



The Motivational Benefits of Goal-Setting

Author(s): Gary P. Latham

Reviewed work(s):

Source: *The Academy of Management Executive (1993-2005)*, Vol. 18, No. 4, Decision-Making and Firm Success (Nov., 2004), pp. 126-129

Published by: [Academy of Management](#)

Stable URL: <http://www.jstor.org/stable/4166132>

Accessed: 03/05/2012 00:07

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at <http://www.jstor.org/page/info/about/policies/terms.jsp>

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.



Academy of Management is collaborating with JSTOR to digitize, preserve and extend access to *The Academy of Management Executive (1993-2005)*.

<http://www.jstor.org>

The motivational benefits of goal-setting

Gary P. Latham

One beauty of valid theories in the behavioral sciences is that they facilitate predicting, understanding, and influencing one's own actions as well as the actions of others. An excellent example is goal-setting theory. Its underlying premise is that one's conscious goals affect what one achieves.¹ This is because a goal is the object or aim of an action—for example, to attain a specific standard of proficiency within a specified time limit. Having a specific goal improves performance. Goal-setting theory also asserts that people with specific hard goals (often called "stretch" goals) perform better than those with vague goals such as "do your best" or specific easy goals. Further, the theory states that a goal is a standard for assessing one's satisfaction. To say that one is trying to increase revenue by 30 per cent means that one will not be fully satisfied until that goal is attained. To the extent that the goal is met or exceeded, satisfaction increases; and conversely, to the extent that performance falls short of the goal, one's satisfaction decreases. The more goal successes, the higher the person's satisfaction. In short, employees who are committed to attaining high goals are high performers, because they are not satisfied with less. Working with Edwin Locke as well as my former graduate students Dennis Dossett, Collette Frayne, Lise Saari, Gerrard Seijts, and Dawn Winters, we found that the application of goal-setting theory is highly beneficial in organizational settings.

Applications of Goal-Setting Theory

The American Pulpwood Association was searching for ways in which pulpwood producers, that is, independent loggers, could increase their productivity (cords per employee hour). The majority of the employees were uneducated, unskilled laborers who were paid on a piece-rate basis. Cutting pine trees in the southern United States can be tiring, monotonous work. Based on goal-setting theory, pulpwood crew supervisors assigned a

specific high goal, gave out tally meters to enable people to keep count of the number of trees that they cut down, and then stood back and watched.

The people who were assigned goals started bragging to one another as well as to family members as to their effectiveness as loggers. Productivity soared relative to those crews who were urged to do their best. Goal-setting instilled purpose, challenge, and meaning into what had been perceived previously as a tedious and physically tiresome task. A by-product of the goal intervention was that within the week, employee attendance soared relative to attendance in those crews who were randomly assigned to the condition where no goals were set. Why? Because the psychological outcomes of setting and attaining high goals include enhanced task interest, pride in performance, a heightened sense of personal effectiveness, and, in most cases, many practical life benefits such as better jobs and higher pay.

What is wrong with urging people to "do their best," especially when they are paid on a piece-rate basis? The answer is that people simply do not do their best because this exhortation is too vague, too abstract. There is no external referent for evaluation. Consequently, it is defined idiosyncratically. It allows for a wide range of performance levels that are acceptable to different people. Setting a specific high goal, on the other hand, makes explicit for people what needs to be attained.

Causal Mechanisms

Why is goal-setting effective? What are the causal mechanisms? The answer to this question is four-fold.² First, in committing to a goal, a person chooses to divert attention toward goal-relevant activities and away from goal-irrelevant activities. Second, goals energize people. Challenging goals lead to higher effort than easy goals. This is true regardless of whether goal attainment requires physical or cognitive effort. Third, goals affect per-

sistence. High goals prolong effort; tight deadlines lead to a more rapid work pace than loose deadlines. Fourth, goals motivate people to use the knowledge they have that will help them to attain the goal or to discover the knowledge needed to do so.

Conditions for Effectiveness

What conditions increase or decrease the benefits of goal-setting? Here the answer is five-fold. First, as implied above, the person must have the ability and knowledge to attain the goal. If the goal is a performance outcome (e.g., increase market share by 20 per cent within the next twelve months), and employees lack the knowledge to attain it, urging them to do their best can sometimes be even more effective than setting a specific performance-outcome goal. An outcome goal can make people so anxious to succeed that they scramble to discover strategies in an unsystematic way and hence fail to learn what is effective. This in turn leads to evaluation apprehension and anxiety. The antidote for this problem is to set a specific high-learning goal rather than an outcome goal (e.g., discover five ways to master this task). A learning goal requires people to focus on understanding the task that is required of them and to develop a plan for performing it correctly. In short, when behavioral routines have yet to be developed, a specific high-learning goal focuses attention on systematic problem solving and ultimately on high performance.³

Second, the person must be committed to the goal, especially if the goal is difficult. Achieving a difficult goal requires a great deal of effort, with low probability of success. Goal commitment is likely if the outcome of the goal is important to the person, and the person believes that the goal is indeed attainable. With regard to importance,

(a) Making one's goal public enhances commitment because striving to attain it enhances one's integrity in one's own eyes as well as in the eyes of others.

