

Organizational goals should be challenging but realistic, study finds

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Credit: University at Buffalo

When establishing goals for their organization, managers should avoid setting overly ambitious goals because they can hurt productivity, market performance and employee morale, according to new research from the University at Buffalo School of Management.

The study indicated that employees are turned off by goals they see as unrealistic. They're motivated more by small wins and challenging, incremental goals than by seemingly impossible stretch goals.

"Some managers attempt to rapidly improve their organization's competitive position by adopting goals for impressive achievements that

will excite staff and stakeholders," says lead author Jim Lemoine, PhD, assistant professor of organization and human resources in the UB School of Management. "But if those goals are unrealistic because of current resources, employees may lose confidence in their performance and the organization."

Published in the Journal of Substance Abuse Treatment, the study analyzed 219 substance use disorder treatment centers—a field in which the researchers discovered organizations use harmful stretch goals almost as frequently as more constructive, challenging goals because of resource uncertainty and fiscal instability.

The researchers found stretch goals were most harmful in organizations that had recently experienced success.

"In organizations with a strong record of efficiency and growth, employees may become burned out or demotivated by being asked to perform at even higher levels," Lemoine says. "In fact, we found centers with relatively abundant resources became inefficient when managers set [unrealistic expectations](#)."

Of course, the question of whether a goal is difficult or impossible to achieve is subjective. Lemoine recommends managers consult with employees on whether they perceive objectives as realistically attainable.

"For those without prior experience in managerial goal-setting, establishing high-reaching goals might seem like a harmless exercise with potentially huge payoffs," Lemoine says. "Our research should serve as a cautionary tale for organizations in all industries and encourage [managers](#) to take a thoughtful look at their short- and long-term [goals](#)."

Lemoine collaborated on the project with Terry Blum, PhD, professor,

Georgia Institute of Technology Scheller College of Business, and Paul M. Roman, PhD, Distinguished Research Professor of Sociology, University of Georgia.

Provided by University at Buffalo

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