

8.35: Goal-Setting Theory

Learning Objectives

- Describe ways in which goal setting can improve employee performance

Goal Setting



Figure 8.35.1: Athletes set goals during the training process. Through choice, effort, persistence, and cognition, they can prepare to compete.

Research shows that people perform better when they are committed to achieving particular goals. Factors that help ensure commitment to goals include the following:

- The importance of the expected outcomes
- Self-efficacy, or belief that the goal can be achieved
- Promises or engagements to others, which can strengthen commitment level

In a business setting, managers cannot constantly drive employees' motivation or monitor their work from moment to moment. Instead, they rely on goal setting as an effective means of helping employees regulate their own performance and stay on track. Goal setting affects outcomes in the following important ways:

- **Choice:** Goals narrow attention and direct efforts to goal-relevant activities, and away from goal-irrelevant actions.
- **Effort:** Goals can lead to more effort; for example, if one typically produces four widgets per hour and has the goal of producing six, one may work more intensely to reach the goal than one would otherwise.
- **Persistence:** People are more likely to work through setbacks if they are pursuing a goal.
- **Cognition:** Goals can lead individuals to develop and change their behavior.

Edwin Locke and his colleagues examined the behavioral effects of goal setting, and they found that 90 percent of laboratory and field studies involving specific and challenging goals led to higher performance, whereas those with easy or no goals showed minimal improvement. While some managers believe it is sufficient to urge employees to “do their best,” these researchers learned that people who are instructed to do their best generally do not. The reason is that if you want to elicit a specific behavior, you need to give a clear picture of what is expected. “Do your best” is too vague. A goal is important because it establishes a specified direction and measure of performance.

You'll recall from the discussion of SMART objectives in the Management module that setting effective goals and identifying the best means of meeting them are important aspects of the controlling function of managers. It turns out that setting SMART goals is also a powerful way to motivate employees, especially when employees are able to participate in the goal-setting process. **Specific, Measurable, Achievable, Realistic, and Time-constrained** goals give both managers and employees clear direction and a way to measure performance.

Goals and Feedback



Figure 8.35.2: Aim for the goal: goal-setting is closely tied to performance. Those who set realistic but challenging goals are likely to perform better than those who do not.

Managers need to track performance so employees can see how effective they have been in attaining their goals. Without proper feedback channels, employees find it impossible to adapt or adjust their behavior. Goal setting and feedback go hand-in-hand. Without feedback, goal setting is unlikely to work.

Providing feedback on short-term objectives helps to sustain an employee's motivation and commitment. When giving feedback, managers should do the following:

- Create a positive context
- Use constructive and positive language
- Focus on behaviors and strategies
- Tailor feedback to the needs of the individual worker
- Make feedback a two-way communication process

Goal setting may have little effect if the employee can't evaluate his own performance in relation to the goal. By giving accurate, constructive feedback, managers can help employees evaluate whether they need to work harder or change their approach.

Goal-setting theory is very useful in business, but it does have limitations. Using production targets to drive motivation may encourage workers to meet those targets by any means necessary—resulting in poor quality or, worse, unethical behavior. You'll recall that this was the case in the recent Wells Fargo scandal, where employees created millions of fake bank accounts in order to hit sales targets. Another problem with goal setting is that a manager's goals may not be aligned with the goals of the organization as whole, and conflict may ensue, or the employees may feel uncertain about which goals ought to be prioritized (first the manager's, then the organization's? Or vice versa?). Either way, performance can suffer. In addition, for complex or creative tasks, it is possible for goal setting to actually hamper achievement, because the individual can become too preoccupied with meeting goals and distracted from completing tasks. This is especially true if reviews and pay increases are strongly tied to goal achievement.

? Practice Question

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