

**EFFECTIVENESS OF S.M.A.R.T. GOAL SETTING IN
PERFORMANCE MANAGEMENT SYSTEM AMONG IT
EMPLOYEES OF BANGALORE**

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Abstract

SMART / SMARTER is a mnemonic used to set objectives, often called **Key Performance Indicators (KPIs)** for performance appraisal in project management, employee performance management and personal development. Properly developed and imparted goals would serve multiple purposes for employer especially at the training and Performance appraisal stages. Hence this paper explores the present level of effectiveness of Goal setting in Performance appraisal system by considering IT employees randomly from different organizations.

Keywords: SMART/SMARTER goal setting, Performance Management, IT Employee Performance.

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1. INTRODUCTION

SMART / SMARTER is a mnemonic used to set objectives, often called **Key Performance Indicators (KPIs)** for performance appraisal in project management, employee performance management and personal development. These KPIs are commonly used by an organization to evaluate its success or the success of a particular activity in which it is engaged. An employee cannot hit the bull's eye unless she or he can see the target. The establishment of clear expectations helps guide and influence performance. To do something well, an employee must know the definition of good performance, have the knowledge and skills to perform properly, and understand the importance of doing the task accurately. Goals need to be as specific and concrete as necessary without being overly restrictive. Goal setting can clarify the duties and responsibilities associated with a particular job or work group. It can also identify the kinds of organizational and personal outcomes required for work success. Finally, it can specify the kinds of feedback and support needed to monitor and achieve those goals.

Properly developed and imparted goals would serve multiple purposes for employer especially at the training and Performance appraisal stages. Hence this paper explores the present level of effectiveness of Goal setting in Performance appraisal system by considering IT employees randomly from different organizations.

2. REVIEW OF LITERATURE

¹There is no clear consensus about what the five or seven keywords mean, or even what they are in any given situation. Typically accepted values are:

| Letter | Major Term | Minor Terms |
|--------|------------|--|
| S | Specific | Significant, Stretching, Simple |
| M | Measurable | Meaningful, Motivational, Manageable |
| A | Attainable | Appropriate, Achievable, Agreed, Assignable, Actionable, Ambitious, Aligned, Aspirational, Acceptable, Action-focused |
| R | Relevant | Results-oriented, Resourced, Resonant, Realistic |
| T | Timely | Time-oriented, Time framed, Timed, Time-based, Timeboxed, Time-bound, Time-Specific, Timetabled, Time limited, Trackable, Tangible |
| E | Evaluate | Ethical, Excitable, Enjoyable, Engaging, Ecological |

| | | |
|---|------------|--|
| R | Reevaluate | Rewarded, Reassess, Revisit, Recordable, Rewarding, Reaching |
|---|------------|--|

Thamar JH Bovend', Eerdtrachel E Botell, Derick T Wade² in their article "Writing SMART Rehabilitation Goals And Achieving Goal Attainment Scaling: A Practical Guide" The success of goal setting and goal attainment scaling depends on the formulation of the goals. The method described in SMART Goal setting is a useful tool to standardize the writing of goals in rehabilitation. They have also opined that It saves time and simplifies the construction of goals that are sufficiently specific to be measurable.

Eric FangRobert, W. Palmatier, Kenneth R. Evans³ in their article "Goal-Setting Paradoxes? Trade-Offs between Working Hard and Working Smart: The United States versus China" has suggested that goal-setting factors may have opposing effects on different sales behaviors. The empirical findings suggest that goal difficulty positively influences selling effort while negatively influencing adaptive selling behaviors. The results show that goal difficulty and goal specificity both have opposite effects on the two dimensions of working smart: adaptive selling and sales planning. The findings support the need for sales managers to account for the cultural context of the salesperson when determining optimal goal-setting strategies.

3. STATEMENT OF THE PROBLEM

IT Companies generally follow a review process wherein the manger gives feedback to the employees working under him and based on it a rating is given. The report tries to find out the ambiguity in the performance management system, whether the employees are satisfied with the current system.

