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Learning goals or performance goals: Is it the journey or the destination?

While setting goals is important, setting an outcome goal - rather than a learning goal -- can have a negative impact on an individual's performance. This is especially true when acquiring skills and knowledge is more important than being persistent and working harder. Instead of focusing on the end result, a learning goal focuses attention on the discovery of effective strategies to attain and sustain desired results. These authors build a compelling case for learning goals' superiority and describe the positive impact they can have on leadership, performance appraisal, and professional development.

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The good and the bad of setting goals

Nearly all executives understand the importance of goal setting. And yet, most organizations have no idea how to manage specific, challenging goals, or what are sometimes labelled "stretch goals." For example, some organizations may ask employees to double sales or reduce product-development time but fail to provide those employees with the knowledge they need to meet these goals. It is foolish and even immoral for organizations to assign employees stretch goals without equipping them with the resources to succeed - and still punish them when they fail to reach those goals. This lack of guidance often leads to stress, burnout, and in some instances, unethical behaviour.

The Lucent scandal is a compelling example of what

can happen when people feel undue pressure to make the numbers. Richard McGinn, the former CEO of Lucent, prided himself for imposing "audacious" goals on his managers, believing that such a push would produce dream results. In 2000, McGinn pushed his managers to produce results they could not deliver-not, apparently, without crossing the line. The pressures that McGinn applied were described in a complaint that a former Lucent employee filed, charging that McGinn and the company had set unreachable goals that caused them to mislead the public. Empirical research supports this claim, namely that setting unrealistic performance-outcome goals sometimes causes people to engage in unacceptable or illegal behaviour.

These findings point to a fault with the type of goal that was set, namely the performance-outcome goal. Setting a learning goal, on the other hand, is likely to be far more effective in helping individuals discover radical, out-of-the-box ideas or action plans that will enable organizations to regain and sustain a competitive edge. This paper discusses both types of goals and explains why learning goals can be more effective and when it is more appropriate to use them.

Goal mechanisms

Generally speaking, there are at least four benefits of setting goals.

1. Specific performance goals affect an employee's choice about what to focus on, or which actions are goal relevant and which are not.
2. Goals help employees adjust their effort and persistence according to the goal's level of difficulty.
3. Goals help employees persist until they have reached them.

However, these three motivational mechanisms alone are not always sufficient for attaining a goal.

4. A fourth benefit of goal setting has to do more with cognition than motivation. Specifically, it has to do with the fact that a certain type of goal, the learning goal, helps employees acquire the knowledge to understand and apply what they are doing. For complex tasks, setting goals based on one's knowledge stimulates the development of task strategies to complete those tasks. For example, the Weyerhaeuser Company discovered that unionized truck drivers who had been assigned a specific high-performance goal in terms of the number of trips per day from the logging site to the mill started to work "smarter rather than harder." After being assigned goals, truck drivers developed tactics to attain them. These included the use of radios to coordinate their efforts so that a truck would always be at the site when logs were available for loading. Performance increased because drivers drew on their existing knowledge to attain their goal. While they already knew how to use a radio, they chose to apply this knowledge in such a way that productivity increased.

Motivation or knowledge acquisition?

Goal setting is viewed by most executives and behavioral scientists as a motivational technique. The fact is, however, that most of the tasks that scientists have studied have been straightforward, so that the effect of a goal on an employee's choice, effort, and persistence could be easily assessed. But what happens when the task is not straightforward? Anecdotal evidence and empirical research provide a thought-provoking answer.

The ordeal of Wagner Dodge and the 15 firefighters under his command illustrates the difference between working hard (motivation) and working smart (knowledge acquisition). The ordeal is described by leadership expert Michael Useem in *The Leadership Moment*. A hellish, fast-moving forest-and-grass fire caused the group to run for their lives. With less than a minute remaining until the fire would swallow the group, Dodge discovered a way for the group to survive. He started an "escape fire" that cleared a small area of flammable prairie grass and bushes. As Useem states, Dodge survived

because "he had literally burned a hole in the raging fire." However, Dodge's crew ignored his order to jump inside the expanding ring of fire and all of them died while trying to outrun the blaze. For Dodge, working smart, that is, knowledge acquisition, led to a far better result than "working hard."