(b) To the extent that a leader is supportive, goals that are assigned create "demand characteristics" in that they are an implicit expression of the leader's confidence in the person that the goal can and will be attained.

(c) A vision provided by a leader that galvanizes and inspires people is likely to increase goal commitment to the extent that the goal leads to concrete action steps toward the attainment of the vision.

(d) Monetary incentives can be tied to goals, but

to do so is tricky as discussed in the next article by Edwin Locke.

Third, people need feedback on their progress toward the goal. Feedback enables them to adjust the level or direction of their effort and the strategy necessary for goal attainment. When people discover that they are below their goal, they typically increase their effort and/or modify their strategy. As people attain their goal, they generally set an even higher goal because the goal attained diminishes in its effectiveness for inducing pride in one's performance.

When people discover that they are below their goal, they typically increase their effort and/or modify their strategy.

Fourth, tasks that are complex for a person, where strategy and behavioral routines have yet to become automatized, mitigate the normally positive effects of setting a specific high goal. Training is obviously one solution here. A second solution, as previously noted, is to set a learning rather than an outcome goal. A third solution is to set subgoals. In a manufacturing simulation, when people were paid on a piece-rate basis to make toys but market conditions changed unexpectedly, the people who were urged to do their best had higher paychecks than those with a specific high-outcome goal. However, those who had subgoals in addition to a long-term outcome goal had the highest paychecks of all. This is because in dynamic situations, it is important to search actively for feedback and react quickly to it. Subgoals yield information for people as to whether their progress is consistent with what is required for them to attain their goal.⁴

Fifth, situational constraints can make goal attainment difficult. A primary role of a leader is (1) to ensure that people have the resources to attain their objectives and (2) to take the steps necessary to remove obstacles in the way of accomplishing those objectives.

Goal-Setting on Complex Jobs

Do goals work on highly complex tasks? The Weyerhaeuser Company was impressed by the results of goal-setting obtained with loggers on the West Coast. Increases in productivity were as impressive as those obtained in the South even though the loggers in the West were hourly paid unionized employees.⁵ The question remained whether something as straightforward as goal-setting is effec-

tive with highly educated employees performing complex work. The answer came as a result of a Weyerhaeuser task force consisting of line managers who recommended laying off engineers and scientists as a way of responding to an economic downturn. The task force failed to take into account the fact that the senior vice president of R&D carpooled to work with George Weyerhaeuser, the CEO!

The R&D vice president subsequently set up an R&D taskforce to find ways to motivate engineers/scientists to attain excellence. Step 1 involved a job analysis to gain consensus on the organization's definition of excellence in R&D. Step 2 serendipitously involved a dispute among the four R&D directors, who reported to the senior VP, as to what would motivate engineers/scientists to attain excellence. One director advocated assigned goals "Because that is what we receive from the senior VP." Another director, an avid reader of management journals, advocated participatively set goals. Still another believed that goal-setting was appropriate only for lower-level employees in the company such as loggers. Goals were said to be unnecessary for scientists/engineers who were already highly goal oriented. This director advocated instead a monetary bonus system. This suggestion added fuel to the argument among the four directors as to what motivated their workforce. One director stressed the need for public recognition within the company rather than a bonus. Another poignantly stated that the unspoken philosophy in the company during that time period was "If you screw up, you will hear from us; if you don't hear from us, assume you are doing well. Think," he exclaimed, "what might occur if the reverse were true. If you hear from us, you are doing well; if you don't hear from us, assume you are not."

Bets were made as to who was right. The following experiment was launched. Some scientists/engineers were given an assigned goal and received praise, public recognition, or a monetary bonus for achieving it. Others participated in setting their own goals and received one of these same three rewards. Still others were urged to do their best and given one of the same three rewards. This created nine experimental conditions. Because everyone knew who was doing what in terms of type of goal set (assigned, participative, do your best) and type of reward that was to be administered (praise, public recognition, and money), a tenth group of scientists was added to the experiment. This group was "kept in the dark."

The results? Those who were urged to do their best performed no better than those who were "kept in the dark," despite the fact that those who

were urged to do their best received either praise, public recognition, or a monetary bonus. Goal commitment was the same regardless of the method by which the goal was set. However, those with participatively set goals had higher performance than those with assigned goals. Why? Because they set higher goals than was the case when the supervisor set the goal unilaterally. Consistent with goal-setting theory, higher goals led to higher performance. The performance of those who received a monetary bonus versus those who received praise was a virtual tie. Both methods of acknowledging high performance were more effective than providing people with public recognition.⁶

The outcome of this study led to a series of experiments which showed that when goal difficulty is held constant, performance is usually the same regardless of whether the goal is assigned or set participatively.⁷ An exception is when the task is complex. When working smarter rather than harder, when one's knowledge rather than one's effort (motivation) is required, participation in decision-making leads to higher performance if it increases the probability of finding an appropriate strategy for performing the task, and if it increases the confidence of people that the strategy can be implemented effectively.⁸

When goal difficulty is held constant, performance is usually the same regardless of whether the goal is assigned or set participatively.