4. OBJECTIVES OF THE STUDY:

- To measure the effectiveness of goal-setting process and the performance management system in the organization.
- To measure the employee satisfaction in these processes.
- To identify the areas which need to be improved upon for better implementation of goal setting in performance appraisal mechanisms?

5. TYPE OF RESEARCH

The research is primarily quantitative in nature. The study is based on data collected through structured questionnaire from the respondents and interviews conducted with the respondents.

5.1. Sampling Technique: The sampling technique adopted is random sampling. It includes all those employees who have undergone their annual performance review & also those who did not undergo their annual performance review.

5.2. Sample Size: The sample size consists of 60 employees spread across various IT companies in Bangalore. The employees covered include Project managers, Software engineers, Group leaders etc.

5.3. Collection of Data: Employee feedback questionnaire was administered on the employee and feedback was taken mostly through e-mail and personal interview.

5.4. Sample description

Educated

Earning Good Income

Good Lifestyle

5.5. Sources of Data collection

Data is the fact of an event. Data is the base for every research work. The data is mainly classified into two groups.

1) Primary Data

Thrust has been on collection of primary data. Structured questionnaire has been used and discussed personally with the respondents to get their responses.

2) Secondary Data

Books, Journals, websites etc. have been consulted for obtaining related information and also for cross checking of primary data.

6. ANALYSIS OF PRIMARY DATA

6.1. Respondent Profile: Gender

| Gender | Male | Female |
|--------|------|--------|
| | 33 | 27 |

Source: Primary data

6.2. Age wise analysis of Respondents profile

Source: Primary data

| Age | Category | No. of persons | Percentage[%] |
|-----|--------------|----------------|---------------|
| | 21-25 | 28 | 46.66 |
| | 26-30 | 29 | 48.33 |
| | 31-35 | 3 | 5 |
| | 36 AND ABOVE | 0 | 0 |

6.3. Goal setting based performance

| Was the goal-setting done within 30 days of joining | Yes | NO | Percentage[%] | |
|---|-----|----|---------------|------|
| | 45 | 15 | Y:75 | N:25 |

Source: Primary data

6.4. Which month did the goal setting take place last

| Which month did the goal-setting take place last | | | | | | | | | | | | |
|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|--|
| jan | feb | mar | apr | may | jun | jul | aug | sep | oct | nov | dec | |
| 19 | 6 | 5 | 6 | 2 | 11 | 0 | 1 | 1 | 0 | 2 | 7 | |

Source: Primary data

6.5. Agreeability on SMART Goal Setting In your Previous Position

| Criteria | Agreeability by Percentage[%] | | | | |
|--------------------------|-------------------------------|-------|------------------|----------|-------------------|
| | strongly agree | agree | moderately agree | disagree | strongly disagree |
| That goal was Specific | 25 | 50 | 8.33 | 15 | 1.66 |
| That goal was Measurable | 16.66 | 48.33 | 16.66 | 15 | 1.66 |
| That goal was Attainable | 15 | 63.33 | 6.66 | 13.33 | 1.66 |
| That goal was Realistic | 15 | 58.33 | 10 | 15 | 1.66 |
| That goal was Timely | 40 | 46.66 | 1.66 | 10 | 1.66 |

