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HUMAN RESOURCE

PERFORMANCE TARGET SETTING AND EMPLOYEE PERFORMANCE: A CASE OF STATE CORPORATIONS IN KENYA

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ABSTRACT

Purpose of the study: The study sought to examine the effect of performance target setting on employee performance in the state corporations in Kenya.

Statement of the problem: The performance of public sector employees in Kenya has been a matter of concern, issues have been raised on the actual utilization of available man hours for productive work. Insufficient employee performance has been linked to critical issues within state corporations, including pervasive poor performance and substantial indebtedness. The government introduction of performance management in public entities was aimed at reversing the negative trends in employee performance. Despite the growing emphasis on performance management practices in state corporations in Kenya, there exists a significant gap in understanding the relationship between performance target setting and employee performance.

Methodology: The study employed a cross-sectional survey design with both quantitative and qualitative approaches, using a stratified random sample of 119 respondents from Kenyan state corporations, collecting primary data through semi-structured questionnaires and analyzing it with descriptive and inferential statistics, while triangulating findings with secondary data presented graphically.

Results of the study: The study established the existence of a positive and significant relationship between performance target setting and employee performance in state corporations in Kenya. The null hypothesis was thus rejected, and the alternate hypothesis was accepted which states that performance target setting has a significant effect on employee performance in state corporations in Kenya**.**

Conclusion: The study concludes that while performance target setting has a positive and significant relationship with employee performance, the model's explanatory power suggests that other factors also influence performance. Additionally, qualitative findings highlight challenges such as misalignment between targets and resources, as well as a lack of managerial commitment, resulting in unrealistic goals and limited collaboration.

Recommendation: The study recommends that state corporations in Kenya should focus on improving their target setting processes to ensure alignment with organizational resources and realistic goal setting. This could involve conducting thorough assessments of available resources and capabilities before setting targets, as well as fostering collaboration and communication between managers and employees to ensure buy-in and commitment to target achievement.

Keywords: *Performance target setting, employee performance, performance management, human resource management***.**

INTRODUCTION

Improving employee performance remains one of the most challenging tasks within public organizations, often requiring the application of various techniques and tools (Asif & Rathore, 2021). Throughout the 1990s and 2000s, the public sector faced a performance crisis, driven by fiscal difficulties that necessitated cost-cutting measures and efforts to maximize outputs for survival. In response to these challenges, performance management practices were introduced to enhance employee performance (Pollitt & Dan, 2013; Soressa & Zewdie, 2021). Public sector organizations quickly realized that the contribution of each employee is integral to overall organizational success (Pollitt & Dan, 2013).

One of the key reforms introduced to address these challenges was the practice of performance target setting. Performance target setting ensures that employees are aware of their individual performance expectations and understand how their efforts contribute to broader organizational goals (Paulakos, 2009; Akinlabi et al., 2021). This practice involves breaking down organizational goals into individual deliverables, creating a direct link between employee performance and organizational success. As a crucial element of performance management systems, target setting serves to direct employee efforts toward achieving enhanced outcomes, ultimately improving organizational performance.

Empirical evidence consistently supports the positive impact of target setting on employee motivation and performance. Locke and Latham (1990) observed that over 90% of studies demonstrate a positive association between specific, challenging targets and improved employee outcomes. This finding underscores the importance of goal clarity in motivating and focusing employee efforts. Mone and London (2009) further suggested that employees who commit to challenging goals tend to exhibit higher performance, reinforcing the relationship between goal clarity and motivation. Pulakos (2009) emphasized that target setting not only boosts performance but also fosters a sense of meaningful work and job satisfaction, enhancing both engagement and organizational success.

However, while much research highlights the benefits of goal setting, there is also recognition of its limitations and contextual dependencies. Several studies indicate that while goal setting has generally improved performance (Verbeteen, 2008; Mulwa & Weru, 2017; Awan et al., 2020), other studies have found no significant impact (Arnaboldi et al., 2015; Pulakos et al., 2019). These mixed findings suggest that the relationship between target setting and employee performance is complex and context-dependent. Researchers argue that the net effect of goal setting is neither automatic nor definitive, with contextual factors playing a significant role in its effectiveness (Damika, 2013; Sisa et al., 2015; Jakobsen et al., 2017).

