

## **More Joy at Work Management by Objectives (MbO) seen from a different angle**

by Jutta Kath

*For the past seven years, while in full-time senior management, I have studied the psychology of motivation and I actively participated in courses based on ZRM, which translates into English as Neurodynamic Self Management and is a technique that has been developed by Maja Storch and Frank Krause at the University of Zurich/Switzerland, hence “Zürcher Ressourcen Modell (ZRM)”. In my financial industry work context I have experienced this method as a powerful tool that can create sustainable results in changing behaviour and creating motivation, if sensibly used. First I attended these courses as a regular participant and could afterwards integrate into my family life as well as into my professional life what I had learned there. Since 2004 I have been working on obtaining the coaching degree in ZRM. The text below is my first attempt to “translate” these learnings of motivational psychology into the business context that I am familiar with. In my upcoming thesis I will attempt an in-depth-analysis of “Management by Objectives” (MbO) from the viewpoint of goal psychology based on ZRM.*

*Here is just one example of the basic dilemma any workforce in today’s business world can find themselves in. After labouring through a three months long goal setting process most employees put their objectives into the electronic database. These more or less agreed objectives define the goals for the current performance year and in most cases the later to be assessed level of achievement has an impact on the employee’s compensation. One employee told me: “Now that we have concluded this process I feel like I have to take a separate step in order to get myself really motivated for the upcoming year. I do not feel that my objective agreement reflects what is truly needed”.*

*The issue at stake has been discussed in work-related psychology over the last ten years but, unfortunately, has not yet reached wider attention in those circles that are suffering palpably from ill-framed techniques of incentive-building.*

Without goals, actions are not possible. Goals govern the way people use their skills and capabilities and provide them with the perspective even beyond the set goal. Hence, the subject of goal setting has taken a prominent role in psychology. Oettingen and Gollwitzer (2002) take the position that goal psychology will eventually replace motivational psychology. Goal psychology aims to answer the question which goals need to be set to guarantee the best possible outcome.

In goal psychology there are currently two schools of thought: one focuses on the issue of how specific and concrete goals have to be planned to be successful. The other seeks to answer the question how much a person needs to really want the goal to be realized. Kuhl and Fuhrmann (1998) call this aspect volition. In order to successfully realize goals it is essential that both aspects are present and not in conflict with each other. If a person strongly identifies with a goal and at the same time carefully plans its realization the likelihood of success is greatest (Koester et al, 2002).

So called SMART goals that have formed the management practice in companies for years are very specific and concrete. However, if intrinsic motivation is to be gained a new type of goal needs to be introduced: **The motto goal.**

Let us look at this example: Joe, a 47 year-old business man describes the following situation to his coach: “During my last health check my doctor told me that I need to work less and try to reach a proper work-life balance. I need someone to help with this as I work 26 hours a day and my wife calls me an adrenalin junkie. I have to learn how to take better care of myself and take time off. Of course, I fully understand what they are talking about but I have great difficulty to act accordingly”.

Most approaches would now create a SMART goal (specific, measurable, agreed/ attractive (note: whether it is attractive or agreed will be discussed later), realistic and time-barred). Locke and Latham developed this type of goal setting theory in the 1990s. They recommend that goals are more likely to be reached if they are most specific. This is in contrast to “do your best” goals that are also quite common in companies but remain rather vague for the employee. Examples of do your best goals are: “I simply want the back office to run more smoothly”, “I want to see your best today”. Unfortunately, employees remain in the dark as to what is really expected of them. “Should I clean my desk and archive my files? Or should we handle customer complaints more quickly?“, could be examples of questions in response to these type of instructions. All suggested approaches in management practise (commonly referred to as action plans in response to a new issue) but also in psychology propose a series of detailed plans to describe the expected behaviour as specifically as possible.

The question that needs to be answered is threefold: which tasks avail themselves to specific goal setting; is the person really committed to the goal; and how are underlying conflicts resolved?

Latham and Locke (2008) identified that the task needs to be simple, clearly structured and include a very clear outcome. Latham proved this in a setting of a lumber company where the number of trees to be felled could be increased by setting specific performance goals. Similiar examples are: “do four customer calls an hour”, “read your economics books each day” and “run 10 km per week”.

However, today’s working environment is much more complex and dynamic and hence those goals have their limits. Locke and Latham opine that the strategy to reach the goal needs to be actually known to the person that is given such a goal. If it is not it may be more suitable to give a “do your best goal” to increase the likelihood of success.

