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Business Goal Setting (BGS)

Bridging Strategy and Organisational Behaviour; As part of strategy development, what elements of business goal setting contribute to employee intellectual buy-in? A multiple case-based study.

by

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Thesis for the degree of Doctor of Business Administration

July 2020
University of Southampton

Abstract

Faculty of Business and Law
School of Management

Thesis for the degree of Doctor of Business Administration

Business Goal Setting (BGS) - Bridging Strategy and Organisational Behaviour;
As part of strategy development, what elements of business goal setting contribute to employee intellectual buy-in? A multiple case-based study.

by

Jeffrey Scott Callander

This qualitative research has sought to understand better the concept of setting goals at a business level and their role, as a part of Strategic Management, in strategy development and implementation. A business goal can be said to be an eventual desired state or destination that fulfils the ambitions of the business. The literature on Strategy indicates that business goals are accepted as part of strategy development but does not elaborate on what purpose business goals serve, how they should be developed, what they should contain or how they should be communicated in order to maximise their effectiveness. The literature tends to assume that the business goals are a given. Organisational Behaviour based empirical work on goals at an individual level has been extensive, and this has been extended to team, group and macro levels but not specifically at a business level nor researched from a Strategy perspective. This research seeks to bridge these two disciplines and fill this gap.

The research method involved collecting data from three different companies, through documents, interviews and qualitative surveys, to understand what business goals were chosen, their intended purpose, how they were developed, how they were communicated and what were the results. The data was differentiated between those who developed and communicated the business goals (generally the Senior Leadership Team), and the employees whom they were intended to influence. The information was coded, and key elements were determined based on the evaluation of the research participants’ understanding and acceptance, or intellectual buy-in, to the business goals as a proxy for measuring their collective contribution to business performance.

The three organisations had very different approaches to Business Goal Setting (BGS) and different levels of effective employee intellectual buy-in, which produced a comprehensive view of the key elements in terms of content and process. These are presented in three case studies, followed by a cross-case analysis and conclusions.

It was found that clarity of understanding is a key element of Business Goal Setting; this includes any terms used, the intended purpose of the business goals, and what needs to be considered in their development and communication. The research has identified that there is value in using business goals as both business and leadership tools and that poor use can have a negative effect on an organisation. Well-developed business goals, the research indicates, are those that provide direction and purpose to employees. They have the potential to enhance communications, organisational alignment and better decision-making. To achieve this, the business goals must provide context and be understood, memorable, tangible and measurable and, most importantly, provide clarity to employees how their role contributes to the achievement of the business goals.

This research has developed theory, from a Strategy perspective, filling the gap in terms
of where business goal setting fits within Strategic Management theory and strategy development as a part of this. The research also builds on Goal Setting theory from an Organisational Behaviour perspective, adding layers of detail that might not have been relevant at individual or group levels, and potentially enhancing this theory. This research will contribute both to academic understanding and better management practice.
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Research Thesis: Declaration of Authorship

Print name: Jeffrey Scott Callander

Title of thesis: Business Goal Setting (BGS) - Bridging Strategy and Organisational Behaviour; As part of strategy development, what elements of business goal setting contribute to employee intellectual buy-in? A multiple case-based study.

I declare that this thesis and the work presented in it are my own and has been generated by me as the result of my own original research.

I confirm that:

1) This work was done wholly or mainly while in candidature for a research degree at this University;

2) Where any part of this thesis has previously been submitted for a degree or any other qualification at this University or any other institution, this has been clearly stated;

3) Where I have consulted the published work of others, this is always clearly attributed;

4) Where I have quoted from the work of others, the source is always given. With the exception of such quotations, this thesis is entirely my own work;

5) I have acknowledged all main sources of help;

6) Where the thesis is based on work done by myself jointly with others, I have made clear exactly what was done by others and what I have contributed myself;

7) None of this work has been published before submission:

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Acknowledgements

I must first thank the companies that contributed to this research. It is not easy to find companies that genuinely wish to expose themselves to management research. I hope the outputs serve as an example of what can be gained by businesses participating with academia to improve management practices. I also hope it serves as an example to academia of the value of drawing empirical evidence from practice.

Next, I must thank my supervisors Professor Malcolm Higgs and Dr John Marti whose guidance, thoroughness and encouragement, from the start to the end of this journey have I believe, made me a better researcher, lecturer and business advisor.

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Definitions

**Corporate vs Business Strategies -** Andrews (1997:52): “*corporate strategy* usually applies to the whole enterprise, while *business strategy*: less comprehensive, defines the choice of product or service and market of individual businesses within the firm.” A corporation is defined as a collection of related or unrelated businesses, with strategy development involving a process of portfolio management across these businesses to achieve overall corporate goals. A business then is defined as a collection of related products or services in the same or similar competitive environment, with strategy development involving a process of management of all those areas related to the product and services, including the market itself, to achieve business-specific goals.

**Business Strategy -** Feurer and Chaharbaghi (1995:11) confirm that there is no single definition. However, they observe that “*all these frameworks have one thing in common which is that they all aim at maximizing the performance of an organisation by improving its position in relation to other organisations operating in the same competitive environment*”. Ronda-Pupo and Guerras-Martin (2012:182) add it is “*the dynamics of the firm’s relation with its environment for which the necessary actions are taken to achieve its goals and/or to increase performance by means of the rational use of resources.*”

**Goals vs Objectives -** Locke et al., (1981) see that goals define the required change from the current status quo, and they believe that a goal implies overcoming obstacles. However, they believe objectives are specific actions that do not necessarily indicate a specific obstacle and, therefore, are a subset to achieving a goal. This means that an individual may be able to focus on an objective while being aware of a goal in the background. Objectives are task-orientated and finite in their completion. Goals, however, add the element of ambition or aspiration in goals and, therefore, a motivational component to the word.

**Business Goals -** Porter (2004:xxvi) defines this as “*its [the company’s] broad definition of how it wants to compete and its specific economic and noneconomic objectives*”. However, summarised from the literature reviewed overall, and used for the research, the following definition is used: *an eventual desired state or destination that fulfils the ambitions of the business.*

**Vision –** From the literature reviewed, there appears to be some confusion, or at least varying opinions, amongst academics and practitioners about the difference between vision and goals. For this research, it is not necessary to separate the terms where the stated vision meets the definition of a business goal, as stated above.
Definitions

**Intellectual Buy-in** - Thomson, de Chernatony, Arganbright and Khan (1999) define this as an individual’s understanding and acceptance and, therefore, an implicit agreement to support a decision.
Chapter 1  Introduction

1.1 Background

As a management consultant for over 25 years, working with over 75 organisations and also serving as Director of several companies, I have had extensive opportunity to observe and try to understand how businesses are affected by the quality of their business strategy. The most apparent and consistent observation has been that businesses rarely seem to develop strategies based on factual input and/or market realities or consider the implications or potential barriers to implementation.

Particularly in the early years of consulting, I found myself involved in many commercial projects and change initiatives that often were on the edge of failure or had failed due to the poor business strategies that underpinned them. The more I work in this field, the more I see that even the definition of a business strategy, including the purpose it serves, is often confused, conflicting and counterproductive. Consequently, I am interested in the constructs of business strategy, its component elements, the potential effects on an organisation and, importantly, the influence it has on business performance.

Some years ago, I was invited to teach at the Henley Business School as a practitioner, a request arising from participant feedback that a specific executive programme lacked applicability. As a practitioner, it was thought that real-world experience and examples could add to the academic-based course outline. Ultimately this proved correct, with the programme finishing successfully and my tenure in the role continuing to this day. My involvement in these margins of academia, 30 years after I completed my MBA, not only has served to reinforce observations of the confused and conflicting nature of business strategy but also to highlight variances, potential deficiencies and difficulties in the way in which it is taught; in effect, pointing to a knowledge gap in both business and academia.

Throughout my years as a consultant, Director and lecturer in business strategy, I have read a large number of varied works (academic articles, MBA texts, autobiographies, self-help management books, etc.) on what people think a business strategy is, or what it should be. However, none that I am aware of explain why there is such variation or, more importantly, why there is ineffective application that then seems to lead to unsuccessful implementation and poor business results for businesses and their stakeholders. More recently, the literature reviewed for this research has highlighted differing views between business and academia, even where strategy development begins.

One critical finding I have drawn from such observation and review is that businesses where strategy is poorly understood and accepted by employees, and where performance
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is subsequently affected by it, also seem to have business goals that are poorly developed, defined, communicated, understood and/or accepted by employees. Further searching on business goals themselves has identified a paucity of empirical work on the subject. There is a great amount of research into team and group goals (and their extension into vaguer *macro* goals), but very little about business goals that operate at, and are specific to, an overall business level.

Given the potential power of business goals to influence business strategy and, therefore, performance, and also the apparent knowledge gap in this field, it seemed a concept worth exploring and one that now forms the basis of this research submission.

1.2 A Business Strategy

The issue of why a *business strategy* is needed seems to be universally accepted but, in breadth and depth, there is an inconsistent and highly variable understanding of the definition of a *business strategy* and its purpose in business within both practice and academia.

As an example, after having previously agreed their business had a common view on what a business strategy is and specifically *their* business strategy, this Researcher has asked Board Directors and Senior Leadership Teams (SLTs), to write down and then compare their definitions of a *business strategy*. Invariable they have been at odds with each other. Also as a communication tool, it may be used as a *living* part of the business but, more often, it might have been developed as sales tool aimed at investors; as such it may end up being a document with few in the organisation aware of it or worse, communicated to staff to whom it is unintelligible as it has been designed for shareholders and analysts.

As a business process, the literature reviewed shows business strategy’s *identity* also varies enormously (Mintzberg and Waters, 1985; Ansoff, 1991; Mintzberg and Lampel, 1999; Teece, 2010). Additionally, while some companies use extensive research both before and after creating their business strategies, others may have done little or no verification and even less validation (Thomas, 2006; Rumelt, 2011b, 2011a). Some strategies are more tactical than strategic, living in the here-and-now while others include plans extending for many years, potentially beyond a rational period. In some companies, there is only a single *strategy* being pursued while others will evaluate a broad range of potential *strategic options*. Much of this is reflected in Mintzberg and Waters’ (1985), *Of Strategies, Deliberate And Emergent*, where different strategy *types* are described. Sometimes it is written by third-parties (e.g. consultants) or by single individuals, while others see the business strategy development process as a team effort.
What is more important, however, is that there is commonly a high failure rate at the point of implementation (Corboy and Corrbui, 1999; Ivančić, 2013). Sometimes the process takes so long that it is out-of-date before it is implemented or has been developed without validation of the goals that those very strategies hope to achieve, finding them then impossible to achieve. The goals set within the strategy development process could be said to have lacked foundation and external realism (Allio, 2007). Possibly because of this, they lack the understanding and acceptance by the very employees whom they are intended to direct and, therefore, also lack the support of the employees to achieve the goals. This may be the very reason why many strategies fail to achieve the goals and forms the potential gap in the research.

This research was thus refined to focus on the specific issue of goal setting at a business level, which the Researcher has termed Business Goal Setting, or BGS, as part of the strategy development process. This opens a line of enquiry: the issue of where business strategy development begins, which we will see in the following section.

1.3 Business Goals and the Business Strategy Development Process

From the perception of the literature reviewed within many areas, including, for instance, Strategic Planning, Strategy-as-Practice, Resource-Based View and Goal Setting (leaders in these areas include but are not limited to Mintzberg, Whittington, Bourgeois III, Eisenhardt, Jarratt, Jarzabkowski and Locke and Latham), strategy development appears to begin after a goal has already been established which in principle would be seen as the logical order. Still, neither are in isolation of the other, and most of the literature considers goals as part of the strategy development process but simply do not elaborate on it. The one exception is Porter (2004), eminent in this field, who explicitly sees the establishment of goals as part of the strategy development process.

From the literature reviewed, it appears there is a focus and concentration on aspects of organisational behaviour, and thus the sociological/psychological examination of strategy development and, more often, its implementation, that starts after goals of the business have already been established. This may be influenced by the high number of sociologists and psychologists that appear to be involved in the research who may be less interested in the derivation aspects of strategy and more interested in the interactions of people as a result of any strategy. Similarly, those interested in the field of Strategy, perhaps have leanings towards process and finance and economics and not necessarily the effects on the organisation (what might be called the more tangible or nuts and bolts of strategy).

There is, however, a real divide between the two disciplines which may be down to the
type of research that can be done within each discipline. For instance, it is difficult to be an empiricist in researching Strategy and therefore, those that research Strategy are more dominated by conceptualisation through rationalisation. As an example, it is generally not possible, due to commercial implications, to ask that a company set up two groups, one for a strategy development experiment and another as a separate control group and let each go through the whole strategy development process, monitoring real outcomes. It is also, as is demonstrated by this research, very difficult to get businesses to expose themselves and their strategies as this was perceived as both personally and commercially threatening. It is, however, far easier to set up organisational behaviour research with behavioural exercises in experimental form and conduct phenomenological observations and description of peoples’ behaviour. This is because it can often be done in a laboratory environment. Also, from a business standpoint, there is a perception of potential immediate gain in performance from individuals depending on the outcomes while not a direct threat to senior management individually or commercially to the organisation.

There is, therefore, from a strategy perspective, a potential knowledge-gap in terms of the combination of tasks, tools, content, use and results of business goals, but which perhaps bridges disciplines and this constitutes a contribution to research. This might be defined as not at the actor level but at the organisation level and the rational use of goals. Therefore, this research is focused on the strategy development process, but within which is Business Goal Setting (BGS), which in turn potentially drives strategy development and influences implementation. Creating a bridge between the disciplines also adds value by combining the different capabilities found in the type of research done within each discipline and their respective literature.

However, interestingly and useful to the research, as previously mentioned, BGS appears to precede the starting point of strategy development in most literature. As such, the next section describes the conceptual starting point and development of the chosen research.

1.4 Goal Setting Research

Goal setting, as a research area, has been dominated by organisational behaviour (OB) research. Starting with Locke and Latham’s (1990) initial research into goal setting, there has been a continued focus on the organisational behaviour aspects of goal setting, which is a reflection of Locke and Latham themselves. For instance, the contributing authors to their most recent compendium on goal setting all having strong organisational behaviour and leadership focused backgrounds - only two out of the 76 contributors are Professors of Strategy (Locke and Latham, 2013). As such, OB based research into goal setting has bridged into the field of Strategy and specifically that of Strategic Management, where
goal setting has been looked at in terms of the performance management of individuals. Strategy researchers, however, have not complemented this research, from their own perspective, as to the role of goal setting in strategy development. Looking at what strategy researchers have focused on, there has been a concentration on the selection of strategic options while the actual goal setting side has been ignored entirely as identified in the previous section.

However, Locke and Latham’s and their colleagues OB perspective on goal setting, while a useful starting point, is limited when elevated and examined at a business level if not also assessed against the added implications of business strategy. Their research has been primarily based on goal setting at an individual or team level. In other words, they have primarily taken a purely organisational behaviour perspective. They’ve looked at the people to people interaction and not taken a Strategy perspective. And nor should they have as this is not their area of expertise; they have however left it open to others, and these have, at best, looked at it through the lens of leadership, but still OB focused. Therefore this research seeks to bring goal setting to the forefront of the Strategy debate. As such, from a literature and theory aspect, goal setting within the confines of OB is the starting point but, as there has not been research into goals from a Strategy perspective and not at a business level, there is a vacuum that defines a gap. The next section then looks at how the effects of business goal setting might be assessed.

1.5 Assessing the Impact of Business Goal Setting

The next area to understand would be how to measure and assess the effectiveness of business goals. The choice might naturally be a measurement of achieving the business goals as this is how goal setting is commonly assessed (Locke and Latham, 2013).

However, the actual achievement of the business goals could be affected by many elements, many of which might be outside the control of the business. Additionally, any timeframe for the achievement of the business goals would make taking a snapshot for evaluation purposes challenging for any research, and this may be another reason little research from either OB or a Strategy perspective has been done.

Therefore a proxy is needed and, as stated earlier, simply evaluating whether the employees understand and accept the business goals, if of course it is accepted that this is the intention in communicating business goals to employees, is thought to be relevant if not also robust. Though also vulnerable to vagaries, this is a better compromise as this can be performed at any period, post the communication of the business goals. That is not to say that establishing employee understanding and acceptance might not also have its difficulties but, in setting the business goals, it is assumed that management would
wish the employees to contribute to achieving the goals and thus there would be a need for employees to both understand and accept them.