In Kenya, as in many other global contexts, the performance of public sector employees has long been a concern. Various commissions of inquiry, from the Ndegwa Commission in 1971 to the Ramtu Commission in 1985, have consistently identified the need for improving public sector performance and productivity (Manda, 2001; KIPPRA, 2019). To address this issue, the national government formally introduced performance-oriented reforms in 2003, with the goal of improving public sector performance and service delivery (Obong'o, 2009; Kobia & Mohammed, 2006; GoK, 2003).

STATEMENT OF THE PROBLEM

The performance of public sector employees in Kenya is marked by concerning statistics, with only 35.4% of available man-hours being utilized for productive work, far below the global benchmark of 75% (KIPPRA, 2019). This underperformance is compounded by pervasive issues within state corporations, such as poor productivity and significant indebtedness. Despite the total number of employees across all state corporations reaching approximately 119,689, with an annual wage bill of 131.2 billion shillings, only 51% of these corporations are able to sustain themselves (RoK, 2013; KIPPRA, 2019).

The impact of these performance issues is reflected in Kenya's national labor productivity index, which saw only a marginal increase from 1 to 2.38 over a period of more than a decade (2000–2016). In contrast, developed nations report significantly higher productivity indices ranging from 5.3 to 12.5 (RoK, 2013; KIPPRA, 2018; KIPPRA, 2019). This stagnation highlights the ongoing cycle of underperformance and financial strain, posing a risk to the public sector's contribution to the national GDP, which currently stands at 11.64%.

Despite the growing emphasis on performance management in Kenya's state corporations, there exists a significant gap in understanding the relationship between performance management practices and employee performance. Globally, several studies have demonstrated a positive effect of performance management on employee performance (Awan et al., 2020; Park & Choi, 2020; Beatson, 2023). However, the outcomes of performance management practices are not consistent across contexts, with many studies suggesting that these effects are highly contextual (Saunila et al., 2015). Some studies, in fact, have found only modest positive effects, and others report mixed results (Sisa et al., 2015; Arnaboldi et al., 2015; Jakobsen et al., 2017; Pulakos et al., 2019).

Existing literature, such as that of Kibichii et al. (2016), Mulwa and Weru (2017), Wanjala (2021), Mati et al. (2020), and Corgnet et al. (2015), suggests that clear and challenging performance targets can lead to significant productivity gains. However, these studies predominantly focus on the private sector or international contexts, raising questions about the applicability and effectiveness of target setting within Kenya's public sector.

RESEARCH OBJECTIVE

To examine the effect of performance target setting on employee performance in the state corporations in Kenya

RESEARCH HYPOTHESIS

H_0: Target setting has no significant effect on employee performance in state corporations in Kenya.

THEORITICAL REVIEW

The study was anchored on goal setting theory. This theory was pioneered by Edwin Locke in 1979, the theory looks at goal setting as a vehicle that facilitates individual employee or organizations performance. In Latham et al (2008) observation of the theory, he posits that, goal setting underlying premise is that the existence of consciously set goals affects what is to be achieved. He noted that specific goals lead to higher performance than vague and easy goals. The theory suggests that, employees with specific but challenging goals perform better than those with ambiguous and vague goals. According to Armstrong (2009), challenging goals stimulate employee effort to fully optimize their skills and knowledge to increase their chances of success. The overall assumption in this theory is the existence of a relationship between measurable and specific goals and employee performance. If managers are clear about their objectives, then they are both motivated and add effort which in turn positively affects performance. Setting performance targets for employees motivates them to achieve the set targets. This motivation to achieve is further strengthened if the employees are involved in setting their own performance targets because it creates a sense of ownership.

Goal setting is seen as a means to maintain a sharp focus on performance expectations and helps avoid procrastination. Goal-setting theory suggests that when performance goals are established for employees, it motivates them to work harder to achieve those goals. The allocation of goals keeps employees focused and driven until the objectives are met. According to Olufemi (2014), employees are even willing to adapt their strategies if they realize they are falling short of their goals. Goal-setting plays a significant role in how public organizations are managed, applying to all levels of government. As Askin (2015) highlights, it is a fundamental pillar of effective performance management, driving better outcomes through clearly defined performance goals.

