

## **THE PROCESS OF SETTING OBJECTIVES IN ROMANIAN COMPANIES**

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*Abstract: The paper presents a study conducted for descriptive and exploratory purposes in Romanian companies, using the questionnaire-based survey and observation in order to emphasize the process of setting objectives. The results of the study indicate that in the investigated companies, almost all the employees know and understand very well their job objectives. However, managers show inferior knowledge and understanding of job objectives compared to employees. It is possible that due to the much higher complexity inherent to leadership positions, it is more difficult to managers to clearly identify the objectives of their job. This finding is an issue that needs to be addressed, because it is generally considered that such a situation has a negative impact on management performance.*

*Keywords: objectives, setting objectives, employees involvement, performance, employee behavior*

### **1. Theoretical background**

Objectives designate targets, goals, aims, levels of results established for the activity of the organisation. Objectives state what the organisation wishes to achieve, using action verbs, in a quantifiable manner and using specific terms (Wheelen, T.J., Hunger, J.D., 2006). Achieving the objectives of the company should lead to fulfilling its mission (Oakland, J., 1999, *The practice of leadership*, 2017).

The literature is quite rich in research on setting objectives in various types of organisations, outlining a comprehensive framework for this activity, including influencing factors, facilitating conditions, successful models etc.

Some of the studies on setting objectives compared a participative objective-setting situation (management and employees together), with a situation in which work issues and company policies were discussed, but without setting explicit objectives. Researchers generally found that employees were equally satisfied in both situations, but production (in terms of quantity) increased significantly when objectives were set (Stedry, A. C, Kay E.,1996; Burke, R. J., and D. S. Wilcox, 1989).

### **2. Allocated Objectives versus Participation in Setting Objectives**

The best method of setting objectives is an important aspect for many areas of management. The consequences of subordinates participating in objective setting are a subject that has been widely speculated in management and leadership literature (Rusu, C., Deselnicu, D.C., 2006; Deselnicu, D.C., Rusu, C., 2006). According to classical theories of management, it is the manager's responsibility to assign objectives and ensure that they are met (Blumenfeld, W. E., Leidy T. E., 1989; Levinson, H., 1990). Humanistic theories emphasize substantial participation of subordinates in decision making, and such a participation is thought to increase acceptance of decision, and involvement to implement it (Ronan, W. W., G. P. Latham, Kinne S. B., 1993; Baumler, J. V., 1991). Other different contingency theories state that participation is effective in some cases and not effective in others (Locke, E. A., 1968; Zander, A., Newcomb T. T., 1997; Carroll, S. J., Tosi H. L., 1990). Current research tends to support the contingency approach.

Latham and Yukl undertook a field study on the subject, and the results indicate that if the objectives are set by participation, the level of difficulty of the objectives was higher than if objectives were assigned without employee participation. The degree of achievement of objectives was higher for the participatory situation, despite greater difficulty of objectives, which suggests a greater acceptance of objectives in this situation. However, research on these issues should be viewed as exploratory rather than definitive, clearly requiring further studies on the subject.

### **3. Research Methodology**

The present study was conducted for descriptive and exploratory purposes, using the questionnaire-based survey applied in the three Romanian manufacturing companies that for purposes of confidentiality will be named RomTex, RomAer, and RomFer. All the companies are big manufacturing companies from Romania, namely RomTex manufactures textile products, RomAer manufactures flight vehicles (planes), while RomFer manufactures railways wagons and rolling stock.

The research tool used was the self-administered questionnaire, which focused on issues related to setting goals. The five-point Likert scale was used for answers: from "1 - not at all / to a very small extent" to "5 - to a very large extent".

The non-probabilistic method was used for sampling, using a mixture of types of samples described by Henry cited by Huțu, Avasilcai, Apostolos (2001): convenience, typical cases, critical cases, and snowball cases. The sample of respondents included 72 people surveyed in all three companies, namely 14 people from top management and 58 employees. The investigated sample consisted in both men and women to an almost similar degree (51% men, 49% women). The average age of the respondents was 44.61 years and the average seniority in the company was 22.3 years, with a prevalent university education level for the entire sample.

### **4. Data Analysis and Results Interpretation**

The statistical processing of the collected data included the statistical summary of relevant information, and correlation matrix analysis.