In selecting understanding and acceptance as a measure of effectiveness, this research has identified buy-in as a reasonable synonym. It has been deliberately chosen, and this research uses the word buy-in as a straightforward measure as defined as an individual’s understanding and acceptance and, therefore, an implicit agreement to support a decision, in this case, the business’ goals. However, Thomson, de Chernatony, Arganbright and Khan (1999) would refer to this as intellectual buy-in, which has the advantage of further refining the definition to be used. Selecting intellectual buy-in has been intentional as broadening beyond this, using concepts such as commitment (Thomson et al., mentioned above, would refer to this as emotional buy-in) or engagement (a term from the late nineties possibly coined in a Harvard Business Review article about Sears the American retailer (Quinn, 1998) and later used by Coffman and Harter (1999)), bring with them behavioural and emotional aspects that could be affected by a number of other influences. Although potentially useful to understand, it is believed that this should perhaps only be considered once the key elements of the business goals, from a strategy development perspective, have been identified through the more tangible assessment of measuring employee intellectual buy-in, or EIBI, in terms of understanding and acceptance of the business goals.

One must logically believe that employee intellectual buy-in to the business’ goals is a positive contribution to business performance; otherwise, what purpose would the goals serve the organisation. As such, using EIBI to evaluate the effectiveness of business goals appears to be a reasonable measurement and that the nature of this is an area that warrants research.

This next section then looks to summarise the perceived gaps as outlined in these previous sections.

1.6 Research Purpose

The purpose, therefore, of this research has been to fill the gap that exists between Goal Setting theory based on an OB perspective with Strategic Management theory based on a Strategy perspective. The following diagram presents a conceptual representation of the gap. It shows that primarily, as will be shown in the Literature Review, goal setting has been OB driven and comes from original work at an individual level and raised upwards to levels within an organisation combined with Leadership whereas Strategy is typically viewed from the top of business, downwards towards implementation.
To fill the gap, it was necessary to explore how business goals are typically arrived at and try to discover if there is some form of effectiveness that can be measured which could establish to what extent business goals contribute to business performance. Measuring effectiveness would establish whether, from a strategy development perspective, there are key elements in setting business goals that contribute to better business performance, as this would add to understanding how to better construct and communicate business goals. The diagram below illustrates how this research has used Goal Setting theory as a starting point upon which to build new theory within Strategic Management using intellectual buy-in to measure the effectiveness of business goal setting.

This research also seeks to understand why there are variations and potential misunderstandings, in terms of definitions and practices, in the area of strategy development and specifically BGS and understand what link if any, these have with
The intention of this research is to look at and assess: existing breadth and depth of published (academic) and popular (practitioner) strategy development processes; the perceptions of poor and best practice; how processes are used in practice and what are the resulting outcomes; whether the general variation in business strategy development and use has either a positive or negative effect on performance (in its broadest terms, i.e. from the point of view of stakeholders) and why; and finally, whether inconsistent, poor or incomplete development of the business goals and/or their communication affects performance negatively.

Specifically, this research is intended to answer whether there are key elements to setting business goals, as part of strategy development and implementation, that contribute to the intellectual buy-in by employees to those goals. The following sections describe the evidence of need and the contribution this would make.

## 1.7 Evidence of Need

The best way to show that business is in need of this research is to examine the current status with regards to employee and business attitudes. The following are just a selection of examples from a wide range of work demonstrating that improvements in the field of management and strategy are needed. This is spread over the last ten or more years to show the little progress that has been made in this area.

Professor Henry Mintzberg (2004), for instance, followed the careers of 19 Harvard MBAs hailed as business superstars in 1990. Of the 19, he identified that 10 failed, apparently destroying value, getting fired or bankrupting their companies or all three. Another four were also apparently mediocre at best. Only five of the 19 were considered high achievers. That equates to only a 26% success rate. Mintzberg and other observers say that MBA training promotes overly analytical thinking, financial short-termism and hubris, and the case method encourages superficiality and overconfidence. The implication here is that perhaps managers are ill-equipped to develop and implement strategies.

An Eversheds Survey highlights that “poor management is rife in the UK workplace, with more than nine in ten employees reporting that they have worked for a bad manager.” (Thomas, 2006:1) The research shows there is a lack of communication skills among UK managers. It also states that most workers (97%) would like their bosses to communicate more clearly and directly. David Gray, chief executive of Eversheds, even states that: “Strong and effective leadership should be at the heart of all good businesses, but these findings make troubling reading. The report shows that poor communication, lack of...
direction and weak decision-making are widespread among UK bosses." (Thomas, 2006:1) These are all potential key elements to strategy and strategy implementation.

In Porter and Kramer’s article, Creating Shared Value, (2011:4) they state, “A big part of the problem lies with companies themselves, which remain trapped in an outdated approach to value creation that has emerged over the past few decades.” Another issue is senior management latching on to current fads from popular management titles, often adopting concepts that are inappropriate for their business or not adopting them in their entirety. Strang and Macy (2001) do an excellent job of describing this phenomenon in their article entitled In Search of Excellence: Fads, Success Stories, and Adaptive Emulation. Here they describe the rise and fall of fads which distract management from focusing on the real issues, internally and externally, facing their businesses. Management, they point out, focus on other businesses’ perceived successes without acknowledging the failures which typically outnumber the successes. For instance, the adoption of Collins and Porras’ (1996) BHAG (Big Hairy Audacious Goals) concept as an approach to goal setting whose philosophy in principle is about taking a risk, but the challenge they set is probably inappropriate for many businesses. Having goals that encourage risk, for instance, might be inappropriate to those businesses that require maintaining risk-averse performance such as banks or insurers. The Researcher’s own work has seen numerous examples of this. Notwithstanding, their approach to strategy development is still being taken up despite it being almost 25 years old. More recently, Lafley and Martin’s (2013) Play to Win concept has been very popular but what the Researcher has found is that companies and, more importantly, their SLT adopt the idea but not the substance, being aggressive in their selection of where they want to play but missing out the insight as to why they should be successful in doing so. This would seem to indicate, by the popularity of the fads, that management is searching for answers to manage strategy development and implementation better, and in doing so will try whatever is touted as popular but then struggle when it does not work in light of the issues they face.

This reality can be seen in Gallup's 2017 State of the American Workplace report (Gallup, 2017) that stated that only 22% of employees strongly agree their leaders have a clear direction for their organisation. The report has been updated in 2018 and continues to show that approximately only 1/3 of employees are engaged with the business while more than half “are searching for new jobs or watching for openings” (Gallup, 2018:4) Though the study is American based, it picks up multinational companies, and they believe it is a strong reflection of businesses worldwide. Interestingly, more millennials have entered the workforce and have been more expressive about what they are looking for. The report mentions that “Most workers, many of whom are millennials, approach a role and a
company with a highly defined set of expectations. They want their work to have meaning and purpose. They want to use their talents and strengths to do what they do best every day.” (Gallup, 2017:5) Again, there is an obvious link to the direction communicated to employees by management and their resulting motivation to follow the direction. What this highlights, is that the business environment continues to be more demanding and that management practices, particularly in the area of direction, appear to be lagging in development.

Separately there are the business failures that clearly indicate a need for improved BGS. In 2016 Senator Elizabeth Warren questioned the then Wells Fargo CEO John Stumpf about the business goals he had set, which had corrupted staff into creating millions of false accounts, and is quoted saying,

“Other big banks average fewer than three accounts per customer. But you set the target at eight. Every customer of Wells should have eight accounts with the bank. And that’s not because you ran the numbers and found that the average customer needed eight banking accounts. It is because ‘Eight rhymes with great.’ This was your rationale right there in your 2010 annual report.” (Lovelace Jr and Vielma, 2016)

The above examples show that management practices are affecting employees’ perceptions of their organisation and, therefore, can influence their contributions towards achieving their company’s goals. Consequently, a better understanding of what is necessary to gain EIBI to the business goals would enhance management practice.

1.8 Intended Contributions

If academia’s to survive and thrive, researchers and academics need to bridge disciplines. At the moment, McKinsey’s (the consultancy) appears to be producing far better empirical knowledge than what is coming out of academia (the firm is reported to spend $50–$100 million a year on research1). That is because they bridge disciplines, including but not limited to economics, operations management, finance, strategy and organisational behaviour.

As such, this research contributes to a number of areas. Firstly, it contributes to the Strategy literature by bridging it with diverse kinds of literature and specifically that between OB and Strategy as disciplines. The research shows, for instance, that goal setting theory from OB literature provides a base from which to expand the understanding

1 https://en.wikipedia.org/wiki/McKinsey_%26_Company
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of the strategy formulation and development process, but which plateaus when raised to a
business level necessitating a broader perspective.

Researchers repeatedly mention the need for more research in the area of goal setting
and more integration across disciplines when looking at research issues (Locke and
this will add value to the goal setting theory that Locke and Latham (2002) developed by
discovering whether their theory on individual goal setting can be extended to goals at a
business level and, then, what else is needed to complement this to take into account the
Strategy perspective.

For strategy development, it will fill gaps within existing models where there might be a
clear process for developing strategies but not for the goals that they seek to achieve.
This should fundamentally change the perceptions of strategy development, particularly
its starting point and how it is approached, thereby improving the process regardless of
the different strategy approaches chosen (Mintzberg and Waters 1985). For strategy
implementation, this work will ensure a better analysis of issues raised by any
implementation and better overall implementation of strategies.

This research should also be expected to contribute to a better understanding whether
there is value in creating an improved approach to strategy development at a business
level by ensuring the process begins with the development of business goals and is
followed through by linking strategies with the goals and subsequently with the
implementation of the strategies. Towards this end, it provides empirical data that enables
understanding of one of the mechanisms that underpin the implementation of strategy:
business goals. It also provides a mechanism and a measure that can be used to
evaluate the efficacy of the strategy development process, namely employee intellectual
buy-in. This highlights the importance of business goal setting in building employee
commitment to any strategy.

Methodologically, this research demonstrates how the use of multiple case inductive
research can be used as a method to address the gap in empirical research within the
strategy literature. It also provides a basis upon which research can be extended into
other areas of strategic management theory.

Finally, this can improve the teaching and practical use of strategy development, which is
considered a major issue within both businesses and academia.

The area researched is rich in potential, insight and contribution. There is evidence that
improvements in management practices continue to be of value. In the case of strategy,
and specifically the development and use of business goals as part of strategy
development, improvements in EIBI can be a positive contribution.

The next section describes the approach taken for this research.

1.9  Approach to the Research

Having described the gap, the evidence of need and intended contributions, the approach to the research was therefore inductive in design recognising that Strategic Management theory did not present theory for BGS and that Goal Setting theory was only a starting point as it is limited to setting goals primarily at an individual or team level and is also from an OB perspective (Brown and Eisenhardt, 1995; Locke, 2007). As such, this research was only theory-driven up to the point that the existing goal setting theory plateaus as it doesn’t cover business goal setting but did provide a starting point. Additionally, as will be seen within the Literature Review, Goal Setting theory does not go beyond requalifying prerequisites that goals be specific and challenging and be complemented with feedback (Locke and Latham’s theory of Goal Setting (Locke and Latham, 1990, 2002, 2013)). This research, therefore, goes beyond this and creates theory for Business Goal Setting from a Strategy perspective.

As it was to be inductive, studying businesses as cases provides the phenomena which could be evaluated by EIBI. The following diagram offers an overview of the process used, described in more detail within Chapter 3 Research Methodology and Design.

![Case Study Methodology and Research Methods Flowchart](image-url)

The research was conducted with three very different businesses through a process of...
discovering what their business goals were, who was involved, how they were arrived at, what was communicated to employees and what was their effect on employees. This was through interviews with those involved in the origination of the business goals and an examination of the documents they generated both in the development and the communication to employees of the business goals. This was followed by interviews and a qualitative survey (as an additional data source) with employees with respect to their understanding and acceptance of the business goals.

Finally, as further validation, a report was prepared for each of the sponsoring companies, allowing them to comment. Subsequently, all the outputs of the research were themed, coded and recoded and analysed, producing the findings herein.

1.10 Structure of the Thesis

Chapter 2: Literature Review

This chapter provides a structured review of the literature and ends with an identification of the main research gaps and research questions that flow from them. This includes a review of the various areas of research that touch upon and potentially involves Business Goal Setting.

Chapter 3: Research Methodology and Design

In this chapter, the arguments for the approach adopted to the research are discussed, and the research design is presented, together with a description of the approaches adopted. This chapter also presents the analytical process, including coding used. The chapter finishes with ethical considerations that were made.

Chapter 4: Findings

This chapter presents the findings from the data gathered, including case studies of the three companies* involved in the research. These are then followed by the cross-case analysis and key conclusions.

*Please note that Detailed Findings for each company can be found in the Appendices.

Chapter 5: Discussion and Conclusions

This final chapter presents a discussion and conclusions based on the findings and links to the literature. Contributions to the literature and practice are also stated as are limitations and areas for future research. This chapter ends with the Researcher’s reflections.
Chapter 2 Literature Review

This literature review introduces an overview of strategy as a discipline and where business goals fall within this while also examining the overlap with organisational behaviour. The initial section is devoted to looking at the definitions used within strategy as this is both a starting point for understanding current literature and also an area where conflicts exist, which is important to be aware of. It then reviews strategic management as a construct, followed by goal setting theory. From this, conclusions and the gaps are identified, ending in the identification of the research question.

Many different themes were originally looked at, and there was a great deal of overlap. The figure below provides an indication of the areas investigated in constructing the Literature Review.

From this, the literature review was developed. The following diagram provides an outline of the Literature Review.
Chapter 2

Structure of the Literature Review

The diagram shows the progression of understanding the concepts around business goals and then relating this to both Strategic Management and Goal Setting theories. The first section that follows provides an introduction to the literature in strategic management.

2.1 Introduction

Businesses operate within different paradigms, which are directed and are followed by their management and employees and, ultimately, influence their level of success. These paradigms offer a choice to management, which will have been driven by many factors including but not limited to their industry, business environment, heritage, stakeholders, policies and philosophies. It will also be driven by the capabilities, background and motivations of shareholders, management, employees and other stakeholders (Whittington and Cailluet, 2008; Mintzberg et al., 2014). However, since the 1960s, most businesses have embraced Strategic Management as one of the paradigms within which they operate and a general concept. Although a management paradigm taken originally from a military concept, it was formalised by academia in the 1950s by researchers such
as Ansoff, Chandler, Drucker and Selznick (Pettigrew, Thomas and Whittington, 2006). In simple terms, strategic management might be said to be the concept of management creating, planning and executing a strategy to achieve a goal successfully. In detail, however, for a business trying to reach its goals, as with a military goal, it is far more complicated than this; there are many other things to consider including the realities of the market in which they trade, the resources available, the creativeness of the strategies to overcome competitor strategies and the capability to develop and execute a plan to name a few (Porter, 2004). The fact that there are many different influences most likely corresponds to the wide variety of defined paradigms in evidence within strategic management, and within both popular and academic literature. For instance, Mintzberg, Ahlstrand and Lampel (1998:13) alone named and summarised ten paradigms or schools stating that there are many more. The ones they mention include:

The Design School: strategy formation as a process of conception
The Planning School: strategy formation as a formal process
The Positioning School: strategy formation as an analytical process
The Entrepreneurial School: strategy formation as a visionary
The Cognitive School: process strategy formation as a mental process
The Learning School: strategy formation as an emergent process
The Power School: strategy formation as a process of negotiation
The Cultural School: strategy formation as a collective process
The Environmental School: strategy formation as a reactive process
The Configuration School: strategy formation as a process of transformation

However, strategic management and, therefore, its development, as examined by academics, for the last 50 years has tended to focus on which specific strategies management choose and why (Pettigrew, Thomas and Whittington, 2006). As such there have been many very popular tools developed to evaluate strategies such as the well-known Boston Matrix (Morrison and Wensley, 1991), Ansoff’s Matrix (1980) and Porter’s Five Forces (Porter, 1979a) which aim to help with strategy selection.

More importantly, however, research relating to the field of Strategy has moved to a more micro or specific lens. Those constructs within the literature that do reflect on strategic management and its development in a more specific way include, for instance, the concept of Emergent Strategies (Mintzberg and Waters, 1985) the Resource-Based View (RBV) of strategy development (Wernerfelt, 1984) and, more recently, Strategy-as-Practice (SaP) which tries to analyse and assess the effectiveness of the strategic management paradigm (Whittington, 1996). Strategic Management, it can be said, includes process, management practice and behaviour, all of which affect the development of a business strategy. Put another way, business strategies are outputs of a
process nominally defined as *Strategy Development* and, therefore, should contribute to the definition of strategic management and subsequently, the potential success of achieving business goals. It can, therefore, be argued that business goals are a subset that contributes to strategy development without which there would not be strategic management (Porter, 2004).

