Investigating the Relationship between Organizational Objectives' Transparency and Employees' Performance

Saeid Farahani, Fatane Yarahmadi*, Freidoon Salimi
Department of Management, Malayer branch, Islamic Azad University, Malayer, Iran
*E-mail: dryarahmadi.fa@gmail.com

Abstract
According to luck’s target setting theory, objective awareness results in employees’ performance improvement. The current study has been conducted to investigate the relationship between transparency of organizational objectives and employees’ performance in Azar Ab firm. The participants of the study were 327 of Azar Ab managers, employees and other staff who have been chosen randomly. The instruments used were two questionnaires related to transparency of organizational objectives and employees’ performance. In order to analyze the data, descriptive statistics as well as the deductive statistics were applied. The findings of the study show that transparency of organizational objectives and employees’ performance in Azar Ab firm was below average. The findings of Pearson correlation test also showed that there is a significant relationship between transparency of organizational objectives and employees’ performance. The results of regression analysis pointed out that hierarchy of objectives, objective awareness, and coordination between organizational and individual objectives, tangibility of the objectives had the highest impact on employees’ performance as well.

Keywords: transparency of organizational objectives, employees’ performance, Azar Ab firm

Introduction
Considering the linkage between objectives, organizational hierarchy, and distinguishing objectives into social, more clearer and general objectives, the objectives of the department, the objectives of the units and individual objectives as well as considering the time in distinguishing objectives into three short term, long and mid-term objectives and in order to emphasize the objective, and the role of objectives can push people toward better performance and finally better performance of the organization. Considering the hierarchy of objectives and different types of objectives from different perspective, the role of organizational objectives is to provide guidelines in decision-making, organizational effectiveness, organizational unity and performance measurement, respectively (Serto, 1977).

Although the concept of performance management is being considered a new concept, performance Measurement has been one of the hot personnel services as well as the managerial activities. It can be claimed that performance management through forming set of perspectives and stimulating different feelings has been one of the complex activities and managerial process of human resources. In many organizations, the performance measurement has been considered as an inseparable part of managerial plans of human resources as well as an effective tool in professional development which are being used for different purposes. According to Bernadin et al (2003), the information coming from performance measurement is widely used for service compensation, performance improvement as well as documentation. Furthermore, it can also be used in employees’ related decisions (promotion, movement, firing, etc.), the analysis of educational needs, employees’ development, and research and plan measurement. Ivancevich (2007) has counted the objectives of employees’ measurement in employees’ development, giving motivation, human force planning,
creating an effective relationship between employees and supervisors. Snell and Bohlander (2007) and Noe et al (2008) have divided the objectives of employees’ measurement into two objectives including developmental and Bureaucratic-implementation objectives.

**Statement of the problem**
What is important for organization is to get closer to organizational as well as individual objectives. It is very clear that, first, the organization is formed and staff are chosen later accordingly.

The first step in making all staff united as well making them coherent in achieving the objectives is to make everything clearer and more transparent. In fact, it can be said that the ultimate goal of the organization is to reach to a suitable condition. In this regard, the main role of the superior managers of the organization is to set goals and strategies of the organization and create a suitable environment for implementing such strategies.

Organizational objectives and its transparency is one of the most important concepts in today’s management, which in spite of its importance little attention is paid to. Considering the goals and the effects which this issue can have on employees’ performance is the main core of this study. Through using target-setting theory, the mutual effects of objectives and performance have been investigated. The main hypothesis is taken from luck’s target setting theory, which claims that objectives awareness causes improved performance of the employees. If an objective is assigned to each individual, the motivation of the individual is doubled. Therefore, in addition to needs and other internal concepts, environment has an important role in specifying the objectives as well as the performance guidance of the people.

