Professor Applied Psychology Department Lahore College for Women University [amina\\_muazzam@hotmail.com](mailto:amina_muazzam@hotmail.com)

\*\*Sarmad Tiwana Applied Psychology Department, LCWU) Neuro leadership Institute, United States of America

otherwise. Goals signify the development over time and provide a sense of consummation and achievement when met. In this way, goals are integral to giving meaning and purpose to lives of human beings.

Doran (1981) introduces the concept of **SMART Goals** for the first time in the November issue of Management Review. The letters stand for Specific, Measurable, Attainable, Relevant and Time-sensitive with later addition of the words Evaluate and Reevaluate for SMARTER goals.

### **SMART Goals**

Meyer (2003) describes the characteristics of these goals as follows:

#### **Specific**

The term specific describes an explicit and predefined task with no fancies and clichés. For a specific goal, the team must know what is important. To make goals specific, people should be informed what is expected, what exactly may happen, as well as its importance and the tentative involvement of others.

#### **Measurable**

The term measurable highlights the prerequisite for tangible standards for gauging growth toward the accomplishment of the objective. Measures help in trailing a team, reaching the fixed targets, and joy of accomplishment that serves as an incentive for continual exertion vital to stretch the eventual goal.

#### **Attainable**

This term explains how accurate and attainable a goal should be. Attainable goals should be neither too high nor too low to reach.

#### **Relevant**

The term relevant describes how pertinent the goal is. A goal of an athlete is to "prepare 60 caramel muffins and chocolate biscuits by 7:00 am" and is time bound, attainable, measurable and specific but surely it has no relevance to a person being an athlete or an athlete's usual goals. At times achieving a goal requires: resources, a winning voice, somebody to address difficulties. To forward an organization, department and teams' relevant goals are the key but they must receive support by the organization, team and boss.

### **Time-bound**

This term depicts the significance of preparing goals within a certain frame of time with some expected given date. When a team has pledged to complete the task in a given time frame, it becomes more committed. As a criteria for SMART Goals this creates the sense of perseverance in an organization.

## **ORGANIZATIONAL COMMITMENT**

Organizational commitment (OC) is defined as, "an employee's strong belief in acceptance of an organization's goals and values, effort on behalf of the organization to reach these goals and objectives. It also includes strong desire to maintain membership in the organization." (Zangaro, 2001). Meyer and Allen (1991) in their model have emphasized the psychological facets of an (OC) by arranging them in following components.

### **Affective Commitment (AC)**

AC is regarded as an affective bond that individuals have towards the organization, which is considered identification, participation, association with the organization and enjoying being a member of an organization (Allen and Meyer, 1990; Meyer and Allen, 1997; Mowday, Porter, and Steers, 1982). Of all three components of OC, AC has garnered the high research attention (Mathieu and Zajac, 1990; Meyer et al., 2002).

### **Continuance Commitment (CC)**

CC is the component that explains a person's desire to stay with the organization, for the purpose of not forgoing remunerations associated with an individual's investments and credit in the organization (Becker, 1960). Thus the investments, involvements and working for a long time in boosting up close relations of an employee with fellow workers, gain pension benefits, seniority, career and special competencies. However, employees also have the fear of losing these investments when leaving the organization.

### **Normative Commitment (NC)**

Last presented and least studied; NC defines such extent to which an individual is beholden to stay with the organization (Meyer and Allen, 1991; 1997). NC's definition has reformed since introduced (Allen, 2003). NC was initially grounded on Weiner and Vardi's(1980) work on the internalization of rules and standards about devotion towards organizations. NC later became a commitment to stay with the organization without definite reference to social pressures about loyalty (Meyer et al., 1993). Now recently, the obligation has subtly altered, referring to interchange of benefit (Meyer et al., 2002). Some of the definitional changes have been replicated in modifications to the NCS (Meyer and Allen, 1991; Meyer et al., 1993). Across these definitions, the basic meaning of NC is the employee's bond and sense of obligation with the organization.

