



How Goal-Setting Drives Employee Engagement and Retention

Insights and Strategies for Enabling Great Performance With Goals



Each day, employees around the world show up to work, presumably to achieve...something. Yet, according to the findings from our 2022 State of Performance Enablement research report, goal-setting practices vary widely across companies, with varying degrees of success. In our survey, nearly one in three respondents said goals are used as a metric for compensation at their companies, another third use them to set daily priorities, and more than a quarter consider goals their current to-do list. Twelve percent of employees told us that they don't set them at all.

But when performance is the entire point of a job and achievement is a critical part of growth and career-building, why aren't more employers focused on the way that progress is measured?

What role do monthly, quarterly, or annual goals play in your work life?*



**Respondents could select all that apply.*



Goals and performance management aren't unrelated — in fact, they're deeply interconnected.

Goals are essential guideposts for aligning teams to a shared vision and an important tool in helping employees understand how their efforts contribute to the success of the business.

Yet, many companies keep goal-setting and tracking distinct from what they call “performance management,” if goals are regularly tracked at all. In fact, 21% of survey respondents said that their goals are set annually and never looked at again — and if the last few years have taught us anything, it's that the needs and demands of a business can change overnight.

Goals provide important context for productive performance conversations. Without meaningful measures of an individual's progress against intended outcomes, the evaluation of performance is subjective, inconsistent, and biased.

Some system for setting goals, outcomes, priorities — whatever you prefer to call them — is necessary for the objective evaluation of performance. When promotion, compensation, and growth opportunities are informed by measures of progress against irrelevant goals that don't accurately reflect an employee's achievements, employees feel disengaged and undervalued.

Furthermore, the business loses a critical opportunity to identify growth and upskilling opportunities to enable better outcomes, as well as to truly understand and reward the efforts of its best performers.

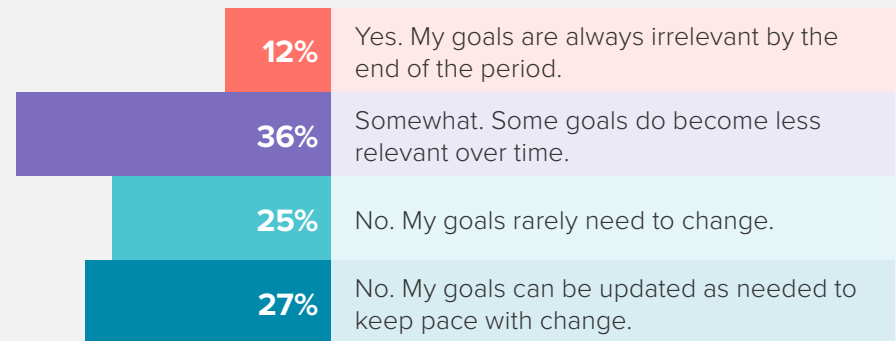
Rigid goals leave employees feeling trapped.

If goals are critical to understanding individual and overall business performance, and achievement and recognition are essential for employee engagement, then employers should be alarmed that



48% of employees feel trapped by out-of-date or irrelevant goals by the end of a quarter or year.

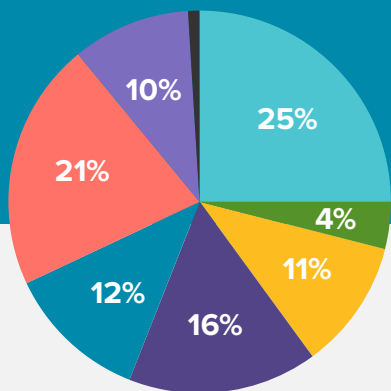
Do you feel trapped in out-of-date goals by the end of the quarter/year?



