African Journal of Business Management Vol.5 (6), pp. 2135-2139, 18 March, 2011
Available online at http://www.academicjournals.org/AJBM
DOI: 10.5897/AJBM10.222
ISSN 1993-8233 ©2011 Academic Journals

Full Length Research Paper

Impact of goal clarity on perceived benefits of performance measurement

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Accepted 8 June, 2010

This study investigates the role of goal clarity of public sector organizations on the perceived benefits of performance measurement. Basically middle managers (17 - 21 grades) of 12 public sector organizations involved in plan implementation and decision making executors were selected. For this study, goal clarity was termed as independent variable and perceived benefits of efficiency and effectiveness as dependent variables. The results show that goal clarity had positive relationship with perceived benefit of efficiency and effectiveness.

Key word: Executors, implementation, public sector organizations, efficiency and effectiveness, dependent variables, goal clarity.

INTRODUCTION

Since the 1980s, the world has been facing the need for change in public sector organizations seeking to improve the services being rendered to citizens. The main concern of the private sector is profit earning, analyzing and fulfilling the demand of customers whereas the public sector emphasis is to serve the society and facilitate people with quality services leading to improvement in their living standards. This need was first realized in OCED (OECD) countries followed by different supranational organizations in developed and developing countries. During this time period public organizations introduced private sector management techniques in their setting for attaining organizational goals. In the 1980s, public sector managers adopted private sector techniques to improve its performance while serving the society at the same level. These efforts were termed as New Public Management (NPM) or Reforms.

In 1998, Pakistan faced an economic crisis arising from the internal and external macroeconomic imbalances; as a result (Pakistan Development Forum, 2003) the Asian Development Bank initiated different reforms undertaken by the government to strengthen the public sector. The main agenda of these reforms has been to enhance responsiveness to the needs and wants of the society while contributing to macroeconomic stability and revived economic growth, as well as reduce poverty levels. The principal reform programs assisted by ADB included the Trade, Export Promotion and Industry Program (TEPI) approved in 1999; the Microfinance Sector Development Program and Energy Sector Restructuring Program approved in 2001; Decentralization Support Program, Rural Finance Sector Development Program and the Financial (Non-bank) Markets and Governance Program, all approved in 2002. In Pakistan the reforms were introduced at the end of 1990. If we analyze the performance of the public sectors we find that they are still in the same position. The key performance indicators or factors that contribute towards the performance of the public organizations, employees are not aware of them. The key position holders (executors) may know about it but other employees feel it is a burden that increases their work load.

Statement of the problem

How clarity of the goal increase the perceived benefit of organization.

Objectives of the study

1. To find out the role of goal clarity in an organization.
2. To explore the perceived benefit of an organization that is, efficiency and effectiveness.

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3. To find out the relationship between clarity and perceived benefit of efficiency.

Significance of the study

This study proves to be useful for the public sector organizations especially those in which reforms were initiated. Middle managers of the public sectors implemented the results of this study to clarify the expected target to their employees.

Literature review

Various authors have argued that an attractive mission benefits an organization in numerous ways that are linked to performance (Rainey and Steinbauer, 1999; Scott, 2003; Weiss, 1996; Weiss and Piderit, 1999; Wilson, 1989). When it is difficult to understand, explain and communicate the mission, these benefits should wane.

Often goal clarity is difficult for governments; firstly, because of a lack of clear knowledge about how to provide services and, secondly, the professional orientation of government workers or the complex policy environment in which the government official has to operate (Rogers, 2006). Rainey (2003) (as cited in Pandey and Garnett, 2006) argued that goal clarity enhanced the effectiveness of public organizations.

Chun and Rainey (2005) identified that government organizations have particularly high levels of organizational goal ambiguity as measured through four dimensions, that is, mission comprehension ambiguity, directive goal ambiguity, evaluation goal ambiguity and priority goal ambiguity. They measured goal ambiguity using data on 115 U.S.A federal government agencies. The sample was drawn from the U.S.A Government Manuals published during the period 1995 to 2000. The sample included all operating agencies in the executive branch that employed at least 200 people. The hypotheses were tested with ordinary least squares regression measured through financial openness, competing demands from constituencies, types of public responsibility, policy problem complexity, organizational age, organizational size and institutional location. Evaluation goal ambiguity was positively related to mission comprehension ambiguity, directive goal ambiguity and priority goal ambiguity. The regression results showed that no independent variables were significantly related to mission comprehensive ambiguity.