In the context of running a successful business, Dell Computer Corporation CEO Michael Dell emphasizes the importance of information and knowledge acquisition:

"It's all about knowledge and execution. Traditionally, it was thought that lack of capital was the barrier to entry into a new competitive market. Take a look around, and you'll see that's just not true anymore. Information will increasingly become both a tool to help businesses hone their competitive edge and a weapon to protect them against the competition. Besides Dell, there are countless successful companies that are thriving now despite the fact that they started with little more than passion and a good idea. There are also many that failed, for the very same reason. The difference is that the thriving companies gathered the knowledge that gave them a substantial edge over their competition, which they then used to improve their execution, whatever their product or service. Those that didn't simply didn't make it."

In sum, a person's quest to be effective is influenced by ability and motivation, so that in the end, performance is a function of creative imagination or learning, AND sheer effort and persistence. This is particularly true for tasks where an individual lacks the requisite knowledge or skill to master those tasks. Thus, we see that setting a performance goal can have a downside.

Performance-outcome goals and their downside

Acquiring knowledge before setting a performance-outcome goal can be critically important. On the other hand, setting a specific performance goal can damage a person's effectiveness in the early stages of learning. This is because in the early stage of learning a person's attention needs to be focused on discovering and mastering the processes required to perform well, rather than on reaching a certain level of performance.

This reality highlights the fact that the attentional demands that can be imposed on people are limited. Trying to attain a specific performance goal places additional demands on people, so much so that they are unable to devote the necessary cognitive resources to mastering the task. A performance-outcome goal often distracts attention from the discovery of task-relevant strategies. For example, focusing on a score of 95 may prevent a novice golfer from focusing on mastering the swing and weight transfer, and using the proper clubs to shoot 95. Unwittingly, the golfer has diverted the cognitive resources necessary for understanding the task to a self-regulatory activity, namely shooting 95. The golfer has focused on scoring at the expense of acquiring the skills to become a better golfer. In the process, the golfer has exposed the downside of setting a performance goal.

Learning goals or performance-outcome goals

That setting specific performance goals can sometimes actually worsen performance is at first glance astonishing in that this conclusion is at odds with the accumulated findings of over a quarter of a century of research in the behavioral sciences.

For at least three decades, this research has shown that goal setting is a powerful and effective motivational technique. Specifically, the research shows again and again that a performance goal influences choice, effort, and the persistence needed to attain it. However, it is often forgotten that performance at a high level is a function of ability as well as motivation. Consequently, we wondered what would happen if the goal of certain tasks, say those for which minimal prior learning or performance routines existed, was switched to knowledge acquisition instead of motivation. (In situations where learning rather than an increase in motivation is required, setting a specific performance goal is not likely to be prudent. Perhaps a specific high-learning goal should be set instead. For example, a novice golfer should consider setting a high learning goal such as learning how to hold a club or when to use a specific iron. In short, the novice golfer must learn how to play the game before becoming concerned with attaining a challenging performance outcome (e.g. a score of 95).)

To test our idea, we examined the effects of learning versus performance-outcome goals by using a complex business simulation, namely, the Cellular Industry Business

Game (CIBG). The CIBG is an interactive, computer-based simulation that is based on the events that occurred in the U.S. cellular telephone industry. It uses a complex set of formulas to link the various strategic choices to performance outcomes. The CIBG consists of 13 rounds of decision making, each corresponding to one year of activity. Participants were asked to make decisions concerning ten areas of activity during each round. Examples of the strategic options are pricing, advertising, sales-force, cost containment, finance, geographic scope, and alliances with other companies. Each area of activity allowed numerous choices. For example, in the finance area, participants could raise funds by issuing bonds, public shares or dividends, or by borrowing from the bank.

The evolution of the cellular telephone industry was predetermined in the simulation. For example, during the first eight decision periods (simulating the industry's first eight years) competition was restricted by region. Following year eight, however, the telecommunications industry experienced a radical environmental change in the form of deregulation. Hence, participants in the simulation were given several warnings that deregulation was likely to occur. The strategic options that were viable before deregulation were no longer effective. Thus, to maintain or increase market share, participants now needed to discover a new set of strategies. This aspect of the CIBG simulation reflects a business environment where past success strategies are by no means a guarantee for future success.

