Goal Setting

A Tool for Motivation

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While we all know that motivation is a vital factor for boosting employees' performance, the tools used for achieving this are taken up differently by different researchers and philanthropists. In this article, an attempt has been made to project goal setting exercise as an effective tool for boosting employees' motivation in an organization's performance management system (PMS).

Goal Setting Theory

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In the 1960s, an American Psychologist Edwin Locke came up with the Goal Setting Theory of Motivation. The said theory asserts that goals are principally linked with the employees' individual performance. He further states that challenging and specific goals with proper feedback can lead to achieving more than the end result and higher individual performance. In other words, setting a goal refers to employees' having a mission and how much effort one needs to accomplish it.

Humans always act in notion for a specific purpose or a goal. All our steps are usually calculated whereas the employees working robustly to achieve a certain target depict how much they are motivated to achieve their goal. Achieving the goal needs persistence and determination to overcome every obstacle. When you see your goal clearer and viable, you tend to achieve it swiftly.

The said theory is the most important and constructive theory of motivation. Moreover, during a survey, it was regarded as the most significant theory by organizational behavior researchers (Miner, 2003). The concept of goal setting was regarded with more than 1000 case studies which included employees to researchers to philosophers depicting that having a direction or a specific goal is linked to employees' performance (Ivancevich & McMahon, 1982; Latham & Locke, 2006; Umstot, Bell, & Mitchell, 1976). As per one study, goal setting increases the employees' performance by 10% to 25% (Pritchard et al., 1988) whereas many international and multinational companies such as Nike Inc, Coca Cola Company, Intel Corporation have implemented goal setting.

Features of Goal Setting Theory

Goal setting is the way to set, define and state the individual, team, departmental and organizational goal which employees' endeavor to deliver.
The development of individual goals is a flexible process that allows the goals to be tailored to each employee according to his or her role.

Following are a few distinct features of Goal Setting theory:

◇ The eagerness to achieve the end result is the ultimate motivation.

◇ Precise and arduous goals are the key motivating factor rather than straight and vague goals.

◇ Precise goals tend to cause greater and higher performance.

◇ Goals ought to be realistic and challenging. This gives an individual a feeling of pride and triumph when s/he attains them and sets her/him up for attainment of the future goal.

◇ Misunderstanding ought to be avoided by setting unambiguous, measurable and clear goals accompanied by a deadline for completion for each goal.

Setting SMART Goals

Goals play an important part in employees' behavior and performance. These days organizations have their own goal setting modules implemented. The simplest way to set a goal is by following the SMART acronym i.e. Specific, Measurable, Aggressive, Realistic and Time-bound.

SMART goals always keep employees motivated, give them the direction to reach the end results, and improve their performance and novice ways of performing a task. When employees receive continuous feedback they tend to swiftly improve their performance. The goals which are not SMART have an adverse effect on employees' performance causing low learning factor and work-life balance tends towards unethical behavior. Employers usually link the individual goals to the organization's objective via Management by Objectives.

SMART

SMART goals help people achieve results.

| SPECIFIC | MEASURABLE | AGGRESSIVE | REALISTIC | TIME-BOUND |

IBP   IBP

Energize

Give Direction

Provide Challenge(s)

Make you think outside the box

SMART goals motivate for a variety of reasons.
Sources: Based on information contained in Latham, G. P. (2004). The Motivational Benefits of Goal Setting.

Specific and Measurable

Cogent goals are definite and assessable. When goals are explicit, employees' behavior and performance improve. For instance, 'giving your best' does not follow the SMART acronym and does not give you a specific approach target. At times, it is very feasible to understand, measure and attain the goal in the specific time period such as sales, employee turnover etc. whereas when goals are not quantifiable in nature, how do you measure them? We may effectively use metrics for it developed on the basis of surveys or collecting feedback covering the qualitative aspect of the goal.

Aggressive

This may sound unreasonable, but effective goals are hard, not easy. Aggressive goals are also called stretch goals. According to a Hay Group study, one factor that differentiates companies that are ranked as 'Most Admired Companies' in Fortune magazine is that they set more challenging goals (Stein, 2000). People with tough goals outperform those with easier goals (Mento, Steel, & Karren, 1987; Phillips & Gully, 1997; Tubbs, 1986; Yukl & Latham, 1978). Why?

The reason being said is that easy goals do not challenge you, yet you can achieve them easily. When the end result is hard to achieve, people always strive more towards it which increases and enhances their performance. Many kinds of researches reveal that individuals with high self-efficacy and determination always tend to set difficult goals (Phillips & Gully, 1997).