Further, they noted that various authors say that vague, hard to measure goals influence structural dimensions, attitudes, behaviors and organizational outcomes in public organizations and make them different from usual business characteristics. Thus, leadership must formulate clear goal and targets and give subordinate bodies more leeway and discretion in their daily work (Roness and Rubecksen, 2005).

Popovich (1998) cites that "high performance organizations are groups of employees who produce desired goods or services at higher quality with the same or fewer resources. Their productivity and quality improve continuously, from day to day, week to week and year to year, leading to the achievement of their mission". Brewer and Selden (2000) believe that high performance organizations will follow these characteristics:

a) Clear on their missions;
b) Define outcomes and focus on results;
c) Empower employees;
d) Motivate and inspire people to succeed are flexible;
e) Adjust to new conditions are competitive in terms of performance;
f) Restructure work processes to meet customer needs and maintain communication with stakeholders.

Unlike private organizations where profits are often the primary measure of performance, there is no single performance indicator that can compare the different types of organizations that make up the public sector.

Diamond used comprehensive performance assessment (CPA) to specify six dimensions of performance that include quality of outputs, quantity of outputs, efficiency, formal effectiveness, value for money and consumer satisfaction using a Likert scale from 1 (lowest) to 4 (highest). The results showed that planning organizational flexibility and user choice were associated with higher performance (Richard and George, 2006). Scott (2001) identifies that the success of management depends on the clarity of roles, responsibilities and accountability in the implementation of management reform.

Conceptual framework

This study would be carried out in the light of the following model/theoretical framework. As stated, the model is a combination of various models including Kong's model and Wang's model (Figure 1).

Hypotheses

H1: Conducive culture has a positive relationship with perceived benefit of effectiveness.

H2: Conducive culture enhances perceived benefit of efficiency.

METHODOLOGY

The research design for this study is specified as a descriptive study with empirical analysis of using data obtained from a survey.

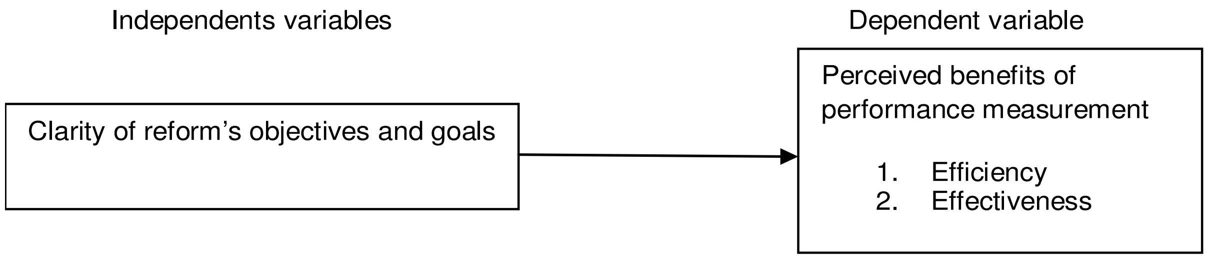

Figure 1. Conceptual framework of dependent and independent variables.

Table 1. Regression analysis (goal clarity with perceived benefit of effectiveness).

Constant	Goal clarity	R^2	F - statistics
1.471	0.215	0.354	17.658
[0.198]	[0.051]		
(7.430)	(4.202)		
0.001	*0.000*		*0.000*

Standard error in parenthesis; t-value in brackets and p-value in italics.

In this study it was intended to explore the factors that are important in success and failure of the reforms. For this study, only middle level managers of public sector organizations were selected because it was assumed that top level managers mainly play their role in decision making. However, middle level managers are those who execute the decisions and personally are involved in daily tasks; they are in a better position to evaluate the factors that contribute towards reforms. For this reason, personnel employed in grades 17 to 20 of the public services were selected as respondents. This variable is measured using four items and adopted from two research papers. One is adopted from Owusu (2006) categorizing from strongly agrees (5) to strongly disagree (1). And other items is adopted from Moynihan and Pandey (2004) ranging from strongly agree (5) to strongly disagree (1).

