

ORGANIZATIONAL BEHAVIOR AND HUMAN RESOURCE MANAGEMENT

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Lesson 12

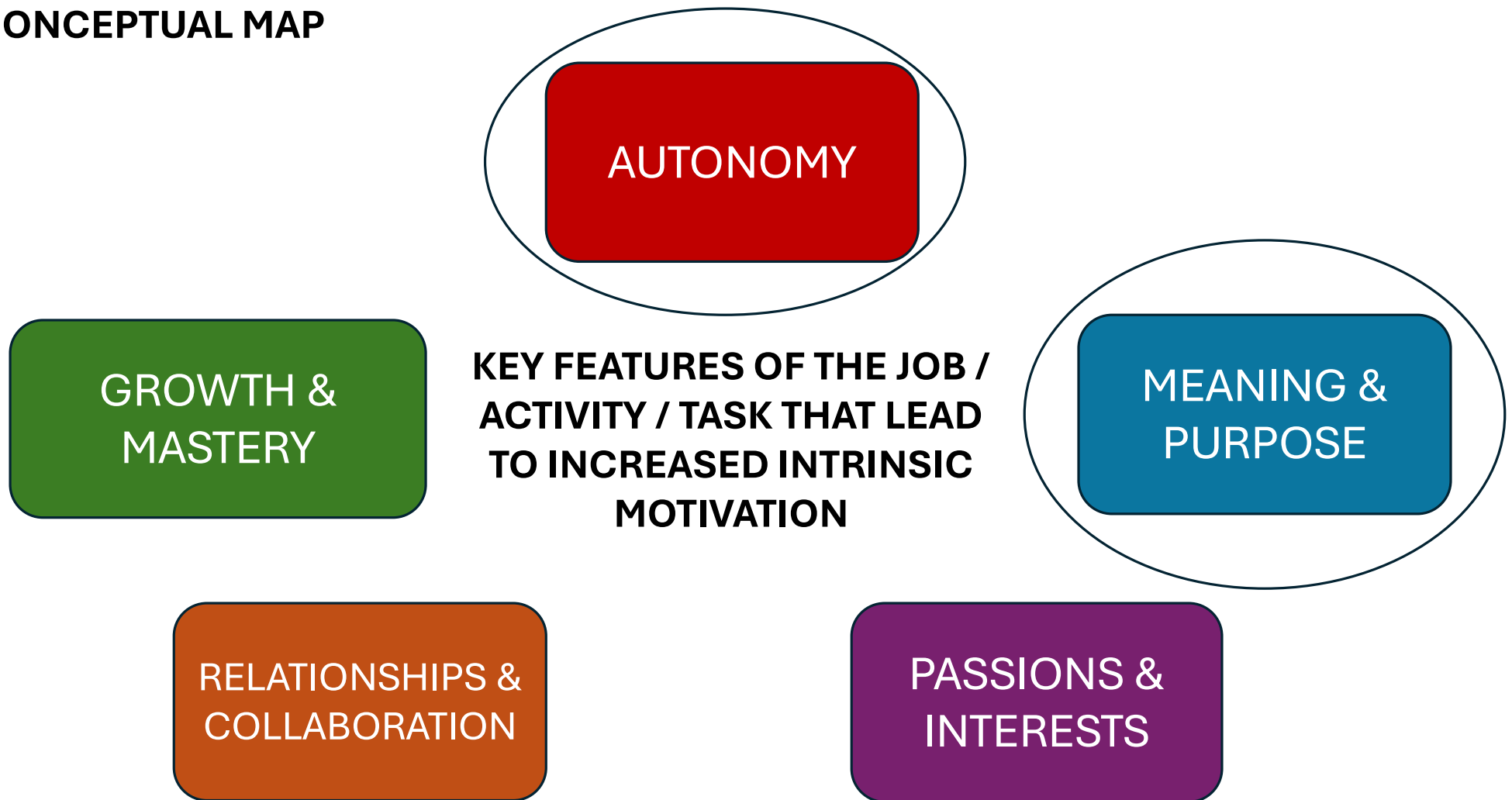
GOAL SETTING and PROGRESS



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A CONCEPTUAL MAP



MEANING & PURPOSE

WHY IS IT RELEVANT FOR INTRINSIC MOTIVATION?