Realistic

Goals should be difficult to achieve but should also be achievable within the stipulated timeline. In other words, if a goal is hard to achieve, it will not have any

motivational value. In fact, one may work hard for it but if it is not possible to achieve then it demoralizes the value.

Time-Bound

Goals should be specific and time-bounded. Adding a time limit to your goals is vital to success. If your weight loss goal is to lose three pounds per week for the next three weeks, you have a deadline to meet each week to help keep you focused and on-track.

Another example, "increasing the overall sales by 10%", the said goal is not time bounded because it does not specify the period. If we certainly add "by December 2021", it gives individuals a stipulated time period.

Why Do SMART Goals Motivate?

There are four reasons why goals motivate (Latham, 2004; Seijts & Latham, 2005; Shaw, 2004). First, goals provide us direction. When you have a goal of reducing shipment defective products by 5% by June, so you should direct your energy toward defects. The goal conveys what to focus on. Therefore, goals should be set prudently. Giving individual goals that are not aligned with organizational goals will be a problem, because goals will direct individual's energies to a certain end. Second, goals boost people and tell them not to stop until the goal is accomplished. If you set goals for yourself such as "I will have a break from reading this storybook when I finish reading this section," you will not give up until you reach the end of the section. Although, if you feel exhausted along the way, having this particular goal will urge you to move forward. Thirdly, having a goal provides a challenge. When people have goals and ensue to reach them, they feel a sense of achievement. Lastly,

SMART goals push people to think outside the box and rethink how they are working. If the goal is not very challenging, it only motivates people to work quicker or longer. If a goal is considerably challenging, simply working faster or longer will not get you the results. Instead, you will need to reconsider the way you usually work and devise a creative way of working. It has been argued that this method resulted in designers and engineers in Japan discovering the bullet train. Having a goal that went beyond the speed competences of traditional trains prevented engineers from making minor developments and encouraged them to come up with a radically different idea (Kerr & Landauer, 2004).

When Are Goals More Effective?

Although goals are SMART, they are not always equally effective. At times, goal setting produces more intense effects compared to other methods. Following are three conditions that contribute to the effectiveness of goals (Latham, 2004; Latham & Locke, 2006).

Feedback

To be more operative and effective, employees should receive feedback on the progress they are making toward goal achievement. Providing employees with quantifiable figures about their sales, defects, or other metrics is useful for feedback purposes.

Ability

Employees should have the skills, knowledge and capabilities to reach their goals. In fact, when employees are lacking the necessary capabilities, setting specific result goals has been shown to lead to lower levels of performance (Seijts & Latham, 2005). Individuals are likely to feel deserted when they lack the capabilities to reach a goal, and furthermore, having specific outcome goals prevents them from focusing on learning activities. In these conditions, setting goals about learning may be a better idea. For instance, instead of setting a goal related to increasing sales, the goal could be recognizing three methods of getting better acquainted with customers.

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Commitment

SMART goals are effective if employees are dedicated and committed to the goal (Donovan & Radosevich, 1998; Klein et al., 1999; Wofford, Goodwin, & Premack, 1993). As an evidence to the importance of goal commitment, Microsoft actually calls employee goals 'commitments' (Shaw, 2004). Goal commitment states to the degree to which a person is devoted to reaching the goal. What makes people devoted or committed to a goal? It has been suggested that making goals public may increase commitment to the goal, because it creates responsibility and accountability peers. When persons have a helpful and trust-based association with managers, goal commitment tends to be greater. When employees contribute in goal setting, goal commitment may be higher. Inter alia, rewarding people for their goal completion may increase commitment to future goals (Klein & Kim, 1998; Latham, 2004; Pritchard et al., 1988).

As with any management practice, there may be some obstacles to goal setting (Locke, 2004; Pritchard et al., 1988; Seijts & Latham, 2005). First, as stated earlier, setting goals for specific results may hamper employee performance if employees are lacking skills and abilities needed to reach the goals. In these circumstances, setting goals for behaviors and learning may be more effective than setting goals for outcomes/results. Second, goal setting may stop employees from adapting and changing their behaviors in response to unanticipated pressures. For example, one study found that when teams had challenging goals and employees within the team had high levels of performance expectations, teams had difficulty adapting to unanticipated circumstances (Le Pine, 2005). Third, goals focus employee attention on the activities that are measured. This focus may lead to surrendering other significant elements of performance. If goals are set for production quantities, quality may suffer. Consequently, it is essential to set goals touching on all critical aspects of performance. Finally, an aggressive recreation of goals may lead to immoral behaviors. If employees are remunerated for goal accomplishment but there are no rewards for coming very close to reaching the goal, employees may be interested to cheat.