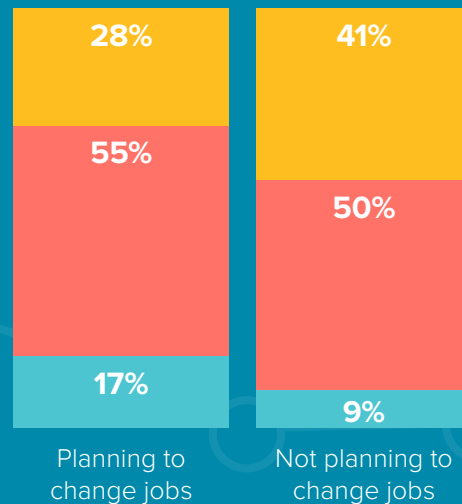
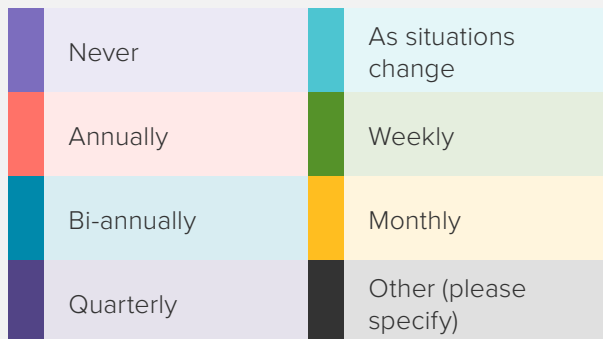
As business circumstances change and new priorities are introduced, many employees are left tied to goals that no longer matter — making the traditional performance evaluation process even less useful, and providing an inaccurate assessment of the impact of an individual's performance.

Conversely, in a program that's optimized for engagement, goals are flexible and employees have the ability to set their own goals against the company's guiding objectives. In addition, employees are empowered to update them when they're no longer relevant. And when employees feel like their work directly impacts organizational outcomes, they tend to feel more satisfied with their work and companies. But goals can backfire when they're not flexible or aligned with the work employees are actually focused on day-to-day.

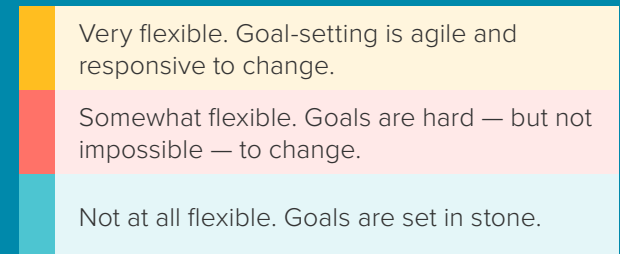
People who reported feeling trapped in goals also said that they don't like working at their companies and are less likely to think they're working on the right things. What's more, employees who don't feel empowered to update their goals as priorities change are also more likely to say they're actively looking for work.



How often are you empowered to create or adjust your job goals?



Are you looking to change companies? and How flexible are your job goals when situations change in your work?