For most people, performing an activity that is perceived as meaningful, important, purpose-oriented, and that aligns with personal values, represents a reward in itself.

Intrinsically motivating jobs should be, at least to some extent, **goal-oriented**, emphasizing a sense of **progress**, clearly connected with a **broader sense of purpose, value, impact and meaning**

DIFFERENT LEVELS AND TIME REFERENCES

At a **micro** level / **short-term** horizon: tasks that are 1) oriented to **goals** that are **clear, specific, challenging, participatory** 2) provide a sense of **completeness** 3) provide a clear sense of continuous **progress** and **achievement**

At a **macro** level / **long-term** horizon: perceived **causal connection** and **alignment** of individual goals to organizational goals, the relevance of the job's **impact** (its **consequentiality**, the fact that **it makes a difference**), the significance of **values** and **meanings** associated with the job

LOCKE & LATHAM's GOAL SETTING THEORY



E. Locke

G. Latham

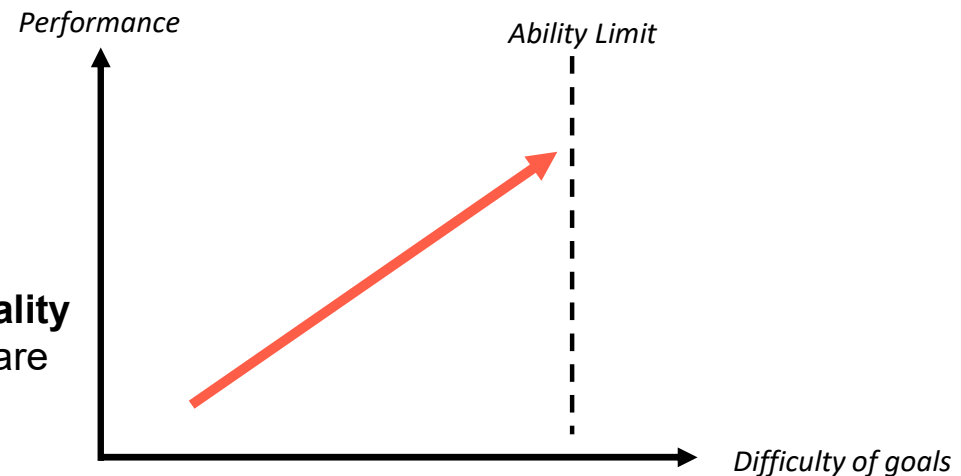
Motivation depends on **goals**, and **how they are set**
Setting the «right» goals has a strong motivational impact,
which leads to superior performance

- Definition of GOAL: ***the object or aim of an action***
- KEY ELEMENTS of GOALS:
 - Goal **CONTENT**:
 - the object or result being sought
 - Goal **INTENSITY**:
 - the **effort** needed to set a goal
 - the **position** of a goal in an individual's goal hierarchy
 - the person's **commitment** to goal attainment.

GOAL SETTING: KEY FINDINGS

1. There is a linear relationship between the degree of goal **DIFFICULTY** and **PERFORMANCE**
 - up to the limit of the individual ability (obviously): if the goal is perceived as «impossible», and no credit is given for partial progress, motivation is eventually undermined
2. **SPECIFIC**, difficult goals lead to higher performance than vague, abstract goals (such as “do your best”)

these two core findings **generalize** across **laboratory and field settings, quantity and quality criteria, individual and groups**, and goals that are **assigned, self-set, or set participatively**



WHY DOES THIS WORK?