The participants assigned a specific high-learning goal were told to identify and implement six or more strategies for increasing market share. The results revealed that:

1. Performance was highest for individuals who had a specific high learning goal. Their market share was almost twice as high as those with a performance outcome goal. There was no significant difference in performance among individuals with a performance goal, or those who were simply urged to do their best.
2. Individuals who had a learning goal took the time necessary to acquire the knowledge to perform the task effectively and to analyze the task-relevant information that was available to them.
3. Those with a learning goal were convinced that they

were capable of mastering the task. This suggests that the increase in self-efficacy resulting from a learning goal occurs as a result of the discovery of appropriate strategies for task mastery. A performance goal, on the other hand, can lead to a highly unsystematic "mad scramble" for solutions.

4. Those with a learning goal had a higher commitment to their goal than did those with a performance goal. The correlation between goal commitment and performance was also significant.

These research findings are consistent with the observations of the CEOs cited throughout the paper.

Why learning goals?

How does a learning goal differ from a performance-outcome goal? What explains the superiority of a learning goal over a performance goal for a complex task? How can specific challenging learning goals be applied in business settings?

Learning goals, performance goals and the efficacy of the former

The primary distinction between performance and learning goals lies in the framing of the instructions given to employees. Hence, the difference between these two types of goals is first and foremost a "mindset." The respective instructions focus attention on two different domains-motivation versus ability. A performance goal, as the name implies, frames the instructions so that an employee's focus is on task performance (e.g. attain 20 percent market share by the end of the next fiscal year). The search for information to attain the goal is neither mentioned nor implied because knowledge and skills are considered a given for tasks that require primarily choice, effort, or persistence. Similarly, a learning goal frames the instructions in terms of knowledge or skill acquisition (e.g. discover three effective strategies to increase market share). A learning goal draws attention away from the end result to the discovery of effective task processes. Once an employee has the knowledge and skills necessary to perform the task, a specific performance goal should be set to direct attention to the exertion of effort and persistence required to achieve it. The performance goal cues individuals to use strategies or performance routines that the person knows are effective. Setting a learning goal

for a task that is relatively straightforward wastes time. It is also ineffective in that the person has already mastered the requisite performance routines and is aware of the requisite job behaviors.

In short, learning goals help people progress to the point where performance-outcome goals increase one's effectiveness. The focus of a learning goal is to increase one's knowledge (ability); the focus of a performance goal is to increase one's motivation to implement that knowledge. Therefore, both learning and performance goals are needed to be successful. But, as noted earlier, our research shows that a performance goal should not be set until an employee has the knowledge to attain it.

Practical applications of learning goals

Based on our findings, as well as the experiences of the CEOs we have cited, there are at least 3 areas where the application of learning goals should prove particularly helpful in improving performance -- leadership, performance management and professional development.

1. Leadership

Jack Welch once stated that, "An organization's ability to learn and translate that learning into action is the ultimate competitive advantage . . . I wish we'd understood all along how much leverage you can get from the flow of ideas among all business units. . . the enormous advantage we have today is that we can run GE as a laboratory for ideas."

Three examples suggest the benefits of having a leader focus employee attention on the attainment of learning goals. First, when Andy Grove was the CEO at Intel Corporation, he was obsessed with learning as much as possible about the changing environment.

In Grove's own words, "I attribute Intel's ability to sustain success to being constantly on the alert for threats, either technological or competitive in nature." Second, Sam Walton continued to refine his business strategies and discover ways for improving his stores. He never stopped learning from competitors, customers, and his own employees. He believed that there was at least one good idea he could learn, even from his worst competitor. Walton passed on this philosophy to his employees. As Kurt Bernard, a retailing consultant, noted:

"When he meets you . . . he proceeds to extract every piece of information in your possession. He always makes little notes. And he pushes on and on. After two and a half hours, he left, and I was totally drained. I wasn't sure what I had just met, but I was sure we would hear more from him."

Leaders such as Welch, Grove and Walton would increase the effectiveness of their workforce if they set specific high learning goals for sharing ideas among divisions, identifying potential threats in the environment, or extracting ideas from competitors, customers and employees.

