ENSURING MEANINGFUL GOAL SETTING THROUGH GOAL AUDITS

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Abstract

Most companies today are stressing on strong performance management practices to build a high performance culture. Performance processes in organizations start with the goal setting activities. It is usually a top down approach where the goals of the organisation/CEO's goals get broken down and cascaded to the various functions and finally to all employees.

Goal setting is a critical part of the performance management system in any organization. Goals are usually set in a participative manner with the appraiser and appraised employees arriving at mutually agreed goals, objectives and measures to achieve them. Goal setting involves establishing specific, measurable, achievable, realistic and time-targeted (S.M.A.R.T) goals that are usually quantifiable in nature. This enables the appraiser to assess the extent of goal completion by the subordinate during the appraisal cycle.

Auditing the performance goal sheets for different individuals, business units and levels is a very important activity and needs to be done very carefully ,without any bias or a formed mindset. It is a planned activity that is done to check the compliance with the set standards and the effectiveness of implementation of goal setting activity. The purpose of this project is to ensure the goal setting is done in the right spirit in all businesses to reflect a high business relevance in the performance plan.

This article showcases a case study of goal audits conducted on the goal sheets of around 2500 employees in a biotech organisation consisting of 3000+ employees. The entire study dwells on the linkage of employee goals with business strategies and at the same time the linkage of a meaningful goal setting process to organization performance.

Some major findings:

Quantifiable goals were generally presumed to be goals with mere timelines mentioned while, targets are also required to be mentioned Most stretch goals are not clearly defined: Many employees have considered target accomplishment as "outstanding" when ideally, it should qualify as "meets expectations"

The nature of interdependencies are not clearly mapped across most levels across all the business units.

Keywords: Goals, Interdependencies, Measures, Performance Management.

1.1 Introduction

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1.2 Review of Literature

The purpose of this study is to ensure the goal setting is done in the right spirit in all businesses to reflect a high business relevance in the performance plan. Here are the snapshot of literature review:

From Management Goal Setting to Organizational Results: Transforming strategies into action – Keith Curtis, Quorum Books (1994) A philosophy of management based on results forms the heart of the goal-setting process. When used appropriately, goal setting produces better results than when no goals are set.
Goal Setting: How to create an action plan and achieve your goals - Susan B Wilson, Michael S Dobson (2008), Only with a practical system of setting priorities will one be able to concentrate on the tasks for reaching one's goals.

The Evolution and Future of High Performance Management Systems- Glen Bassett, Quorum Books(1993), A brief review of the most popular strands of the motivational theory will help illuminate the limitations of traditional theories and why the more basic, prosaic practice of goal setting frequently works.
Organizational Behaviour: Foundations, Theories and Analyses- John B Miner, Oxford University Press (2002), Job enrichment as such appears to have begun with a project initiated at IBM in the mid 1940s.At that time the approach was called job enlargement and it included both adding tasks to a job horizontally and adding requirements for greater skill and judgement, thus enriching the job vertically. The intent even at this early point was to introduce more interest variety and significance into work.

1.3 The Purpose of Goal Audits
A goal audit is a planned and documented activity of examining and evaluating the nature and validity of goals set by the employees and supervisors in the organization. Goal audits are carried out by the human resource department to check for aspects like measurability and specificity of the goals being set by the employees. The ultimate purpose of a goal audit is to ensure that all employees of the organization are aiming to perform at their fullest potential, thereby contributing to organizational effectiveness.
Performance Goals Audit should comprise of the following elements:
- The audit has to be done independently
- Intricate analysis of the goals set i.e. to analyze whether the goals which are set are SMART goals or not.
- Check for compliance/non-compliance and indicate the same in the goal sheet accordingly.
- Audit has to be completed as per set deadlines, exceeding which the entire process of performance appraisal can be disturbed.