Mulwa and Weru (2017) highlighted that, in applying goal-setting theory, managers play a crucial role in ensuring that individual goals align with organizational objectives. This alignment helps employees understand how their efforts contribute to the broader goals of the organization. However, one risk associated with using goal-setting to drive superior employee performance is the issue of "gaming" (O'Toole & Meier, 2015). In this context, gaming refers to situations where performance measurements are manipulated to achieve favorable ratings, without accurately reflecting actual results. To ensure that goal setting effectively enhances employee performance, measures must be in place to prevent the gaming of performance results.

Proponents of goal-setting theory argue that for desired results to be achieved, organizational activities must be aligned with clearly defined goals (Abane & Phinaitrup,2017). This theory serves as the foundation for the practice of target setting in performance management in this study. For state corporations, the implication is that managers at all levels must establish clear and challenging yet achievable goals, ensuring they are aligned with the organization's strategic direction. Additionally, these goals should connect individual employee efforts to the broader objectives of the organization

EMPIRICAL REVIEW

Research consistently demonstrates the positive impact of goal setting on employee performance across various organizational contexts. Corgnet et al. (2015) conducted a laboratory study revealing that employees respond favorably to challenging performance targets, which can lead to increased effort and improved productivity, with some participants showing performance improvements of up to 40%. However, the controlled environment of the laboratory may limit the generalizability of these findings to real-world organizational settings. This aligns with Armstrong and Taylor's (2020) assertion that clear expectations help employees identify their training needs and foster developmental opportunities, enhancing engagement and job satisfaction.

Mati et al. (2020) explored the critical role of target setting in boosting employee productivity within commercial banks in Meru County, Kenya. Their research indicated a significant positive correlation between target setting and employee productivity, suggesting that clear, well-defined targets enhance staff efficacy and motivation, thereby improving organizational performance. Utilizing a descriptive survey design, the study collected primary data through self-administered questionnaires and analyzed it using descriptive and inferential statistics. While the findings underscore the importance of target setting, the study's focus on commercial banks may limit its applicability to other sectors, such as public administration. Nevertheless, the authors recommend that commercial banks involve employees in the target-setting process to enhance productivity, a suggestion that resonates with broader research on participatory goal-setting strategies.

In their study, Devarajan et al. (2018) emphasize the role of goal setting within performance management as a means to enhance work meaningfulness. They analyzed responses from 61 professionals in a modern IT multinational organization using established scales for goal setting and work meaningfulness. Their findings reveal a significant positive correlation between the rationale behind goals and the perceived meaningfulness of work. However, the study's limited sample size and focus on a single organization highlight the need for further research to confirm these results in diverse settings.

Balakrishnan et al. (2022) examined how performance targets affect employee effort allocation across different tasks. Their analysis of data from a Taiwanese company indicates that improved sales performance on lower-value products results in upward revisions of targets for key products. This finding reveals how performance targets can influence employee behavior across tasks but may not account for cultural or sectoral differences. Additionally, the study's narrow focus on sales performance suggests opportunities for exploring similar dynamics in service-oriented or public sector contexts.

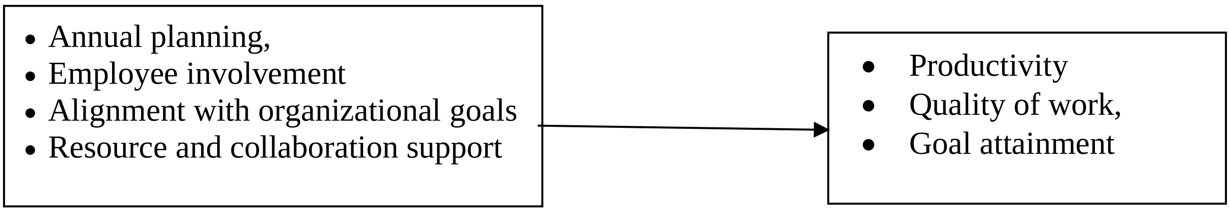
In public sector organizations, the significance of goal clarity is particularly notable. Park and Choi (2020) found that well-defined performance targets significantly enhance individual performance outcomes among local government employees in Korea. This empirical evidence underscores the importance of clear, actionable goals in maximizing productivity. Similarly, Akinlabi et al. (2022) highlighted the importance of SMART (Specific, Measurable, Achievable, Relevant, Time-bound) goals among registry workers at universities in Southwest Nigeria. Their findings emphasize the critical role of mutual agreement and effective feedback mechanisms in improving job performance and motivation. Van der Hoek et al. (2018) investigated the impact of goal setting on team performance in the Dutch public sector. Their findings suggest that goal clarity and self-management positively correlate with team performance. However, the lack of significant moderation effects from teamwork dynamics, such as information sharing, indicates the need for further exploration of how contextual factors influence these relationships. This study fills a gap in the literature by focusing on team-level outcomes, but future research could examine how these findings translate to individual performance in the public sector.