An example in a sales setting demonstrates the issue: A sales person is given the instruction: “greet each customer that comes into your area”. This is very specific but a sales situation may be too complex to be addressed this simply. Studies show that such simple instructions actually deprive employee of their job autonomy and lead to an increased stress level (Grandey et al, 2005).

Day to day coaching practise sees employees, who have very specific goals in their objective agreements or managers who need to explain to their employees top down goals, struggling to explain the rationale to their work force. Hence, goal commitment is most likely diminished.

**Goal commitment** measures the degree to which a person feels obliged to actually realize the goal. Only if this aspect is taken into account the likelihood of success is high. Methods to measure commitment have been developed in a questionnaire that inquires about the attitude in five steps. (1)I have great difficulty to take the goal seriously; (2)honestly, I do not care; (3) I feel fully committed to the goals; (4) I would not mind giving up this goal; (5)I think it is

worth pursuing this goal. These questions are translated into a scale from 1 to 5 and goal commitment can be defined as values above 3.8.

Goal commitment usually does not play any role in the context of setting objective agreements in companies. If at all, it is addressed informally as the example at the beginning shows. While Latham defines the A in SMART as attractive, common practise only addresses it as agreed and captures the “agreement” in a form that documents the objectives for a given year. When addressed in discussions with employees commitment is tepid or, as the example demonstrates, the employee feels that something is missing altogether to be really motivated.

Another aspect is ignored: **goal conflicts**. People are often not consciously aware of these conflicts. Ferguson (2008) describes this as follows: “The last 30 years of research in social psychology has shown that many of the social phenomena traditionally assumed to be under people’s conscious guidance and intentions can actually operate largely without either one. That is stereotype, attitudes, person judgment, and behaviours can all become activated in people’s memory without their awareness, and once unknowingly activated can influence their interpretation and action in the world.”

In 1974 Latham was still convinced that only the specific goal setting leads to success. But he opines in 2007: “A limitation of our theory of consciously set goals is that it does not take into account that the subconscious is a storehouse of knowledge and values beyond that which is found in awareness at any given time” .

As a matter of fact, there is ample research available to address the topic of implicit motives, and the way implicit (subconscious) and explicit (rational) need to be reconciled in order to reach intrinsic motivation (Brunstein, 2006, Ferguson, 2008, Fries, 2006, Kehr, 2004, Scheffer, 2005 and Storch and Krause, 2007).

In order for a SMART goal to be effective the following aspects need to be considered *prior* to setting the goals: The type of goal needs to be suitable for SMART goal setting, ie it needs to be specific and simple. The person needs to be intrinsically motivated and he or she does not have any conflicts. None of this is ever discussed in the current setting of objectives in companies. Findings in psychology remain ignored.

Complex situations require a change in attitude that cannot be reached with SMART goal setting. In order to ensure intrinsic motivation, sense of achievement and change in attitude a new type of goal needs to be developed: the so-called MOTTO goal.

Julius Kuhl defines in his PSI theory (Osnabrücker Persönlichkeitstheorie, Kuhl, 2004) four systems as to how an individual is able to explain and evaluate the world around them. Two of them are relevant for the topic of motivation: the intention memory (IM) and the extension memory (EM). In the intention memory, a person forms conscious decisions. The extension memory is the depository of all personal experiences, needs, motives, actual feelings, norms and values. Different from the intention memory, the extension memory reaches various parts of the brain and is linked to the neuro system. It is because of those extended links, a certain smell can remind someone of an entire episode in her childhood. Also, different from the intention memory, the extension memory is very quick to respond within milliseconds.

Linking it back to the impact on motivation: Intention memory is responsible for forming specific goals and pursuing results. These goals and results are primarily driven by incentives that lie outside the control of the person. Overly ambitious goals (in the business world also

known as stretch goals) trigger the intention memory and are hence often received quite tepidly because they only reach the cognitive level. When the intention memory wants to form goals that also trigger the extension memory it needs to be synchronised with the internal value system of the individual who is expected to perform a given set of goals. Only if this synchronization takes place conflicts can be avoided.