Self-Management

Motivation of oneself is arguably as important as, if not more important than, motivating the behavior of others. Goal-setting is a key mechanism for self-management. The job attendance of unionized, state government employees in one American agency was abysmal. An analysis of the reasons for low attendance revealed that people lacked confidence that they could overcome problems that they perceived as preventing them from coming to work. The problems included family issues such as caring for a sick child and meeting with school teachers, as well as coping with conflicts in the work place.

A training program in self-management was initiated that included self-set goals for job attendance and keeping a weekly attendance record. The latter was done because there is overwhelming data showing that "what gets measured in relation to goals gets done." In addition, people

self-selected rewards (e.g., going to a sports event) and punishments (e.g., cleaning out the attic) to self-administer. Finally, people met in groups to discuss strategies for coping with job-attendance issues. The outcome was a dramatic increase in attendance. When several months later those in the control group (so named because to control for alternative explanations as to why job attendance increased, this group was identical in all respects except that it did not participate in the initial training program) were also given training in self-management, their job attendance increased to the same high level as the originally trained group.⁹

Downsides and Risks

Virtually all techniques have drawbacks, including goal-setting. People may try too hard for quantity at the expense of quality or vice versa. Those who are highly committed to their goals may be less likely to help others to attain their goals. Hence Scott Paper Company, prior to being bought by Kimberly Clark, set goals for both performance quantity and quality, as well as behavioral goals for team playing that were assessed by peers.

Virtually all techniques have drawbacks, including goal-setting.

When there are two or more goals, goal conflict may occur in the absence of employee participation in the process. Performance on both goals may suffer. People can, however, pursue more than one goal effectively when goals are prioritized. Challenging goals over an extended time period, without sufficient time periods between them, can lead to exhaustion. In knowledge-based firms where employees lack the requisite information, specific high learning rather than outcome goals should be set. As noted earlier, performance-outcome goals in this setting some-times result in worse performance than an abstract goal of "do your best" and, worse, may also stifle innovation. If innovation is needed, goals should be set for innovation itself (e.g., discover ten new products in the next twelve months) rather than just for performance output.

If employees are forced to try for hard goals, especially in a punitive environment, some may be tempted to fudge the figures. Organizations require ethical climates as well as controls to detect and prevent cheating by employees.¹⁰ If goal failure is judged severely, employees are also likely to find ingenious ways to set easy goals that appear

difficult to their managers. In contrast, if the anticipated outcome for employees who fail to meet goals is that organizational decision-makers will view the failure as transitory and part of the learning process (especially in high-innovation firms), employees will be more willing to risk setting goals that "stretch" them, and the positive benefits of goal setting will occur.

Endnotes

¹ Latham, G. P., & Locke, E. A. 1991. Self regulation through goal setting. *Organizational Behavior and Human Decision Processes*, 50(2): 212-247.

² Locke, E. A., & Latham, G. P. 1990. *A theory of goal setting and task performance*. Englewood Cliffs, NJ: Prentice Hall.

³ Winters, D., & Latham, G. P. 1996. The effect of learning versus outcome goals on a simple versus a complex task. *Group and Organization Management*, 21: 236-250.

⁴ Latham, G. P., & Seijts, G. H. 1999. The effects of proximal and distal goals on performance on a moderately complex task. *Journal of Organizational Behavior*, 20(4): 421-429.

⁵ Latham, G. P., & Saari, L. M. 1982. The importance of union acceptance for productivity improvement through goal setting. *Personnel Psychology*, 35: 781-787.

⁶ Latham, G. P., Mitchell, T. R., & Dossett, D. L. 1978. The importance of participative goal setting and anticipated rewards on goal difficulty and job performance. *Journal of Applied Psychology*, 63: 163-171.

⁷ Latham, G. P., & Saari, L. M. 1979. The effects of holding goal difficulty constant on assigned and participatively set goals. *Academy of Management Journal*, 22(March): 163-168.

⁸ Latham, G. P., Winters, D. C., & Locke, E. A. 1994. Cognitive and motivational effects of participation: A mediator study. *Journal of Organizational Behavior*, 15(1): 49-63; Seijts, G. H., & Latham, G. P. 2001. The effect of learning, outcome, and proximal goals on a moderately complex task. *Journal of Organizational Behavior*, 22: 291-307.

⁹ Frayne, C. A., & Latham, G. P. 1987. The application of social learning theory to employee self management of attendance. *Journal of Applied Psychology*, 72(3): 387-392; Latham, G. P., & Frayne, C. A. 1989. Self management training for increasing job attendance: A follow-up and a replication. *Journal of Applied Psychology*, 74(3): 411-416.

¹⁰ Jensen, M. C. 2001. Corporate budgeting is broken—let's fix it. *Harvard Business Review*, 79(November): 94-101.



Gary Latham is the Secretary of State Professor of Organizational Effectiveness at the Rotman School of Management. He received his Ph.D. from the University of Akron. His research interests include employee motivation, self-regulation, and performance management. He is the recipient of the Distinguished Scholar-Practitioner Award from the Academy of Management. Contact: latham@rotman.utoronto.ca.