

Effect of Target Setting on Organizational Performance: A Focus of Murang'a County Government, Kenya

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How to cite this paper: Kibe, R. K., Muthoni, N., & Omariba, A. (2025). Effect of Target Setting on Organizational Performance: A Focus of Murang'a County Government, Kenya. *iBusiness*, 17, 191-201.
<https://doi.org/10.4236/ib.2025.173012>

Received: April 24, 2025

Accepted: September 19, 2025

Published: September 22, 2025

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Abstract

In an era where public sector institutions worldwide are under increasing pressure to demonstrate efficiency, transparency, and results, performance management frameworks such as target setting have become essential tools for driving organizational effectiveness. Target Setting refers to the process of establishing specific, measurable, achievable, relevant, and time-bound (SMART) goals and objectives within an organization. In this study, target setting is operationalized as the clarity, alignment, and effectiveness of targets in motivating employees and communication of targets within the Murang'a County Government. Target setting, as a fundamental element of performance contracting, plays a critical role in enhancing accountability and service delivery within government systems. This study investigates the effect of target setting on organizational performance, focusing on Murang'a County Government in Kenya. Organizational Performance on the other hand refers to the effectiveness and efficiency of an organization in achieving its goals and objectives. In this study, organizational performance is operationalized as the extent to which the Murang'a County Government achieves its strategic objectives, enhances productivity, and allocates resources effectively. The rationale for the study stems from the need to strengthen public service delivery in devolved units by examining how structured goal-setting practices influence institutional outcomes. Employing a mixed-methods research design, both quantitative and qualitative data were collected from a purposive sample of 358 respondents drawn from managerial, supervisory, and subordinate staff levels. The analysis revealed that involving employees in the development of specific, measurable, achievable, relevant, and time-bound (SMART) goals significantly boosts motivation, ownership, and job performance. Moreover, the alignment of individual targets with institutional objectives was found to enhance transparency and responsiveness in service delivery. The study concluded that strategic and participatory target

setting is instrumental in driving improved organizational outcomes in devolved government systems. The findings offer practical implications for public sector performance management and policy formulation aimed at optimizing human resource engagement and institutional efficiency.

Keywords

Target Setting, Organizational Performance, Performance Contracting, Public Service Delivery, County Government of Kenya

1. Introduction

1.1. Background of the Study

Target setting has emerged as a central pillar in modern performance management systems globally, particularly within the public sector. As governments seek to enhance transparency, accountability, and results-based management, tools such as performance contracting and goal alignment have been widely adopted. These frameworks emphasize the use of specific, measurable, achievable, relevant, and time-bound (SMART) targets to guide employees' efforts toward achieving institutional mandates (Kroll & Vogel, 2021). In many developing countries, including Kenya, target setting is embedded within the performance contracting framework to improve service delivery in the public sector (Wanjiru & Kosgei, 2023). As such, understanding the effectiveness of target setting on organizational performance is crucial to ensuring that public institutions achieve their objectives.

In Kenya, performance contracting was introduced in Kenya as a reform mechanism to revitalize the public sector. Among its core pillars, target setting stands out as a critical determinant of success. It enables public institutions to align employee activities with broader organizational objectives, thereby improving accountability and service delivery. Target setting is central to capacity development and efficient service delivery in the public sector. In Kenya's devolved units, the implementation of performance contracts, particularly in devolved units such as county governments, was introduced to address inefficiencies, weak accountability structures, and poor public service delivery (Nganga & Mungai, 2022). Despite national efforts to cascade performance contracting to all levels of government, challenges still persist in many counties, including lack of employee involvement, unrealistic targets, and weak linkages between individual goals and organizational strategies (Muriithi, 2020). Murang'a County, like many other counties, has adopted target setting mechanisms through its annual work plans and strategic performance agreements. However, anecdotal and audit reports have raised concerns about whether these targets genuinely influence institutional performance or are merely administrative formalities (Office of the Auditor-General, 2022).

While existing literature supports the idea that effective target setting can enhance organizational performance, much of the empirical evidence in Kenya is

either outdated or focused on national-level institutions, parastatals, and ministries. There is limited research addressing how target setting impacts performance in county governments, especially from the perspective of employees across different hierarchical levels (Wekesa & Omolo, 2021). Moreover, previous studies often overlook the participatory dimension of goal-setting—how employee involvement in setting targets may shape their commitment, motivation, and overall performance. This presents a gap in understanding how target setting operates in the context of devolved governance systems like Murang'a County.