Goal auditing is a regular endeavor undertaken by the human resource department at the biotechnology organization, prior to the commencement of the appraisal cycles. The project was aimed at scrutinizing the goals set by the employees at the biotechnology organization, in conjunction with their managers' goals, based on certain set parameters.
During the audit process, the condition, under which a goal was deemed to be eligible, was determined by a set of parameters pre-defined by the organization. These were:
- The extent of measures being quantifiable
- Presence of stretch goals
- Clear and specific actions set to achieve the set goals
- Mapping of interdependencies on other departments
- Alignment of goals with the superior's goals

1.4 Goal Audits Methodology
As mentioned earlier, the goal audit procedure was done by evaluating the goals set by employees on the following 5 parameters:
- Around 6 auditors were chosen from the various subfunctions of the human resource department and inducted on auditing procedures and outcomes required.
- Around 2500 goal sheets covering all business units were assigned to auditors from the human resources department.
- The goal sheets had to be evaluated for various parameters which included:
  - Whether the measures were quantifiable or not- applicable for all levels, indicated stretch goals or not- applicable for levels 9 and above.

- o Whether the interdependencies on other support functions were clearly mapped or not- applicable for levels 9 and above. Actions to achieve the goals were clearly indicated or not- applicable for extremely high level employees.
- o Whether there was proper reflection of superior's goals in the goals set by the employees- applicable for all levels.

The process was carried out in the following manner:

- The employees' goal sheets were juxtaposed with the managers' goal sheets to check for specific work areas in order to determine the goal alignment. E.g: If the supervisor's goals were audit preparedness then the employee's goals would reflect audit support and so on.
- The extent to which the goals were quantifiable was checked by looking for specific targets, especially for high-weighted goals, which would indicate the extent of goal accomplishment.
- The goals were qualified as stretch (for the levels applicable) if the employee has defined target numbers well above the bare minimum expected goal set by him in the goal area.
- Measures also had to include clear cut actions in the form of steps that would lead to achievement of the set objectives. E.g: Documentation, auditing, meetings with vendors etc.
- The mapping of interdependencies were checked by looking for the nature of work that the department solicits from other departments. E.g: Co-ordination with HR for planning the manpower requirements for the FY etc.

Following the observations, the appropriate and relevant comments were entered in the goal sheet as shown under as an example:


1.5 Some Major Observations

- Generic Formulations
  - Measures taken to accomplish the objectives are clearly defined.
  - Many objectives on dossier filling, lab work, prototype development etc.
- Sales B2B
  - Measures are predominantly sales driven.
  - Measures are mostly quantifiable especially in terms of DSOs.
  - Lower level employees' goal sheets are more elaborate and clear than their superiors'.
  - Actions have been well captured under 'objectives' or 'measures'.
- Active Pharmaceutical Ingredients

- Objectives and measures are defined using heavy scientific terms.
- There is proper reflection of superior's goals.
- Lower level employees' goal sheets are more elaborate and clear than their superiors'.
- Some of the appraisers' goal sheets are not available.
- Many Goals defined in terms of Kaizen- incremental process improvements

- Quality
  - Many measures were stated as "on-going"
  - Usage of phrases like "To ensure", "to Validate" made it difficult to capture quantifiable measures
  - Majority of the objectives were focused on Documentation, Archival and Audit preparedness

- Biosimilars, Insulin, FillFinish
  - There is proper reflection of superior's goals.
  - Majority of the Goals were found to be quantifiable.
  - Measures are predominantly regarding reducing failures of batch operation
  - Many cases where goals and objectives were replicated, verbatim
  - Measures defined in terms of MUV, % measure against target, 5s and FTR %

- Support Functions
  - Majority cases of measures 'not quantifiable.'
  - Govt. affairs employees had documentation, legal filing etc. as their goals which were difficult to decipher whether to be considered quantifiable or not.
  - Objectives and measures were the same.

- Legal, Projects, Supply Chain
  - Difficult to quantify as most of them are compliance related.
  - Goals and objectives seemed to have been swapped.