Third, the primary use of learning goals at Goldman Sachs, as described by Steve Kerr, is to develop present and future leaders. For example, a sales manager might be asked to join or even lead a taskforce whose goal is to discover a new process for product development. People's leadership skills are developed by assigning specific learning goals that require these people to go outside their comfort zone.

2. Performance management

Coca Cola Foods and PricewaterhouseCoopers (PWC) are among the many companies that have incorporated goal setting into their coaching and mentoring practices. The goals are typically performance outcomes or behavioral goals that are within employees' repertory of knowledge and abilities to increase in frequency (e.g. communicate the objectives of the program to co-workers).

PWC, which recognizes that this approach is not effective for every employee, also sets learning goals. For example, like other organizations, they hire job applicants for their aptitude rather than their existing skills. New employees, therefore, benefit from mentors who actively help them discover ways to develop their competencies within the firm, and who assign them specific, high learning, rather than performance, goals. Employees assigned challenging learning goals in the early stages of their job typically outperform those who are initially given specific high performance targets.

Learning goals are also appropriate for seasoned managers. For example, those who operate in global organizations find it fruitful to focus on ways to effectively

manage a myriad of social identity groups so as to minimize rigidity, insensitivity, and intolerance.. Newly formed work teams, especially culturally diverse teams, need time to gel. Ilya Adler observed that managers view, "the cultural issue as an additional burden to the already difficult task of making a team function effectively." Focusing on the end result before team dynamics have been ironed out can hurt the team's performance. Thus, a team leader may be well advised to focus on the discovery of 3-5 strategies, processes, or procedures for accelerating effective interaction and teamwork, particularly ways of fostering understanding of local customs and values and developing mutual understanding and trust. In contrast, assigning a culturally diverse work team a specific performance goal before the team's rules of conduct have become accepted is likely to lead to prolonged "storming" and "norming." Indeed, it is not uncommon to see culturally diverse teams spend more time working out their differences than doing the actual work.

3. Professional development

Jack Welch often moved his top executives from one functional area to another. Similar to the mentoring practice at PWC, he did this to broaden their knowledge base. When this is done in any organization today, employees should be asked to come up with a specific number of ideas that would help them improve the performance of their respective businesses. Welch also introduced the Work-Out, a forum that was intended to enable management and employees to share knowledge. Facilitators of these types of sessions should be asked to set a goal of discovering a specific number of ideas or strategies that will improve organizational effectiveness.

Other executives also ensure the on-going professional development of their senior executives through job rotation. The purpose of the rotation is to "shake the executives up," provide them with opportunities to learn new perspectives, get them out of their comfort zones, and develop greater creativity. To ensure that this occurs, specific learning goals should be set to ensure that the broad perspective to which the executives are exposed actually helps the company make decisions in a cohesive fashion.

In the end, goals can be different

Today's workforce is under intense pressure to produce

tangible results. Workers are perpetually in a "performance mode." This is a plus when known performance routines continue to be effective, and when the issue is fostering the conditions for a highly motivated workforce. In such instances, countless studies in the behavioral sciences support the significant motivational benefits of setting specific, challenging performance goals.

However, a high-performing workforce is a function of both high ability and motivation. This is particularly true in today's business environment in which organizations face rapidly changing technologies, information overload, escalating competitive pressures, and a host of other challenges. Hence the importance of knowing that learning goals and performance goals are different. They differ in the behavior/actions required to attain them and in their appropriateness for increasing an organization's effectiveness.

The purpose of a learning goal is to stimulate one's imagination, to engage in discovery, and to "think outside the box." The purpose of a performance goal is to choose to exert effort and to persist in the attainment of a desired objective or outcome using the knowledge one already possesses. Thus, the behavior of a person with a learning goal is to systematically search for new ideas, actively seek feedback, be reflective, and execute a specific number of ideas in order to test newly formed hypotheses. The behavior of a person with a performance goal is to focus on known ways to use the knowledge and skills that have already been mastered. When the strategy for an organization is already known and the ways to implement it have been deciphered, setting performance goals for an individual or team is appropriate. When an effective strategy requires innovation that has yet to emerge, specific high learning goals should be set. ■

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