However, there has been little discovered within the literature reviewed about business goals or goals set at a business level. Goal setting is popular in other disciplines such as psychology (Huber, 1985) and sociology (Thompson and McEwen, 2007) where individual goals have been researched in detail but not how companies go about deciding *business* goals nor the consequential success of this process. There is also a lack of clarity of whether business goals drive strategies or are a consequence of the strategies selected (Ansoff, 1991). Still, from the literature reviewed, business goals are most often assumed to be a *given*, and the focus and study of strategy development are on the selection of the strategies to achieve those pre-existing goals (Mintzberg, Ahlstrand and Lampel, 1998).

From the literature, most processes are assumed to be linear and not circular or iterative as with Mintzberg’s deliberate versus emergent strategies (Mintzberg and Waters, 1985), which affects the order in which the business goal setting process is perceived. What some of the literature does reveal is that there is a considered dispute as to what value strategic development adds and it is assumed that business goals are part of this (Alexander, 1995; Ansoff, 1991; Mintzberg and Waters, 1985).

Also evident from the literature reviewed is that the common academic view focuses on the study of management capability and behaviour as well as the creation of models to engage the thought development of strategies, with business goals assumed to have previously been established by the business (Jarzabkowski and Spee, 2009). That said, Porter (2004) develops the concept of goals being established as part of strategy development but fails to elaborate on the process by which they should be derived, what they should look like or their purpose, e.g. whether they should, for instance, garner buy-in from the employees and therefore, if so, what content is necessary and how they should be communicated.

From the above, it appears that there is a gap in understanding exactly how companies set their business goals and how this might impact on the achievement of those goals. Albeit the literature is extensive on the strategy development process as a whole (Mintzberg, Ahlstrand and Lampel, 1998; Mintzberg *et al.*, 2014), the literature has revealed so far that there is limited evidence of the examination specifically of the BGS process within this (Feurer and Chaharbaghi, 1995) and even less on the impact of the BGS process on business performance. More recently, following the evolution of strategy
development, it has moved into Strategy-as-Practice (SaP) (Chia and MacKay, 2007), but this has not changed the position with regards to BGS. Therefore, there is an opportunity to examine how organisations establish their business goals and how these goals affect their business. The effects on business would logically be looked at through the lens of performance, but this precept is far from easy to define. There are many ways to look at performance, and this is an argumentative area of research. There is, therefore, a need to seek an alternative measure of impact in evaluating the effectiveness of BGS.

An initial observation with the literature reviewed within the discipline of strategy shows that most of the research is one or two generations old. Subsequent relevant research invariably cites the older research but without any addition of new insights into the area of BGS, which supports the case for further research into this area. Even Porter’s original work on strategy (Porter, 1979a) was made into a book in 2004 (Porter, 2004) and then reprinted (Kindle version) with a new introduction in 2008, He has over 57,000 citations to date (Google Scholar Dec 2019) without much new material being added. Within organisational behaviour, however, goal setting continues to be explored and is, therefore, more current (Berson et al., 2014) although it fails to engage or address the gap identified for this research. As will be seen in the subsequent section on Definitions, much of the discussion is around the understandings of goal setting and strategy and its processes while ignoring BGS per se.

### 2.2 Definitions Related to Business Goals

One of the difficulties with initiating the literature review was navigating the vagaries of the terminologies and definitions used in the context of strategy. Mintzberg, in his *The Strategy Concept I: Five Ps for Strategy*, begins with the statement

> “Human nature insists on a definition for every concept. The field of strategic management cannot afford to rely on a single definition for strategy; indeed the word has long been used implicitly in different ways even if it has traditionally been defined formally in only one. Explicit recognition of multiple definitions can help practitioners and researchers alike to manoeuvre through this difficult field.”

(Mintzberg, 1987:11)

Conversely, more currently, others see that definitions are critical to providing understanding but often review or re-establish existing concepts (Mishra, Mohanty and Mohanty, 2015). This is not meant to be a pejorative statement but rather an observation that parties continue to review past work for the purpose of discussion. For instance, in their essay on the topic of disruption, Christensen, Raynor and McDonald, (2015:4) provide an example of this.
“In our experience, too many people who speak of ‘disruption’ have not read a serious book or article on the subject. Too frequently, they use the term loosely to invoke the concept of innovation in support of whatever it is they wish to do. Many researchers, writers, and consultants use ‘disruptive innovation’ to describe any situation in which an industry is shaken up, and previously successful incumbents stumble. But that’s much too broad a usage. If we get sloppy with our labels or fail to integrate insights from subsequent research and experience into the original theory, then managers may end up using the wrong tools for their context, reducing their chances of success. Over time, the theory’s usefulness will be undermined.”

In line with Mintzberg’s (1987) and Christensen’s, et al. (2015) observations, this section is devoted to exploring the definitions that are part of the research as this has a significant impact on the study. It is useful in this context in it affects what has been searched for and develops the environment of the research. With regards to searching, the many different definitions complicate a researcher’s task, but it also provides insight into how different individuals view the terms and what the implications might be. As many disciplines appear to be involved in the study of strategy development, including but not limited to sociology, psychology, anthropology, statistics, finance and economics, it is no surprise that this produces research and, therefore, language, using many different paradigms (Mintzberg, Ahlstrand and Lampel, 1998).

The literature review, therefore, concentrates on the area of research around Strategy Development and, specifically, Goal Setting at a business level within this. Definitions, however, provide an initial hurdle in the literature review as the choice of the precise area of study is clouded by different and often conflicting terminology. For instance, for the purpose of this research, there needs to be a clear distinction between a Corporate Strategy and a Business Strategy which are often used interchangeably but incorrectly.

For the purposes of this research, a corporation is defined as a collection of related or unrelated businesses, with strategy development involving a process of portfolio management across these businesses to achieve overall corporate goals. A business then is defined as a collection of related products or services in the same or similar competitive environment, with strategy development involving a process of management of all those areas related to the product and services, including the market itself, to achieve business-specific goals. Andrews (1997:52) in his chapter entitled The Concept of Corporate Strategy (in the book Resources, Firms and Strategies, edited by N. Foss) outlines this well. He states: “corporate strategy’ usually applies to the whole enterprise, while ‘business strategy’, less comprehensive, defines the choice of product or service and market of individual businesses within the firm.”
(Porter, 2004) uses the term *Business Unit* to make this distinction, which could have been useful for this work, but the word *unit* could prejudice the research as, in some cases, it denotes a level potentially lower than intended where corporate goals may drive the business unit. For instance, in his own reference, he assumes the manufacturing part of a business *unit* would be driven by a corporate goal which creates confusion over what might be the business unit’s goal. Bateman, O’Neill and Kenworthy-U’Ren (2002) use the term *enterprise goals* as goals at the enterprise level, but it is in reference to the goals that apply to a *top manager* and not necessarily to the organisation as a whole and also fails to define the *enterprise*.

*Contribution to the definition used in this research: Corporate vs Business Strategies - Andrews (1997:52): “corporate strategy’ usually applies to the whole enterprise, while ‘business strategy’, less comprehensive, defines the choice of product or service and market of individual businesses within the firm.”*

As a starting point in clarifying definitions, the next section will focus on an overview of the understanding of strategy and the relationship between strategy and goals.

### 2.2.1 Strategy

It is assumed that links between goals and strategy do exist and so this section seeks to clarify the relationship between the two. As previously mentioned, Mintzberg (1987) did not like to place a single definition on strategy and, in so doing, has attracted both followers and detractors. Mintzberg identified that strategy could be viewed as a plan, a ploy, a pattern, a position or a perspective, but also any combination of these depending on the need for the definition and situation encountered. Mintzberg and colleagues (Mintzberg and Waters, 1985; Mintzberg, 1994) have often associated his definitions with the fact that strategies are emergent and, therefore, a sequence of actions.

Ansoff (1991), himself a critic of Mintzberg, asserted that Mintzberg's own definition of strategy differs from current practice, is limited to the concepts of the Harvard Business School and is biased towards his theory of emergent strategies. Ansoff believes there is still a need for the prescriptive school of strategy development. He believes that Mintzberg's use of *strategy* to describe his emergent strategies is wrong in that it fails to be formulated in advance and, therefore, is not strategic (or it could be said to be purely tactical). This is a helpful definition as it offers insight into the timeline associated with goals. However, neither author provides clarity on the content or purpose of goals.

Feurer and Chaharbaghi (1995:11) confirm that there is no single definition. However, they observe that “*all these frameworks have one thing in common which is that they all*
aim at maximizing the performance of an organisation by improving its position in relation to other organisations operating in the same competitive environment”. This is a useful unifying definition in that it provides context which then can give direction for content. As far back as 1962, Chandler described strategy as “the determination of the basic goals and the objectives of an enterprise and the adoption of courses of action and the allocation of resources necessary for carrying out these goals” (Chandler, 1962:13). This, as we see, highlights the inclusion of BGS that is most often ignored.

The co-word analysis of the strategy concept completed by Ronda-Pupo and Guerras-Martin (2012) went to great lengths to see what has changed from 1962-2008. What they discovered is that, although there has been a shift from achieving goals to a focus on improving performance, the concept of strategy still can be stated as: “the dynamics of the firm’s relation with its environment for which the necessary actions are taken to achieve its goals and/or to increase performance by means of the rational use of resources” (Ronda-Pupo and Guerras-Martin 2012:182) and that it is the subfields of study that have added to the knowledge and diversity of the concept. Porter (2004:xxvi) helps reinforce this with his definition of strategy as “a broad formula for how a business is going to compete, what its goals should be, and what policies will be needed to carry out those goals”. It may be concluded that definitions are varied and, as we shall see, at times conflicting, although the essence is there as a starting point for researching the construct of BGS.

Contributions to the definition used in this research: Business Strategy - Feurer and Chaharbaghi (1995:11) confirm that there is no single definition. However, they observe that “all these frameworks have one thing in common which is that they all aim at maximizing the performance of an organisation by improving its position in relation to other organisations operating in the same competitive environment”. Ronda-Pupo and Guerras-Martin (2012:182) add it is “the dynamics of the firm’s relation with its environment for which the necessary actions are taken to achieve its goals and/or to increase performance by means of the rational use of resources.”

The next section will describe the current understanding of strategic planning and how this follows on from strategy.

2.2.2 Strategic Planning

This section will look at strategic planning and continue to show some of the vagaries within this area. Interestingly there continues to exist journals like Long Range Planning despite many researchers believing it is no longer appropriate (Mintzberg, 1994). Mintzberg, in particular, has criticised of the role of strategic planners, arguing that it is no longer relevant, but has evolved, just as business strategy has evolved.
Heraclous (1998) in reviewing the then current thinking about strategic planning, observes that, like many related concepts, authors use the term in fundamentally different ways. He does establish, however, that all such concepts (planning, thinking, management, etc.) are inherently analytical processes.

Porter (1979b, 2006) himself has been a huge supporter of analysis and analytical tools and sees this as fundamental to strategic planning and strategy development. In this context, with regards to the various terms, as Heraclous (1998) concluded, strategic planning is interchangeable with the newer concept of strategy development, albeit the latter is perhaps more evolved, which follows a line of reasoning that the concepts have evolved but retain the essence of former terms. Heraclous also believes that there is an order of things and that the analytical stage precedes the strategy development stage. This is important as there is a lack of clarity in the literature regarding the point at which analysis takes place and where this might connect or form part of BGS. Alexander (1995) identified that access to information alone had changed the nature of strategy development with the need for more specialist skills and frameworks to work with the information available. However, Alexander also said in the same article that the move away from the *unlabelled* line role to a *distant* head office role had brought little in the way of benefits to businesses. Berry (1998), for instance, using a study of small high-tech firms, showed that companies which merely engage in strategic planning are overall more successful than those that do not, but she doesn’t describe the elements involved or the applicability to established companies. It may be concluded that strategic planning and strategy development are, at least, very similar, if not the same (notwithstanding an evolution in terms) and that both can contribute to the investigation of BGS.

The next section looks deeper into the understanding of strategy development and how this relates to BGS.

### 2.2.3 Strategy Development

The key question is whether or not BGS falls within *Strategy Development*, and the literature is used to firm up this area of study. An initial review included *Strategy-as-Practice*, which incorporates often-cited authors such as Mintzberg, Eisenhardt and Whittington (Mintzberg, Ahlstrand and Lampel, 1998; Eisenhardt and Santos, 2002; Seidl and Whittington, 2014). This provides a useful example of the impact of definitions on the specific area of study of BGS. Mintzberg, for instance, long ago simply described strategy as “a pattern in a stream of decisions” (Mintzberg 1972:90). In researching their study of high-velocity companies, Eisenhardt and Bourgeois' definition of strategic decision-making is that it has to: “(1) involve strategic repositioning or redirection of the firm; (2) have high stakes, that is, outcomes which the executives believe will significantly affect the firm's
performance; (3) involve as many of the functions of the firm as possible; and (4) the decision should be considered representative of major decisions taken by the firm” (Eisenhardt and Bourgeois III 1988:819). Whittington’s view of SaP is that it explores “how managers and consultants act and interact in the whole strategy-making sequence” (Whittington 1996:732).

Given that inputs to strategy development are mentioned by all the above authors and also feature in most other literature (as does the concept of goals, sometimes expressed as vision or objectives - to be discussed later), it could be said that setting business goals is a strategic decision in itself (Eisenhardt and Bourgeois III, 1988). This would mean the topic of setting business goals sits within the discipline of strategy and so, is part of strategy development. However, the literature reviewed on strategy development often assumes business goals are set already. This highlights conflicting views on where BGS sits even though it is intended to be strategic.

It is also clear from other sources on terminology that even the definition of strategic is debated (Ansoff, 1991; Aktouf, 2005; Porter, 2006). This, and other definitions, makes the chosen area of study difficult in that just using the word strategy evokes conflicting concepts. Google Scholar, for instance, currently reveals about 1.5 million entries with the query of “What is strategy?” and Google itself has 3.2 billion entries (July 2019). This demonstrates how the term strategy could be overly broad in the context of research.

A further example of conflicting terminology in work by Eisenhardt and Bourgeois (1988) has been highlighted by McCarthy, Lawrence, Wixted and Gordon (2010). The former authors describe the strategic environment they researched as high velocity; the latter authors believe this is a misuse of the label because velocity implies both speed and direction. Eisenhardt and Bourgeois did not comment on this despite evaluating strategic decision-making as a term and using the word redirection. One also could assume that direction is a key element of strategy and, therefore, a variable within goals, although business goals are omitted from the strategy development that Eisenhardt and others refer to. The next section, then, looks specifically at business goals.

### 2.2.4 Business Goals

As this research specifically looks at goals, it is critical to clarify its definition. This can be very personal with the distinction in business depending on its use and the person using it. For instance, in English, goal and objective are often seen as interchangeable (although there is still a possible distinction), whereas, in Latin-Based languages, the word goal would be replaced with objective (and the word goal retained for football!). As a multilingual, this Researcher realises that the distinction in other languages is less
apparent and perhaps non-existent. However, Locke and Latham, experts in the area of *Goal Setting*, approach the concept of goals in several ways (Locke et al., 1981). They see that goals define the required change from the current status quo. They also understand that a goal implies overcoming obstacles. Finally, they believe objectives are specific actions that do not necessarily indicate a specific obstacle and, therefore, are a subset to achieving a goal. This means that an individual may be able to focus on an objective while being aware of a goal in the background. Interestingly, they do not spend much time on these semantics, nor do they relate any difference between the definition at an individual or business level.

Other authors may use goal or objective or use both in the same context. Porter, for instance, highlights this dilemma and goes on to say that goals "are its (the company’s) broad definition of how it wants to compete and its specific economic and noneconomic objectives" (Porter, 2004:xxvi). This is supported by the useful definitional comparisons coming from dictionaries and texts where authors attempt to explain the differences between the two. From this, it can be summarised that they are that goals contain an element of ambition or aspiration and indicate a direction (although a random sampling of dictionaries varies in this respect) whereas objectives are task-orientated and finite in their completion. The element of ambition or aspiration in goals then adds, therefore, the motivational component to the word. From the literature researched, a table was discovered\(^2\), which summarises the differences:

\(^2\) [http://www.investorwords.com/article/goals-vs-objectives.html](http://www.investorwords.com/article/goals-vs-objectives.html) - non-validated
### Table 2-1 Goals vs Objectives – What’s the Difference?