Giacomeli et al. (2019) highlight the role of formalized workplans in enhancing target setting within performance management systems. These workplans bridge the gap between organizational strategy and daily operations, ensuring that strategic goals translate into clear, actionable tasks. Hussainy (2022) emphasizes that the development of these plans encourages meaningful dialogue between supervisors and employees, promoting collaborative and realistic target setting. Armstrong (2020) further asserts that structured annual workplans centered around key performance indicators (KPIs) enhance accountability and facilitate progress monitoring, cultivating a results-driven organizational culture. While these studies provide valuable insights, more research is needed to understand how such formalized processes operate in resource-constrained environments like Kenyan state corporations.

The role of collaboration in the goal-setting process is further supported by Saunila et al. (2015), who found that involving employees in performance target setting enhances motivation and commitment, leading to better performance outcomes. This collaborative approach aligns with Giacomeli et al. (2019), who emphasize the necessity of aligning individual goals with organizational missions to strengthen the connection between employee efforts and broader objectives. However, these findings mainly focus on private sector organizations, leaving a gap in understanding the role of employee collaboration in public sector target setting. While the literature demonstrates the effectiveness of goal setting, several gaps remain. First, much of the existing research focuses on private sector organizations or specific industries, with limited emphasis on the public sector, particularly in developing countries like Kenya. Second, few studies address the long-term sustainability of goal-setting impacts on employee performance. Additionally, the influence of resource constraints and cultural differences on the effectiveness of goal setting remains underexplored. Finally, there is limited research on the integration of employee collaboration into goal-setting practices in public institutions.

CONCEPTUAL FRAMEWORK

Operationalization of the independent variables in incorporates the subconstructs of: annual planning, employee involvement, alignment with organizational goals, and resource and collaboration support. The dependent variable is conceptualized by the sub-constructs: Productivity, quality of work, and goal attainment. The conceptual framework is presented in figure 1



Independent Variable **Dependent Variable**

Figure 1: Conceptual framework

RESEARCH METHODOLOGY

A cross-sectional survey design was adopted for this study with both quantitative and qualitative approaches to provide a broad understanding of the subject (Hunziker & Blankenagel, 2021). This design is normally used to collect data at one point in time from a cross-section of the population especially where the interest is to obtain an overall picture of the subject matter of study (Kumar, 2009). The study targeted Human Resource Managers/ Line Managers from 170 state corporations in Kenya, one manager per state corporation. A sample size of 119 respondents was determined using the Yamane (1967) formular. Respondents were proportionately picked using stratified simple random sampling where classification of state corporations constituted the strata. Sampling was carried out as provided in table 1

Table 1: Sampling of State Corporations

S. No.	Category	Population	Proportion %	Sample
1.	Purely Commercial State Corporations	34	20	24
2.	State Corporations with strategic functions	19	11	13
3.	Executive Agencies	52	31	36
4.	Independent regulatory state corporations	20	12	14
5.	Research institutions, public universities, Tertiary Education and Training institutions	45	26	32
Totals		**170**	**100**	**119**

Primary data was collected using semi-structured questionnaire. The responses of the structured part of the questionnaire were anchored on a five-point scale ranging from strongly agree to strongly disagree (a scale of 1–5, where 5 = Strongly Agree, 4 = Agree, 3 =Not Sure, 2=Disagreeand,1=Strongly Disagree). The Likert Scale was believed to be appropriate for the study since it is a multiple-indicator measure, thus overcoming the challenge associated with reliance on just a single indicator (Sekaran & Bougie, 2016). Secondary data was collected using data collection sheets to provide a basis for triangulation.