Source: Primary data

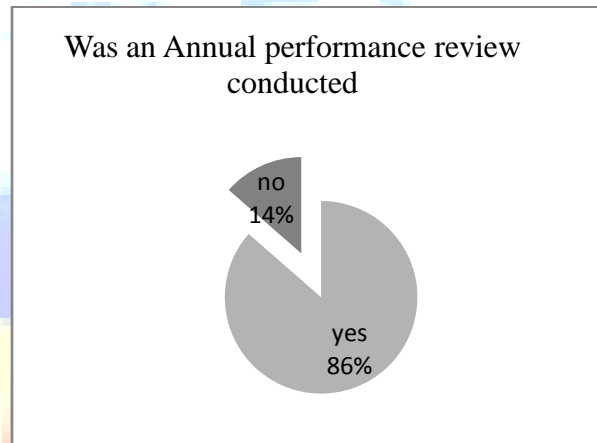
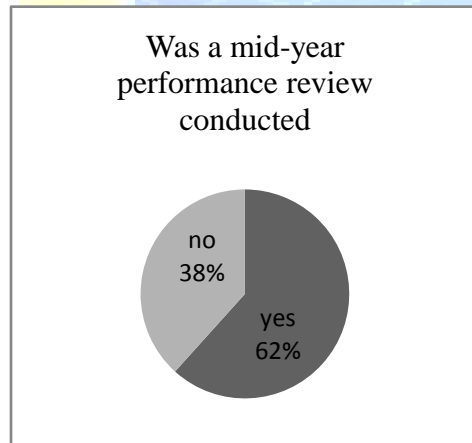
6.6. Agreeability on SMART Goal Setting In PRESENT Position

| Criteria | Agreeability by Percentage[%] | | | | |
|----------|-------------------------------|-------|------------|----------|-------------------|
| | strongly | agree | moderately | disagree | strongly disagree |

| | agree | | agree | | |
|---------------------------------|-------|-------|-------|---|---|
| Your present goal is Specific | 28.33 | 66.66 | 5 | 0 | 0 |
| Your present goal is Measurable | 13.33 | 85 | 1.66 | 0 | 0 |
| Your present goal is Attainable | 11.66 | 80 | 8.33 | 0 | 0 |
| Your present goal is Realistic | 20 | 75 | 5 | 0 | 0 |
| Your present goal is Timely | 31.66 | 66.66 | 1.66 | 0 | 0 |

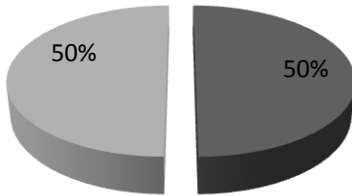
Source: Primary data

6.7. Exploratory responses on present level of Performance Review system



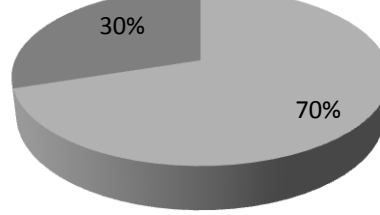
Was there any pre-determined Review method

■ yes ■ no



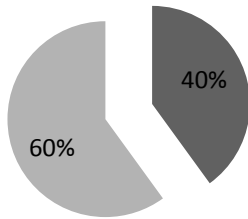
Was it communicated to you before the review process

0% ■ yes ■ no



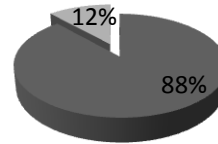
Was it biased

■ yes ■ no



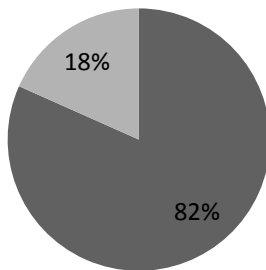
Was it a source of evaluation for Your current position(Pay/benefits/ designation, etc)

■ yes ■ no



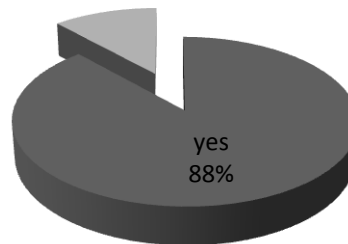
Was it aligned with the functional objective