<table>
<thead>
<tr>
<th></th>
<th>Goals</th>
<th>Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Definition</strong></td>
<td>Something which you try to achieve.</td>
<td>A specific result that a person or system aims to achieve within a time frame and with available resources.</td>
</tr>
<tr>
<td><strong>Time Frame</strong></td>
<td>Usually long-term.</td>
<td>A series of smaller steps, often along the way to achieving a long-term goal.</td>
</tr>
<tr>
<td><strong>Magnitude</strong></td>
<td>Typically involves life-changing outcomes, like retiring, buying a home or making a major career change.</td>
<td>Usually a near-term target of a larger expected outcome, such as passing a course as part of completing a degree program.</td>
</tr>
<tr>
<td><strong>Outcome of immediate action</strong></td>
<td>Actions tend to advance progress in a very general sense; there is often awareness that there are several ways to reach a goal, so specific outcomes aren’t necessary.</td>
<td>Very specific and measurable, a target is established, and victory is declared only when the target is hit.</td>
</tr>
<tr>
<td><strong>Purpose of action</strong></td>
<td>A goal is often characterized as a change of direction that will ultimately lead to a desired outcome.</td>
<td>Objectives tend to be actions aimed at accomplishing a certain task.</td>
</tr>
<tr>
<td><strong>Example</strong></td>
<td>“I want to retire by age 50.”</td>
<td>“In order to reach my goal of retiring at age 50, I need to save $20,000 by the end of this year.”</td>
</tr>
<tr>
<td><strong>Hierarchy</strong></td>
<td>Goals tend to control objectives; a change in a goal could eliminate one or more objectives or add new ones.</td>
<td>An objective can modify a goal, but will seldom change it in a fundamental way, even if the objective isn’t reached.</td>
</tr>
</tbody>
</table>

Though often seen as interchangeable, Locke and Latham, Porter and the table above all suggest the concept that a goal sits at a higher or different level than an objective. This is useful simply in defining the level at which goals are used in the hierarchy as well as the sequence of events when thinking about goals versus objectives. A further useful element outlined in the table is the concept of several ways to reach a goal. This corresponds with
the concept that strategy or strategic options result in objectives that usually can only be achieved in one manner.

The table also uses the word desired, which indicates something aspirational and/or motivational about a goal which, again, matches many definitions (Campion and Lord, 1982; Austin and Vancouver, 1996). As this is an area of definitions for commonly used words and not disciplines in themselves, it would not be an area of empirical evidence. It is fair to say, however, that, within the English language, the above table is representative of other comparisons found when looking for definitional differences, although these are not represented clearly in the literature referencing strategy or strategy development.

As previously mentioned, business goals, as distinct from just goals, remain somewhat nebulous. The literature often uses organisational goals as a reference to goals aimed at a larger body. Simon (1964) sought to clarify the term by suggesting there is seldom a single goal at this level and that it also would be defined by a number of different constraints. Bateman, O’Neill, and Kenworthy-U’Ren (2002) proposed a hierarchy comprised of five goal levels: ultimate, enterprise, strategic, project and process although their purpose was to identify drivers for individual top managers rather than influence the organisation. Austin and Vancouver (1996) defined goals as internal representations of desired states, where these states are broadly construed as outcomes, events, or processes. They indicate that a diverse goal-related vocabulary and a broad array of goal-based hypotheses can be found across a wide variety of literature and urge the development and use of common concepts to understand the content more fully. From the literature, however, it has been difficult to establish a single best source for the definition, a situation that presents a challenge given it is a key requirement of this work. As a result, a synthesis of findings has been used to produce the following definition for business goals: an eventual desired state or destination that fulfils the ambitions of the business.

Contribution to the definition used in this research: Goals vs Objectives - Locke et al. (1981) see that goals define the required change from the current status quo and they believe that a goal implies overcoming obstacles. However, they believe objectives are specific actions that do not necessarily indicate a specific obstacle and, therefore, are a subset to achieving a goal. This means that an individual may be able to focus on an objective while being aware of a goal in the background. Objectives are task-orientated and finite in their completion. Goals, however, add the element of ambition or aspiration in goals and, therefore, a motivational component to the word.

Contribution to the definition used in this research: Business Goals - Business Goals - Porter (2004:xxvi) defines this as “its (the company’s) broad definition of how it
Chapter 2

wants to compete and its specific economic and noneconomic objectives”. However, summarised from the literature reviewed overall, and used for the research, the following definition is used: an eventual desired state or destination that fulfils the ambitions of the business.

This next section seeks to clarify the differences and similarities between the terms vision and business goals.

2.2.5 Vision vs Business Goals

Baum, Locke and Smith (2001) define business vision as the projected image of the products, services and organisation that a business leader wants to achieve. Implicit is that there is a destination; that it is a goal. Reinforcing this, Collins and Porras (1996) state that a vision is a bold, audacious, overarching goal. In addition, Latham and others use the term vision and superordinate goal interchangeably (Latham, 2013). Baum, Locke and Kirkpatrick (1998) believe the essence of vision is the business’ purpose or mission. In particular, they claim it is the leader’s concept of what the business will be, again implying a goal, and what will make it attractive to customers and make it profitable — the products, services, technologies, markets, strategy, etc.

Baum et al. (1998) go on to present a firmer view on a vision from their longitudinal study. They highlight numerous empirical studies based on interviews that support the relationship between communicated vision statements and desired outcomes. Separately, Kirkpatrick (who works closely with Locke) in her chapter called Lead Through Vision and Values in Locke’s Handbook of Principles of Organisational Behaviour concludes that vision statements can give “a context for organisational change by providing a compelling reason for moving toward the vision” (Kirkpatrick, 2009:368). This also implies a destination which could be referred to as a goal. Both the concept of communication and creating a compelling reason would link to BGS. Kirkpatrick’s list of specific characteristics also provides content: brevity, clarity, challenge, future orientation, desirability or ability to inspire and identification of intended products, markets and strategy; all of which resonate with BGS.

Her work, however, also includes abstractness and stability which she describes as a “general picture” and states “a vision statement should never be revised or updated” (Kirkpatrick, 2009:369). This would exclude the aspect of destination although she then goes on to say, “When revision is necessary, it should not be because the vision has been completed but because the organisation’s ideal goal has changed” (Kirkpatrick, 2009:370). She further states that vision statements are “not intended to be achieved within a given period of time; instead, they are intended to be pursued or worked toward
on a daily basis over a long timeframe" (Kirkpatrick, 2009:367). This means a business goal can be part of a vision statement but is not an intrinsic part of it which seems to be a dichotomous and confusing description more appropriate to the mission of an organisation (Witcher and Chau, 2012:S66). Kirkpatrick (2009) provides an interesting overlap but does not refer specifically to business goals when she discusses vision. Notwithstanding the presentational confusion, the contention that vision has a positive connection to desired outcomes and the description of content could provide a useful theme for this work.

Overall, however, there appears to be some confusion, or at least varying opinions, among academics and practitioners about the difference between vision and goals (as well as other concepts such as purpose, values, and strategic intent). There also appears to be little attempt to relate the existence or characteristics of the vision with specific business performance.

From the literature, it may be concluded that definitions will pose a problem for this research and that much good work can be undone by potential disputes around terminology and its meaning. For this very reason, the work will provide a valuable contribution if it makes relevant clarifications and/or distinctions to help management and other researchers in practice. To this end, Section 2.2.9 Distinctions Used provides definitions for using this research that also are intended to help understanding of strategy as a broader discipline.

The next section seeks to understand the implications of measuring effectiveness when considering BGS.

2.2.6 Measuring the Effectiveness of Business Goal Setting (BGS)

Locke and Latham relate goal effectiveness simply with the completion of a task (Locke and Latham, 2013). This is a useful definition where a specific task is referred to and, in Locke and Latham’s case, it refers to individuals or teams completing a task with a clear deliverable. Effectiveness at a business level, however, is harder to measure, a point noted, for instance, by Eisenhardt and Bourgeois (1988) who suggest using the positiveness derived by a firm (although they don’t define what positiveness looks like). Fredrickson and Mitchell’s (1984) measure of rationality implies, where an organisation has sought to be exhaustive and inclusive with its input to strategic decision-making, that it is effective. References to positive results and effectiveness, however, seem to rely on impressions within the organisation’s management rather than on hard evidence or measurable business performance.
Drucker (Drucker, 1988) identified that effective strategic business decisions need information about what goes on outside the business. Dean and Sharfman (1996) subsequently stated that decision processes influence the effectiveness of decision-making and that these affect the outcome of the firm. They also conclude from their research of 52 decisions in 24 companies that managers who collect information and use analytical techniques make more effective decisions than those who do not, but again measurement of effectiveness here is not defined. It can be seen, therefore, that, although effectiveness is referred to within the context of strategy and strategic decision making, the specificity of it is often absent, and, as such, the selection of effectiveness for BGS within this consideration does not appear to be identified within the literature.

With respect to organisational effectiveness, definition and measurement are difficult from both a behavioural and statistical point of view. Mitchell et al. (2011), for instance, explore the psychology of decision-making, concluding that erratic decision making has a negative effect on organisations but, again, without clearly defining the measurements. Similar to Dean and Sharfman’s research, this was a study of 2,048 decisions made by 64 CEOs but taken from a psychological perspective. In its most general sense, organisational effectiveness is the concept of how effective an organisation is in achieving its desired outcomes (Etzioni, 1964) which, logically, could be linked to the achievement of business goals. This is reinforced by the dictionary definition of effectiveness which is the capability of producing a desired result. There are further arguments, however, that organisational effectiveness is highly subjective and socially constructed (Willcocks, 1992). Also, “Effectiveness is a hypothetical abstraction existing in people’s minds... having no objective reality.” (Walton and Dawson, 2001:173) In this context, therefore, effectiveness can be a challenging thing to measure although reference to the psychological construct makes it an inappropriate application for BGS anyway as this is centred on intellectual buy-in. Separately, like much of the work previously mentioned, the literature in this area assumes goals have been set already (for example, in organisational effectiveness models such as the Rational Goal Model which focuses on the organisation’s ability to achieve its goals (Balduck and Buelens, 2008)).

The following section looks at how EIBI can be used to measure effectiveness.

2.2.7 EIBI as a Measure of Effectiveness of BGS

It is assumed that business goals are directed at, and communicated, to employees, primarily to have a positive effect on their performance (Locke and Latham, 2013) which, in turn, collectively contributes to the achievement of those goals. For this reason, in seeking to assess the effectiveness of BGS, employees are the ultimate judges; they are de facto intermediaries in achieving business goals, and so any measure of effectiveness
should be focused on them.

Yukl, (2012:23), offers one of the most cited definitions of leadership: “the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives”. This is useful as it links two simple concepts of understanding and acceptance to shared objectives and therefore, potential measurements thereof. If it is agreed that shared goals are equivalent to the business’ goals, then a measure of understanding and acceptance could provide an indication of the effectiveness of the business goals. Locke and Latham (1990) discuss goals being shared within teams, and they extend this to macro goals. As is discussed later, macro goals could refer to business goals if defined as such and, therefore, shared goals can be equivalent to business goals.

The word buy-in would appear to coincide with the two elements of measurement, understanding and acceptance. The dictionary definitions for buy-in (Merriam Webster³ and others from an online dictionary search for buy-in), tend to refer to acceptance of, and willingness to support and participate in, something actively; to agree with; to accept an idea as worthwhile. According to Mathews and Crocker (2016), when discussing organisational change, the term buy-in is often used and can be found in popular and technical literature, but the term is rarely defined. They define buy-in as “an individual cognitive and behavioural activity related to an employee’s commitment to a specific change effort that exists on a continuum from denial to resolution.” (Mathews and Crocker, 2016:85) Consistent with the cognitive and behavioural dimensions, in their paper, The Buy-in Benchmark: How Staff Understanding and Commitment Impact Brand and Business Performance, authors Thomson et al. (1999), who interviewed 350 managers and employees to provide a benchmark for buy-in, describe two aspects or sub-segments of buy-in: intellectual buy-in as greater staff understanding along with commitment as emotional buy-in. With this, they were able to identify links between buy-in and perceived employee performance.

Although both components of what they call the buy-in matrix could be important, it is the intellectual buy-in that appears to be the more robust and objective in terms of measurement as the questions used can be linked effectively to understanding and acceptance. For instance, they asked whether staff understand what they need to do in their job to support the organisational aims and goals, part of their measure of intellectual buy-in, which can be probed for accuracy (e.g. can they play back and demonstrate their understanding?). This compared to the question of whether staff views and participation

³ https://www.merriam-webster.com/dictionary/buy-in
are valued, as part of the measurement of emotional buy-in, which would elicit a subjective response. They cite that emotional buy-in covers many measurements of feelings or impressions which are highly subjective. Interestingly they also link these concepts to the capital of the business: intellectual capital is in people's minds, the knowledge or know-how about people, processes, practices, etc.; emotional capital is in people's hearts, the feelings of employees that affect their decisions to act on their knowledge about an organisation and buy into business goals.

This is not to deny the contribution that emotional buy-in can make. Thomson et al. strongly argue that commitment is required as much as understanding. This is a theme echoed in Section 2.2.8 Commitment and Engagement vs EIBI, where additional variables are discussed that the BGS may not be fully or even partially responsible for. Thomson et al. (1999) go on to identify differences between the two types of buy-in: intellectual buy-in relates to the extent to which employees are aware of, and aligned with, the brand and the business goals and strategies and understand how they can positively affect them; emotional buy-in describes the employees' commitment to achieving the goals through their emotional attachment and associations. Locke and Latham (1990) believe the following can have important effects on commitment and, therefore, should be monitored: positive factors including Authority, Trust in Authority, Peer (Group) Influence, Publicness (including Importance of the Task), Expectancy of Success and Self-Efficacy. In addition, however, potential negative factors should also be monitored, including Incentives and Rewards, Self-Administered or Internal Rewards, and Punishment. This list illustrates the additional influences and immeasurables that emotional buy-in introduces.

In line with the description of goals, Thomson et al. cite Dowling as stating that “Organisations depend on their people having a strong understanding of the business direction.” (Thomson et al. 1999:826) Their interviews with 350 managers and employees also found, amongst those who agreed they have a clear sense of their organisation's vision and direction, most also have high overall levels of intellectual buy-in. Thus, intellectual buy-in can be a valid measurement of effectiveness in measuring BGS.

Huang et al. used the intellectual versus emotional buy-in terms effectively in examining the introduction of ERP (Enterprise Resource Planning) in an organisation. Their case study specifically looked at the importance of both intellectual and emotional buy-in in the implementation of the ERP. They described and measured intellectual buy-in as, “The process and dynamics of achieving … a degree of awareness, understanding and conviction…” (Huang et al., 2001:5).

The other element to buy-in, as stated by Buengeler and Piccolo’s (2013) chapter Leadership and Goal Setting, is an agreement to the goals. Agreement, as a term, could
be considered complicated and, arguably, more aligned to emotional buy-in. Ansoff (1980), however, identified that ultimately, regardless of the choices, acceptance of strategy within the organisation is essential. As part of the definition, therefore, acceptance, as opposed to an agreement, is more specific. This provides an opportunity to evaluate business goals by measuring aspects of employee understanding and acceptance and, consequently, their intellectual buy-in to these goals.

There are, of course, other factors that potentially can affect buy-in, both intellectual and emotional. In their work with individuals, Locke and Latham (1990:135) believe that assigned goals will be most effective when: the authority figure is seen as legitimate; the assigned goals imply associated rewards and punishments, convey (positive) self-efficacy information and (high) normative information, foster a sense of achievement, imply opportunities for self-improvement and challenge people to prove themselves. They go on to identify aspects of the goal setting process that can influence buy-in such as that the authority figure being physically present, is supportive, is trustworthy, provides a convincing rationale for the goal, exerts reasonable pressure and is knowledgeable and likeable. In reviewing these factors, it is evident that there are those aspects that can be more easily tested as part of intellectual buy-in (such as providing a convincing rationale for the goal), while the rest fall within the bounds of emotional buy-in and are less tangible (such as trustworthiness).

The next section seeks to clarify the relationship between commitment, engagement and EIBI.