RESULTS AND DISCUSSIONS

Response Rate

The determined sample for the study was 119 respondents proportionately spread across the five classification of state corporations as per the sampling frame. The total response rate for the questionnaire for primary data collection was 78.15%

Descriptive results for performance target setting

Respondents were asked to give their opinion on implementation of various aspects of performance target setting in their state corporations. A total of eight five-point Likert scale items were analyzed ranging from: SD=Strongly Disagree, D=Disagree, NS= Not Sure, A=Agree, and SA= Strongly Agee and (SD=1, D=2, NS=3, A=4 & SA=5). The descriptive statistics for performance target setting presented a weighted mean=3.68 and a standard deviation=1.095. This suggests that most respondents tended towards agreement that performance target setting was well established in state corporations in Kenya. Since the standard deviation is slightly above one (1) it means that the whereas most of respondents agree that target setting is well established, there are notable differences among respondents implying that there were aspects of target setting that were not well established.

Analysis of qualitative data reveled some challenges with target setting in state corporations which can be summarized as unrealistic targets, lack of relevant knowledge, lack of responsibility sharing, inadequate planning, limited resources, implementation issues, resistance to change, evaluation issues, lack of appreciation, and timeliness. These challenges affect the quality, effectiveness, and efficiency of the target setting process, and may result in negative or unintended consequences, such as demotivation, frustration, conflict, and poor performance. Secondary data analysis was carried out to access trends in number of employees setting performance targets in state corporation in Kenya for period of five financial years was presented in a line graph in figure 2.

Figure 2: Trends of employee who set performance targets in state corporations in Kenya in FY 2019/20 to FY 2022/23

Note: Data from Public Service Commission of Kenya (2020-2023)

The trends in the total number of staff who set performance targets in Kenyan state corporations as illustrated in figure 2 show a relatively stable yet slightly fluctuating pattern over the four financial years. In FY 2019-20, about 90,000 staff were involved in setting performance targets, reflecting an established practice of aligning individual and organizational objectives. However, this number declined in FY 2020-21, coinciding with the challenges posed by the COVID-19 pandemic. The shift to remote working and disruptions in organizational operations likely hindered the ability of staff to engage in structured target-setting activities. From FY 2021-22 onwards, the numbers increased steadily and stabilized at approximately 100,000 staff annually. This recovery indicates a recovery in the emphasis on performance target setting as organizations adapted to new working conditions and resumed normal operations.

The consistent levels observed in the latter years suggest the institutionalization of robust frameworks for performance target setting, aligning with organizational goals and enhancing accountability. These findings collaborated very well with those established in primary data analysis, where majority of respondents agreed that performance targets are set on regular period. Similarly, respondents also indicated that the targets set are SMART and linked to overall organizational objectives. The observed trends underscore the critical role of performance target setting as a foundational element of performance management system. Clear and well-communicated targets serve as benchmarks for employees, enabling them to focus their efforts and achieve desired outcomes. This data aligns with Goal-Setting Theory, which emphasizes the motivational impact of specific, measurable, and achievable goals.

Descriptive analysis for employee performance

A total of eight 5-point Likert statements in regard to effectiveness of employee performance were analyzed. The descriptive statistics for employee performance presented a weighted mean=3.78 and a standard deviation=1.121. A weighted mean=3.78 which is quite close to 4 implies that majority of the respondents agree with most of the statements and the standard deviation show moderate variability of opinion. In summary the results that the opinion of the respondents on the effectiveness of all the items of the was positive and strong. Secondary data analysis of trends in performance among state corporations' employees was presented in figure 3. The graph in Figure 3 provides a detailed visualization of the number of staff in Kenyan state corporations who met their performance targets, as measured by achieving a score of 100% and above (101% or more), from FY 2019-20 to FY 2022-23. The data reveals significant fluctuations in goal attainment, which correlate with external and internal organizational factors.

In FY 2019-20, around 20,000 employees successfully met their performance targets if only those who met 100% of target are considered. When those met at least 80% of target are considered the figure moves to 70,000. This performance reflects a period of relatively stable operational conditions. This achievement was likely due to well-established performance management frameworks, with employees setting performance targets as shown by the data earlier. This may have resulted into effectiveness in working toward organizational objectives.