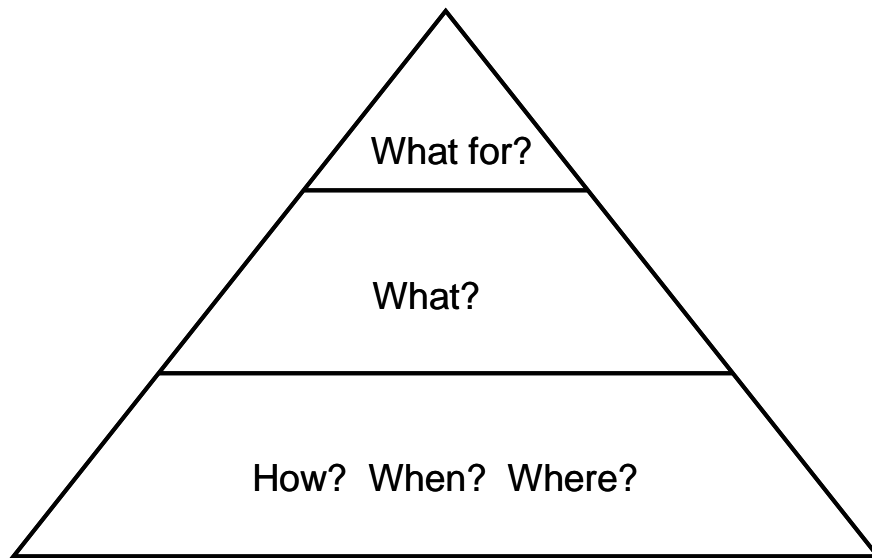
How can the extension memory be recognized? People very often refer to the “gut feeling” when they describe a reaction of this system. However, not all people can identify it as a visceral reaction. The scope is wider: Antonio Damasio (1994) expressed this in his theory of somatic marker (soma is greek for body). Any part of the body can recognize reaction of the extension memory. And in some cases it goes even further and expresses itself by feelings (“I felt warm with pride”).

Individuals that do not have access to their somatic markers cannot access their extension memory. Hence, they can be manipulated by goals totally outside themselves. If individuals recognize the discrepancy between the two system of extension and intention memory they are in a state of unease. Over time, this can lead to a permanent feeling of alienation from oneself, depression and burnout (Baumann, 2005).

Psychology has developed a full range of goals that can be defined in various levels of hierarchy. For the daily practise of coaching the following distinction proves useful (Storch, 2008): Attitude, Result and Behaviour. The attitude is the most abstract and describes the general approach to life (“I want to be a good person”, “I want to enjoy my work”, “I want to lead a fulfilled life”). It is these type of goals that the Zurich Resource Model (ZRM, a methodology of neurodynamic self management) refers to as motto goals. It allows the intention memory to be aligned with the extension memory. In other words: the “What for?” needs to be answered.

The second level contains goals that are very specific and concrete and define an expected outcome: “I want to bring down seven tress”, “I want to study English”. Or in business: “reach a turnover of x in territory y”. Here the expected result is defined: “What” needs to be achieved?

The third level describes the exact behaviour that is needed to reach the result described in the second level. This level can be addressed with so called If-then –plans developed by Gollwitzer (1999) to create a setting that increases the likelihood of a goal to be reached. Example: Every time I sit down at my desk I will work on document A before I start something else. On this level all the details around “How?” “When”? and “Where”? will be addressed.



Goal pyramid according to Storch; From Bottom to top: How? When ? Where? (Behaviour), What? (Result), What for? (Attitude, Purpose)

A further aspect to consider: Emotions cannot only be described as positive or negative. They need to be separately evaluated because they act independently from each other in respect of a given goal. The goal that triggers a positive emotion is more likely to be reached than a negative one. Motivation varies accordingly. As long as the positive emotion is tampered by a negative one true intrinsic motivation cannot be created.

An example on the topic of physical exercise illustrates the issue: most people would agree that exercising is healthy. They view the topic positively, however, this does not mean that they would actually visit a gym several times a week. What prevents them from acting on this cognitive insight is the lack of positive emotions or, even worse, a negative one.

The psychoanalyst Bucci (2002) further developed the theory of Damasio and is linking psychoanalytical insight with the theory of positive somatic marker. Bucci identified two types of codes that help a person to identify information: pre-symbolic (ie somatic) and symbolic. The latter is further distinguished into two groups: verbal (letters, words) and non-verbal (pictures and images). Hence, people can register information in three forms: symbolic-verbal (letters), symbolic-nonverbal (pictures and images) and pre-symbolic (somatic). Verbal codes can only be processed consciously whereas somatic codes act subconsciously. This leaves the world of pictures. They play the role of middleman or interpreter. Each word can be associated with an image/picture and each of those produces a feeling or emotion, i.e. it triggers the imagination. From an evolutionary perspective somatic reactions and the associated feelings are “older” than cognitive skills like writing and reading. Somatic reactions can trigger a whole host of memories and associations as they are stored in the limbic system.