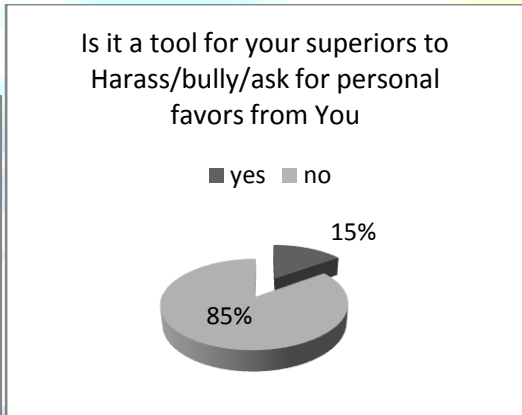
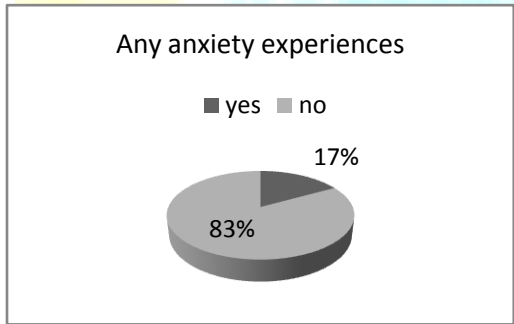
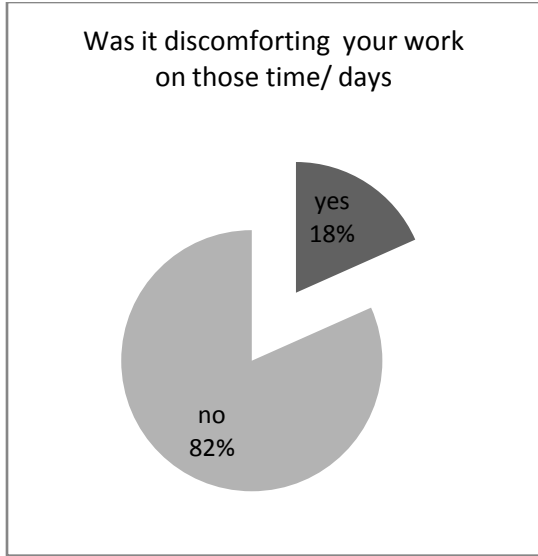
■ yes ■ no



Was it aligned with organizational objective

no 12%





6.8. Post-Appraisal Performance Feedback on SMART dimensions

| CRITERIA | Agreeability by Percentage | | | | |
|---|----------------------------|-------|------------------|-----------|--------------------|
| | Strongly Agree | Agree | Moderately Agree | Dis-Agree | Strongly Dis-Agree |
| I had the opportunity to bring out all my issues during the last feedback | 25 | 41.66 | 8.33 | 11.66 | 13.33 |
| My manager was receptive during the feedback session | 20 | 50 | 8.33 | 10 | 11.66 |

| | | | | | |
|---|-------|-------|-------|-------|-------|
| All issues were addressed or planned to be addressed | 21.66 | 68.33 | 10 | 0 | 0 |
| The discussion really helped in improving my performance | 18.33 | 38.33 | 11.66 | 18.33 | 13.33 |
| My relationship with my manager improved after the discussion | 33.33 | 53.33 | 10 | 1.66 | 0 |
| At the end of the review there was clarity | 28.33 | 66.66 | 5 | 0 | 0 |

Source: Primary data

7. Interpretation of Major Findings

- It is found in the survey that most of the employees are satisfied with the existing system. But there is a considerable percentage of employees who are dissatisfied with the process as they feel that it is a one-way feedback and the employees have nothing much to say in the review process.
- It is observed that the goal setting of the employees was done within the 30 days of joining irrespective of the month in which the employees are joined and also it is found that 75% of employee's goal was set within the 30 days of joining which is pretty impressive as far as IT sector is considered.
- It is observed that there was also a SMART goal setting in employee's previous position but not accepted by majority of the employees since they felt that their previous position was not up to their standards or their expectations
- It is observed that the employees accept that there is a SMART goal setting in their present position. They agree that their present goal is Specific, Measurable, Attainable, Realistic and Timely in nature.
- The annual performance review was conducted for 86% of employees and it was not conducted for 14% of employees. Annual employee appraisals benefit employees, managers and the company as a whole. An employee appraisal is an evaluation of the

employee's performance, and usually involves an in-depth discussion between the employee and manager to review the employee's performance compared to goals from the past year, and set expectations for the next year. Some companies use the annual performance appraisal as a means to determine whether the employee qualifies for a pay increase. There are a variety of other benefits, as well