### **Literature Review**

The relationship between goal setting and organizational commitment is evident in numerous research studies. Spector (1997) identifies that peoples' beliefs and job attitudes towards their jobs could be determined by job satisfaction. Job satisfaction (JS) is greatly influenced by personal and organizational aspects, which gives roots to emotional response

affecting OC (Mowday, Steers & Porter 1979). In the same line, Morrison (2008) explained that the worth of JS embraces healthier performance and reduce the withdrawal and non-productive behaviors. Since JS contains personnel' moods and reactions, which have an impact on business's welfare with respect to employment efficiency, output, employee turnover, truancy and satisfaction of life (Sempene, Rieger & Roodt 2002; Spector 2008). Enthusiastic teams that understands the importance of their jobs plays a key role in an organization's success and well-being, thus strengthening OC (Schein 1996). More recently Lumley (2010) pointed that OC has fascinated substantial attention as efforts have been made to better apprehend the strength and solidity of workers' devotion towards the group. Previously, Allen and Meyer (1990) put forth a bond between OC and worker turnover, concluding that employees, intensely linked to the organization have very few chances to leave the job. The prominence of OC cannot be exaggerated because it is associated with a diversity of features furthering both the organization and the individual. Looking forward from an individual's standpoint, OC has been allied to intrinsic motivation and JS. Simultaneously, from managerial stance, OC has been clearly associated in contributing organizational connection (Joo & Lim, 2009). Collectively, OC can "increase performance, decrease absenteeism, and helps in overcoming employee turnover", thus encouraging consequences for both the organization and the worker. (Cohen & Golan, 2007, p. 421). OC is crucial and plays a fundamental role in the eyes of a company. For the purpose of organizational productivity it is quite important to have motivated and talented individuals thus helping to boost up the loyalty that a worker feels towards the company and also involves employee's intrinsically wanting to protect against criticism (Business Daily Review, 2008). The notion of OC has engrossed significant concern to apprehend and elucidate the strength and permanency of worker's devotion towards the organization (Lumley 2010). This study consider

that Organizational Commitment is an attitude, as it is narrated to persons' frame of mind about the organization (Allen & Meyer 1990).

Number of findings have revealed a noteworthy link between OC and turnover intentions (Steers, 1977; Hom, Katerberg, & Hulin, 1979; Mowday, Steers, & Porter, 1979; O'Reilly & Caldwell, 1980; Wiener & Vardi, 1980; Ferris & Aranya, 1983; Stumpf & Hartman, 1984). Similarly, many studies have shown and established a link between job commitment and turnover intentions. Generally job commitment seems to be linked with turnover intentions (Bedeian & Armenakis, 1981). Hom et al. (1979) equated OC with facet satisfaction and formulized that OC was a healthier predictor of intentions to re-enlist in the National Guard. Though both of these studies put light on the distinctive aspects of job satisfaction and OC to foretell turnover intentions and turnover, However the present study contribute in the literature and findings by increasing on their ideas in two ways. Firstly, it contains a second outcome variable, job performance that permits evaluation of the differential effects of the two work attitudes. Secondly, it helps in providing a test of a model showing that job and organizational attitudes are different concepts that yields different interactions to the same dependent variable.

By studying and viewing range of different literature and findings it seems that to turnover intentions are allied to satisfaction as well as commitment to job. However, existing literature showed that OC is linked with turnover intentions more strongly than job satisfaction. Steel and Ovalle's (1984) proposes that both turnover intentions and turnover are related with each other and comparatively to affective variables turnover intentions are considered good, such as job satisfaction and OC, in foretelling turnover. This proposes that turnover intentions are a meaningful notion that is linked with actual

turnover behavior. Effectiveness of using turnover intentions can be seen in a concept that job and organizational attitudes lead to different outcome and these intentions are more under an individual's control than turnover. Comparatively to intention, Bluedorn, (1982) identifies that turnover is difficult to predict. However, turnover behavior can be affected by many external variables.