This study was therefore necessitated by the need to fill this empirical and contextual gap by examining the effect of target setting on organizational performance within Murang'a County Government. The findings aim to contribute not only to academic discourse but also to practical policy reforms and capacity-building efforts within devolved units. Addressing this gap is timely and relevant, especially as Kenya continues to strengthen its devolved governance structures and enhance accountability in public service delivery.

1.2. Statement of the Problem

Target setting involves the establishment and negotiation of specific, measurable goals at the onset of a performance period, against which actual achievements are later evaluated. As a central element of performance contracting, it is designed to ensure alignment between individual responsibilities and broader organizational objectives, thereby promoting accountability and continuous improvement. In the context of public service, organizational performance is often evaluated by the extent to which institutions meet or exceed agreed-upon performance standards such as service delivery efficiency, cost-effectiveness, customer satisfaction, and reduction in operational redundancies (Kimani & Wainaina, 2021). Performance contracting procedures typically follow a structured cycle involving work plan development, skills enhancement, performance monitoring and evaluation, and the rewarding of exemplary performance. This framework reflects a strategic shift toward output-oriented management, emphasizing tangible results over mere procedural compliance.

Despite the institutionalization of performance contracting in Kenya's public sector, and its integration into county governance structures, questions remain regarding its actual impact on organizational performance at the devolved level. Specifically, there is limited empirical evidence on the extent to which target setting contributes to measurable improvements in service delivery, employee productivity, and institutional responsiveness. While performance targets are intended to serve as objective benchmarks within management control systems, inconsistencies in implementation, limited staff involvement, and weak monitoring mechanisms have been reported in several counties (Mwita & Nzuve, 2022). These challenges raise concerns about whether target setting is effectively driving performance or merely fulfilling bureaucratic requirements without delivering tangible benefits.

Murang'a County Government, like other devolved units, has embraced target setting as part of its performance management strategy. However, audit and internal assessment reports indicate gaps in meeting performance expectations across several departments, suggesting a possible disconnect between set targets and actual outcomes. Furthermore, there is inadequate research on how target setting, as a managerial practice, influences performance at various hierarchical levels—ranging from senior managers to subordinate staff—within the county government. Without clear insights into this relationship, efforts to enhance institutional effectiveness through performance contracts may remain superficial or misdirected.

It is against this backdrop that the current study was conceived. The study aimed to investigate the effect of target setting on organizational performance within Murang'a County Government. Specifically, it explored how the process of negotiating, aligning, and evaluating performance targets influences operational efficiency and public service outcomes. By addressing this knowledge gap, the study sought to provide evidence-based insights to inform policy reforms, strengthen performance management practices, and enhance accountability in devolved government systems.

1.3. Purpose of the Study

This study sought to explore the effects of target setting on organization performance in Murang'a County Government. The specific objective was to determine how setting targets affects organizational performance.

1.4. Justification of the Study

This study is relevant to Public Sector Management in Kenya. Performance contracting is a significant component of public sector management in Kenya, particularly at the county government level. Understanding its effects on organizational performance is essential for policymakers, administrators, and practitioners involved in shaping and implementing public sector reforms.

It also fills knowledge gap. Despite the global prominence of performance contracting, there is a notable gap in empirical studies examining its effects in the specific context of county government organizations in Kenya. This research aims to fill this gap and provide a nuanced understanding of the relationship between performance contracting and organizational performance.

In conclusion, the study's justification lied in its potential to provide actionable insights that contribute to the improvement of public sector management, organizational effectiveness, and service delivery in the specific context of county government in Kenya.

1.5. Significance of the Study

This study is significant as it provides critical insights for county governments by identifying strengths and weaknesses in the implementation of performance con-

tracting, offering a basis for improving public sector management and service delivery. It also promotes greater awareness and engagement among employees, helping to strengthen their contribution to organizational performance. The findings will guide managers across various government organizations on strategies to optimize workforce productivity through effective performance contracting especially in county governments.