- **Focus**
 - specific, high goal orients an individual's **attention** toward goal-relevant activities and away from those that are deemed by that individual to be irrelevant
- **Effort**
 - effort and arousal vary with the demands (difficulty) of attaining the goal
 - a challenging goal makes **self-satisfaction contingent on a high level of performance**
- **Persistence**
 - a specific, challenging goal leads people to **be more persistent** than vague, easy goals
- **Strategy**
 - a specific, challenging goal activates the available **knowledge and skills** (strategies) that are necessary to attain the goal

TWO MAIN KINDS OF GOALS

- **LEARNING GOALS vs PERFORMANCE GOALS**
 - focusing solely on performance may distract people from necessary learning
 - A performance goal cues individuals to use **performance routines or strategies** that the individual has **familiarity** with
 - A learning goal focuses individuals on **discovering** or mastering appropriate strategies, processes, or procedures necessary to perform a given task
- **Specific, challenging LEARNING goals** (for people that lack the requisite ability to achieve performance goals) **have the same beneficial effect as do performance goals for people who already have the ability to attain them**

SITUATIONAL FACTORS: FEEDBACK and COMMITMENT

- **Feedback**

- Feedback **increases** the positive effect of goal setting on performance, as it **allows people to decide if more effort or a different strategy is needed** to attain their goal
 - With no feedback at all, goal setting is much less effective for increasing performance

- **Commitment**

- Higher commitment **increases** the positive effect of goal setting on performance, as it (obviously) relates to the fact that the individual **cares about the goal and actually tries to achieve it**
- Commitment depends on:
 - factors that make goal attainment important and valuable
 - Ex: authority, peer pressure, publicity, intrinsic interest, etc
 - factors that make an individual confident that the goal can be attained
 - Ex: achieved **progress**, self-efficacy, self-competence

SITUATIONAL FACTORS: PARTICIPATION in GOAL SETTING

- **ASSIGNED** goals can be as effective as **PARTICIPATIVE** and **SELF-SET** goals, depending on the context
- **ASSIGNED** goals are more effective when
 - **Rapid alignment is required**, as they lead to quicker compliance
 - **Routine and repetitive tasks**, as they provide clearer direction
 - **Time critical situations**, where rapidity is essential
 - When **strict compliant** to procedures and standards is necessary
- **PARTICIPATORY goal setting may have significant advantages in several circumstances**
 - notice: AUTONOMY and PURPOSE have a synergistic effect
 - it is better suited for complex, creative, long term, tasks
 - it helps **understanding** how to perform the task
 - it increases the sense of «**ownership**» of the task
 - it increases **alignment** with personal goals and values
 - **DISADVANTAGES:**
 - it can generate **over-ambitious goals** (because of over-confidence) or goals that are **too easy** (when goal achievement is attached to a desirable incentive)

TEAM GOALS: KEY ELEMENTS AND FINDING

- **KEY FINDINGS:**
- **Overall, team with SPECIFIC, CHALLENGING goals perform BETTER than teams with unspecific, less challenging goals**
 - just like in the case of individual goals
- **Teams with GROUP-CENTRIC individual goals perform BETTER than teams with EGO-CENTRIC individual goals**
 - competitive (ego-centric) individual goals undermine the team performance (the opposite is true for cooperative / compatible individual goals)
 - cooperative (group-centric) goals develop confidence in team efficacy and persistence, which increase the goal setting effect on performance

The OKR (Objectives and Key Results) approach: MAIN ELEMENTS

—OBJECTIVES: what the company, team, or individual aims to achieve

- State the overall goal or vision
- Must be tangible, concrete, and objective
- Must be action-oriented

—KEY RESULTS: the benchmarks toward the objective

- State the **measurable** sub-goals that, if achieved, will collectively result in achieving the objective
- Usually include **quantitative metrics** (revenue, market share, active users, growth, etc)
- Include specific **deadlines**
- Example:
 - Objective: Hire new employees to meet the needs of the expanding organization
 - » Key Result #1: Meet with 3 candidates this month for the role of director of finance and hire 1.
 - » Key Result #2: Meet with 5 candidates this quarter for the role of marketing manager and hire 1.
 - » Key Result #3: Meet with 5 candidates this quarter for the role of product manager and hire 1.

The OKR (Objectives and Key Results) approach: IMPLEMENTATION (1)

– Step 1: Identify your objectives.

- Start with the company's **most significant priorities**
- Departments, teams, and individuals participate in identifying their own objectives. For example, **about half of an employee's objectives trickle down from the top. The employee creates the other half herself.**
- Every objective should **align with the company's top objectives.**
- At each tier, tackle **no more than 3-5 objectives.**
- Everyone's objectives need to be **public**, including the CEO's.

– Step 2: Identify your key results.