- 50% of employees felt that there was a pre-determined Review method and the same amount of employees felt that it was not there.
- It is observed that 70% of employees agree that the Performance Review System was communicated to them before the review process and remaining 30% of respondents did not agree that it was communicated to them
- It is observed that 60% of respondents felt that their Performance Review System was not biased and remaining 40% of respondents thin that it was biased.
- 88.33% of employees felt that their performance review system was a source of evaluation for their current position and 11.66% did not felt the same.
- Nearly 82% of employees felt that their performance review system was aligned with the functional objectives and 18% of respondents did not felt the same and 89% of respondents accept that their performance review system was also aligned with organizational objectives and 11% of employees disagree that it was aligned with organizational objective.
- 18.33% of respondents felt that their performance review system was discomforting them to work as and when it was conducted and 81.66% of respondents did not felt the same.
- It is observed that, only 8.33% of respondents felt that the outcome of their performance review system was affecting their work relationship as and when it was conducted and 91.66% of respondents did not accept that their work relationship was affected by the outcome of their performance review.
- It is observed that, 18.33% of employees experience anxiety when their performance review was conducted and it was not the same for almost 82% of employees.
- 15% of employees think that the outcome of their performance review was a tool for their superiors to harass/bully/ ask for any personal favors from them and 85% of employees disagree that the outcome of their performance review system was a tool for their superiors to harass/bully/ ask for any personal favors from them.

- 16.66% of the employees who perceived that the performance appraisal system as unfair believed that there were no fixed criteria across the organization and it lacked transparency and remaining 83.33% of employee's perceived fairness in the performance review system.
- Nearly 41.66% of the employees agree that they had an opportunity to bring out their issues during the feedback process and 25% of the employees strongly agree for the same and 8.33% moderately agree that they had an opportunity to bring out their issues during the feedback process and 11.66%, 13.33% of employees disagree and strongly disagree for the same respectively as they feel there was no enough time to discuss during the review session.
- It is observed that, majority of the employees agree that their manager was receptive during the feedback session and those who felt that their manager was not receptive during the feedback session were of the opinion that their manager had a fixed mindset during the review session and were not open for discussions
- Majority of the employees agreed that all the issues related to their performance were addressed properly and few others felt that there is no proper mechanism to address the issues and some were of the opinion that it will take time to address certain issues which were beyond the control of the manager.
- The employees feel though the areas of improvement are revealed in the review process, no steps to overcome the weaknesses and improve the performance are suggested by the manager. The discussions are too formal and the employees' problems outside the work area are not taken into account which may affect his performance
- Most of the employees felt that their relationship with their manager improved after the discussion and few feel that their relationship with their manager has always been the same.
- All most all the employees are high on their role clarity at the end of the review process

8. CONCLUSION

Goal-setting is an important element in employee motivation. Goals can stimulate employee effort, focus attention, increase persistence, and encourage employees to find new and better ways to work. The useful goals act as a stimulus to human motivation is one of the best supported theories in management. It is also quite clear that SMART goals which are specific, difficult and accepted by employees will lead to higher levels of performance than easy, vague goals (such as doing one's best) or no goals at all. It is important that the appraiser (usually the employee's manager) be well-informed and credible. Appraisers should feel comfortable with the techniques of appraisal, and should be knowledgeable about the employee's job and performance. When these conditions exist, employees are more likely to view the PMS process as accurate and fair. They also express more acceptances of the manager's feedback and a greater willingness to change for the overall benefit of the organization.

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