**The objectives of the study**
The main objective of the study is to investigate the relationship between transparency of organizational objectives and employees’ performance in Azar Ab firm. Regarding the minor objective, the following can be mentioned:

1. Investigating the relationship between objective awareness and employees’ performance in Azar Ab firm
2. Investigating the relationship between tangibility of the objectives and employees’ performance in Azar Ab firm
3. Investigating the relationship between objectives’ hierarchy and employees’ performance in Azar Ab firm
4. Investigating the relationship between organizational and individual objectives coordination and promotion of employees performance level in in Azar Ab firm

**Conceptual definitions of organizational objectives**
Objectives are the main elements of planning and plans are designed and implemented in order to achieve them. All managers’ and employees’ duty, including planning, decision making, organizing and control are done in order to achieve these objectives. So, objectives are the cores of all duties and managers’ actions. Organizational objectives are also shaping activities, efforts and organizational movements as well as guiding them to a clear path.

Some scholars and writers have put forward the goals and their roles on organization, stating that objectives make it clear that where the firm is heading and what is it achieving. Objectives are also helping managers to design plans which brings the existence of the firm into a reality (Courtland, 1993).

In fact, it can be claimed that the aim of the organization is reaching to kind of suitable condition. In this regard the main role of the organization’s head manager is to set high objectives,
organization’s strategies and creating the suitable condition and environment in order to implement such strategies. In order to evaluate the effectiveness of the organization, the intended objectives of the organization have to be identified, and its performance has to be measured and evaluated, since organization effectiveness includes a degree which an organization achieves its objectives. Hence, all organizations have to specify that to what degree they have acted in achieving their objectives and how much have they succeeded.

**Conceptual definitions of performance**

- Performance includes: what an individual does as his/her duty at work place
- Performance includes: achieving or acceding social objectives or responsibilities from individuals point of view
- Employees’ performance is effected by two factors: motivation +qualification =performance
- In other words, employees have to be somewhat interested in the skills and the work that they are doing
- In management culture it has been said that performance is what a person does in his/her work
- Performance management systems' measurement, which is directly related to reward system of the organization provides the employees with higher motivation in achieving annual organizational objectives. As long as performance management systems are designed and implemented appropriately, employees are allowed to understand their current performance quality as well as clearing the actions which have to be done in their performance improvement.

**Literature review**

Kirunda (2004) had conducted a study investigating the relationship between performance based rewarding and junior high school teachers’ performance. The main objective of the study was to investigate the relationship between performance based rewarding and teachers’ performance. The findings of the study show that performance based rewarding has improved employees’ performance through motivation enhancement. The research criteria have been pointed out in four dimensions: service compensation, benefit, and work rewarding as well as nonfinancial rewards (Kirunda, 2004).

Jamshidian and Mohammad Khani (2002) in a study by the title of awareness and organizational objectives transparency and its effects on performance investigated the Mobarakhe complex supervisors through using target setting theory, mutual effects of the objectives and performance. The findings of the study are as follows:

1. The more the individual’s objective awareness, the better the individuals’ performance
2. The more tangible the objectives, the better the individuals’ performance
3. Observing objectives hierarchy and applying it increases the supervisors’ awareness which finally end in better performance
4. The more aware the individuals are about the objectives, the less stubborn they are about probable changes.

Seyed Javad and Pourdeli (2009) investigated the individual and organizational objectives in order to investigate the effective factors on organizational and individual objectives coordination. In this regard, all factors have been provided in seven different indices including value based management, spirituality in work place, transparency, motivational payment system, control and observation, environmental distrust, and participatory management. The applied method in the mentioned study was descriptive-measurement and the participants were the employees of Tarh and
Andisheh Behsaz Mellat firm. The findings of the study shows that all mentioned factors were significant in coordinating individual and organizational objectives.

**The main hypothesis**
There is a significant and positive relationship between organizational objectives’ transparency and employees’ performance in Azar Ab firm.

**The minor hypotheses**
1. There is a significant and positive relationship between objectives and employees’ performance in Azar Ab firm.
2. There is a significant and positive relationship between tangibility of the objectives and employees’ performance in Azar Ab firm.
3. There is a significant and positive relationship between objectives hierarchy and employees’ performance in Azar Ab firm.
4. There is a significant and positive relationship between individual and organizational objectives coordination and employees’ performance enhancement in Azar Ab firm.