### 2.2.8 Commitment and Engagement vs EIBI

Early reviews of goal commitment (Hollenbeck and Klein, 1987; Locke, Latham and Erez, 1988) note that it was typically assumed rather than assessed, not sufficiently understood or examined given its central role, and inconsistently defined and measured which is why the element of commitment could be related to emotional buy-in. Tubbs (1993) suggests that five related but distinct motivational concepts have been lumped together under the term goal commitment: motivational force, intention, intention strength, assigned goal adherence and maintenance of that adherence. Deshon and Landis (1997) similarly suggest three distinct components within operationalisation of goal commitment: importance, determination to attain, and unwillingness to abandon the goal. Jaros’ chapter on Measurement of Commitment (Jaros, 2013: Chp 11) in Klein, Becker and Meyer’s book, Commitment in Organisations: Accumulated Wisdom and New Directions, also notes various elements in definitions of goal commitment and suggests the scope be narrowed to remove those that are confusing. He goes on to discuss commitment in general, noting that a lack of consensus regarding the meaning, structure and in turn,
measurement of commitment is detrimental to a coherent and systematic advancement of understanding. Similarly, Klein, Molloy, and Brinsfield (2012) believe the lack of definitional consistency remains today and is an issue with all workplace commitments. Cooper, Klein and Monahan (2013:66) present a useful comparison of definitions in their table describing variation in Goal Commitment Definitions, all of which are behavioural and/or emotional and, therefore, not specifically linked to intellectual buy-in.

Table 2-2 Goal Commitment Definitions (Cooper, Klein and Monahan, 2013)

<table>
<thead>
<tr>
<th>Commitment conceptualizations</th>
<th>Sample definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Conceptualizations that are best viewed as determinants of commitment</strong></td>
<td></td>
</tr>
<tr>
<td>Commitment as an exchange—one’s reciprocal response to either promised or received benefits (economic or social).</td>
<td>“… degree to which an individual is willing to commit resources toward accomplishing a goal.” (Naylor &amp; Igen, 1984, p. 98).</td>
</tr>
<tr>
<td>Commitment as congruence—the internalization of a goal due to shared values or interests.</td>
<td>“… acceptance of it as your own personal goal ...” (Yukl &amp; Latham, 1978, p. 312). “… the use of or internalization of an assigned goal” (Tubbs, 1993, p. 87).</td>
</tr>
<tr>
<td><strong>Conceptualizations that are best viewed as consequences of commitment</strong></td>
<td></td>
</tr>
<tr>
<td>Commitment as motivation—one’s willingness to put forth effort toward a goal.</td>
<td>“… a determination to try for a goal (or to keep trying for a goal), ...” (Locke et al., 1981, p. 143). “… motivation to pursue the goal ...” (Hollenbeck &amp; Brief, 1987, p. 397). “… determination to reach a goal, ...” (Locke, Latham, &amp; Erez, 1988, p. 24). “… the strength of one’s intention to reach a goal ...” (Tubbs, 1993, p. 87). “… the degree to which the individual ... is determined to reach it by expending effort over time ...” (DeShon &amp; Landis, 1997, p. 106).</td>
</tr>
<tr>
<td>Commitment as continuation—the desire to continue to pursue or the unwillingness to abandon a goal.</td>
<td>“… an unwillingness to subsequently reduce goals ...” (Campion &amp; Lord, 1982, p. 268). “… persistence in pursuing it over time.” (Hollenbeck, Williams, &amp; Klein, 1987, p. 18)“... the degree to which the individual ... is unwilling to abandon or lower the goal ...” (DeShon &amp; Landis, 1997, p. 106).</td>
</tr>
<tr>
<td><strong>Conceptualizations of commitment that are not confounded by antecedents or outcomes</strong></td>
<td></td>
</tr>
<tr>
<td>Commitment as an attitude—one’s summary evaluation of the goal.</td>
<td>“… the degree to which the individual considers the goal to be important, ...” (DeShon &amp; Landis, 1997, p. 106).</td>
</tr>
<tr>
<td>Commitment as a force—pressures that bind or oblige one to a goal.</td>
<td>“… a pre-choice attitudinal evaluation, similar or identical to motivational force ...” (Tubbs, 1993, p. 86). “… a force that binds an individual to a course of action ...” (Meyer &amp; Herscovitch, 2001, p. 301).</td>
</tr>
<tr>
<td>Commitment as a bond—how strongly one is attached to a goal.</td>
<td>“… one’s attachment to ... reach a goal, ...” (Locke, Latham, &amp; Erez, 1988, p. 24).</td>
</tr>
</tbody>
</table>
Vance (2004) connects commitment with engagement (notwithstanding stating the two are separate terms) by suggesting commitment is part of engagement (Table 2-3). This is useful as it might indicate that engagement is at a higher level, i.e. where the employee might be committed but also engaged (for example, where an individual is also clear about what they can contribute with their work). This latter aspect of contribution, however, is more related to the intellectual buy-in as previously discussed.
Chapter 2

Table 2-3 Employee Engagement Defined (Vance, 2004; Schaufeli, 2013)

<table>
<thead>
<tr>
<th>CORPORATIONS</th>
<th>Engagement is the extent of employees' commitment, work effort, and desire to stay in an organization.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dell Inc.</td>
<td>To compete today, companies need to win over the MINDS (rational commitment) and the HEARTS (emotional commitment) of employees in ways that lead to extraordinary effort.</td>
</tr>
<tr>
<td>Intuit, Inc.</td>
<td>Engagement describes how an employee thinks and feels about, and acts toward his or her job, the work experience and the company.</td>
</tr>
<tr>
<td>Corporate Leadership Council</td>
<td>The extent to which employees commit to something or someone in their organization, how hard they work and how long they stay as a result of that commitment.</td>
</tr>
<tr>
<td>Towers Perrin</td>
<td>Engaged employees: Stay - They have an intense desire to be a part of the organization and they stay with that organization. They report a sense of ownership for the organization by referring potential employees and customers, are positive with co-workers and are constructive in their criticism; Strive - They exert extra effort and engage in behaviors that contribute to business success.</td>
</tr>
<tr>
<td>Kenexa</td>
<td>Engagement is the extent to which employees are motivated to contribute to organizational success, and are willing to apply discretionary effort (extra time, brainpower and effort) to accomplish tasks that are important to the achievement of organizational goals.</td>
</tr>
<tr>
<td>Towers Perrin</td>
<td>Engagement is the extent to which employees put discretionary effort into their work, beyond the required minimum to get the job done, in the form of extra time, brainpower or energy.</td>
</tr>
<tr>
<td>Hewitt Associates</td>
<td>Engagement is the state of emotional and intellectual commitment to an organization or group producing behavior that will help fulfill an organization's promises to customers - and, in so doing, improve business results. Engaged employees: Stay - They have an intense desire to be a part of the organization and they stay with that organization. They report a sense of ownership for the organization by referring potential employees and customers, are positive with co-workers and are constructive in their criticism; Strive - They exert extra effort and engage in behaviors that contribute to business success.</td>
</tr>
<tr>
<td>The Needs-Satisfying Approach</td>
<td>Kahn (1990) defined personal engagement as the &quot;harnessing of organization members' selves to their work roles: in engagement, people employ and express themselves physically, cognitively, emotionally, and mentally during role performances&quot; (p. 694). He conceptualized engagement as the employment and expression of one's preferred self in task behaviors. Although important for the theoretical thinking about engagement, the Needs-Satisfying approach has only occasionally been used in empirical research (e.g., May, Gilson and Harter, 2004).</td>
</tr>
<tr>
<td>The Burnout-Antithesis Approach</td>
<td>Rooted in occupational health psychology, this approach views work engagement as the positive antithesis of burnout. As a matter of fact, two schools of thought exist on this issue. According to Maslach and Leiter (1997) engagement and burnout are the positive and negative endpoints of a single continuum. More specifically, engagement is characterized by energy, involvement and efficacy, which are considered the direct opposites of the three burnout dimensions exhaustion, cynicism and lack of accomplishment, respectively. By implication that means that persons who are high on engagement are inevitably low on burnout, and vice versa. The second, alternative view considers work engagement as a distinct concept that is negatively related to burnout. Work engagement, in this view, is defined as a concept in its own right: &quot;a positive, fulfilling, work related state of mind that is characterized by vigor, dedication, and absorption&quot; (Schaufeli, Salanova, González-Romá, and Bakker, 2002: 74), whereby vigor refers to high levels of energy and mental resilience while working, the willingness to invest effort in one's work, and persistence even in the face of difficulties; dedication refers to being strongly involved in one's work, and experiencing a sense of significance, enthusiasm, inspiration, pride, and challenge; and absorption refers to being fully concentrated and happily engrossed in one's work, whereby time passes quickly and one has difficulties with detaching oneself from work. To date, most academic research on engagement uses the Utrecht Work Engagement Scale (UWES), a brief, valid and reliable questionnaire that is based on the definition of work engagement as a combination of vigor, dedication, and absorption (Schaufeli, 2012).</td>
</tr>
<tr>
<td>The Satisfaction-Engagement Approach</td>
<td>According to the Gallup Organization: &quot;The term employee engagement refers to an individual's involvement and satisfaction with as well as enthusiasm for work&quot; (Harter, Schmidt and Hayes., 2002: 269). Thus, like the definitions of other consultancy firms, Gallup's engagement concept seems to overlap with well-known traditional constructs such as job involvement and job satisfaction. This is illustrated by the fact that, after controlling for measurement error, Gallup's Q12 correlates almost perfectly (r = .91) with a single item that taps job satisfaction, meaning that both are virtually identical. The authors acknowledge this overlap by stating that the Q12 assesses &quot;antecedents to positive affective constructs such as job satisfaction&quot; (Harter et al., 2002: 209). Hence, rather than the experience of engagement in terms of involvement, satisfaction and enthusiasm, the Q12 measures the antecedents.</td>
</tr>
<tr>
<td>The Multidimensional Approach</td>
<td>Saks (2006) defined employee engagement as “a distinct and unique construct consisting of cognitive, emotional, and behavioral components that are associated with individual role performance” (p. 602). This definition is quite similar to that of Kahn (1990) because it also focuses on role performance at work. The innovative aspect is that Saks (2006) distinguishes between “job engagement” (performing the work role) and “organizational engagement” (performing the role as a member of the organization). Although both are moderately related (r = .82), they seem to have different antecedents and consequences. Despite its intuitive appeal, the multidimensional approach (i.e., the distinction between job and organizational engagement) has hardly been taken up by the research community.</td>
</tr>
</tbody>
</table>
Further definitional further work by Hsia (2017:24) is also useful. She describes her work in terms of *organisational* buy-in versus *commitment*. She explores this in her dissertation on *Organizational Buy-In And Employee Retention* and states, “...similarly based on an employee’s belief in the organization’s goals and values, organizational buy-in isolates the employee’s support of and willingness to participate in the organization’s strategy to accomplish those goals from a sense of identity and attachment that is characteristic of organizational commitment.” Though trying to separate buy-in from commitment, this definition continues to demonstrate the mix of intellectual and emotional buy-in by combining the terms such as *belief* (intellect) with the term *willingness* (emotion).

As with previous terms, it is considered useful to review the research on both commitment and engagement but only where elements might contribute to the understanding of intellectual buy-in. Also, as previously stated, it will be important to distinguish what is to be measured and ensure that the word engagement, if used, is not taken out of context in this research, i.e. it should be used only as a means of measuring intellectual buy-in, as defined by the understanding and acceptance of the business goals that are being referred to. An example of this is Vance’s (2004) reference that an employee can be clear about what they can contribute (towards achieving the business goals). This will be discussed further in Section 2.3.4 *The Link between BGS and EIBI*.

The following section summarises the distinctions that are used in this research.

### 2.2.9 Distinctions Used in this Research

Having thus outlined the difficulties presented by definitions, for the purpose of the research, the following distinctions are used (Witcher and Chau, 2012).

**Mission** – a statement of the core areas of the business or business model (sometimes referred to as the *purpose* of the organisation).

**Vision** – a statement of desired future position for the business (which includes, if not being interchangeable with the term, *Goal* (as outlined in Section 2.2.5 *Vision vs Business Goals*). Interestingly, Hamel and Prahalad (1994) prefer the word *Foresight* as being a better, more accurate reflection of the concept.

The basic definition of a *goal* is, therefore, the desired result that a person (or an entity) wishes to achieve. As such, *business goals*, it may be concluded, are the desired end-results for the business or, as synthesised in Section 2.2.4 *Business Goals, ‘an eventual desired state or destination that fulfils the ambitions of the business’*. They may be described or outlined in the vision and, in turn, interact with the mission and tend to be longer-term, aspirational and complex. *Strategies* are the potential options to achieve the
goals. Strategic Priorities is another term that might also be associated with goals. Finally, objectives are the functional stepping stones necessary to deliver the strategies to achieve the goals (Porter, 2004).

As outlined in Sections 2.2.7 EIBI as a Measure of Effectiveness of BGS and 2.2.8 Commitment and Engagement vs EIBI, intellectual buy-in can be seen as a subset of engagement and is defined as the degree to which an individual understands and accepts (for the purpose of this research) business goals.

The above sections, within the heading of Definitions Related to Business Goals, has outlined the potential difficulties that definitions pose to having a clear understanding of Business Goals and therefore is part of the research, insomuch that it was important to research what employees, both staff and the SLT, understand of terms used within their organisation and the impact of this on EIBI.

The next section will begin the task of understanding the role of business goals in the context of strategic management and examine it through the evolution of the discipline.

2.3 BGS and Strategic Management Theory

A strategy development process can be defined as the steps that an organisation follows to develop and implement their strategies. This is described within the academic discipline of Strategy (Ansoff, 1980) and is not to be confused with a decision-making process (which typically falls under Organisational Behaviour as a discipline) even though there is overlap between the two (simply because individuals are involved in strategy development). As this research is focused on the business goals themselves, what is of interest is how they were developed and the end-product of that development, including how this is communicated to employees.

2.3.1 BGS and the Evolution of Strategic Management

Ansoff, back in 1980, mapped the evolution of strategy concepts using what he considered to be the different management systems. This has been repeated and extended by others (for example, Mintzberg and Waters, 1985; Hamel and Prahalad, 1994; Hussey, 1999; Mishra, Mohanty and Mohanty, 2015). Ansoff identified Long Range Planning was being replaced by Strategic Planning and then Strategic Management (up to, using his term, Surprise Management, which didn’t seem to catch on), viewing it as evolution where some practices remain either because management was slow to catch on or because the industry was slow to adopt them. The literature reveals this more as incrementalism. However, what is still relevant today is that he saw the need to have
continuous surveillance both inside and outside the organisation, collecting information to feed into decision-making, as it is through analysis that strategic insight is gained. What he didn’t specify is how goals are part of strategic management, whether the data gathering was used for goal setting or how the goals are decided upon.

In 2010, Teece took the discussion of the evolution of strategic management to a different level, associating it with the concept of the *Business Model*. It is interesting to read the terms used and how these continue to say much the same as some of the historical thinking, just worded differently. For instance, he states that:

“The essence of a business model is in defining the manner by which the enterprise delivers value to customers, entices customers to pay for value, and converts those payments to profit. It thus reflects management’s hypothesis about what customers want, how they want it, and how the enterprise can organize to best meet those needs, get paid for doing so, and make a profit.” (Teece, 2010:172)

Teece does not, however, differentiate as to where this fits within strategic management. Ironically, it reflects earlier definitions as far back as that of strategic planning (Heracleous, 1998). This thus shows the continued overlap and evolution within the research area of strategic management and possibly even occasional regression. Rumelt (2008) states that it is essential for firms to review their strategies and so the terminology is not the issue, rather it is the action that is important. Finally, the current state of the evolution involves the recognition of customers and stakeholders as the drivers of strategy (Savage et al., 2011). What is useful is that they identify the often conflictive nature of the goals presented in a business in terms of the impact on, or value delivered to, each of the different stakeholders. However, like previous work, they all fail to describe the purpose of business goals or how they could or should be arrived at.

While insightful, those mentioned above appear as, perhaps, at best, filling in the gaps or adding clarification to original concepts. An interesting piece of work by Baum et al. (2001) draws on a possible issue with strategic management in that it is self-limiting and needs to link to other disciplines. They chose to look at the broader, combined effects of a variety of theories (including strategic management, organisational behaviour, organisation and entrepreneurship) using a multidimensional model to examine business growth. This was tested on 307 companies within a specific sector, making it one of the few empirical studies on goal setting that the literature review has revealed. They surveyed, via questionnaire, CEO’s and employees within one industrial classification (architectural woodwork) against 17 “predictor concepts” (Baum et al. 2001:97) under five headings. Their results showed that growth cannot be adequately explained from a single perspective, requiring researchers to consider traits, competencies, motivation,
environment and strategies, which is a useful conclusion for this research when considering bridging OB and Strategy. However, another useful aspect of their research is that they separated vision and goals, associating vision with charismatic leadership and goals with individual motivation. These were both being considered from an organisational behaviour perspective with goals set for, or by, an individual (albeit at CEO level) citing Locke and Latham’s work.