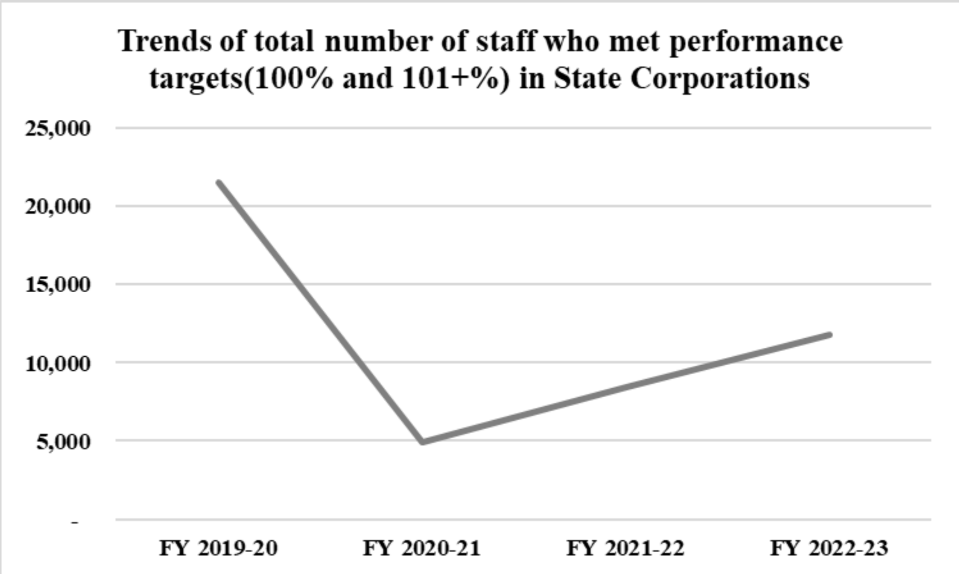


Figure 3: Total number of employees who met performance targets (100% and 101+%) in State Corporations in FY 2019/20 to FY 2022/23.

Note: Data from Public Service Commission (2020-2023)

In comparison with data on independent variable, a dramatic decline occurred in FY 2020-21, with the number of staff meeting performance targets dropping to below 5,000. This sharp decrease can be attributed to the unprecedented challenges posed by the COVID-19 pandemic. The shift to remote working, disruptions in day-to-day operations, and the heightened uncertainty created significant obstacles to goal setting and execution. The rapid transition to virtual environments and the constraints of limited resources likely hindered many employees' ability to meet established performance goals, contributing to the sharp drop. From FY 2021-22 onward, a marked recovery in performance levels is observable. The gradual increase in the number of staff meeting their targets from this period suggests that state corporations began to adapt to the new realities and fostering resilience among their workforce. By FY 2022-23, the recovery had continued, with more staff successfully aligning their individual goals with organizational expectations. This upward trend can be seen as indicative of the ability of state corporations to re-establish and strengthen performance management systems, improving goal-setting processes, providing ongoing support to employees, and incorporating lessons learned during the pandemic.

The overall trajectory from FY 2019-20 to FY 2022-23 in employee performance (measured by the number of staff meeting performance targets) mirrors the trends in the independent variables (target setting). This parallel suggests a potential causal relationship, indicating that variations in performance outcomes are closely linked to changes in how performance is managed within state corporations. In FY 2019-20, effective performance management practices contributed to higher employee performance, as seen in the number of staff meeting targets. The sharp decline in FY 2020-21, coinciding with disruptions in performance management due to the COVID-19 pandemic, further supports this relationship. As performance management practices were reinstated and adapted from FY 2021-22 onward, employee performance gradually improved, reinforcing the idea that robust performance management practices are crucial in driving performance outcomes.

Regression analysis and test of hypothesis

The specific objective of the study was **t**o examine the effect of target setting on employee performance in the state corporations in Kenya, the hypothesis tested was ***H_0:*** *Target setting has no significant effect on employee performance in state corporations in Kenya*. Regression analysis and analysis of variance was carried out on target setting and employee performance and results presented in Table 2.

From Table 2 the correlation coefficient (R) represents the strength and direction of the linear relationship between the independent variable and the dependent variable. In this model, the value of R is 0.464, this suggests a moderate positive correlation between the target setting and employee performance in state corporations in Kenya. R^2 also known as the coefficient of determination, represents the proportion of variance in the dependent variable that is explained by the independent variable in the model. In the model, R^2 was 0.215, indicating that approximately 21.5% of the variance in the dependent variable is accounted for by the predictors. Adjusted R^2 provides a more accurate estimate of the model's explanatory power, in our model, the adjusted R^2 was 0.207. Generally, the model summary suggests that the independent explain a moderate amount of variance in the dependent variable. However, the explanatory power is limited, as indicated by the relatively low R^2 and Adjusted R^2 values this means the explanatory power of the model could be improved with more variables added.

