

Organizational & Industrial Psychology in the 21st Century—Goal-Setting Theory and Performance Management: A Systematic Literature Review

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Abstract

Goal setting is a typical aspect of behavior change interventions, although when it is most successful is unknown. The aims of this systematic literature review were to determine: 1) the basic concepts of the goal-setting theory; 2) to investigate and scrutinize the major findings of this specific theory; 3) to discuss the practical use of the theory in the working environment; 4) to demonstrate a critical review; 5) to examine future research. For this purpose, 3 databases were searched for papers that assessed the unique effects of goal-setting theory on the performance management system. The results of this systematic review were: 1) the more difficult is a goal, the better the result will be; 2) commitment is higher when the goal is more characterized or unambiguous; 3) the best outcome comes from goals that are both detailed and risky; 4) commitment to goals is particularly significant when they are exact and hard to accomplish; 5) where there is feedback on the progress toward a specific goal, then the result would be more successful; 6) goal setting and goal-related activities can be trained and/or adopted; 7) the planning quality is frequently greater than when there are no goals, and finally, individuals are least effective in discovering acceptable task methods when they have no prior experience or training on the job. The current survey adds novel experience into the means by which goal setting may be increased to augment conduct change and set the plan for future projects of examination.

Keywords

Goal-Setting Theory, Performance Management System, Systematic Literature Review

1. Introduction

The fundamental finding of goal setting, based on hundreds of research, is that people who are given precise, demanding but reachable goals perform better than those who are given easy, vague or no goals at all. Moreover, individuals must have adequate ability, accept the goals, and get performance feedback (Locke & Latham, 2002).

Goals influence the behavior and performance of individuals, and this is a reason why goal setting is commonly utilized by managers as a motivation technique for improving and maintaining performance (DuBrin, 2012). Based on the research, the most valid and practical theory of work motivation was presented by Locke and Latham (2002) who presented an extensive goal-setting theory, by highlighting the relations between goals and performance (Lee & Earley, 1992; Miner, 2003; Latham & Pinder, 2005).

In the present systematic literature review, the basic concepts, as well as the major findings of the goal-setting theory are analyzed and discussed.

2. Basic Concepts of Goal Setting Theory

Edwin Locke proposed the goal-setting theory of motivation in the 1960s. According to this view, goal formulation is fundamentally tied to task performance. It claims that setting clear and difficult goals, as well as providing relevant feedback, contribute to greater and better task performance. In straightforward words, goals indicate and instruct an employee about what needs to be accomplished and how much effort is necessary to be expended (Locke & Latham, 2006; Spaulding & Simon, 1994).

According to the Locke and Latham (2006), there are five significant elements (clarity, challenge, commitment, feedback, and task complexity) that allow goal setting to function well. Clarity refers to a precise and quantifiable goal that can be achieved within a specified time period and set of goals. Moreover, challenge refers to goals that can be accomplished at an acceptable level of difficulty, motivating individuals and organizations to strive for success. In addition, commitment encourages people or organizations to work together in order to achieve their goals. It also helps to make them reachable. Furthermore, feedback provides insight into how successfully goals are being accomplished. Besides, people and organizations can adjust their goals based on the feedback they get. Finally, by laying out methods and phases, task complexity makes achieving goals easier. Setting goals may be done by meticulously following all of the guidelines and ensuring that all targets take into consideration the principles. Thus, in every circumstance when effective outcomes are required, successful goal setting can be applied (Locke & Latham, 2013).

3. Major Findings

According to Atkinson (1958) the more difficult is a goal, the better the result will be. Locke and Latham (1990) claimed that Atkinson's underlying disclosure

is viewed as practically difficult to be copied. Then again, the straight capacity surmises that the individual is devoted to the objectives and has the essential abilities and skills to accomplish them. Notwithstanding, without these, commitment at significant standard levels endures.

Moreover, commitment is all the more precisely oversaw when the goal is more characterized or unambiguous. Evaluation or identification is the most widely recognized way of achieving high objective explicitness. Subsequently, commitment is diminished, as long as the individual has power over their own presentation. This isn't to contend that explicitness is in every case great (it may not be at times of the innovative development); however, it has a few results (Rusbult & Buunk, 1993).

The best presentation comes from goals that are both detailed and risky. Many examinations have looked at the impact of explicit, troublesome goals with goals like "give a valiant effort," which are especially relevant here. Individuals don't put forth a valiant effort while endeavoring to do their best in light of the fact that, as an expansive point, it takes into account a wide scope of results, including some that are not so great. Goal commitment, or how much an individual is earnestly dedicated to and propelled to accomplish their targets, is the aspect of power that has gotten the most consideration in objective setting research (Brunstein, 2010).