**Variables of the study**
Independent variables: transparency of organizational objectives which its dimensions include objective awareness, objective tangibility, objective hierarchy, individual and organizational objectives coordination

Dependent variables: employees’ performance which its dimensions include growth and learning, internal process of the organization, customer, and finance.

**Conceptual model of the research**

*A: Transparency of organizational objectives model*
Jamshidian and Mohammadkhani (2002) considered objective awareness, objective tangibility, objective hierarchy, individual and organizational objectives coordination as organizational objectives’ transparency dimensions.

*B: Employees’ performance model*
Kaplan and Norton (2001) included growth and learning, internal process of the organization, customer, and finance as performance measurement dimensions.

**Methodology**
The current study is functional and functional studies are ones which are used to eliminate human beings needs through using knowledge, and information which are provided by basic researches (Hafeznia, 2008). The current study is also descriptive which means it tries to describe the whole things as well as focusing on the temporary studies regarding the research questions. It is worth mention that the study also focuses on previous studies respectively (Khaki, 2010). In correlation studies, the main goal is to find out if there exists any relationship between the variables or how these variable are related. Furthermore, the objective of a correlation study might be identifying existence or nonexistence of a relationship as well as the use of such relationships for future forecasts (Khaki, 2010).

**Participants**
The participants of the study were supervisors, managers, and employees of Azar Ab firm.

**Sampling method**
The random sampling is used in this research which means samples have been taken randomly from head and mid managers, expertise and employees in Azar Ab firm.
**The instruments of the study**

The questionnaire was used in order to collect the data, it is worth mentioning that in order to measure the transparency of objectives and evaluate employees performance closed question have been used in the questionnaire. In order to measure the transparency of the objectives the researcher-made questionnaire was applied which is based on Likret survey theory.

**Table 1: The objectives’ transparency questionnaire questions based on variables**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Number of the questions</th>
<th>questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective awareness</td>
<td>5</td>
<td>1 to 5</td>
</tr>
<tr>
<td>Objective tangibility</td>
<td>5</td>
<td>6 to 10</td>
</tr>
<tr>
<td>Objective hierarchy</td>
<td>5</td>
<td>11 to 16</td>
</tr>
<tr>
<td>Individual and organizational objectives coordination</td>
<td>5</td>
<td>17 to 22</td>
</tr>
</tbody>
</table>

In order to measure the employees performance the tested questionnaire of balanced score card (Kaplan and Norton, 2001) was applied. The dimensions of the questionnaire for measuring the employees’ performance includes four different aspects:

**Table 2: The employees’ performance questionnaire questions based on variables**

<table>
<thead>
<tr>
<th>Questions</th>
<th>Number of the questions</th>
<th>Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 6</td>
<td>6</td>
<td>Growth and learning</td>
</tr>
<tr>
<td>7 to 15</td>
<td>9</td>
<td>Internal process of the organization</td>
</tr>
<tr>
<td>16 to 23</td>
<td>8</td>
<td>Customers</td>
</tr>
<tr>
<td>24to 29</td>
<td>6</td>
<td>Finance</td>
</tr>
</tbody>
</table>

**Inferential statistics**

**The normality test of sample distribution**

In this phase, the distribution of collected data has to be specified in order to choose the appropriate test for testing the hypothesis. In this regard, the Kolmogorov-Simonov Z test was applied. The hypotheses are as follows:

- H0: The distribution of the intended sample is normal
- H1: The distribution of the intended sample is not normal

The findings of table 3 show that the distribution of the employees’ scores in Azar Ab firm (the needed situation for performance measurement) is not significantly deviated from the normal distribution. In other words, it can be claimed that it is normally distributed (sig=0/092, k-s=1/240).