Al-Emadi & Marquardt, (2007) conducted a research in Middle East and Ahmad & Bakar, (2003) in Malaysia noted a negative association with turnover intentions whereas a positive connection between Goal setting training and OC. In the same line Bartlett, (2001) summarized research findings of US health care, exposing that goal setting training and effective OC are positively correlated. Lang, (1992) argued that trainings should be designed in a way that it must achieve OC, Similarly To note the efficacy of training, it is endorsed to straightly probe its association with OC. Training must design in a way that achieves OC (Lang, 1992). According to Beyer, 1990 significance of OC increases significantly in industries and cultures where self interest of employees are dominant. This behavior may lead an individual to quit the job from his organization and join some other place. Recent literature suggests OC and Job satisfaction are positively correlated with employee development and training facilities, and in result employees' retention would be affected (Lam & Zhang, 2003). At the same time, Allen et al, (2003) identified that if organization give importance to employees prospective career, they feel encouraged and show positive attitude because of positive perception about their organization.

**Objectives:**

- 1) To explore the phenomenon that setting smart goals has impact on organizational commitment of employee.
- 2) To determine either intervention (setting SMART goals) has any impact on

organizational commitment.

### **Research Questions/Hypothesis:**

There will be significant differences in Employee OC in pre and post assessment.

Pre intervention scores will be significantly higher than post intervention scores on employee organization commitment scale.

### **Method**

Quantitative Methodology was selected to conduct this research. The approach was case study method as the data was gathered from a family run business. However, within a case study approach Quasi Ex Post Facto Research design was used because the element of interest i.e. employee OC was already existing in the sample and the type chosen was pre post method .i.e. Assessment before and after intervention. The intervention included training of managers lacking the experience of setting goals and objectives and also did not have the full faith and confidence in it.

### **Sample**

For the purpose of this research, staff members from various departments and groups in the family run organization were selected (N=18). All members were men. Their age ranges from 26 to 38 years (*M* 33.5 & *SD* 2.4). Only those members were selected who had limited exposure to the company's vision, never had their personal goals and objectives set, and did not have trained managers who knew how to set goals and objectives for their staff so all of them have maximum work experience of two years.

### **Sampling strategy**

Non probability purposive sampling technique was used as the data was gathered from eighteen members of said company.

### **Ethical considerations**

A simple clear and concise informed consent was given to participants prior to conduct the research. Employees were assured that there was no harm in terms of any negative evaluation, hindrance in future promotion or seeking other benefits if they were to participate or refuse to participate. Participation was completely voluntary: however, employees were informed that their voluntary withdrawal may affect the results as the sample was already small.

Participants were encouraged to ask questions at any point if they had concerns.

### **Variables and Measures**

#### **Organizational Commitment**

##### *1st Survey Questionnaire*

Data was collected using Meyer and Allen's questionnaire of OC. The scale has five point response format. All the statements were positively scored. No item contains reverse scoring. The total items of the scale were 12. The scale was based on three components of commitment. (see Appendix A)

#### **Intervention**

Intervention contains setting SMART Goals for organization employee. Upon receiving the first set of responses for the survey, a series of two workshops of one and half hour time duration have been conducted with the managers of the respondents and coached them on how to set goals and objectives. The training was conducted by one of a senior manager of the company who has complete knowledge of company's' vision and mission. The first workshop focused on how to set goals and objectives, whereas the second set of session focused on how to give feedback in a constructive manner and discussed general dos and don'ts. During these two



Employer	31.05	2.69	46.16	2.89	5.329	.000***	1.6	7.244	15.726
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\*p< .01; “CI =Confidence Interval; LL =Lower Limit; UL = Upper Limit”.