Another area or branch of strategic management is what is called Strategy-as-Practice (SaP) described by Whittington in 1996 but not really popularised until much later (Jarzabkowski, 2005). This seemed a useful avenue to pursue given the eminence of many researchers in its field (Whittington and Cailluet, 2008). Whittington (1996) concluded that there was a need to extend the evolution of strategic management to bridge the space between academia and practice. This pursuit has offered up many hypotheses in a number of areas but still the empirical research does not offer much in the area of BGS (once again often assuming goals have been set already in a separate exercise). There is, within SaP, a healthy debate as to how research can be applied but also, importantly, how it can be analysed better to provide more useful theory which BGS could contribute to.
Jarzabkowski and Wilson (2006), who have conducted a lot of conceptual development in this area, suggest there is an opportunity to look at the overall discipline. They believe that due to the differences between academics and practitioners, academia may be asking the wrong questions and, more importantly, failing to see the need for practice in terms of flexible application of theory. From a paper by Seidl and Whittington, they state “What has proven more difficult for strategy-as-practice researchers is applying these theoretical resources in systematic empirical research.” Seidl and Whittington (2014:2)

As a term, or set of terms, the area of Strategic Management is rich in content and breadth but often distorted by the very people who use it most, e.g. senior management. In his paper, Undermining Staying Power: The Role of Unhelpful Management Theories, Martin (2009) describes this distortion and why it happens, highlighting that often the concepts are moulded to fit the specific desires of individual managers depending on how they are paid and how their success is judged. If anything, this is further validation of the need to understand the value of BGS in the context of strategic management as it may contribute to bringing a clarifying lens to management practices. It also might aid in separating out issues associated with hindsight bias where the goals are expressed more clearly when they are eventually aligned with the results (Roese and Vohs, 2012).

It can be concluded that BGS is part of strategic management as business goals are mentioned throughout the literature cited above, although it is unclear why the process itself is so rarely described. This alone makes it worth understanding BGS’ positioning in the minds of organisations as well as in other disciplines and areas of theory where it is similarly unclear. Specifically, then, the way in which BGS’ positioning affects the overall understanding of the concept has been considered when designing this research. An inductive approach is favoured as it limits the potential for researcher bias and is less likely to be skewed or misled by conceptualisations that potentially have yet to be proven empirically.

The next section seeks to understand BGS within the context of the processes described in strategic management, the information used, and the content produced.

2.3.2 Business Goals in the Strategy Development Processes

The plethora of different strategy models and processes that are expounded upon both in practice and academic literature shows that there is no single way to arrive at a business strategy nor to describe the strategy development process. It can, therefore, be disputed as to what constitutes a strategy and what a strategy consists of (Mintzberg, Ahlstrand and Lampel, 1998). The fact that Mintzberg and Waters (1985), leading figures this field, believe a strategy can be emergent and, therefore, not planned, is in itself a
demonstration to what extent the concept of strategy development can be skewed especially given the common definition of strategy imparts some sort of advanced planning (Ansoff, 1991).

If it is agreed that some sort of advanced planning is part of the strategy development process, then a planned strategy being driven by market information comes down to choice, and this choice can be influenced by a number of stakeholders. For instance, instead of using market information, the choice of strategic direction, as we have seen in more recent years, can be driven merely to satisfy shareholders by increasing shareholder value in the short-term and, complementary to this, by the incentives driving those in the position to make strategically relevant decisions (Lazonick and O'Sullivan, 2000; Grundy, 2006; Martin, 2010). From the literature, it can be seen that the focus on shareholder value is potentially a corporate goal and not a business goal (Lazonick and O'Sullivan, 2000) (see also the assumed definitional difference between corporate and business goals in Section 2.2 Definitions). This could, therefore, conflict or be confusing when combined with the business goals.

Over the evolution of the concept of strategic management, a number of different models and processes have been developed within strategy development, many of which have become popular for a given time as management seeks a silver bullet or perhaps, more concerningly, a shortcut. This is demonstrated well in Aktouf’s (2005) review of Porter’s work, entitled The False Expectations of Michael Porter’s Strategic Management Framework. For completeness, it is worth mentioning a few others; for instance, Resource-Based View (RBV) (Wernerfelt, 1984), Activity-Based Approach (ABA) (Jarzabkowski, 2005) and Knowledge-Based View (KBV) (Eisenhardt and Santos, 2002) are conceptualised processes of strategic management that have passed through both academia and business and also might have an impact on the perception of BGS. Some are even seen as subsets of others such as Jarzabkowski’s (2005) view that an Activity-Based Approach is how SaP can be studied, or Chia and MacKay's (2007) view that it is the next step or extension beyond SaP. More recently, and, perhaps, more applicable given fast-changing competitive markets, is the Knowledge-Based View which aims at understanding the flow of knowledge in the creation of strategies (Eisenhardt and Santos, 2002; Kodama, 2006). However, anyone familiar with the discipline of strategy will be familiar with the variety of strategic processes described by Mintzberg and later by other colleagues (Eisenhardt and Santos, 2002; Mintzberg et al., 1998; Mintzberg and Waters, 1985; etc.). For this research, there is no single strategy process type that affects BGS specifically, if it is accepted that even Mintzberg’s Emergent Strategy (Mintzberg and Waters, 1985) must start with some anticipated achievement. However, in reviewing the various processes mentioned above, as applied to strategy development, BGS is not
necessarily an explicit part of the process.

Strategy development also should be seen in the context of the tools proffered to support the strategy development process. Morrison and Wensley (1991), for instance, offer an interesting review of the BCG Matrix and conclude it might lead to strategic myopia. Equally, therefore, any reliance on Porter’s 5 forces, Ansoff’s Matrix, SWOTs or any other popularised tool in itself could be detrimental to the development of robust business goals (if used for that purpose). Professor Michael G. Jacobides of the London Business School concurs in an interview for McKinsey Quarterly (2014:2) saying:

“Yes, I think we may need new tools or frameworks. When the environment changes profoundly, the maps with which we navigate it may need to shift as well. For instance, from telco to healthcare to computers, sector boundaries are changing or dissolving, and new business models are redefining the competitive landscape. So, tools such as Michael Porter’s five forces, created for a more stable, more easily definable world, don’t just lose their relevance — they become actively misleading.”

A more recent and very popular tool is the Business Model Canvas (Osterwalder and Pigneur, 2010), which seeks to provide a systematic way for a business to develop their business model as their business strategy (see previous comments on business models with regards to strategic management in Section 2.3.1 BGS and the Evolution of Strategic Management), but does not actively seek to develop the business’ goals. Their tool has the user(s) complete various boxes, called The 9 Building Blocks, with information from which to draw insight whose purpose, they say, is to show the logic of how a company intends to make money. In essence, the information and insight created could contribute to BGS. However, the tool is not intended to develop the business goals in themselves. A quote from a user states that “The Canvas was flexible enough to take into account the goals” (Osterwalder and Pigneur, 2010:50), e.g. which suggests they were predefined.

Although potentially useful, in practice, these types of tools depend heavily on the effort put in to populate the various blanks with insightful information, and then even more effort to interpret the information and choose a way forward. Such effort is neither described nor quantified in the literature and might be one of the reasons why organisations fail to use the tools as intended, i.e. because of lack of investment in terms of time and resources required (Aktouf, 2005; MacLeod and Clarke, 2009).

This raises a question about the approach used in strategy development. Amason (1996), in his article about the conflict in strategic decision-making, identifies that top management makes strategic decisions and that conflict should not be in evidence if maximum performance is to be gained. He argues that strategic decision-making has
been well researched and that, "One stream of this research, focusing on the quality of the decisions themselves, has identified two principal antecedents of decision quality: the cognitive capabilities of a top management team and the interaction process through which the team produces its decisions." (Amason 1996:124) This adds value by indicating that a multiple-view approach improves quality. It also identifies that it is a process to be followed and that one or more of these exists. He does not mention, however, the sources and quality of information used in the decision-making nor anything specifically about business goals.

Porter (2004) stresses the use of industry information in the strategy development process, and this, he believes, to be appropriate for industries where large amounts of market data are available. Bourgeois and Eisenhardt's (1988) paper, however, argues that this is not possible in high-velocity firms. Interestingly their definition of high-velocity firms seems to include industries such as computing, banking, airlines, pharmaceuticals, etc. that are considered advanced and with deep history from which to extract potential insight. That said, this review has not intended to address the sources of information that have been or should be used.

Similar to all of Eisenhardt's articles (1988-2010), there is an analysis of the strategic decision processes, but only after a goal has already been established. Most of her articles try to imply an either/or scenario where strategy development is either irrational or rational; irrational in that there is little planning or rational meaning slow-moving, lethargic, centralised, mechanistic and bureaucratic. This notion also conflicts heavily with the evidence presented in Simon's (2009) book, Hidden Champions of the Twenty-First Century: Success Strategies of Unknown World Market Leaders, where it is the combined efforts of the business that creates the strategies regardless of its industry or segment.

Bingham and Eisenhardt (2010) argue that strategy development is influenced by heuristics (e.g. rules of thumb), experience and whatever helped achieve previous goals and that this, in turn, drives decision-making. They do not specifically address whether business goals themselves are set through heuristics but seem to imply this. They also use the term organisational processes which, although acknowledged to be part of the strategy development process, comes without a description of the information that goes into it. Influenced by the heuristics, Bingham and Eisenhardt do not describe when and how such information is used or how it affects performance. The paper addresses the strategies that were chosen, not how the business goals were set. The paper does not specifically discuss BGS, and so, again, it is assumed goals have already been set. An example of this is "the executive team learned a selection heuristic: target the audit group within customer organisations to get sales" (Bingham and Eisenhardt, 2010:1449), which implies the goals for the sales team had been established already and that this was
simply strategy to achieve the goal.

It may be concluded that the processes reviewed all have in common a strategy whose purpose depends on both the creator and the intended user. That is to say that each takes a perspective to create an analytical base for a given process, which is useful to know, but the links to BGS, again, are elusive. Often the only reference is to Locke and Latham which, as is shown later in Section 2.4 *BGS and Goal Setting Theory*, is really limited to goal setting at an individual or, at most, group-level such as the goals for the sales team mentioned above. It is also important to discover whether market realities (such as competition) form part of the formulation of business goals and strategies and, as such, there is an opportunity to focus on the information that is or not, used in the strategy development process specifically for BGS. This particular element is reviewed in the next section.

### 2.3.3 Information Used and the Content of Business Goals

This section outlines the literature concerning content in strategy development and, specifically, business goals.

Over 30 years ago, Drucker (1988) identified that businesses need data turned into information for their decisions, especially strategic ones. He stated that it is only outside the business that there are results, opportunities, and threats. Then, twenty plus years ago, Chae and Hill (1996) also recognised the need for better information in strategy development, if for no other reason other than to keep pace with international threats and opportunities. Both of these examples highlight the apparent advantage companies had before their research, with *captured* customer bases and production led markets, so their concepts were then novel. In more recent times, as the technology saturates and profit margins decline, there is a greater focus on getting improved information about customers, markets and competitors, particularly as all these sets continue to morph with new entrants from different previously unrelated business areas (Wright, Paroutis and Blettner, 2013; Gallup, 2017; Weinberg *et al.*, 2017).

Chae and Hill (1996), for example, through surveys of international companies, sought to establish, amongst other things, how business goal setting should be managed, albeit in an international context. This showed that companies tended to limit themselves to profit, sales and market share goals while, at the same time, their number one problem in planning was "*lack of information of the ‘right kind’*" (Chae and Hill 1996:885). The list of areas those companies had planning issues with (in developing their strategies) was also followed by “*too few courses of action/discussion of alternatives*” and then “*unrealistic objectives*” (Chae and Hill 1996:881). It becomes apparent that this is a reflection not of
the internationalisation but of business behaviour and processes in general. They even highlight the absence of knowledge of competitor activities in strategic planning. Their recommendations are clear: use information in the development of goals and strategies. This paper, at least, confirms that other researchers were considering the content of goals at this time. They did not, however, describe an approach or a list of such content.

Gilmore and Camillus (1996), through an examination of corporate failures, demonstrated that the process companies go through to develop their strategies must include the strategic issues facing the business. While this might seem obvious, what they highlight is that companies fill in the boxes without really considering their business issues. Although they use the word content in a different fashion, they show that strategy is often lacking in such content and so goals are likely to be lacking in the same way.

An additional point of value they make is the need to specify and communicate four reasons why the strategies should include content:

"Helping to make plans understood, which enhances the likelihood of coordination and of learning from others, or alternatively gives the opportunity to raise doubt or object; helping people remember others' interests, which aids in negotiation and surfacing information helpful to others; enabling wrong decisions, based on missing or misperceived information, to be identified and corrected that may otherwise have gone undetected; helping to identify questions of greatest weight and greatest disagreement, both characteristics, which are correlated with high risk." (Gilmore and Camillus, 1996:871)

This helps to define the type of information and content that might be needed in BGS as well as ensure that it is functional.

Dobni and Luffman (2003) present an interesting case around an organisation’s behaviour in terms of intelligence gathering (formal and informal) and its use in influencing successful strategy implementation. It appears to show the positive results of broad participation in strategy development which, therefore, could include goal development as an input.

Porter's (2004) ground-breaking work (which later became his 5 Forces) made companies look at all those areas that can influence their business and formulate their strategy on this basis. He states that strategic planning is required to ensure organisations are coordinated and directed at some common set of goals, and also confirms that strategy development should produce the goals. He shows, in his Wheel of Competitive Strategy, that the goals should influence all aspects of the business (Target Markets, Marketing, Sales, Distribution, Manufacturing, Labour, Purchasing, R&D, Finance and Control and
Product Line). However, he then shows that the goals typically will cover profitability, growth, market share, social responsiveness, etc. which could be described as superficial (this is discussed later on). What is important, however, is that he shows how the goals are influenced by the internal and external factors facing the company and presents a test for the goals (Porter, 2004:xxvii). What is also useful is that many of the questions presented examine the information used, and the content within the goals and how they were derived. It is, however, less clear how these points (listed below) were validated empirically. The points are:

**Internal Consistency** - Are the goals mutually achievable? Do the key operating policies address the goals? Do the key operating policies reinforce each other?

**Environmental Fit** - Do the goals and policies exploit industry opportunities? Do the goals and policies deal with industry threats (including the risk of competitive response) to the degree possible with available resources? Does the timing of the goals and policies reflect the ability of the environment to absorb the actions? Are the goals and policies responsive to broader societal concerns?

**Resource Fit** - Do the goals and policies match the resources available to the company relative to competitors? Does the timing of the goals and policies reflect the organization's ability to change?

**Communication and Implementation** - Are the goals well understood by the key implementers? Is there enough congruence between the goals and policies and the values of the key implementers to ensure commitment? Is there sufficient managerial

Perhaps because the literature does not state how goals are arrived at, many readers might misplace emphasis on strategic options (i.e. the things we can do) and so ignore the step of business goal setting. Of course, this may be because, as previously mentioned (Sections 2.1, 2.2, 2.3, 2.4), most other authors assume goals have been established already. Grundy (2006), for instance, identifies shortcomings in practitioner interpretation and use of Porter’s 5 Forces model, and yet even he misses out the BGS as outlined by Porter. More recently, Savage et al. (2011) show the need for consideration of stakeholder issues and their influence on the strategy development process, which, of course, could inform the goal setting process as well. There appears to be much emphasis on gathering information and developing content for strategies but where goals fall within this is unclear. It may be concluded that information and content are essential components of goals and goal setting but that there is a need to clarify what that information and content should be. It is also apparent that emphasising the order of activities could be a valuable contribution.
The next section seeks to understand the link with the strategy development process on performance and specifically EIBI.