- Ask yourself, *"What steps do I need to complete to reach my objective?"*
- Assign **only 3-5 key results to each objective.** If you need more key results to reach an objective, your objective isn't narrow enough or isn't framed well.
- Make sure your key results are **specific, comprehensive, and aligned.**
- Everyone's key results need to be **public.**
- **Employees should create most of their own key results, whether the objective comes from the top or not**

The OKR (Objectives and Key Results) approach: IMPLEMENTATION (2)

- Step 3: Decide on the length of your OKR cycle.
 - Your team should operate on the same goal-setting schedule, or OKR cycle. For most companies, there are two simultaneous OKR cycles, quarterly and annual. Annual cycles are for long-term OKRs, and quarterly cycles are for short-term OKRs that support the longer-term objectives.
- Step 4: Designate an “OKR shepherd.”
 - It is common to encounter resistance and procrastination. It’s useful to put someone in charge of keeping the rest of the team or organization accountable for setting and working toward their OKRs.
- Step 5: Set stretch goals.
 - Eventually, in addition to “committed OKRs” (objectives that must be met for your company to function and thrive), you should create “**stretch OKRs**,” objectives that are very ambitious. Stretch OKRs push you to achieve more than you thought possible.
- Step 6: Check in with employees weekly or monthly, and continually reassess OKRs.
 - If they’re no longer relevant, jointly decide to change or discard them, even mid-cycle.
- Step 7: Score and Reflect.
 - At the end of each cycle, score your performance for each OKR. Reflect on how you did and what that means about the goals you set. What will you do differently next quarter?

DECOUPLING MBO from COMPENSATION



—famous cases: INTEL, ADOBE, GOOGLE

—ADVANTAGES:

- Encourages Risk-Taking and Innovation
- Focus on Long-Term Objectives
- Reduces “Gaming” of the System and Opportunistic Behaviors
- Enhances Collaboration
- Improves Employee Development

—DISADVANTAGES:

- Potential reduction of motivation for extrinsically oriented employees
- Difficulties in Rewarding Performance
- Risk of Lower Accountability
- Misalignment of Employee Interests with Organizational Goals
- Complexity in Implementation

A SENSE OF PROGRESS

Keeping up the motivation ignited by goal setting

THE POWER OF PERCEIVING A SENSE OF PROGRESS TOWARDS GOALS

«Of all the things that boost emotions, motivation, and perceptions during a workday, the single most important is making progress in meaningful work» (T. AMABILE)

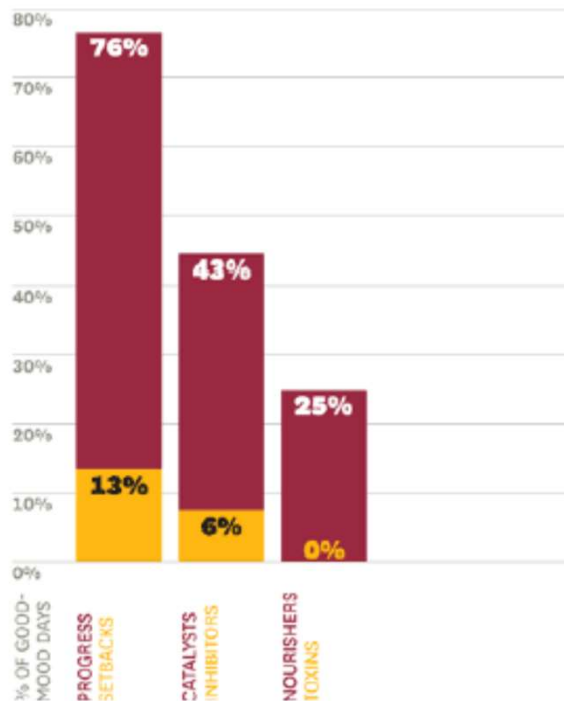
- A very large research involving hundreds of workers engaged in a variety of complex, creative tasks
- A detailed analysis of daily diaries (over 12000 entries) of each individual was performed
- RESULTS
 - workers (in this creative, complex task environment) are more productive when they experience a **positive «inner work life»** - they are intrinsically motivated, they feel happy, have a positive perceptions of colleagues and their organizations
 - inner work life, however, may vary greatly from day to day (and performance as well)
 - **WHAT ELEMENTS AFFECT INNER WORK LIFE THE MOST?**
 - **the sense of «PROGRESS»** (both at individual or group level) is, by far, the most influential elements
 - Progress influence all components of positive inner work life
 - more positive emotions
 - more intrinsic motivation (interest and enjoyment in work itself)
 - more positive perceptions about others