RESULTS

For analyzing the relationship of dependent clarity of goal and independent variables perceived benefit of efficiency and effectiveness, regression analysis was used.

H1: Goal clarity enhances perceived benefit of effectiveness.

H1 indicates for casual relationship between the independent variable (goal clarity) and the dependent variable (perceived benefit of effectiveness).

Linear regression was used to check the variations in the dependent variable attributable to changes in a single independent variable; that is, to check the variation of goal clarity on perceived benefit of effectiveness. Table 1 shows that the overall regression model is statistically significant as shown by the high value of F = 17.658 and value of low p = 0.000. The calculated value of F = 17.658 is greater than theoretical value of F = 3.84 with V1 = 1 and V2 = 124 degree of freedom. Similarly R^2 which gives the proportion of variance in the dependent variable accounted for by the independent variable is 0.354. This means the independent variable explains only 35.4% of variation in dependent variable; therefore, the model is a very good fit. There is positive relation (B = 0.215) between goal clarity and perceived benefit of effectiveness. This is according to expectations. The relationship is statistically significant. This is confirmed by the low value of standard error (0.051), high value of t (4.202) and low value of p (0.000). For this model, therefore, goal clarity is a significant predictor of perceived benefit of effectiveness.

H2: Goal clarity enhances perceived benefit of efficiency.

H2 indicates for causal relationship between the independent variable (goal clarity) and the dependent variable (perceived benefit of efficiency).

Linear regression was used to check the variations in the dependent variable attributable to changes in a single independent variable; to check the variation of goal clarity on perceived benefit of efficiency. Table 2 shows that the overall regression model is statistically significant as shown by the value of F = 65.620 and value of p = 0.000. The calculated value of F = 65.620 is greater than theoetical value of F = 3.84 with V1 = 1 and V2 = 124 degree of freedom. Similarly R^2 which gives the proportion of

Table 2. Regression analysis (goal clarity with perceived benefit of efficiency).

Constant	Goal clarity	R^2	F - statistics
0.546	0.802	0.590	65.620
[0.382]	[0.099]		
(1.428)	(8.101)		
0.156	*0.000*		*0.000*

Standard error in parenthesis; t-value in brackets and p-value in italics.

variance in the dependent variable accounted for by the independent variable is 0.590. This means the independent variable explains 59% of variation in dependent variable; therefore, the model is a very good fit. There is positive relation (B = 0.802) between goal clarity and perceived benefits of efficiency. And the relationship is statistically significant. This is confirmed by the low value of standard error (0.099), high value of t (8.101) and low value of p (0.000). For this model, therefore, goal clarity is a significant predictor of perceived benefits of efficiency.

DISCUSSION

From the mentioned hypothesis it was stated that goal clarity enhances perceived benefit of effectiveness.

Linear regression was used to check the variations in the dependent variable attributable to changes in a single independent variable. The regression model was significant with (F = 17.658) and (p = 0.000). The value of R^2 is 0.354, meaning that goal clarity accounted for 35.4% of the variation in perceived benefit of effectiveness. This result is in line with the previous study by Moynihan and Pandey (2004) that conceptualized and empirically tested how external influences and internal management factors influence performance of the organization. Environment factors included elected officials support of agency, degree of client influence, degree of public/media influences. Organizational factors included organizational culture, clarity of organizational goals, centralization of decision making and barriers to internal reorganization. These independent variables accounted for 73.5% of the variation in organizational effectiveness. In this model clarity of organizational goals (beta = 0.232, p = 0.003) had a significantly strong impact on organizational effectiveness.

The second hypothesis proposed that goal clarity enhances perceived benefit of efficiency. Linear regression was used to check the variations in the dependent variable attributable to changes in a single independent variable. The regression model was significant statistically with (F = 65.620) and (p = 0.000). The value of R^2 is 0.590, meaning that goal clarity accounts for 59% of the variation in perceived benefit of efficiency.

Conclusion

The main goals of these reforms are effective results, increasing accountability and providing the general public with better services. But the main question is about the success of this effort. In the current study, different models were combined to propose a new model that was more appropriate and suitable for the existing setting in Pakistan. For the study, goal clarity of an organization have been categorized as independent variables and perceived benefits of PM as dependent variable. With organizational goal clarified to employee of the organization, the perceived benefits of the organization are increased that is, efficiency and effectiveness.

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