The study also enriches the limited body of literature on performance contracting within Kenya's devolved governance system, highlighting areas that require further investigation. Additionally, the study offers policymakers evidence-based recommendations for designing more effective performance management frameworks to enhance organizational efficiency and accountability across county governments.

2. Literature Review

Target setting has increasingly been recognized as a strategic tool for enhancing organizational performance, particularly in the public sector. The evolution of performance management frameworks globally has shifted from input-based to output-oriented systems, emphasizing measurable outcomes and accountability (Kroll & Vogel, 2021). SMART goals—those that are specific, measurable, achievable, relevant, and time-bound—have become the gold standard in target setting, ensuring clarity and alignment between individual and organizational objectives. Empirical studies suggest that when employees understand and commit to clear performance targets, it fosters a culture of responsibility and drives performance improvement (Ahmed & Kura, 2022). In the public service context, this has been crucial in improving service delivery, reducing wastage, and enhancing the credibility of public institutions.

In Kenya, performance contracting was adopted in 2004 and has since been institutionalized across ministries, parastatals, and county governments. Target setting forms the backbone of this approach, providing benchmarks against which public institutions are evaluated. However, the effectiveness of this system has been varied, often depending on how well targets are developed, communicated, and monitored (Mutua & Gachunga, 2021). Studies show that while some institutions have recorded significant gains in service delivery and operational efficiency, others struggle due to poor implementation, lack of employee involvement, and inadequate feedback mechanisms (Wanjiru & Kosgei, 2023). This disparity underscores the need to assess how the process of target setting contributes to or hinders organizational performance, particularly within devolved government units like Murang'a County.

Participation in target setting has been identified as a critical factor influencing its success. When employees at all levels are engaged in setting goals, they develop a sense of ownership and are more committed to achieving the desired outcomes (Wekesa & Omolo, 2021). Conversely, top-down approaches, where targets are imposed without consultation, often result in resistance, poor motivation, and

minimal impact on performance (Kiprotich et al., 2022). Moreover, continuous monitoring, feedback, and performance reviews are essential in reinforcing the relevance of set targets and ensuring adaptive learning. In the context of Murang'a County, limited studies have been conducted to evaluate how employee involvement in target setting correlates with measurable performance indicators such as efficiency, responsiveness, and customer satisfaction.

Although there is a global consensus on the importance of performance management systems particularly target setting in driving public sector efficiency and accountability, empirical studies remain unevenly distributed and contextually limited. While countries such as the UK, Canada, and Singapore have documented extensive reforms and robust evidence linking goal-setting practices to public service improvements, developing countries still grapple with implementation bottlenecks and evaluation deficits (Ahmed & Kura, 2022). In Kenya, although performance contracting is a well-established reform tool, much of the existing research has concentrated on ministries, parastatals, and national government agencies. There is a significant dearth of empirical studies focusing on county governments, despite their centrality in public service delivery under the devolved system (Kimani & Wainaina, 2021). Furthermore, few studies have holistically examined the relationship between participatory target setting and measurable organizational performance outcomes across hierarchical staff levels. This lack of disaggregated and contextualized data at the county level undermines efforts to strengthen performance contracting as a tool for good governance. The current study bridges this gap by assessing how target setting influences organizational performance in Murang'a County Government, offering practical and evidence-based insights to inform policy and enhance public service effectiveness in devolved governance structures.

3. Research Methodology

A mixed-methods approach was employed. The target population was 3500 employees from Murang'a County Government across ten departments. The sample size was calculated using the formula by Yamane (1973) that is recommended for random sample and yielded a sample size of 358 respondents. This formula is widely used in research and provides a straightforward method for calculating sample size based on population size and desired margin of error. It was used to determine the sample size, ensuring a representative sample while considering the population size of 3500 employees and a 5% margin of error. The sample size respondents were stratified and randomly sampled to capture diverse perspectives. Primary data was collected via unstructured questionnaires; secondary data came from county strategic documents. Quantitative data were analyzed using SPSS.

The study used a questionnaire comprising items measuring target setting and organizational performance constructs. Target setting was assessed through items evaluating clarity and alignment organizational performance was measured through items assessing productivity and overall effectiveness. A 5-point Likert

scale and open ended questions were used for responses. These items were designed to capture the essence of target setting and its impact on organizational performance, allowing for a comprehensive evaluation of the relationship between these constructs.