Regarding *the knowledge and understanding of business objectives* by respondents, almost all of them (94.3%) said that they know the objectives of the company to a large and very large extent (high arithmetic mean (mean) per sample, of 4.37). The men in the sample claim a

better understanding of the objectives (mean = 4.55) than women (mean = 4.17), and also managers know the business objectives better (mean = 4.62) than employees (mean = 4.30). At company level, RomAer employees know business objectives best, while the reverse situation is found for RomTex employees (Figure 1):

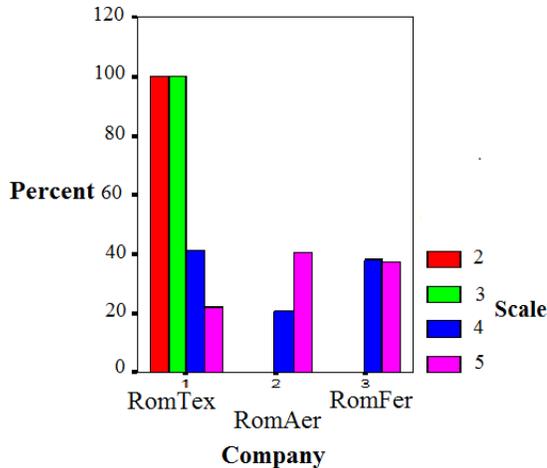


Figure 1. Knowledge and understanding the company's objectives for each company

Respondents claim **knowledge and understanding of the objectives of the department in which they work** to a larger extent (mean = 4.66, 98% of respondents). Distribution by respondent's gender and position are maintained; men have better knowledge and understanding of department objectives (arithmetic mean = 4.76) than women (mean = 4.53); also managers (mean = 4.85) are superior to employees (mean = 4.60) in this regard. RomAer company is best positioned (Figure 2) regarding this aspect (mean = 4.85), followed by RomFer (arithmetic mean = 4.72) and RomTex (mean = 4.44):

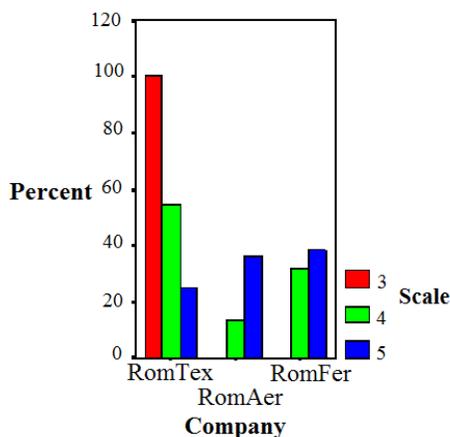


Figure 2. Knowledge and understanding of department's objectives for each company

The extent to which respondents participated in **setting objectives for the department / section where they work** is significant in the whole sample (arithmetic mean = 4.17), 80% of respondents claiming participation to a large and very large extent.

Contrary to previously investigated issues, employees of RomFer company claim to have participated in setting objectives for their own department to the largest extent (arithmetic mean

= 4.52), followed by employees of RomAer (arithmetic mean = 4) and RomTex (arithmetic mean = 3.96), as evident from Figure 3:

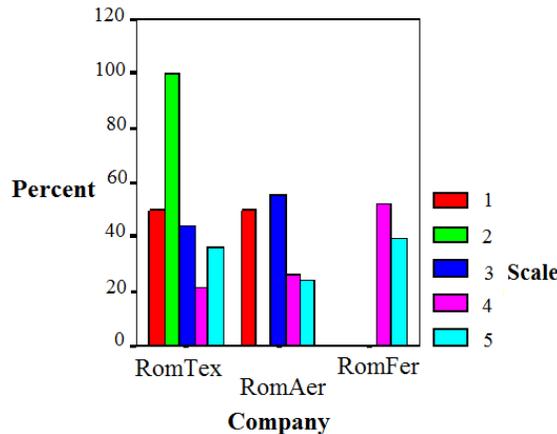


Figure 3. Participation in setting department objectives for each company

The pattern noted above is maintained for this aspect as well, men claiming a greater contribution to department objectives (mean = 4.36) than women (mean = 3.93), the same goes for managers (mean = 4.62) compared to employees (mean = 4.04).