### 2.3.4 The Link between BGS and EIBI

As previously stated in Section 2.2.7 EIBI as a Measure of Effectiveness of BGS, the literature indicates that EIBI could serve as the proxy with which to evaluate the effectiveness of BGS. If the reason for setting business goals is assumed to be to direct and positively influence employees, and consequently business performance in terms of achieving the business goals, then by proxy the process must achieve EIBI to the business goals. This is reinforced by a strong body of research showing employee engagement (of which EIBI is a part - see Section 2.2.8 Commitment and Engagement vs EIBI) to be linked with higher growth rates and better results (Harter et al., 2009; Borst et al., 2019). It is also supported by practitioner research. In 2004, the Corporate Leadership Council showed survey evidence of the link with increased performance in many business areas and came up with statistical consequences of high employee engagement. In addition, there have been many meta-studies showing a persistent link between performance and employee engagement (Harter et al., 2009; MacLeod and Clarke, 2009; Alfes et al., 2010; Rayton, Dodge and D’Analeze, 2012; Borst et al., 2019 to name a few) and specifically EIBI, as the survey questions around engagement all typically include a statement (or several) targeting understanding and acceptance (for instance, around how the employee understands and/or perceives their relationship with the company’s goals).

It may be concluded that EIBI is a useful measure of influence on business performance and that business goals can be linked to EIBI.

The above sections, within the heading 2.3 BGS and Strategic Management Theory, has outlined the gaps in terms of understanding, process, information and communication and the impact of this on EIBI.

The next section will look at goal setting theory and how BGS relates to this.

### 2.4 BGS and Goal Setting Theory

Goal setting has a well-established basis in organisational behaviour research as will be discussed. As such, it is a logical starting point when looking at goal setting at a business level as there is, as shown in the previous sections, a potential knowledge-gap in terms of business goals from a Strategy perspective. However, Goal Setting theory, while contributing to bridging the disciplines, must be seen as not at the actor level and therefore from an organisational behaviour perspective, but, for this research, at a
business level use of goals. As will be explained, Goal Setting theory, from an organisational behaviour perspective, limits its contribution but provides valuable insight. In fact, it necessitates a degree of integration between the two disciplines. This is because there are learnings to build on, but also it recognises that gaps are created when taking singular perspectives. It, therefore, provides a complementary theoretical framework to the research.

As meta sources of literature with regards to goal setting and its effect on performance, both A Theory of Goal Setting and Task Performance by Locke and Latham (1990) and later the large collection of research in New Developments in Goal Setting and Task Performance edited and contributed to by Locke and Latham (2013) provide the bulk of this section. This is because Locke and Latham are the eminent scholars in this area and two of the few who have researched this topic extensively while also collecting the work of others. Their own research has involved setting tasks in both work and laboratory settings though most have been in the later. Examples include typing, performance appraisals, assessment tests, mathematical exercises, brainstorming, and business games. Typically the tasks varied in their composition and context, for instance, both in terms of skill and temporality. However, many other variables have been researched. Most importantly, linked to their conclusions and theory, specificity and degree of challenge. For instance, they differentiated between stating that the goal needed to be achieved and compared this to asking the individual to “do your best”. Other variables include how goals were assigned, individual involvement, supervisor support and feedback, rewards, social influences, etc.

At the time of the publication of A Theory of Goal Setting and Task Performance, their theory was based on close to 400 empirical studies and showed that specific and challenging goals for individuals improved individual performance. According to Mitchell and Daniels (2003), between 1990 and 2013, over 600 additional empirical studies were published, and “the use of goal setting has expanded into many domains including education, leadership, psychotherapy, health promotion, creativity, bargaining, sports, and entrepreneurship, among others” (Locke and Latham, 2013:xi). Typically these studies are replications of Locke and Latham’s empirical work (which they have encouraged), taking individual subjects and testing the effect of different goal types, whilst also reflecting these in a variety of different circumstances. As such, Locke and Latham’s initial theory, built on their meta-study and own empirical work, has been well tested with other researchers going on to validate and expand on their theory (including many already mentioned in this literature review such as Klein, Bandura, Piccolo, Buengeler and Baum). There are no less than 76 contributing authors to Locke and Latham’s 2013 New Developments in Goal Setting and Task Performance which details additional research into the area of goal
setting. A key issue with this, however, is that the research is based almost entirely on goal setting at an individual, rather than a business, level and, as such, concentrates on individual, and some group, behaviour.

As described in the introduction, the real divide between the organisational behaviour and strategy research may be down to the type of research that can be done within each discipline. For instance, it is difficult to be an empiricist in researching strategy or organisational behaviour at a business level (Thompson and McEwen, 2007) and therefore more dominated by conceptualisation through rationalisation for those that research strategy. As an example, it is generally not possible to ask that a company set up two groups, one for a strategy development experiment and another as a separate control group and let each go through the whole strategy development process, monitoring real outcomes. Equally, setting up a similar experiment in a laboratory setting would be difficult. As such, because of the difference in their experimental base, Locke and Latham and their colleagues have excelled in the empirical research to a certain level of organisational complexity, and the literature shows that they have concepts both in terms of theory and in terms of research methodology that could benefit strategy researchers.

However, Locke and Latham’s and their colleagues’ OB perspective on goal setting, which has primarily been based on goal setting at an individual or team level, while a useful starting point, is limited when elevated when examined at a business level if not also assessed against the added implications of business strategy. In other words, they have primarily taken a purely organisational behaviour perspective to goal setting; they’ve looked at the people to people interaction and not taken a strategy perspective.

This is a reflection of Locke and Latham themselves and the contributing authors all having strong organisational behaviour and leadership focused backgrounds - only two out of the 76 contributors are Professors of Strategy) and does not look at strategy or the strategy development process of goal setting. Even though the first known study to show the relationship between goals and subsequent performance statistically was, apparently, that of Bayton (1943), it is Locke and Latham’s (1981) original research that is known best. From about the late 1960s onwards they were able to demonstrate, mostly by testing individuals in a laboratory setting with specific tasks to achieve, that specific and challenging goals for individuals do improve individual performance as measured by for instance completing the task within a specified time or completing a task in its entirety. By varying the conditions of the goals (in terms, for example, of detail and parameters), they were able to reach their conclusions. Later on, commitment to goals and participation in setting goals was included using the same testing techniques and has been shown to have a further effect on performance using similar measures.
Within their original work, they did predict that this eventually would extend upwards in organisations. “Future research will also take us into the realm of macro-organisational behaviour.” (Locke and Latham, 1990:109) However, it was only extended to teams and (to a limited extent) organisations in the 2000s through additional research conducted by others (Locke and Latham, 2013) and included the introduction of case studies. Even then, at a business level, the research centres around CEOs and large turnarounds or large projects, as in the examples provided by Saari (2013) in her chapter Goal Setting and Organizational Transformation. She cites instances where companies (IBM, Ford, Boeing, etc.) used non-specific business goals to drive individual goals. In the case of IBM, the generalised goals were Win, Execute and Team with no specifics attached to them, but with each employee having specific individual goals aligned to them.

Much of Locke and Latham’s work stems from the insight gathered by Taylor stating that the average workman will work with the greatest satisfaction when given a definite task which is to be completed in a specific time. He believed this furnishes the workman with a clear-cut standard to measure his own progress and accomplishment (Taylor, 1911). As can be seen, by the themes in their work and that of others, Locke and Latham (1990, 2013) focus on work motivation. In contrast, this research is seeking specifically to understand goals set at a business level, using EIBI to evaluate their derivation, content and communication.

It may be concluded that Locke and Latham and their colleagues (1990, 2013) provide a sound basis for the research and that they show that further exploration of their theories is needed at an organisational level. It also can also be concluded that much of the research regarding specific and challenging goals used at an individual level fails to describe how those goals were derived or communicated which is important from a strategy perspective (at an organisational level – they describe communication in a laboratory environment and as already existing between supervisors and subordinates). They do, however, describe a useful means of feedback for determining the effects of goal setting, and this can be considered when looking at the research methods. Their and their colleagues also have demonstrated that the case study approach is a worthwhile methodology and provides empirical evidence to their research.

It is worth noting that Locke and Latham are not without their critics. In the Academy of Management Perspectives journal there is a fairly current article entitled “Goals Gone Wild: The Systematic Side Effects of Overprescribing Goal Setting” (Ordóñez et al., 2009); using a mix of goal examples at various levels in the organisation, from individual to corporate within their discussion, the authors mention Locke and Latham’s work. This an OB based piece around individual reactions and behaviour to goal setting. Their conclusion is that,
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“For decades, scholars have prescribed goal setting as an all-purpose remedy for employee motivation. Rather than dispensing goal setting as a benign, over-the-counter treatment for students of management, experts need to conceptualize goal setting as a prescription-strength medication that requires careful dosing, consideration of harmful side effects, and close supervision. Given the sway of goal setting on intellectual pursuits in management, we call for a more self-critical and less self-congratulatory approach to the study of goal setting.” (Ordóñez et al., 2009:19)

Locke & Latham responded in their own article in the same journal entitled “Has Goal Setting Gone Wild, or Have Its Attackers Abandoned Good Scholarship?” (Locke and Latham, 2009)

“We believe that Ordonez, Schweitzer, Galinsky, and Bazerman (2009), in their critique of goal setting, have breached the principles of good scholarship. Rather than conducting or integrating research, they chose to draw their central theme from anecdotal evidence. Further, they employ unrepresentative citations from the literature, the misreporting of results, and the use of emotionally laden metaphors rather than dispassionate language. Moreover, almost all the pitfalls of goal setting they cite, rather than being original, have already been published—by us. In this rejoinder, we highlight these shortcomings.” (Locke and Latham, 2009:17)

What is useful about this piece is that Locke and Latham demonstrate that they themselves have demanded empirical evidence over anecdotes and describe how they, and colleagues, have approached and developed the theory with rigour.

The next section will look at the role of business goals specifically, elaborating on the above, to see what the literature offers in terms of understanding the need for goals.

2.4.1 The Role of Business Goals

This section is limited only to highlighting the role of goals in leadership and vice versa. The concept is of interest to this research but only with regards to if and how, in a leadership role, the goals are derived and communicated.

Chandler (1962:13) states that strategic planning is “the determination of the basic long-term goals and objectives of an enterprise and the adoption of courses of action and the allocation of resources necessary for carrying out these”. As far back as that paper, it was clear that goals were a useful management tool. Peel and Bridge (1998) go on to establish that regardless of whether it is a goal or a group of objectives, its purpose is to provide direction. So, this would make it clear that in some way, goals are part of a
communication to staff or even a communication tool in itself.

Berry shows in her research that even smaller, entrepreneurial companies eventually need goals, and this is to direct and motivate. A quote from one of her respondents explains this: “As the company has grown, we have had to basically formalise our goals and objectives.” Berry (1998:462)

Ironically, Bourgeois (1985), Eisenhardt and Bourgeois (1988) and Eisenhardt, Kahwajy, and Bourgeois (1997) go out of their way to say that goal congruence may be dysfunctional and that often goals elicit conflict. However, reverting to the definition of goals (see previous sections), this idea itself conflicts with the purpose of goals in setting common directions and, therefore, it can only be concluded that their comments reflect that conflict exists either because the goals themselves were in some way ineffective, or they were communicated in a way that lacked motivational effectiveness, or both.

Campbell and Alexander (1997) suggested there were conflicting goals within a business because they operated within a hierarchy, perhaps suggesting a conflict between corporate goals and business goals. They, however, identified the need to balance stakeholder needs, and the requirement to meet these, in order to ensure the support of all concerned. However, they (like many others) seem to see the development of goals and strategies as separated activities.

Although a behavioural theory, the Pygmalion effect (Livingston, 2003) reinforces Locke and Latham’s (1990) theory that challenging goals are motivational for individuals. The Pygmalion effect is the phenomenon whereby the greater the expectation placed upon people, the better they perform. This is useful in identifying that without goals, performance would be reduced. It has been proposed by Hollensbe and Guthrie (2000) that the concept of open-goals be adopted to encourage motivation. This is where there is the promise of rewards, which motivates group members to specify and pursue challenging performance goals, even when none formally exists. This still implies, however, that a goal has been selected whose purpose is to direct and motivate.

Yukl (2012:23), who offers one of the most cited definitions of leadership, describes leadership as “the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives”. Interestingly, of course, he uses the word agree as compared to acceptance, but one can argue that acceptance is a subset of agreement and, therefore, the combination of understanding and agreement is in line with EIBI.

Similarly, Northouse (2012:5) defined leadership as “a process whereby an individual influences a group of individuals to achieve a common goal”. This implies goals exist and that leadership requires they be used to provide direction. None of the authors explicitly
explain whether and how the business goals themselves are used directly to communicate direction.

Piccolo and Colquitt (2006) propose a link between transformational leadership with goal commitment by examining the empirical work of others, treating goal commitment as a means by which leaders ultimately achieve their intended outcomes. They also identify that a critical step in fostering job performance lies in the leader’s ability to encourage commitment to organisational goals. Their study contributes to verifying the assumed origin (from leadership) and the purpose of a business goal. This also goes on to confirm that, at some point, the goals were communicated; otherwise, how could the individuals be aware and, therefore, commit to the goals?

Piccolo and Buengeler (2013), in their chapter entitled Leadership and Goal Setting, cite four conclusions by other authors: effective leaders are those who set challenging goals (Liska and Wofford, 1993; Kouzes and Posner, 2012); make clear how goals are related to organisational performance (Ahearne, Mathieu and Rapp, 2005); get groups to work together for goal accomplishment (Podsakoff et al., 1990); and express confidence that the goals will be achieved (Avolio and Bass, 1995).

As previously discussed, vision and goals are often interchangeable, and goals can be a part of a vision. Bennis and Nanus (1985), for example, found that effective leaders formulate core visions for their organisation then communicate these visions in a way that is clear and compelling to subordinates. They believe core visions initially can be general but eventually must be translated into relatively specific goals for the organisation and its divisions, departments and individuals. Bradford and Cohen (1984) recommend setting overarching goals for each work unit — goals that are clear and challenging. They do not, however, describe their content nor how they are communicated.

As mentioned earlier, Kirkpatrick, who works closely with Locke, presents a firmer view on vision, although she also considers its formulation process to be somewhat of an art form (Kirkpatrick, 2009:371) building the base more for the oratory value of the vision statement as compared to its content. She does identify the need for goal alignment, clearly differentiating goals from vision while not being clear on the relationship between them. She also offers potentially good insight into what supports the implementation of a vision which would be useful to explore within BGS. This includes:

“… building understanding of the vision among the top management team, encouraging a high degree of participation in the implementation of the vision statement; beginning by communicating the vision statement to highly influential and cooperative individuals in the organisation, motivating, inspiring, and teaching
followers to carry out the vision statement; role modelling behaviours that are consistent with the vision statement and using symbols, metaphors, and images that are consistent with the vision statement. (Kirkpatrick, 2009:375)

Kotter’s (1999) study of general managers indicates that successful ones first develop general agendas (goals and plans) for their divisions, which then become increasingly more elaborate with specific agendas. After extensively reviewing the leadership literature and his own research, Yukl (2012) concluded that setting and clarifying goals and objectives was one of the most important leadership behaviours. Locke and Latham, experts in the field of goal setting, describe in their book that, “An increasing number of studies of leadership are finding that one of the key functions of a leader is to develop goals for the organization, which includes goals for both the leader and the subordinates.” (Locke and Latham, 1990:289) In the same section of the book, Locke and Latham identify work from Huber, Latham and Locke which apparently shows how goal setting can influence the ability of supervisors and subordinates to affect the impressions they make on each other. The example provided describes how supervisors can create a positive impression with subordinates when they engage in the following strategies (only a sample is mentioned here): assign clear goals so that they show that they know what they are doing; provide a rationale for the goal; when needed, provide specific task information about how to attain the goal; and serve as a role model setting difficult goals for themselves and attaining these goals (Locke and Latham, 1990:291). In all of the above cases, the authors do not describe the content of the goals or how they were arrived at.

From a practitioner’s point of view, similar sentiments are expressed. In a McKinsey article on how strategy is evolving, Jacques Pommeraud, former SVP and general manager of cloud services at Salesforce states:

“My view is that the role of strategist, first and foremost, is the mobilizer. People need to understand where the company is going and take autonomous decisions. The main value of a strategist is to understand the vision for three years and mobilize the organization around the vision and what people have to do to get there. Then management has to empower flexibility and reactivity to adapt to current events, essentially.” (Weinberg et al., 2017:2)

What he includes here, however, is an incremental element that is different from academia, mainly that this should empower staff to make autonomous decisions. This could be a useful criterion in gauging the effectiveness of BCG.