Ensuring Goal Setting Through Management by Objectives (MBO)

Goals provide direction to employee attention toward a common end. Hence, it is vital for individual goals to support team goals and department goals in order to support organizational goals. A proficient approach to ensure that individual and organizational goals are aligned is Management by Objectives (MBO).

As suggested by Peter Drucker (Greenwood, 1981; Muczyk & Reimann, 1989; Reif & Bassford, 1975), MBO involves the following process:

◇ Setting organizational goals derived from corporate strategy

◇ Determining team and departmental goals

◇ Setting individual SMART goals that are aligned with corporate strategy

◇ Preparing an action plan

◇ Periodically appraising performance and reviewing goals

Literature review depict that sixty-eight out of the seventy studies conducted on this subject showed performance gains as a result of Management by Objective implementation (Rodgers & Hunter, 1991). It also appears that top management commitment to the process is the key to successful implementation of MBO programs (Rodgers, Hunter, & Rogers, 1993). Even though formal MBO programs have fallen out of favor since the 1980s, the idea of linking employee goals to corporate-wide goals is an influential idea that benefits organizations.

Islamic Perspective of Performance Management System

While it is a known fact that all human endeavors are triggered by intelligence quotient (IQ) and performed under the influence of emotional quotient (EQ) which at times also feed the IQ, majority of the psychologists have been seen referring to the values set by religion, culture and society for finding appropriate solutions to performance related matters.

Since performance management system (PMS) at work places focuses on the individual's 'power to work' and 'will to work', the IQ and EQ factors both come across concurrently. The evidences show that more efforts are needed to resort upon the emotional aspect (spiritual dimensions) of the employees in an organization where they are required to portray certain standards of ethics on fairness, teamwork, leadership and accountability.

The spiritual dimensions of human performances guided by Islam is justice, fairness and accountability. A true believer of Islam feels accountable and responsible towards the Creator and shows the best effort without worldly gain. In every aspect of life, like constructing laws, interaction in societies and daily business practices, a Muslim is expected to be fair and accountable. Allah says, "and he who does righteous deeds and he is a believer, he will neither have a fear of injustice nor deprivation," (Quran, 20:112). People will receive reward equivalent to his deeds (Quran, 6:132) and man has

nothing except that for which he strives (Quran, 53:39). [ref: Dr. Muhammad Rahim Uddin – The Framework of Appraising Employee Performances: A Study Based on Islamic Principle].