GOOD DAYS and BAD DAYS

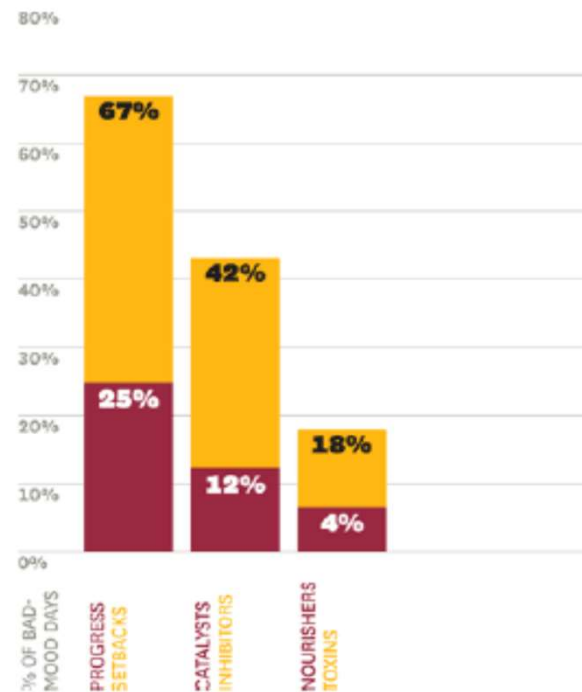
What Happens on a Good Day?

Progress—even a small step forward—occurs on many of the days people report being in a good mood.



What Happens on a Bad Day?

Events on bad days—setbacks and other hindrances—are nearly the mirror image of those on good days.



PROGRESS vs SETBACK

even small progress or achievements

CATALYST vs INHIBITORS

catalyst as actions or events that support work activities (help from others etc)
inhibitors as actions or events that do not support or hinder work

NOURISHERS vs TOXINS

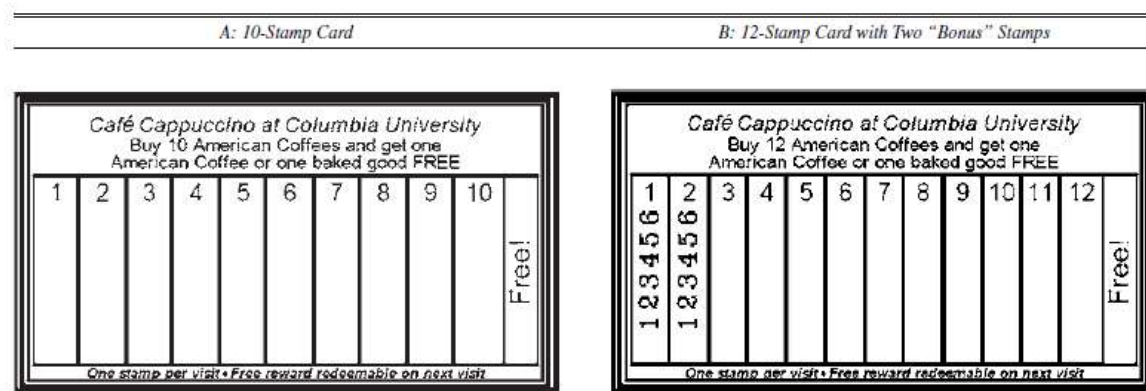
Nourishers as events or signs of respect, encouragement etc.
Toxins as discouraging or undermining events