**Table 3: Kolmogorov- Simonov Z test’s findings for investigating the normality of the variables**

<table>
<thead>
<tr>
<th>Exploitation</th>
<th>Objectives’ transparency</th>
<th>Employees’ performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Numbers</td>
<td>327</td>
<td>324</td>
</tr>
<tr>
<td>Mean</td>
<td>2/9330</td>
<td>2/9051</td>
</tr>
<tr>
<td>Standard deviation</td>
<td>0/7356</td>
<td>0/6579</td>
</tr>
<tr>
<td>Stark</td>
<td>0/072</td>
<td>0/069</td>
</tr>
<tr>
<td>Positive</td>
<td>0/072</td>
<td>0/069</td>
</tr>
<tr>
<td>Negative</td>
<td>-0/044</td>
<td>-0/057</td>
</tr>
<tr>
<td>Kolmogorov- Simonov Z</td>
<td>1/305</td>
<td>1/240</td>
</tr>
<tr>
<td>sig</td>
<td>0/066</td>
<td>0/092</td>
</tr>
</tbody>
</table>
The level of Kolmogorov- Simonov Z test meaningfulness for normality of transparency distribution (table 3) shows that the distribution of Azar Ab firm employees’ scores is not significantly deviated from the normal distribution. In other words, it can be claimed that it is normally distributed (sig=0/066, k-s=1/305).

As the level of meaningfulness (sig) in all variables is more than 0/01, it can be said that H1 Hypothesis can be rejected while H0 hypothesis is accepted and the normality of sample distribution is accepted as well.

**The main hypothesis testing**

H0: There is no significant relationship between organizational objectives’ transparency and employees’ performance in Azar Ab firm.

The findings of Pearson correlation test (table 4) show that there is a significant correlation between organizational objectives’ transparency and employees’ performance in Azar Ab firm (sig=0/000, r=0/797) which is around 0/8. It is worth mentioning that it shows a higher and direct correlation. In other word, since its sig is less than 0/01 the hypothesis is accepted.

<table>
<thead>
<tr>
<th>Employees’ performance</th>
<th>Explanation</th>
<th>Organizational objectives’ transparency</th>
</tr>
</thead>
<tbody>
<tr>
<td>0/797</td>
<td>Correlation co-efficiency</td>
<td></td>
</tr>
<tr>
<td>0/000</td>
<td>Sig</td>
<td></td>
</tr>
</tbody>
</table>

**Table 4: Pearson correlation co-efficiency between organizational objectives’ transparency and employees’ performance**

The first minor hypothesis testing

H0: There is no significant relationship between objectives’ awareness and employees’ performance in Azar Ab firm.

The findings of Pearson correlation test (table 5) shows that there is a significant correlation between objectives’ awareness and employees’ performance in Azar Ab firm (sig=0/000, r=0/728) which its intensity is around 0/73. It is worth mentioning that it shows a higher and direct correlation. In other word, since its sig is less than 0/01 the hypothesis is accepted.

<table>
<thead>
<tr>
<th>Employees’ performance</th>
<th>Explanation</th>
<th>Objectives’ awareness</th>
</tr>
</thead>
<tbody>
<tr>
<td>0/728</td>
<td>Correlation co-efficiency</td>
<td></td>
</tr>
<tr>
<td>0/000</td>
<td>Sig</td>
<td></td>
</tr>
</tbody>
</table>

**Table 5: Pearson correlation co-efficiency between objectives’ awareness and employees’ performance**

The second minor hypothesis testing

H0: There is no significant relationship between objectives’ tangibility and employees’ performance in Azar Ab firm.

The findings of table 6 shows that there is a significant and direct correlation between objectives’ tangibility and employees’ performance in Azar Ab firm (sig=0/000, r=0/433) which is around 0/43. In other word, since its sig is less than 0/01 the null hypothesis is rejected and the hypothesis is accepted.

<table>
<thead>
<tr>
<th>Employees’ performance</th>
<th>Explanation</th>
<th>Objectives’ tangibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>0/433</td>
<td>correlation co-efficiency</td>
<td></td>
</tr>
<tr>
<td>0/000</td>
<td>Sig</td>
<td></td>
</tr>
</tbody>
</table>
**The third minor hypothesis testing**

H0: There is no significant relationship between objectives’ hierarchy and employees’ performance in Azar Ab firm.

The findings of table 7 show that there is a significant and direct correlation between objectives’ hierarchy and employees’ performance in Azar Ab firm (sig= 0/000, r=0/771) which is around 0/77. In other word, since the sig is less than 0/01, the null hypothesis is rejected and the hypothesis is accepted.