Contentment and patience are the traits which pay a lot of dividends if observed in their right perspective. Allah says "By time, Indeed, mankind is in loss, Except for those who have believed and done righteous deeds and advised each other to truth and advised each other to patience," (al-'Asr 103:1-3).
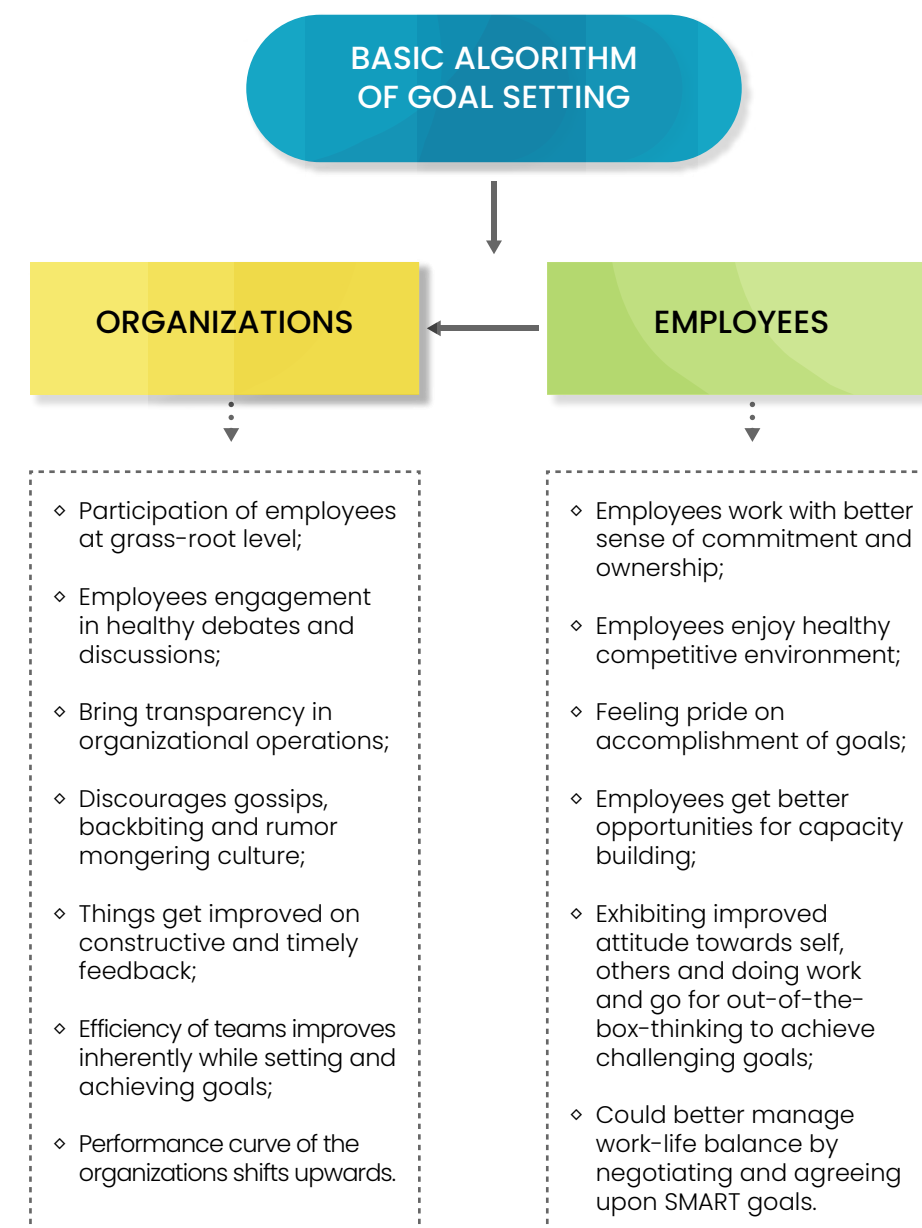
Commenting on Surah al-'Asr, Imam ash-Shafi'ee said:

"If people thought deeply on this surah, it would provide enough guidance, as man cannot attain perfection without perfecting these two things, his knowledge and his actions, i.e. his faith and right actions. As he is required to perfect himself, so he is required to perfect others, which is joining together in mutual teaching of the truth. The foundation of all this is patience."

(Source: https://istighfar.wordpress.com/allah-has-mentioned-it-90-times/)

Key Takeaways

Goal Setting theory is one of the most powerful theories of motivation. For motivating employees, goals should be SMART (specific, measurable, aggressive, realistic, and time-bound). Effective goals motivate employees because they boost and direct behavior, provide challenges, compel employees to think out-of-the-box, and perform innovatively. On the contrary, poorly derived goals have the downsides of hampering learning, preventing adaptability, causing an indiscreet pursuit of goals, and encouraging unethical behavior. Goals are more effective in motivating employees when employees have the ability to perform, are committed to goals, and receive feedback on their accomplishments. Of course, companies seek to align individual goals to company goals using management by objectives. SMART goal setting creates a win-win situation both for employees as well as the organizations by virtue of its inherent characteristics, some of which have been highlighted through the following algorithm:

BASIC ALGORITHM OF GOAL SETTING

ORGANIZATIONS ← **EMPLOYEES**

ORGANIZATIONS
◇ Participation of employees at grass-root level;

◇ Employees engagement in healthy debates and discussions;

◇ Bring transparency in organizational operations;

◇ Discourages gossips, backbiting and rumor mongering culture;

◇ Things get improved on constructive and timely feedback;

◇ Efficiency of teams improves inherently while setting and achieving goals;

◇ Performance curve of the organizations shifts upwards.

EMPLOYEES
◇ Employees work with better sense of commitment and ownership;

◇ Employees enjoy healthy competitive environment;

◇ Feeling pride on accomplishment of goals;

◇ Employees get better opportunities for capacity building;

◇ Exhibiting improved attitude towards self, others and doing work and go for out-of-the-box-thinking to achieve challenging goals;

◇ Could better manage work-life balance by negotiating and agreeing upon SMART goals.

The benefits of goal setting could also be availed in other walks of life if adopted beyond office hours. Likewise, a person can maximize her/his gains in the limited available time by setting some objectives to achieve. Albert Einstein says "If you want to live a happy life, tie it to a goal, not to people or things." ■