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GOAL SETTING

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The goal-setting theory of motivation is “the single most dominant theory in the field, with over a thousand articles and reviews published on the topic in over 35 years (Mitchell & Daniels, 2003, p.231). The theory proposes that goals are the immediate regulators of behavior and setting specific and difficult goals leads to higher performance levels than general “do your best”, or easy goals. These effects are subject to two necessary conditions: goal commitment, and feedback on performance (Locke and Latham, 2002). In line with goal setting theory, social cognitive theory (Bandura, 2001) asserts that specific and high goals create negative discrepancies to be mastered, and this discrepancy mobilizes resources based on anticipatory estimates of what is necessary for goal attainment. The application of goal setting theory to the group level in the last decade confirmed that, similar to the effects at the individual level, group goals have a strong and positive effect on group performance (Latham and Pinder, 2005).

A Goal is the aim of an action, for example, to attain a specific standard of proficiency on a given task, usually within a specified time limit (Increase annual sales by

10%, or reach an executive position within 10 years). Goals could be *proximal*, leading to immediate action, or *distal* and long term, with interim goals. A vision set by a leader is a distal goal. Goals could either be self-set, participatively set, or externally assigned. Self-set goals are anchored in a person's value system, which is a cognitive representation of basic needs and motives. When assigned by others, goal congruence with a person's motives and values assures goal acceptance.

Goals regulate behavior through four mechanisms (Locke and Latham, 2002; Mitchel and Daniels, 2003): First, goals *direct* effort and other resources towards goal-relevant activities. Second, goals have an *energizing* function, which sets the intensity of effort investment. Third, goals affect *persistence*, with specific hard goals leading to greater persistence in the face of obstacles than general or easy goals. Fourth, goals affect *strategy* development, mainly in highly complex tasks.

The goal-setting theory has continuously developed over the last thirty-five years. The original model (Locke, 1968) posited a sequential five-phase process: Environmental Stimuli--->Cognition--->Evaluation--->Intentions/Goals--->Performance. A more recent model of the high performance cycle (Locke & Latham, 2002) incorporates the moderators of goal commitment, feedback, goal importance, self-efficacy and task complexity, and recognizes the mediators of strategy development, and self-regulatory processes.

Originally goal-setting research (Locke, 1968) focused on goals and intentions as the immediate regulators of action and performance. This focus on proximal goals yielded a strong empirical base to the theory, which proposed that specific and difficult goals lead to

higher performance levels compared to easy, or general “do your best” goals. Once these basic relationships were established, the research has progressively explored the three distal phases in the model - evaluation, cognition, and environmental stimuli.

The evaluation phase reflects the self-regulatory processes including goal choice and direction, behavior monitoring, and the evaluation of goal accomplishment. The criteria used for evaluating goal choice, and goal accomplishment, are anchored in the value system that represents basic motives. Research in this domain identified four important factors in the evaluation process; feedback, goal commitment, self-efficacy and expectancies. The former two moderate the goal-performance relationships and the latter two mediate the goal-performance relationships. *Feedback* pertains to performance evaluation relative to the goal, and was identified as a necessary condition for goals to affect performance. The combination of feedback and goals leads to the highest performance level. Feedback may have negative effects on performance when it shifts resources to off-task ego-centered processes, in particular for individuals with low levels of self-efficacy.

Goal acceptance refers to initial agreement with the goal, whereas *goal commitment* refers to adherence to the goal, and resistance to changing the goal at a later point in time. Commitment is most important and relevant when the goal is difficult. Goal commitment moderates the effect of goal difficulty on performance. A significant drop in performance is observed as goal commitment declines in response to increasingly difficult goals (Locke & Latham, 2002). Feedback and goal commitment were identified as the two necessary conditions for goals to affect performance. The important role played by goal commitment

has led to a growing interest in the antecedents of goal-commitment. Participation in goal-setting was found to be an effective approach for enhancing goal commitment, and for stimulating information exchange, which positively affected performance (Locke and Latham, 2002).

Self-efficacy is a judgment of one's capability to accomplish a certain level of performance (Bandura, 2001). Goal difficulty positively affects perceptions of self-efficacy, which further affect intentions, personal goals, and performance. Specific and difficult goals lead to high self-efficacy, which further influences goal commitment. Research clearly demonstrated that efficacy beliefs influence the level of motivation and performance (Stajkovic & Luthans (1998). At the group level, group efficacy is consistently related to group performance (Mitchell and Daniels, 2003).

Expectancies reflect the evaluations people make of their chances to reach their goals. For a given level of goal difficulty, individuals with high rather than low expectancies are more likely to obtain their goals (Locke and Latham, 2002).