Furthermore, commitment to goals is particularly significant when they are exact and hard to accomplish. At the point when destinations are basic or unclear, it is simpler to get responsibility since straightforward goals don't request a lot of dedication, and obscure goals may basically be altered to oblige low commitment. The more the responsibility, the better the presentation will be when the goals are specific and difficult. As well as straightforwardly affecting commitment, self-viability impacts: 1) the trouble level of the goal picked or acknowledged, 2) commitment to goals, 3) the reaction to negative criticism or disappointment, and 4) task approach determination (Klein et al., 1999).

High commitment to goals is accomplished when: 1) the individual is persuaded that the goal is significant; and 2) the individual is persuaded that the objective is achievable (or that, at any rate, progress can be made toward it), which are the very factors that impact goal decision. There are numerous ways of persuading an individual that a goal is significant. Because of the interest attributes inborn in most research facility settings, it is very adequate to just request consistence subsequent to giving a conceivable reasoning to the review. In work circumstances, the manager or pioneer can utilize authentic position to get introductory responsibility. Proceeded with responsibility may require extra impetuses, for example, steadiness, acknowledgment, and prizes. Financial incentives might work with commitment, aside from when prizes are presented for achieving unthinkable goals; here, commitment really drops (Lee, Locke, & Phan, 1997). Investment by subordinates in laying out objectives prompts higher commitment than tersely instructing individuals with no clarification, yet it doesn't prompt higher responsibility than giving a persuading reasoning to a relegated

goal (Locke & Latham, 1991). Subordinate interest has viewed as generally advantageous for planning systems for arriving at goals (Latham, Winters, & Locke, 1994). Self-goal setting can be exceptionally compelling in acquiring responsibility, despite the fact that they may not generally be set as high as someone else would allot (Locke, 1966).

Additionally, where there is feedback on the progress toward a specific goal, then the result would be more successful. Also, according to the findings, goal setting (together with self-efficacy) changes the impact of past performance information on subsequent performance and goals influence performance by persuading the direction of the activity, the amount of effort put in, and the consistency of action through time (Fishbach et al., 2010; Wiggins, 2012).

Studies showed that the planning quality is frequently greater than when there are no goals, when presented with a performance goal, those who have goal-oriented objectives as a consequence of experience or training activate them almost immediately, and finally, when confronted with a specific, tough, goal, newly learnt plans, or techniques are most likely to be implemented (Lens et al., 2012).

Another study found that individuals are least effective in discovering acceptable task methods when they have no prior experience or training on the job, are under a lot of pressure to do well, and are under a lot of time constraint when attempting to achieve goals on complex projects; to perform well immediately. Furthermore, goals, when paired with self-efficacy, moderate or partially mediate the influence of several personality characteristics and rewards on performance (Lee, Locke, & Phan, 1997).

Finally, according to other studies, goal setting and goal related activities can be trained and/or adopted for the purpose of self-regulation in the absence of training (Koch & Nafziger, 2011; Latham & Locke, 1991; Schunk, 2001).

4. Practical Use of the Theory in the Setting

The significant features of the goal-setting theory are multiple. Firstly, the most important source of professional motivation is the willingness to work toward a goal, which should be clear, particular and difficult rather than vague, general and easy. Secondly, increased productivity and improved performance can only be achieved by unambiguous, measurable and clear goals supported by a deadline which will minimize any misunderstanding. Thirdly, as the goal is more difficult, the challenge is higher and the enthusiasm is greater for reaching it, especially, when an individual achieves his/her goals, feels proud and triumphant, and prepares for the next goal. Fourthly, the better and more relevant the feedback is, the more influence has to employees' behavior. Besides, feedback is characterized as a tool for establishing credibility, clarifying issues, and resolving goal conflicts. It also encourages people to be more involved in their work, which can lead to higher job satisfaction. Fifthly, it is not always ideal for employees to participate in goals. Finally, goal-setting participation nevertheless makes goals more acceptable and encourages further engagement (Earley et al., 1990; Locke & Latham, 2002, 2006).

Furthermore, according to [Locke & Latham \(2002\)](#), certain eventualities are included in Goal-setting theory. The first one is self-efficiency which is defined as a person's self-confidence and belief in his ability to complete a task. When faced with difficult tasks, an individual with a high level of self-efficiency will put up more effort. When an individual's self-efficiency is poor, he/she will put in fewer efforts or perhaps quit when confronted with problems. The second one is goal-commitment. The commitment to a goal is determined by open, known and broadcasted goals. Individual goals should be set rather than set for them. Thus, individual ambitions should be in line with the corporation's vision, goals and mission ([Locke & Latham, 2002](#)).