Table 1.1 showed that setting SMART Goals has positive effect on employee’s OC. The mean score after awareness of goals (M = 46.16, SD = 2.89) is greater than the mean scores before awareness of SMART Goals (M = 31.05, SD = 2.68). The differences were significant,  $t(170) = 5.329, p < .01$ . Moreover Cohen’s  $d$  value suggest that the magnitude of the difference is large i.e.  $d(1.6)$ . The results clearly indicates that Orientation of SMART goals has strong impact on employees OC.

Once it has been identified that intervention has strong effect, it was decided to see the scale items individually. Again the paired sample t-test was employed separately on all items and the pre post differences were identified. The results are presented in table 1.

**Table 1.2**

**Paired Sample t-test Comparing Item wise Pre and post intervention Scores among group employers(N=18)**

Scale Items	Pre-Mean	Post-Mean	Numerical Change	Change in Rapport	T-test Score	<i>p</i>
Happy member	3.83	4.06	+0.22	Improve	0.04*	0.05
Own problem	2.77	3.94	+1.17	Improve	1.16*	0.05
Per. Meaning	2.83	3.89	+1.06	Improve	1.11*	0.05

<b>Sad disrupted</b>	2.11	3.28	+1.17	Improve	1.16*	0.05
<b>Loyal. Invested</b>	2.83	4.11	+1.29	Improve	1.27*	0.05
<b>Dedicated</b>	2.22	3.72	+1.50	Improve	1.50**	0.01
<b>Owe. Organization</b>	2.50	3.94	+1.44	Improve	1.44**	0.01
<b>Loyalty. Treatment</b>	2.67	3.72	+1.06	Improve	1.05*	0.05
<b>Let. down. Work</b>	2.28	3.50	+1.22	Improve	0.72**	0.01
<b>Loyal. organization</b>	2.33	4.11	+1.78	Improve	1.77**	0.01
<b>Mission. committed</b>	2.22	3.78	+1.56	Improve	1.55**	0.01
<b>Morally. Correct</b>	2.44	4.11	+1.67	Improve	1.67**	0.01

*\*p<.05\*\*p<.01*

All the changes between the first and second exercise showed noticeable difference as the post treatment mean has increased in all the items showed improvement after intervention  $p<.01$  or  $p<.05$ . This clearly indicates that setting SMART goals has positively related with employee OC. Since all the items are producing positive statistical change, it can be well concluded that they all are significant items to measure SMART GOALS.

### **Conclusion and Recommendations**

The current research findings clearly suggest that setting SMART GOALS has noticeable impact on employee's OC. The score of the employees has significantly increased after the awareness intervention. The Items scores could be improved due to number of possible reasons. It has been observed personally and literature review strongly suggests that when the employees are well aware of goals and objectives of the company, they tend to work hard to achieve the goals. Similarly knowing their own goals and objectives and linking them to those of the company has an impact on their motivation to stick and feel good about the company they work for. So one of the best reasons for this change is certainly the process of

intervention, However keeping in mind the influential position of researcher (as being the senior manager of the company) experimenter bias cannot be neglected. The position of the researcher may have affected the responses of the employees in positive direction. Some of limitations and suggestions are as follows:

1. This research has no control group to establish comparisons. The inclusion of a control group who did not receive the intervention could be an addition to this research. It might be that simply taking part in the study may have made participants more aware of the relevance of commitment; leading to increased scores at follow up.
2. In order to rule out the possible role of social desirability or self/deception and impression management, future researcher may gather data using the “*Balanced Inventory of Desirable Responding (BIDR)*” from this type of sample.
3. The sample of the current research was small and limited. Sample size can be increased in future studies.
4. This research activity can be conducted in different sections of society.
5. Data may be collected randomly with employees of different companies.
6. Sample size can be increased.
7. Gender Role attitudes could be explored to determine the effect of goal setting on Job commitment for more elaborative findings.
8. So far this research is a unique study in the field providing valuable results and future directions, will open up new horizons for upcoming researchers.

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