As regards **their own job**, 96% of respondents said that they know and understand well its objectives (mean = 4.77). However, unlike those stated with reference to the company's objectives or department, managers (arithmetic mean = 4.69) show an inferior knowledge and understanding than employees (arithmetic mean = 4.80) in terms of their own job objectives. It is possible that due to the much higher complexity inherent to leadership positions, managers have a harder time clearly identifying the objectives of their job. This is an issue that needs to be addressed because it is generally considered that such a situation has a negative impact on management performance.

Men (mean = 4.79) and women (mean = 4.76) in the sample know and understand their job objectives at a comparable and fairly high level, and in terms of distribution on companies, the investigated issues are as follows (Figure 4):

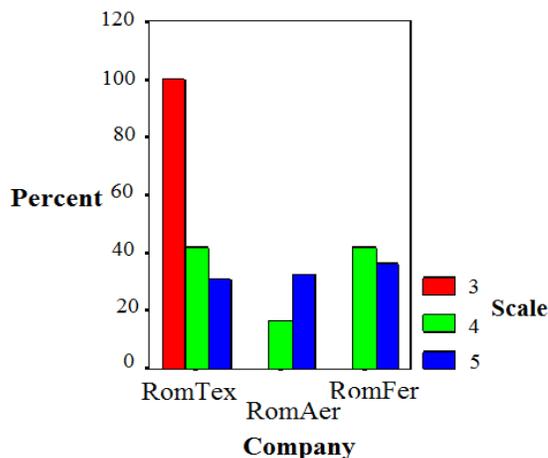


Figure 4. Knowledge and understanding of job objectives for each company

RomAer company returns to the leadership position in matters related to objectives, its employees claiming the highest degree of knowledge and understanding of their own job objectives (mean = 4.90). RomFer company follows, with an arithmetic mean of 4.80, and RomTex with an arithmetic mean of 4.63.

Referring to the practice of consultation of employees to establish objectives of their own job (Figure 5), RomFer (mean = 4.68) holds first place compared to the other two companies, followed by RomAer (mean = 4.00), and finally RomTex (mean = 3.50).

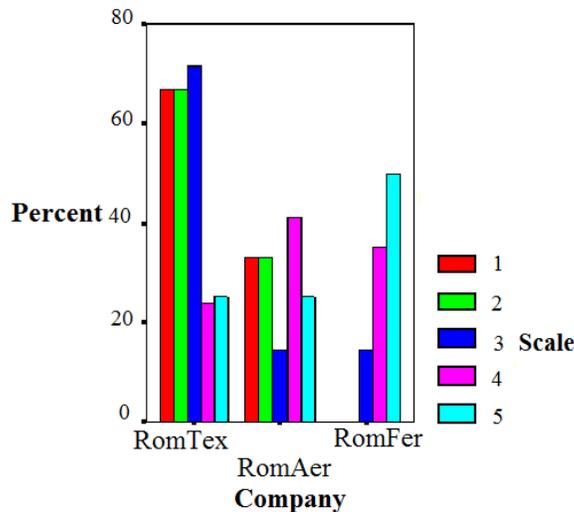


Figure 5. Participation in setting job objectives for each company

Managers (arithmetic mean = 4.23) and men (mean = 4.36) also claimed more participation in setting job objectives than employees (mean = 4.02) and women (arithmetic mean = 3.72).

## Conclusions

Setting objectives influences performance in that difficult objectives lead to higher performance, to the extent that the objectives are accepted. There are many factors that moderate this relationship. Setting unreasonable objectives and lack of importance attributed to objectives lead to a low acceptance and low involvement to achieve them, ultimately leading to poor performance.

Regarding knowledge and understanding of business objectives in the companies investigated in this study, knowledge of objectives is apparent to a large and very large extent. Knowledge and understanding of the department objectives is also present to a great extent. The extent to which employees participate in setting objectives for the department / section where they work is significant in the studied Romanian companies.

Almost all employees know and understand very well their job objectives. However, managers show inferior knowledge and understanding of job objectives compared to employees. It is possible that due to the much higher complexity inherent to leadership positions, it is more difficult to managers to clearly identifying the objectives of their job. This is a puzzling finding,

since it is generally considered that such a situation has a negative impact on management performance.

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