In other words, a strategy of motivating employees should be provided, in order for employees to execute tasks not only quickly, but also efficiently. Also, utilizing goal-setting in the workplace can improve performance, which can only be achieved through boosting motivation and effort, as well as increasing and enhancing feedback's quality ([De Jong, Ziegler, & Schippers, 2020](#)).

On the other side, there are also various limitations of the practical use of the goal setting theory. In an application, goal-setting has frequently been cited as time-consuming and costly ([Julnes, 2008](#)), due to the many aspects that should be handled in order for firms to fulfill their goals, which is also involved in selecting the appropriate personnel with the required skills and knowledge. This is why making career development and organizational productivity training should be a requirement.

Employees are more likely to devise inventive strategies to make easy objectives that look challenging to their bosses if goal failure is harshly penalized. Employees will be more willing to risk setting goals that "stretch" them if the expected 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), and the positive benefits of goal setting will occur ([Earley et al., 1990](#)).

Occasionally, corporation and managerial goals are in conflict; when it induces incompatible action drift, it has a negative impact on performance ([Julnes, 2008](#)). Another limitation is when people are facing tough and complicated goals it might occur a risky or undesirable behavior to the surface. Moreover, if the specific individual lacks the abilities and competences to carry out the actions required to achieve the particular goal, the process of goal-setting theory may fail, resulting in poor performance ([Winters & Latham, 1996](#); [Shaiza & Giri, 2016](#)). Finally, the fact that there is no proof that creating goals can bring out job happiness and satisfaction is also a great factor ([Locke & Latham, 2002](#)).

5. Discussion

The Goal Setting Theory of [Locke and Latham \(2002\)](#), as well as their goal-setting principles, are a fantastic method to ponder what constitutes a decent goal. The ideas are straightforward and viable, and they have been displayed to boost individual and team inspiration and performance. Unfortunately, numerous leaders

and organizations do not devote enough time and effort to establishing successful goals. Instead, many goals are created without adequate time and thought, resulting in an administrative burden that adds little motivation and does not increase performance. Individuals and leaders may benefit much from goal-setting. Individually, goal planning may greatly aid in behavior modification on a personal level, just as motivation and performance in the working environment. Additionally, goal-setting is critical from an organizational or leadership standpoint for the fruitful direction and motivating of a group of individuals.

Goal-setting theory is an open theory, wherever there is no limit to the number of discoveries or integrations that will be created between goal theory and alternative theories. In any arena where a person or organization has some control over the outcomes, setting goals may be utilized effectively. Thus, goal setting's effectiveness is dependent on taking into consideration the mediators and moderators that impact its efficacy and applicability, and this is often also a reason why it may be used in a range of various situations, not just for work tasks.

According to Andrew Carnegie (Harvey, Maclean, Gordon, & Shaw, 2011), in order to be happy, someone should set goals that command his/her thoughts, liberate his/her energy and inspire his/her hopes, because without hope nobody can move through and beyond a moment of despair. Some individuals claim that in order to attain everyday and working goals, only hard work can be helpful. Some others claim that it all comes down to who you know and what you have. On the other side, others believe that certain people are born with access and are granted all of life's breaks.

Nonetheless, according to statistics, those who establish goals and follow a steady and constant goal-setting route are far more likely to attain their goals. If someone is striving for the wrong dream, no matter how hard he would work, he will simply get to the wrong destination faster, which will be immensely frustrating. Regardless of connections, he must continually show everyone that he was deserving of the chance in the first place. Proving his value to others gets tiresome after a while. There is, however, a formulation for making aspirations a reality that isn't based on who he knows or his ability to prove himself (Oettingen, Pak, & Schnetter, 2001). Thus, dreams come true when goals and commitment are combined. Finally, when dedication and determination is added, hard work cannot be avoided. That is what makes a dream real, despite any barriers in the way, even in difficult times.

Goal setting is a powerful behavior modification strategy that has the potential to become a cornerstone of successful treatments. The current evaluation contributes new insights into how goal formulation might be enhanced to optimize behavior change and lays the stage for future research efforts. Future analysis and research could embody studies of the consequences of assorted varieties of learning goals and ways of blending them with performance goals, differing kinds of goal framing, the connection between goals and cognition, the hierarchies of goals, and macro goal studies with organizations of different sizes. Moreover, research on conscious and subconscious goals would be fascinating as well

(Locke & Latham, 2006).

Finally, acknowledging and recognizing the difficult and unstable time of the current situation of the Covid-19 pandemic, goal setting can be also very challenging. For the great majority of people, life will go on throughout and after the pandemic; this is the reason why it is more crucial than ever to focus on something that will help people get through this period. Thus, a goal-setting guide for every organization would be a great idea in order to assist employees in attaining their goals and realizing their ambitions.

Conflicts of Interest

No conflict of interest exists.

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