What kind of impact does the above have on coming up with goals? A goal that was consciously formed, ie triggers the symbolic-verbal code, needs to be aligned with the world of the extension memory which works through somatic and emotional evaluations. To reach an alignment and increase the likelihood that a consciously formed goal will result in action the goal needs to trigger strong images to reach the extension memory.

Hence the following sequence is suggested: Take the consciously set goal, find a picture/image, then translate into strong words and form a motto goal. Then link the newly formulated goal to the appropriate somatic-emotional memory.

**Translated to the case at hand:** What does this mean for Joe the 47 year-old businessman who wants to take better care of himself but does not know how?

Looking at his intention, it is doubtful that the three criteria to form a SMART goal are actually there: To bring more life-work balance into his day is anything but simple. Any topic aiming at life style changes are complex by their very nature. He is also not truly committed as the goal was put together by his doctor and wife. And we currently do not know whether there are any unresolved conflicts but need to assume that they exist.

Hence, this is how we get to a goal that resonates with Joe.

He needs to define the attitude he wants to approach this topic with. He then evaluates three scenarios both looking at the negative and the positive emotions that he associates:

- (1) **Work-Life balance:** This triggers in him the association that this is only a concept for women, the word balance reminds him positively of his overall idea of thinking less about this work. On a scale from 0 to 100, he hence defines 70 on the minus and 40 in the plus side. Note: As Kuhl and Ferguson explained earlier: the extension memory is politically not correct and works with adopted stereotypes.
- (2) **Take Time off:** He relates this with failure and hence the evaluation is minus 85 and gets no positive reaction. As long as he identifies negative associations motivation cannot realistically be formed. The negative column needs to go down to 0.

He finds for himself another term that resonates with him:

- (3) **Pit stop:** This reminds him of the formula one racer Michael Schumacher whom he associates with high performance. If a problem occurs Schumacher reaches the pit stop to have problems fixed and then to continue racing.

This gets a 90 on the plus scale and shows no negative connotation. He comes up with the following: “I carefully take care of my engine and include pit stops. “

With such a motto Joe feels happy and will be most likely to reach his goal with just a bit more support from his coach.

Because of their strong impact on the attitude of a person it is possible that he or she can spontaneously realize his or her goal. Often, additional support is needed because learning new behaviour also requires to “un-learn” old patterns. This includes adjustment to the environment to which the coachee is constantly exposed to.

Bruggmann (2003) showed in a study the variance between one group that has set itself motto goals compared to a group who only worked with SMART goals: According to the Mann-Whitney-U-Test the groups showed significant differences in terms of goal achievement and personal identification with the goal.

Neurodynamic self-management (ZRM) has developed a guided approach that leads the coachee through various steps of the so called Rubikon Process. Starting off with identifying subconscious needs and wishes and then motives (ie plans that can be put into words) it forms strong intentions that are identified through somatic markers. Only then the coachee takes steps to plan specific situations to act according to the newly defined goal. Often times, old patterns of behaviour needs to be “un-learned” while at the same time new ones kick in. The entire process is described by Storch (2007) and is not subject of this paper.

To summarize: Motto goals create commitment and intrinsic motivation, if

- both intention and extension memory positively evaluate the goal
- the commitment of the person is given
- strong positive emotions and nil negative emotion are present
- they can be captured in a strong picture/ image.

One issue that still needs to be resolved: Can motto goals only be formed if the goal comes from the individual itself. What happens in a company context if the company wants to achieve certain performance goals in line with the plan? Latham (1988) shows that the source of the goal is not vital. However, to truly result in action it needs to be fully adopted by the individual.

Conclusion:

Motto goals in the sense described above are indispensable to create true intrinsic motivation. SMART goals do not have this attribute. However, they are not in stark contrast. What needs to happen is a full alignment between the two: the SMART goals need to be augmented by motto goals to ensure that the potential of individuals is fully tapped.

Taking it back to the introduction. That same employee has received goals defining the “What? How? When? and Where”? What is missing is the “What for”? In a coaching session he or she might well be able to develop a personal motto goal that carries him or her through the year. Under normal circumstances this approach is not particularly time consuming. The point of departure may be the given objective goals, then positive and negative associations are investigated and measured; finally actions are taken to improve the balance and an individual motto goal will have to be created. Taking this extra time of not more than half a day will clearly increase the likelihood that the employee is intrinsically motivated and lives up to his/her full potential.

Those far-looking business leaders who feel the need to put their enterprise onto the path of higher motivation in its workforce should reconsider the established practices of goal setting. Human resources taken as such and trained properly could eventually demonstrate higher commitment to the organization and achieve better overall performance.

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