Quantifiable MeasuresSome statistics regarding the number of quantifiable goals set by the employees across business units.
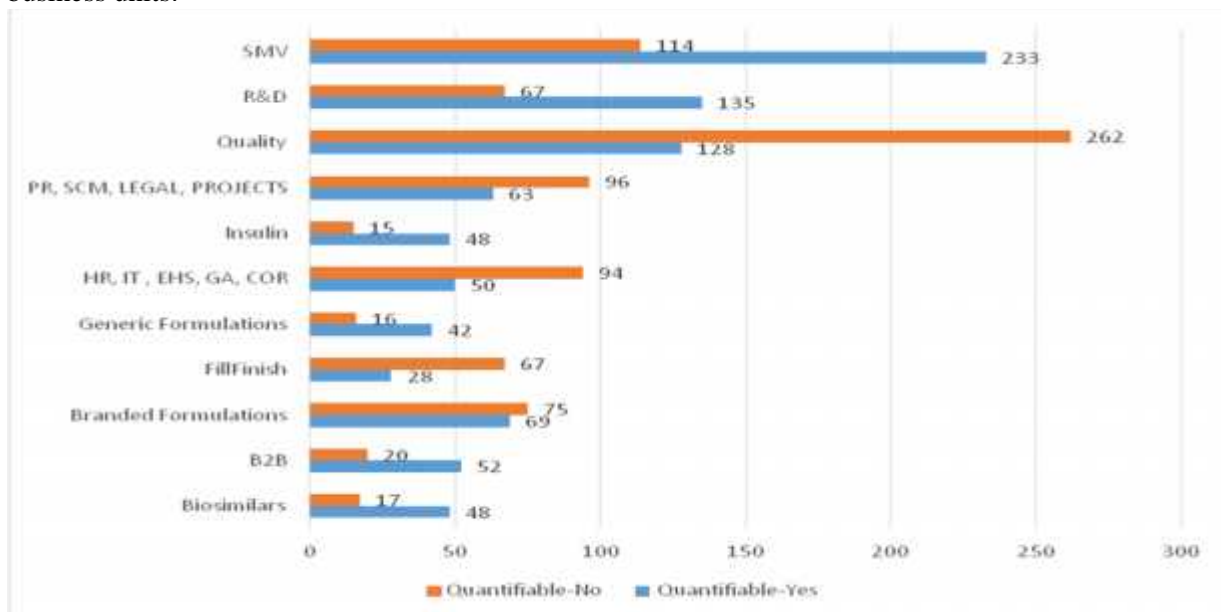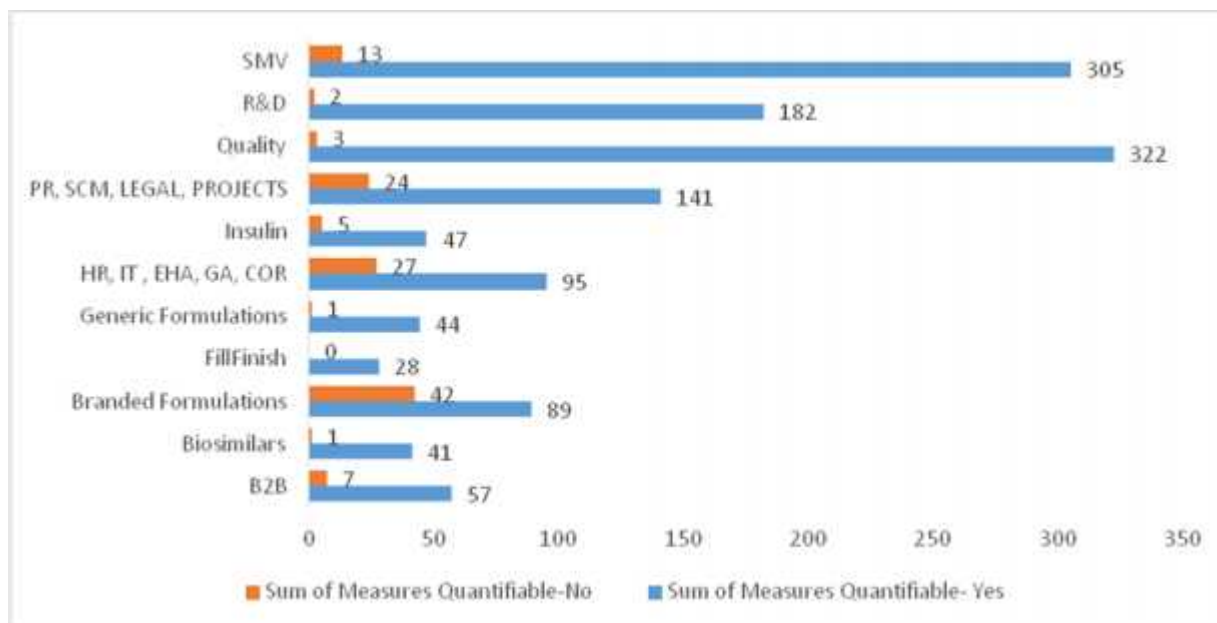