Values determine what people want or what they consciously consider beneficial to their welfare. Values are the motivation core that mediates between needs which stimulate the motivation cycle, and goals, which are the applications of values to specific situations. Need-based theories explain why a person must act, while values explain why specific goals and actions are chosen in specific situations to obtain specific outcomes. Values affect goals and self-efficacy, which further influence performance. There is a growing interest in how

personal values are modified, and what is the role played by personality, and by the socio-cultural context in shaping values.

Interest in *Cognition*, which precedes the evaluation phase in the original goal-setting model, has increased in parallel to the continuous research on the evaluation phase. *Cognition* draws attention to the complexity of tasks, and multiple goals. The magnitude of goal effects on performance decreases as task complexity increases. This is because performance of highly complex tasks depends not only on effort or persistence, but also on the cognitive understanding of the task and the strategy or plan necessary for completing it. In complex task situations people move towards their goals by developing strategies about when, where and how goal attainment will be reached. Research on goal setting effects in the complex task paradigm reveals that goals affect performance to the extent that they lead to the development of effective plans and strategies. Difficult goals affect performance through their effect on strategies (Locke & Latham, 2002). However, sometime goals generate pressure for immediate results and they become counterproductive when planning and strategy development is required, and in particular at initial stages of skill acquisition. In this context, setting a “do your best” goal resulted in higher performance than setting a specific high performance goal (Latham & Pinder, 2005). Furthermore, setting a learning goal, in terms of discovering appropriate strategies, resulted in higher self-efficacy and goal commitment than setting a performance goal (Latham and Pinder, 2005).

Research on the multiple goals is guided by the assumption that the human organism has a limited pool of resources. As a result, there is a trade-off in the performance of multiple goals. Empirical research has demonstrated that more resources are shifted to the attainment of specific and difficult goals than general or easy goals, and to the attainment of performance goals, which are supported by feedback. Of special interest is the potential trade-off between goals set in terms of quantity, quality, and innovation. Research has demonstrated that generating high expectancy of success, and providing an organizational culture that supports innovation, attention to detail, and outcome orientation' enabled the co-existence of innovative, high quality, and efficient performance outcomes.

The fifth phase in the original five-phase goal-setting model draws attention to effects of *environmental stimuli* on the goal-setting process. Research in this area has increased dramatically in the last decade, looking at goals in different contextual levels - individual, group, and organizational goals, as well as examining the influence of national culture on goal behavior (Erez & Earley, 1993; Erez, 2000). National culture shapes distal sources of motivation, including personal beliefs, values, achievement orientation, locus of control, and risk-taking. People use their cultural values, as they are represented in their selves, for evaluating the meaning of goal accomplishment to their sense of self-worth and well being. They are motivated to accomplish goals that enhance their self-worth, and to avoid goals that hinder it (Erez & Earley, 1993; Erez, 2000). Therefore, the meaning of certain goals for a person's sense of self-worth and well-being may vary across cultures.

Monetary rewards serve as one of the situational factors that influence the goal – performance relationship. Monetary incentives increase goal commitment, but at the same time they inhibit the attainment of complementary goals that are not compensated for (Mitchel and Daniels, 2003; Latham and Pinder, 2005).

Although *personality factors* were not part of the original goal-setting model, research in this area has increased dramatically, demonstrating the effects of self-monitoring dispositions on goal choice, goal commitment and performance. Various typologies of motivational dispositions have recently been developed, testing these effects on goal setting and performance. Among these typologies are the four core self-evaluation factors, consisting of self-esteem, locus of control, neuroticism, and generalized self-efficacy; motivational dispositions of achievement versus anxiety; learning versus performance goal orientation; and prevention versus promotion regulatory focus (Latham and Pinder, 2005). In essence, all these typologies capture McClelland's ideas of approach- and avoidance orientations. The "approach" self-monitoring disposition revealed a robust positive relationship with job performance (Day, Schleicher, Unckless & Hiller, 2002). Goal orientation is also a state. Setting high learning goals in complex task situations resulted in higher performance levels than setting performance goals. Furthermore, in the presence of specific goals, the effect of dispositional goal orientation disappeared, suggesting that specific and difficult goals create a strong situation (Locke & Latham, 2002).

To summarize, over thirty-six years goal-setting theory has continuously been developed to become deeper, and more complex than in its first phase, which focused on

the immediate goal – performance relationships. Staying close to the explained variable in the first phase of theory development, and then progressing towards understanding mediators, moderators and antecedents of goals, proved to be an effective approach for theory development, and a potential model for other theoreticians. Furthermore, the theory has grown from the individual level to the levels of groups, organizations and nations. While the vast majority of the empirical research has focused on goal accomplishment, future research should further enrich our understanding of goal choice, the interplay between proximal and distal goals, and the interaction effects of situational factors and motivational dispositions on goal choice and goal accomplishment.

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