Response Rate

Out of 358 respondents, 312 returned the questionnaire, yielding a response rate of 87%. *Babbie (2020)* indicates that a response rate over 50% is considered adequate, 60% is good, and over 70% is very good, highlighting the importance of response rates in survey quality. Therefore, this high response rate is appropriate for data analysis and discussion in this study. It boosts the reliability of the results, especially since the study was conducted with a margin of error of 5%.

According to **Figure 1**, a total of 358 questionnaires were distributed to respondents from various levels within Murang'a County Government, including Senior Management, Supervisory, and Technical/Support levels. A substantive majority being the technical/support level (89%), the supervisory level staff had a substantial response rate (85.7%) and the senior management level (82.5%) has the least response rate. The demographics show a predominantly male (67.6%) and relatively young workforce (36.3% aged 25 - 35), with most holding a Bachelor's degree (54.5%) and a majority having over five years of experience, suggesting a well-educated, experienced team.

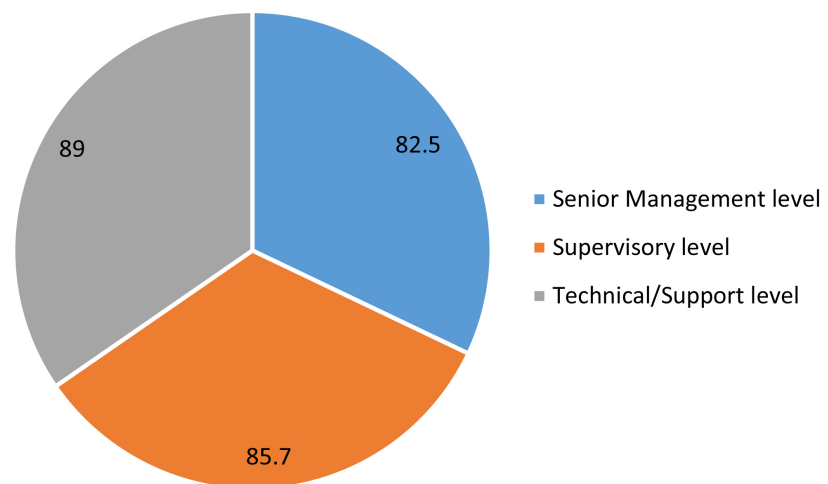


Figure 1. Response rate of the study.

4. Results and Findings of the Study

The results and findings of the study were done as per the objective of the study.

Target setting plays a pivotal role in organizational performance within Murang'a County Government. A substantial majority (79.5%) of respondents believe that target setting positively impacts organizational outcomes, emphasizing its role in enhancing productivity and aligning efforts with strategic goals. This endorsement highlights the benefits of clear goal-setting in motivating employees

and improving resource allocation. However, a minority (20.5%) expressed reservations, suggesting challenges in how targets were perceived or implemented as indicated in **Figure 2**. Addressing these concerns is crucial for ensuring that target setting practices contribute effectively to organizational success by fostering clarity, alignment, and continuous improvement.

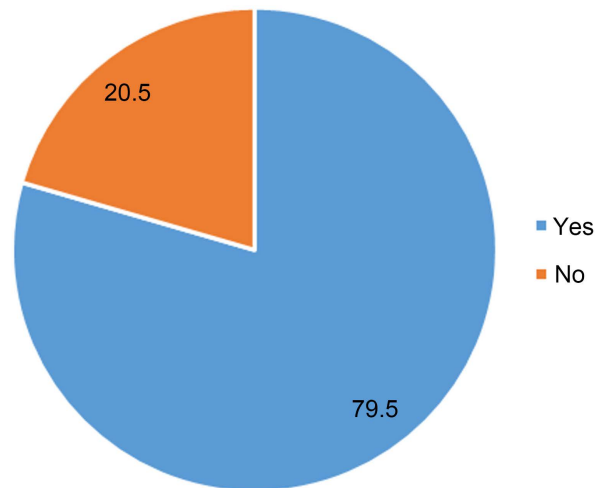


Figure 2. Target setting on organizational performance.