Clear and Specific Actions

Clear mapping of interdependencies Based on the employees' levels, the applicable cases of interdependencies mapped have been shown in the graph below
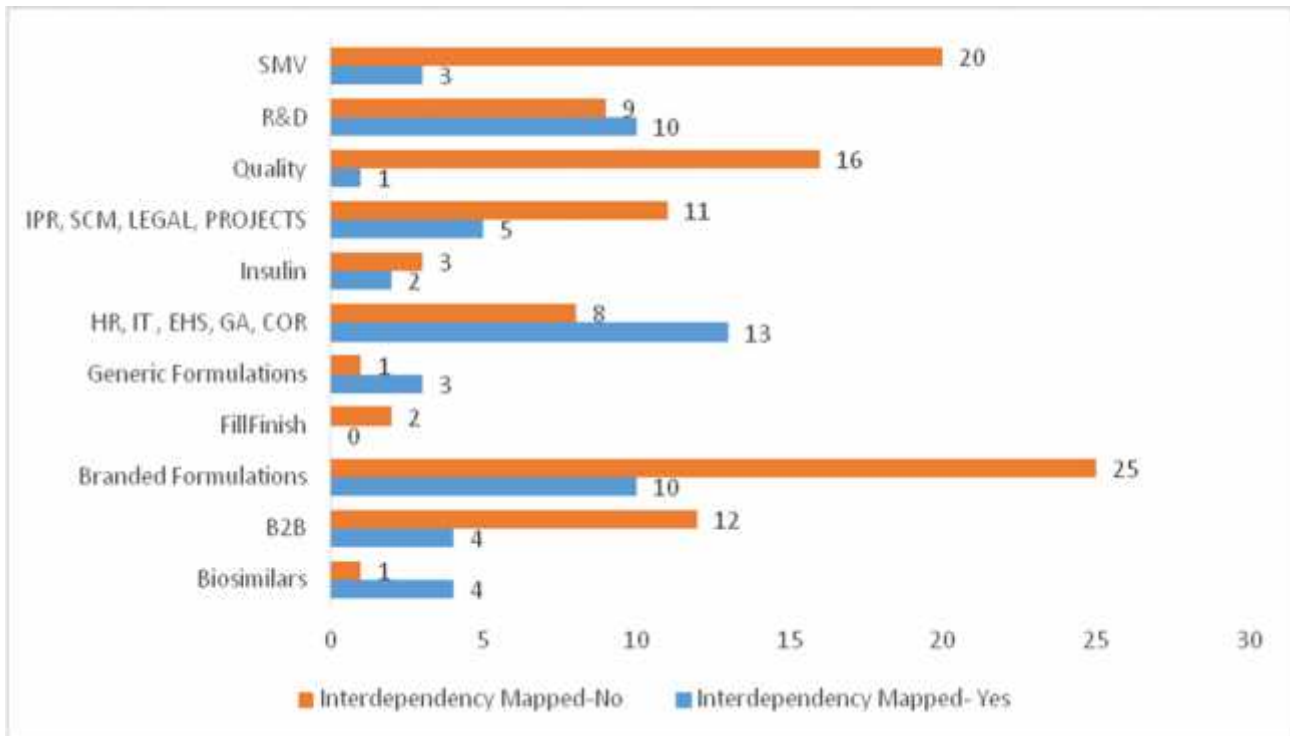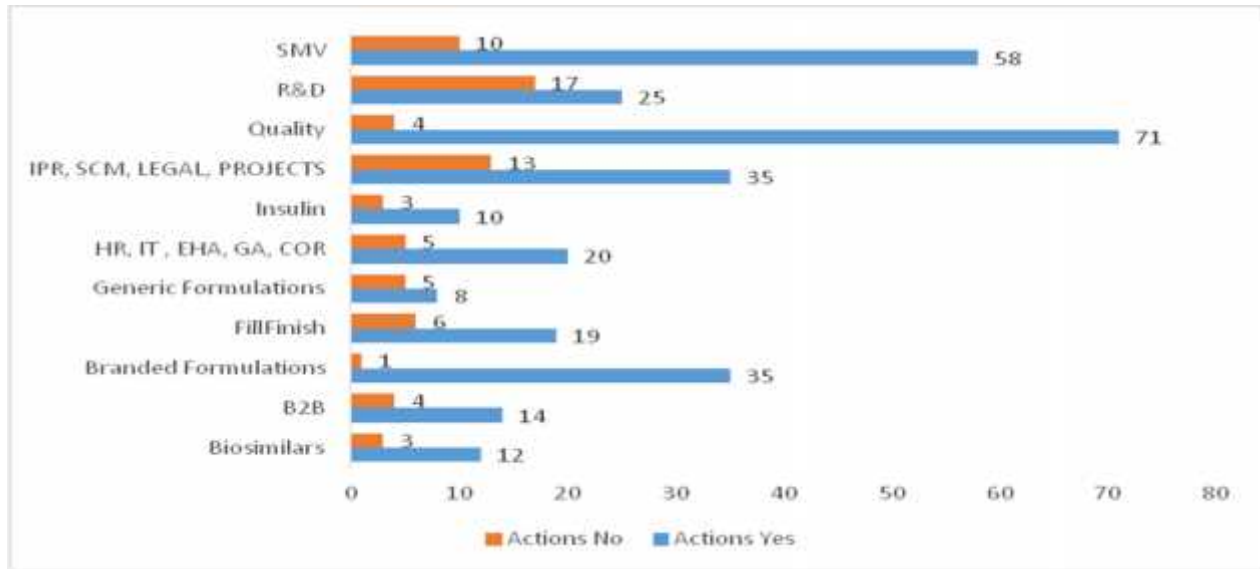
Alignment with superior's goals

1.6 Challenges and Learning

Given below are some challenges that were faced during the audit process

i) Most goals, especially in SMV and R&D departments were defined in very scientific and technical terms thus making it difficult to comprehend

ii) Some appraisers' goal sheets were not available

iii) Many of the goals in the HR, Legal and Government Affairs departments were pertaining to compliance and regulatory procedures. This made it difficult to evaluate the measurability of the goals

iv) Many of the goals were subject to client requirements at a later stage which could not be quantified beforehand during the goal setting process.

v) Bias- While auditing goal sheets, one may succumb to a certain amount of bias.

vi) Encountered difficulty in understanding the generic nature of work done by some employees.

1.7 Findings and Conclusions

The following are the overall findings that emerged out of the goal auditing exercise at the organization:

- Most employees had swapped their goals and objectives areas while filling in their goal sheets
- Quantifiable goals were generally presumed to be goals with mere timelines mentioned while, targets are also required to be mentioned
- Most stretch goals are not clearly defined: Many employees have considered target accomplishment as "outstanding" when ideally, it should qualify as "meets expectations"
- The nature of interdependencies are not clearly mapped across most levels across all the business units.
- The goal alignment with the superior was found to be positive in almost all goal sheets.

1.8 Bibliography

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