**Table 7. Pearson correlation co-efficiency between objectives’ hierarchy and employees’ performance**

<table>
<thead>
<tr>
<th>Employees’ performance</th>
<th>Explanation</th>
<th>Objectives’ hierarchy</th>
</tr>
</thead>
<tbody>
<tr>
<td>0/771</td>
<td>Correlation co-efficiency</td>
<td></td>
</tr>
<tr>
<td>0/000</td>
<td>Sig</td>
<td></td>
</tr>
</tbody>
</table>

**The fourth minor hypothesis testing**

H0: There is no significant relationship between Individual and organizational objectives coordination and employees’ performance in Azar Ab firm.

The findings of table 8 show that there is a significant and direct correlation between Individual and organizational objectives coordination and employees’ performance in Azar Ab firm (sig= 0/000, r=0/714) which is around 0/72. It is worth mentioning that it shows a higher and direct correlation. In other word, since the sig is less than 0/01 the hypothesis is accepted.

**Table 8. Pearson correlation co-efficiency between individual and organizational objectives coordination and employees’ performance**

<table>
<thead>
<tr>
<th>Employees’ performance</th>
<th>Explanation</th>
<th>Individual and organizational objectives coordination</th>
</tr>
</thead>
<tbody>
<tr>
<td>0/714</td>
<td>correlation co-efficiency</td>
<td></td>
</tr>
<tr>
<td>0/000</td>
<td>Sig</td>
<td></td>
</tr>
</tbody>
</table>

**The other findings of correlation test**

The findings of table 9 show that there is a significant correlation between organizational objectives transparency and growth and learning in Azar Ab firm (sig= 0/000, r=0/652) which is around 0/65. It is worth mentioning that it shows a higher and direct correlation.

**Table 9: Pearson correlation co-efficiency between organizational objectives transparency and growth and learning**

<table>
<thead>
<tr>
<th>growth and learning</th>
<th>Explanation</th>
<th>organizational objectives transparency</th>
</tr>
</thead>
<tbody>
<tr>
<td>0/652</td>
<td>correlation co-efficiency</td>
<td></td>
</tr>
<tr>
<td>0/000</td>
<td>Sig</td>
<td></td>
</tr>
</tbody>
</table>

The findings of table 10 show that there is a significant and direct correlation between organizational objectives transparency and internal process of the organization in Azar Ab firm (sig= 0/000, r=0/763) which its intensity is around 0/76. It is worth mentioning that it shows a higher and direct correlation.

**Table 10. Pearson correlation co-efficiency between organizational objectives transparency and internal process of the organization**

<table>
<thead>
<tr>
<th>Internal process of the organization</th>
<th>Explanation</th>
<th>organizational objectives transparency</th>
</tr>
</thead>
<tbody>
<tr>
<td>0/763</td>
<td>correlation co-efficiency</td>
<td></td>
</tr>
<tr>
<td>0/000</td>
<td>Sig</td>
<td></td>
</tr>
</tbody>
</table>
The findings of table 11 show that there is a significant and direct correlation between organizational objectives transparency and customers in Azar Ab firm (sig= 0/000, r=0/693) which its intensity is around 0/69. It is worth mentioning that it shows a higher and direct correlation.

Table 11. Pearson correlation co-efficiency between organizational objectives transparency and customers

<table>
<thead>
<tr>
<th>Explanation</th>
<th>Pearson Correlation Co-Efficiency</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational objectives transparency</td>
<td>0/693</td>
<td>0/000</td>
</tr>
</tbody>
</table>

The findings of table 12 show that there is a significant and direct correlation between organizational objectives transparency and finance in Azar Ab firm (sig= 0/000, r=0/716) which its intensity is around 0/72. It is worth mentioning that it shows a higher and direct correlation.