Table 2: Model Summary of regression of Target Setting on Employee Performance.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.464[a]	.215	.207	.60064

a. Predictors: (Constant), Target setting

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.003	1	9.003	24.956	.000[b]
	Residual	32.830	91	.361		
	Total	41.833	92			

a. Dependent Variable: employee performance

b. Predictors: (Constant), Target setting

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.250	.313		7.199	.000
	Target setting	.415	.083	.464	4.996	.000

a. Dependent Variable: employee performance

From the same table the analysis of variances shows that [F (1,91) = 24.296, p=0.000<0.05], this means that the relationship between target setting and employee performance in state corporations in Kenya exists and was significant at 95% confidence level.

The model equation for target setting and employee performance will thus be as follows

$Y=\beta_0+\beta_1X_1+\varepsilon$ ………………………………………………………. Equation 1

Where Y is employee performance, β_0 is the Y intercept or constant, β_1 is the gradient of the regression line or coefficient of the independent variable, X_1 is target setting and ε is the error term. Substituting for values in the equation gives rise to.

$\mathbf{Y=2.250+0.415X_1+\varepsilon}$

From this equation and Table 2 it follows that there exists a positive and significant relationship between 'target setting' and 'employee performance' and we thus reject the **H_0, and accept H_A:** *That target setting has a significant effect on employee performance in state corporations in Kenya***.**

These findings agreed with those of Shurie and Wambua (2020) in their study on performance management practices and employee productivity. They established a strong positive correlation between goal setting and employee performance and productivity. They went ahead in their conclusion to credit goal setting as a key enabler of improved employee and organizational performance.

The findings further agree with those of Park and Choi (2020) and Mati et al. (2020). Their research indicated a significant positive correlation between target setting and employee productivity and performance, suggesting that clear, well-defined targets enhance staff efficacy and motivation, thereby improving organizational performance. Similarly, Corgnet (2015) in his study on relationship between goal setting and monetary incentives, established that employees responded to set performance targets by increasing their effort which resulted to improved performance. From our model the values of R^2 and adjusted R^2 clearly recognized that other factors are also responsible for employee performance, this finding agree with those of Deschamps and Mattijs (2017) in their study to investigate sustainable goal setting who concluded that employee performance cannot be accounted for by target setting alone.

CONCLUSIONS

The study concludes that target setting is a critical aspect of performance management that significantly enhances employee performance in state corporations. Effective target-setting strategies improve efficiency, motivation, and overall performance. While a positive relationship between target setting and employee performance was established, the explanatory power of the model is somewhat limited when considered in isolation. Challenges such as misalignment between goals and available resources, lack of managerial commitment, unrealistic targets, and weak collaboration must be addressed to maximize the effectiveness of target-setting processes. Additionally, secondary data trends indicate that fluctuations in goal achievement are influenced by external factors such as operational disruptions, reinforcing the need for adaptable performance management strategies. Aligning with goal-setting theory, organizations should focus on establishing specific, measurable, and challenging goals, ensuring adequate resource allocation and managerial support to enhance employee performance and achieve strategic objectives.

RECOMMENDATIONS

The study recommends that state corporations in Kenya should focus on improving their target-setting processes to ensure alignment with organizational resources and realistic goal setting. This could involve conducting thorough assessments of available resources and capabilities before setting targets, as well as fostering collaboration and communication between managers and employees to ensure buy-in and commitment to target achievement. Establishing clear and achievable performance targets requires a participatory approach where employees are actively involved in setting their own goals, thereby enhancing motivation, accountability, and ownership. Additionally, state corporations should implement structured monitoring and evaluation systems to track progress, identify gaps, and make necessary adjustments to improve performance outcomes. Managers play a crucial role in ensuring that performance targets are aligned with the organization’s strategic objectives, and they should provide continuous feedback, guidance, and support to employees throughout the target-setting process. Furthermore, organizations should address challenges such as resource constraints, unrealistic expectations, and resistance to change by ensuring that targets are SMART and supported by adequate training, tools, and incentives. Regular performance reviews and data-driven decision-making should be integrated into performance management frameworks to enhance accountability, improve efficiency, and create an adaptable work environment that fosters continuous improvement. By refining target-setting processes and ensuring strategic alignment with operational capabilities, state corporations can significantly enhance employee performance, organizational efficiency, and overall service delivery.

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