NOT JUST BIG WINS

- Even **small progress and small «wins»** have a very relevant impact on a **positive inner work life**
 - since small progress is much more **frequent** than big progress, they may be even more important than «big wins» in order to establish a strong, constant, positive inner work life
- Please notice: the effect is present **ONLY** if the progress is made on work that people consider **MEANINGFUL** for them
 - However, what is meaningful is highly **SUBJECTIVE**, and it also depends on **CONTEXT**, and how leaders and managers may influence or construct such context. For example:
 - Recognizing and agreeing on the **VALUE** of what we do (e.g: public service motivation)
 - Recognizing the **RELEVANCE** of individual contributions in a group activity
 - Recognizing the sense of **AUTHORSHIP** of contributions
 - Sharing the general **PURPOSE** and how individual contributions relate to it

THE «GOAL GRADIENT EFFECT»

- **PROGRESS INCREASES IMPACT:** the more progress we've made towards a goal, the more each action appears to have a larger impact towards reaching the goal, the more we feel motivated to continue



- Example: in the Columbia University Café study (Kivetz et al. 2016), customers:
 - **accelerate** their coffee purchases **as they get closer** to the final reward (free coffee)
 - stronger acceleration predicts retention and reengagement
 - **Illusion of progress:** they complete their card faster when they are given a 12-stamps card with 2 already stamped (12.7 days on avg) than when they are given a 10-stamps card with no stamped slots (15.6 days)

PROGRESS INCREASES COMMITMENT

- As we make progress, commitment tends to increase. However, commitment depends on:
 1. the **VALUE** of that goal:
 - Value is not just «objective», but also **psychologically attributed**
 - the past **effort** is a measure of the value that we attribute to that goal: «if I put so much effort so far, it means that this goal is important to me»; in other words, **we use past engagement and effort as a proxy about how much value we attribute to that goal**
 - » Festinger's cognitive dissonance theory: we dislike the mismatch (dissonance) between our belief and evidence, so we adjust our beliefs in order to reduce such dissonance. Our past behavior constitutes «evidence» about what we believe
 - » Bem's self-perception theory: we learn about ourselves the same way we learn about others: by observing our behavior. So, not only our beliefs guide our behavior, but our behavior also shape our beliefs.
 2. the **REACHABILITY** of that goal: **progress** is also interpreted as a measure of how close or distant we are from reaching the goal, which is a proxy for the **«reachability» of the goal**
- NOTICE: these two elements are relatively independent:
 - » even when we have made little progress, but we put significant effort, we feel more motivated, because of the increased perception of goal value
 - » even when we have put little effort, but we have made significant progress, we feel more motivated, because we feel closer to goal achievement

EFFORT and PROGRESS



MONITORING PROGRESS and avoiding the «MIDDLE EFFECT»

- **Monitoring and tracking progress** is a very effective way to keep the motivational effect alive along the way
 - it boosts your **confidence** that you are going to be able to reach your goal
 - it strengthens your belief that your goal is **worthwhile**, because you already devoted time and energy to achieve it
- **How to monitor progress towards a goal?**
 - it's better to focus on the progress you've **already made** at the **beginning** of your journey, cause you are still **excited** about the new project, and it puts emphasis on the **effort** you've already made
 - however, it's better to focus on **what is still left to do** when you get **closer to the end** of your journey, as the possibility of accomplishing your final goal becomes more **reachable**
 - the problem is in the middle (the “**middle effect**”), when you are too far from the beginning to be still excited about the process, but too far from the end to see it as reachable, so your motivation may decrease
 - » a good strategy is to **create several intermediate goals along the way**, so that you have more often a positive beginning effect, and a positive ending effect, and you're less in danger of being demotivated by finding yourself “in the middle” for too long.

KEY POINTS on GOAL SETTING

SUMMARY: KEY POINTS ON GOAL SETTING

- Organizing work by setting goals is a powerful way to increase intrinsic motivation
- How we set goals (goal setting) has a large influence on such motivational effect
- The most effective goal setting is establishing challenging, specific goals
- In many situations (but not always), participatory goal setting is also beneficial
- it is usually a good idea to set learning goals together with (or, in alternative to) performance goals
- in teams, group-centric goals are usually more effective than ego-centric goals
- the perceived sense of progress towards a goal is also influential on motivation
- the sense of progress is motivationally more effective when activities are perceived as meaningful
- it is better to focus our attention to the progress already made in the initial period of a process, and to what the progress that is left to achieve in final period of a process
- it is usually a good idea to set intermediate goals, so that the «middle effect» is reduced