Research consistently shows that setting clear and achievable targets, along with effective use of performance appraisals, significantly improves organizational performance. Clear objectives help align employees with corporate goals, fostering accountability and motivation (Hassan, 2019). Engaging employees in target setting promotes innovation and efficiency in task completion (Aranda, Arellano, & Davila, 2023). Quantifiable targets facilitate continuous performance evaluation, providing timely feedback for improvement and development (Karam et al., 2017). They also serve as critical tools for managerial control, aiding in decision-making and resource allocation (Van der Hoek, Groeneveld, & Kuipers, 2018). Challenges such as ensuring fairness and avoiding unintended consequences require careful consideration to maximize the benefits of these practices (Bloom et al., 2021). In the public sector, effective target setting demonstrates accountability and efficient use of resources, enhancing organizational effectiveness (Goh & Lee, 2018).

The study findings validate these principles, as respondents' perspectives on target setting factors corroborate theoretical insights. The allocation of resources was widely perceived as crucial, with 71.3% indicating a significant impact on organizational performance, highlighting the pivotal role of resource management in goal achievement. Similarly, setting realistic deadlines for organizational goals was highly valued (68.8%), recognized for its role in enhancing productivity and focus. Specific goal-setting received unanimous support (69.1%), noted for driving accountability and strategic direction. Realistic task deadlines (71.0%) and manageable task setting (63.9%) were also deemed essential for promoting effi-

ciency and organizational performance.

According to the survey findings, the type and amount of resources allocated were overwhelmingly viewed as crucial, with 71.3% of respondents indicating a great effect on organizational performance. This underscores the pivotal role of resource management in achieving goals effectively and efficiently. Similarly, setting realistic deadlines for organizational goals was highlighted, with 68.8% acknowledging its significant impact. This emphasizes the importance of time management in enhancing productivity and focus within the organization. Having specific goals received unanimous support, with 69.1% noting a great effect, illustrating how clarity and alignment around objectives drive accountability and strategic direction. Realistic task deadlines were also deemed essential, with 71.0% recognizing their impact in promoting efficiency and goal attainment.

Survey findings in **Table 1** validate these principles, as respondents' perspectives on target setting factors corroborate theoretical insights. The allocation of resources was widely perceived as crucial, with 71.3% indicating a significant impact on organizational performance, highlighting the pivotal role of resource management in goal achievement. Similarly, setting realistic deadlines for organizational goals was highly valued (68.8%), recognized for its role in enhancing productivity and focus. Specific goal-setting received unanimous support (69.1%), noted for driving accountability and strategic direction. Realistic task deadlines (71.0%) and manageable task setting (63.9%) were also deemed essential for promoting efficiency and organizational performance.

Table 1. Survey findings.

Target Setting Factors	Nil Effect	Least Effect	Great Effect	Greater Effect	Greatest Effect
Type and amount of resources	0 (0.0%)	13 (4.2%)	222 (71.3%)	64 (20.6%)	13 (4.2%)
Time limit for organizational goal	0 (0.0%)	34 (10.9%)	214 (68.8%)	53 (17.0%)	11 (3.5%)
Having specific goals	0 (0.0%)	0 (0.0%)	215 (69.1%)	76 (24.4%)	21 (6.8%)
Realistic deadlines	0 (0.0%)	0 (0.0%)	221 (71.0%)	79 (25.4%)	12 (3.9%)
Setting manageable goals	0 (0.0%)	11 (3.5%)	199 (63.9%)	79 (25.4%)	23 (7.4%)

Finally, setting manageable tasks was crucial, as noted by 63.9% of respondents, emphasizing the importance of breaking down complex goals into actionable steps to support overall organizational performance.

5. Conclusion and Recommendations

5.1. Conclusion

The study reveals that target setting is widely viewed as a crucial factor in enhancing organizational performance at Murang'a County Government, as it fosters

structure, efficiency, and productivity. Respondents identified key components adequate resource allocation, clear goals, realistic deadlines, and manageable objectives as essential to creating a productive work environment. This aligns employee efforts with organizational goals, leading to better overall performance.

5.2. Recommendations

Goal setting aligns individual performance with organizational objectives, supporting consistent improvement and employee development. Effective Performance Contracting can be achieved by accurately assessing financial impacts, improving communication, and fostering motivation through incentives. Continuous monitoring and a robust evaluation framework ensure that contracting remains responsive to organizational needs. Together, these strategies cultivate a structured, inclusive, and high-performance work environment, driving sustained success at Murang'a County Government.

Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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