Table 12. Pearson correlation co-efficiency between organizational objectives transparency and finance

<table>
<thead>
<tr>
<th>Finance</th>
<th>Pearson Correlation Co-Efficiency</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational objectives transparency</td>
<td>0/716</td>
<td>0/000</td>
</tr>
</tbody>
</table>

The findings of the regression analysis also point out that objective hierarchy, objective awareness, individual and organizational objective coordination, objective tangibility had the most impact on employees’ performance. Through using objective hierarchy, objective awareness, individual and organizational objective coordination, and objective tangibility, we can offer a reliable model which is as follows:

\[ Y_t = B_0 + B_1 X_{1t} + B_3 X_{3t} + B_4 X_{4t} \]

- \( Y_t \) = Employees’ performance
- \( B_0 \) = Fixed amount
- \( B \) = Estimation of coefficients
- \( X_{1t} \) = Objectives hierarchy
- \( X_{2t} \) = Objective awareness
- \( X_{3t} \) = Individual and organizational objectives coordination
- \( X_{4t} \) = Objectives tangibility

Based on trivial correlation co-efficiency, objective hierarchy has the most trivial co-efficiency (0/282) with employees’ performance in comparison with other variables of organizational transparency. In the other words, objective hierarchy is an appropriate determinant for performance and it can be applied to enhance the employees’ performance. Through objective hierarchy improvement, the firm can achieve a better quality/quantity in its performance. Other variables which enter regression formula are as follows: objective awareness, individual and organizational objective coordination, and objective tangibility.

Employees’ objective awareness can make them to better understand the firms’ objective as well as making them to improve their performance in order to achieve the mentioned goals. Individual and organizational objectives coordination means that both firm and the employees are considered as a family and any threat to one organization is a threat to each of the family members and any benefit is for all the members as well. Taking such an importance into consideration makes all managers as well as the other expertise to identify weak and strong points and seize the opportunities for reaching to a better position and more benefits. The objectives of each part in an organization are in a way which causes more cooperation and coordination. In such organizations, individual and group objectives are in line with overall objectives of the organization. Cooperation
in such an organization results in more efforts on behalf of the individuals in achieving organizational objectives. The tangibility of the objectives make all employees to have a better understanding about organization’s objectives as well as making them touch the organization’s success through better performance and objectives accomplishments. Finally, the acceptance of a main hypothesis is drawn through different linear regression formulas.

Recommenations of the study
Suggestions based on main hypothesis results
Based on organizational objectives transparency variables which have been analyzed through regression models, the findings points out that ‘objective hierarchy, objective awareness, individual and organizational coordination and objective tangibility had the most impact on employees’ performance. So, the managers of the mentioned firm are suggested to consider the priorities.

Objectives awareness affects employees’ behavior. In other words, if the employees know what task they have to accomplish, they will have a higher motivation and consequently better performance. So, the managers are suggested to remind employees about organization objectives through different means (visual, written, etc), and offer the organization strategies through different means (visual, written etc)

Based on the objectives tangibility and employees performance, the managers are suggested to teach employees in order to have real understanding of the organization’s objective, and teach employees in order to have real understanding of the organization’s strategy and vision.

Also, based on objectives hierarchy and employees performance, the managers are suggested to clearly specify the objectives of the organization, let the employees to participate in an organization target setting process, and create an appropriate feedback system in order to formulate the objectives.

Furthermore, regarding individual and organizational coordination and employees’ performance, the managers are suggested to eliminate tension among employees through objectives coordination, strengthen employees’ motivation through objectives coordination, strengthen understanding among employees through objectives coordination, and finally evaluate employees through objectives coordination.

Practical recommendations
According to the findings of the study and based on few transparency of organization objective variables, managers and employees of Azar Ab firm are suggested to pay their attention to the following variables: objective awareness, objective hierarchy, individual and organizational objective coordination.

According to the findings of the study and based on few employees performance variables, managers and employees of Azar Ab firm are suggested to pay their attention to the following variables: learning and growth, organization internal process, customer and finance.

According to the findings of the study and based on positive and direct relationship between transparency of organizational objectives and employees performance, managers and employees of Azar Ab firm are suggested to pay their attention to objective awareness, objective hierarchy, individual and organizational objective coordination in order to enhance the employees performance.

References