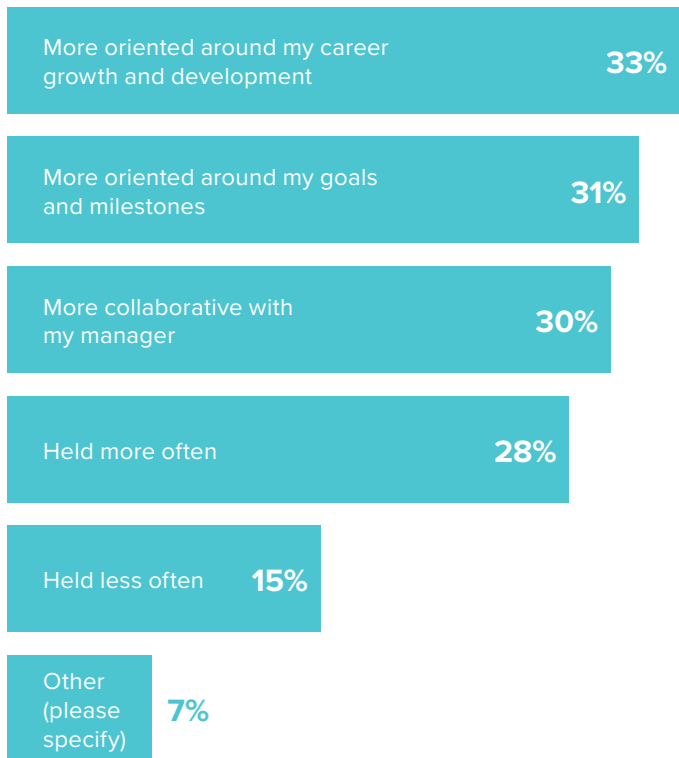


The good news is that the appetite for goal-setting is high, as is the demand for flexibility and autonomy in setting work priorities. Sixty percent of employees who don't have a way to update goals told us they wanted this ability. But regardless of how goal-setting functions at your organization today — whether goals are passed down, from the bottom up, or some combination thereof — it's essential that you work to ensure your employees understand how their work contributes to the overall objectives of the company, and that their goals are relevant to and reflective of their work.





How could your 1:1 check-ins better fit your needs?*



*Respondents could select all that apply.

Goal-setting alone isn't enough.

Establishing a practice of goal-setting is an important step in creating strategic alignment and work priorities that facilitate performance. But to drive real impact, goal-setting must be accompanied by meaningful conversations between employees, managers, and teams on an ongoing basis.

These conversations provide an opportunity to identify potential risks or challenges and address any blockers, as well as discuss more long-term career goals and plans for employee growth and development.

Performance management should be a continuous process that's integrated into the flow of work — so seamlessly that it simply becomes the way teams work — **versus the episodic, backward-looking model of performance management so many companies continue to struggle with today.**



Better conversations drive deeper engagement.

While 1:1 conversations are a fairly common practice at many organizations, most fall short today. Overall, 60% of employees feel that their current model of check-in conversations isn't totally working for them. Nearly one-third of employees want these meetings with managers to focus more on their goals and milestones; close to one third want them to be more oriented around growth and development; and about another third want more time to collaborate on projects. Of the 60% who are dissatisfied, 28% said they wish 1:1 conversations were held more often, while less than two in 10 expressed a desire for less frequent touchpoints.

An emphasis on employee growth and development, and the tools to document and support those plans, were a consistent theme among our survey respondents. Not only do employees want more investment from their managers around career development opportunities, employers see a major boost in employee engagement when they equip employees with the tools they need to map and track those aspirations. According to an analysis of customer data, Betterworks found that goal progress increases by an average of 30% when performance programs include the use of conversations, feedback, and recognition.



Goal progress increases by an average of 30% when performance programs include the use of conversations, feedback, and recognition.



Best Practices for Effective Performance Enablement

Enabling great performance isn't just about any one element — it's a combination of proven practices that drives employee engagement and business impact.



Enable agile, employee-driven short- and long-term goal-setting:

Overwhelmingly, employees told us they want more control over their own goals, adjusting them as priorities shift and using them as part of their day-to-day routines. Employees who have this ability are less likely to say they're looking to leave their current companies.



Promote meaningful conversations and feedback:

Employees want meaningful conversations that incorporate work goals and priorities, career growth and development, and 1:1 collaboration with their leaders on strategic projects. All of these contribute to better performance, as well as deeper employee engagement.



Establish goals focused on work, as well as personal and professional development: HR, managers, and employees need data that helps them make decisions proactively for the benefit of both the company and individual employee performance and growth.



Integrate goals into the flow of work:

Goal-setting should be a practice that integrates with the way your teams work and the applications they use most often. To be effective, goals should be visible to employees and easy to update without extensive manual data entry. The best solutions are lightweight and allow employees to review and adjust their goals in 15 minutes or less a week.

Discover Betterworks

Companies like Colgate-Palmolive, Intuit, Freddie Mac, and Udemy rely on Betterworks to enable great performance.

Betterworks' best-in-class HR talent management solutions are designed to drive exceptional performance by putting employee experience at the heart of how companies align, motivate, retain, and develop their people. Unlike legacy HR technology, Betterworks is a lightweight, enterprise-ready solution that integrates with the tools employees use every day.

Want to learn more? [Download the full report.](#)