This section reveals that for researchers of leadership, goals form a key tool for providing direction to subordinates. Such context is important in that it contributes to the definition of
goals (and the distinction between goals and objectives). However, it does raise the issue of whether or not leaders are to pass on the business goals in their entirety to employees or simply ensure that the subordinates’ goals are compatible with the business goals.

It may be concluded that, although there are varying theories and proposals on how goals might be used, their purpose is clear in that they have the consistency of purpose in leading better performance. It is also clear that different researchers see situations in which fixed or traditional methods of strategy development are inappropriate. Given the ongoing discussion of varying possibilities, this research has had to be careful in developing theory or conclusions so that neither is seen as overly prescriptive or autocratic, and both incorporate the flexibility needed to adjust to the many different business situations.

The research presented so far in this literature review shows work on setting goals has been completed mostly at an individual level. The next section, therefore, looks to understand what the literature presents in terms of goal setting at a business level.

### 2.4.2 Goal Setting at a Business Level

According to Locke and Latham (2002), the relationship between goals and performance depends on several factors, including the level of goal commitment, characteristics of the task, feedback, and situational factors. For example, they identify that it makes little sense for the goal of an individual to be centred around the overall profit of the organisation, as individuals cannot work toward that goal with measurable feedback on their own performance. Their research, however, was completed at an individual task level and, therefore, needs to be reviewed at a business level. It is worth noting that, even though a person cannot relate to a business goal (as stated above), this does not mean it cannot be made relevant for an individual.

If a specific and challenging goal is set by an individual, he or she will perform better than if the goal is non-specific or easy (Hollenbeck and Brief, 1987; Langton, Robbins and Judge, 2013). Goal setting in teams (let alone at a business level) however is a relatively new area of research that has not been fully developed (Locke and Latham, 2013). For clarity around business goals, the term macro goal is used by Locke and Latham and others (De Haas et al., 2000; Locke and Latham, 2013). Macro-level goals, they suggest, are the desirable objectives, aims, and standards of proficiency for activities connected in a structural hierarchy. They relate this to positioning goals in units, divisions, and broad-based organisations. Interestingly, this includes confusion of terms such as desirable versus standards of proficiency, possibly implying that there is only one way to achieve a single macro-objective making it less of a goal and more of an objective to deliver a goal.
This then could question the use of the word *goal* in the literature where the word *objective* would be more suitable.

There is some research into macro-level goals, though not a lot. This might be because the level it is aimed at is not specific, or perhaps it is because it would be unclear where this would sit in strategy development (De Haas *et al.*, 2000). In strategy, the literature has already identified that Porter (2004) was very clear about making goals that can be tested in the business for *internal consistency, environmental fit, resource fit and communication and implementation*, as identified in Section 2.3.3 *Information Used and the Content of Business Goals*. However, he was only concerned with developing strategy and not whether having the goals then enables action or execution to deliver the strategy. He does, for instance, ask whether the goals are understood by the key implementers and whether there is “*enough congruence between the goals and policies and the values of the key implementers to ensure commitment*” (Porter 2004:xxvii). He seems, however, to imply that key implementers are just the management team and then fails to mention them again.

Through another lens, Charan, having studied different companies, has developed goal setting theory as part of leadership and states that the quality of any leader’s derived goals is based on the “*quality and rigor of thinking that underlies them*” (Charan, 2007:184). He mentions, for instance, that GE CEO, Jeff Immelt, established aggressive goals only after he assessed how the organisation might go after them. Charan (2007) also believes that leaders need to think about the opportunities that lie ahead and what is possible for their business and that this involves assessing a company’s capabilities and projecting it into the future. From his research with companies, he identifies that setting the wrong goals can be very destructive. He cites the example of former GM CEO, Rick Wagoner, who set a goal for the company to attain a substantial increase in market share but explains that GM did not have the capability of doing this, apparently because it had too many models to start with and, even so, did not have enough models that were competitive. As a result, market share actually dropped, and Wagoner lost his job.

Setting goals is part of Charan’s eight leadership capabilities/requirements. He, like Porter, outlines thinking processes but more from the organisational behaviour and leadership angle. Ironically, he does not necessarily associate the seven other capabilities/requirements with areas where business goals might be set. This means that, although his goal setting is highly externalised, it only qualifies the setting of the goals in line with the capabilities of the organisation and not, for instance, in a way that might improve these capabilities.

Seen as a practitioner-consultant, Charan (like Porter) presents his theory based on his
observations of industries which is useful, but there is no empirical testing to support these theories other than post-rationalisation when examining companies independently or those they have worked with. As GE subsequently has had tremendous problems, it might be hindsight bias that has driven the conclusions as past success is no predictor of future success. Also, from this Researcher’s observations, like a lot of the popular literature, it lacks citations which is a concern. As such, neither offer a positivist view of what goal setting is, but they offer the background where it would be useful to seek to validate their claims.

It may be concluded that there is a gap in BGS between strategy development and organisational behaviour, and this offers the opportunity to provide clarity. The next section seeks to differentiate macro versus micro goals, as there are large differences in both perceptions and practice in the literature.

2.4.2.1 Macro and Organisational Goals

Locke and Latham (1990) state that goal setting at the micro-level did not start with a theory; instead, it began with a core hypothesis: that goals influence action. They believe that the same process should be followed in building a theory of macro goal setting or in expanding micro-macro theory. They go on to state that only by scrutinising empirical results can the important aspects of goal setting be determined, along with the mechanisms by which they impact organisational effectiveness.

Simon (1964) argues that organisational goals influence the process of alternative generation and testing by limiting the courses of action (strategies) available to decision-makers. Smith et al. (1990) found that specific, challenging goals at a group level enhanced the quality of a simulated organisation's planning activities and that planning quality was positively related to performance. These authors also reported that vague goals were associated with a lower-quality planning process and poorer performance.

One hypothesis is that the number and variety of goals will be in accordance with the amount of uncertainty faced by the organisation and its departments. As uncertainty increases, so will the number and variety of goals. Mintzberg, (1983) contends that when conflict arises, it is impossible to make predictions about goal effects, since “[all have arrived in the same organisation] to pursue what seems to be their own personal or parochial goals” (Mintzberg, 1983:426-27).

Thus, one important question created by goal conflict is its result on the goal formation process. This highlights the impact that conflict can have upon the goal formation process; when goal conflict is great, the resultant goals may provide little direction. Interestingly, Ethiraj and Levinthal (2009) modelled the consequences for a baseline case in which an
organisation is given multiple performance goals. They discovered that going beyond eight organisational goals does not improve overall organisational performance because additional action is more likely to reduce performance on at least one goal and, thus, reduce the probability of engaging in the additional effort. For organisations with more than four performance goals, however, their analyses show that three alternative goal coordination strategies (which they label as goal myopia, temporal differentiation and spatial differentiation) can each improve overall organisational performance relative to the baseline model. They explain these as follows (Ethiraj and Levinthal, 2009:6):

**Goal myopia** – focus on a single goal to guide managerial action.

**Temporal differentiation** – focus on a single goal but allow this goal to vary over time.

**Spatial differentiation** – each department is given different performance goals.

What they mean by this is not to create goals in conflict but co-ordinate a set of goals where individual goals might apply to particular groups or individuals but are overall complementary to the direction of the business. However, Klein and Kim (1998) note that relatively few goal setting studies have examined goal commitment in a field setting. Moreover, more recently, Young and Smith (2013), who have researched this, point out that they lack information on the management of goal setting principles in organisations. They suggest that future macro-level goal setting research should investigate the dynamics of goal setting in actual organisations (which would advance the understanding derived from Ethiraj and Levinthal (2009)).

The research on goal consensus and performance (Grinyer and Norburn, 1975; Bourgeois III, 1980, 1985; Dess, 1987) and on goal content and performance (Smith, Locke and Barry, 1990) are examples of the few concurrent, correlational studies of goal setting at a macro-level. Importantly, all tend to show a positive correlation between agreement on goals and performance. Despite referring to content, however, they do not clarify what this is but merely say that it was derived (i.e. they do not describe what information was used, what analysis was performed, who was involved, what the output looked like, etc.). They also tend to refer to consensus at a managerial or even senior management level and do not relate this to EIBI.

One study of macro-level goals, based on the self-reports of top managers, inductively identified alternative goal categories related to *finances, customers, markets, operations, products, employees, culture, reputation, partnering, learning,* and *competitive dynamics* (Bateman, O’Neill and Kenworthy-U’Ren, 2002). Interestingly, they believe that non-operational goals communicated without specific, measurable objectives can affect attributes such as members’ attitudes and commitment to the organisation (Vancouver
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and Schmitt, 1991) as these reflect the values and commitments of the founders, leaders, and employees who make up the organisation. Operational goals, on the other hand, they believe are communicated with specific, measurable performance objectives and thus are widely used to assess organisational effectiveness. Regardless of whether the goals are organisational or operational, Smith et al. (1990) note the lack of quantitative research on the relationship between goals and performance at the macro-level.

Klein and Kim (1998) examined the influences of Leader-Member Exchange (or LMX, the perceived supportiveness of supervisors in relationships with employees) and situational constraints (such as lack of resources) on goal commitment and sales performance in four branches of a retail organisation. They hypothesised that perceptions of situational constraints would be negatively related to goal commitment and “a high level of performance is expected for those employees with a higher-quality (leader-member) exchange who are committed to a difficult performance goal. … [but] for lower-LMX employees, goal commitment may not relate to performance at all.” “For these individuals, the motivation and intention to exert effort indicated by high commitment may not translate into high performance because of a lack of resources, support, and attention from their managers.” (Klein and Kim, 1998:90) This is particularly interesting as they are demonstrating an understanding, albeit with a negative effect. What it does indicate is the potentially high level of influence that the employee has over their own motivation.

Klein and Kim's (1998) analysis of employee surveys and store sales data found that pairwise comparison showed a significant positive correlation between goal commitment and LMX. However, Audia, Locke, and Smith explain that when uncertainty and change lead to anchoring on obsolete goals and strategies, then it may be that “higher future goals are linked with incorrect strategies, [or] this lethal combination can cause performance to drop more rapidly than it would have if high goals had not been set.” (Audia, Locke and Smith, 2000:841) This seems to indicate that there are good and bad goals in terms of influencing performance and that employees do not automatically buy into goals if they believe they are suspect.

There appears to be substantial evidence that goals at a macro-level do influence performance, although less evidence of the specific goal setting content that influences any organisational effectiveness gained, which is explored in the next section.

2.4.2.2 Organisational Effectiveness

It has been asserted that goals serve a unifying function by mobilising and directing organisation members’ efforts toward a common end (Bradford and Cohen, 1984). Similarly, it is claimed that an organisation’s goals direct its planning process, influencing
both its mission and its strategy (Schendel and Hofer, 1979; Pearce and David, 1987).

Other research does highlight a connection between commitment and goals. For example, Aubé and Rousseau (2005) explicitly state that team goal commitment is not only positively tied to performance but also to the other two criteria of team effectiveness - the quality of experience and viability.

It is also important to note that both goal setting theory and empirical research have pointed to the fact that, without commitment to the aforementioned goals, the increase in performance would not be seen (Locke and Latham, 1990; Klein et al., 1999). O’Leary-Kelly, Martocchio, and Frink (1994) examined 163 groups and found that the performance of teams with specific, difficult group goals was almost one standard deviation (d = .92) higher than the performance of teams that were simply told to do their best to complete the task. However, they say they do not know what other factors influence those goals across teams as compared to individuals nor identify why merely giving them specific and challenging goals is about commitment and not possibly just EIBI alone. For instance, is the situation where one team does not trust another to complete their task function the same as the situation where two individuals do not trust one another? More importantly, as commitment does not necessarily cover understanding as previously discussed, could understanding be the critical factor?

Aside from being different in content and method, macro goal setting theory and research are not nearly as advanced as micro theory, as shown in the collection of researchers within Locke and Latham’s New Developments In Goal Setting And Task Performance by De Haas et al., (2000) and Locke and Latham (2013). Beyond relatively simple models linking goal setting to strategy formulation (Schendel and Hofer, 1979), current macro goal setting theory has been widely criticised as being inadequate for describing organisational behaviour. Consequently, exploring goal setting and its effects at a business level is a challenge. Also, definitionally and structurally, it is difficult to pin down whether they are goals in the defined sense of this research and whether they are at a business level. For example, Locke and Latham cite that Dent (1959), England (1967), England and Lee, (1973), Shetty (1979), and Welch and Pantalone (1985) all found support for the existence of multiple goals in organisations with the goals most frequently identified from their research being organisational efficiency, productivity, profit, organisational growth, industrial leadership, organisational stability, employee welfare, and social welfare. This implies there might be many goals made and communicated at different levels within an organisation and/or within specific departments that are not necessarily the business’ goals but, potentially subordinate goals. This is supported by De Haas et al. (2000) who found it difficult to separate micro, macro and meso goals from each other, albeit describing each as respectively operational, strategic and tactical goals.
Notwithstanding this, there have been studies exploring the relationship between goal quality and performance at a macro-level. Smith, Locke, and Barry (1990) found that the quality of a simulated organisation’s planning activities enhanced the development of specific challenging goals and that goals and planning quality were positively related to performance. This is supported by De Haas et al.’s (2000) work where they found that general participation by management in setting macro goals reduced conflict and improved organisational effectiveness. Also, for instance, Management by Objectives (MBO) has been the subject of considerable research (Kondrasuk, 1981) and seen positively, though a lot of it is inconclusive. Most of these studies, however, have involved mid-levels of the organisation (Locke and Latham, 1990) and have been micro-macro or mid-level (teams, groups) rather than macro (i.e. high level) in nature. That has involved giving goals to all individuals within a given unit, department or division rather than examining organisational-level goals and outcomes.

The difficulty is that from the literature reviewed, individual and small group research has historically tended to be done in the lab by organisational behaviour researchers and industrial-organisational psychologists (Locke and Latham, 1990, 2006), usually with students as the test subjects as opposed to actual staff in a business environment. It has also historically tended to cover a short-term period (De Haas et al., 2000); whereas macro-research tends to be in the field conducted by strategy researchers usually monitoring tangible inputs and results over a longer-term but without understanding the employee behaviour, for instance, in decision-making. Hence the gulf between disciplines.

Drucker (1958) was among the first to observe that effective organisations satisfy the demands of multiple-interest groups or stakeholders, both inside and outside the organisation. Each stakeholder (i.e. shareholder, suppliers, personnel, etc.) has somewhat different expectations of the organisation, and these are related to their own specific goals, needs, and interests. Because these stakeholders often control critical resources necessary for organisational survival, the goals of the firm are likely to be complex and multifaceted and reflect the interests of these different groups. Again, mitigating this, De Haas et al.’s work found that “The cognitive input from members within and between principal and agent constituencies resulted in more agreement on how scarce time and effort should be allocated.” (De Haas et al., 2000:594)

In addition to considering the number of goals, it is important to study the effects of goal content on organisational performance. Peters and Waterman (1982), for example, argued that the best-run companies place heavy emphasis on customer service and innovation goals. But then, of course, many of their companies eventually went on to fail, which raises the question of whether their goals were sufficient in terms of EIBI. Strang and Macy (2001) have gone to some lengths to explain this phenomenon, saying that
while some companies emulating other successful companies might themselves be successful, most are not. It could be concluded that the macro research of goal setting might or might not be at a high enough level, and this presents an opportunity to see applicability for BGS (if and when the level and relevant stakeholders are clear). It is not apparent, however, whether the business goals elicit EIBI, and this is a question of communication to be explored in the next section.

2.4.2.3 Communication of Business Goals

From the literature, it appears that at the micro-level, the experimenter informs the subject of his or her goal (or more specifically, objective); the communication is then over, and subjects go to work. At the macro level, the communication of goals is not quite so simple; goals may need to be communicated to many people, in many forms, and many times over a period of days, weeks, months, or even years.

One of the prime responsibilities of a CEO is the articulation of [strategic] goals (Donaldson, 1985). Bennis and Nanus (1985) found that effective leaders create a vision of what the organisation will be and do and communicate this vision in a way that is compelling to the rest. The word compelling is useful as it implies that it is to be understood and elicit acceptance and, therefore, EIBI. Similarly, Boyatzis (1982) and Kotter (1999) note that effective managers develop plans and agendas for where the organisation is going and are able to convince others to go along with these. Through setting goals, providing feedback, giving direct and indirect communication, providing encouragement and criticism, and giving advice about strategy, Locke and Somers (1987) have shown how a strong leader can get large numbers of people to pursue a common goal. Even then, however, goal communication may often be incomplete and inadequate throughout the organisation (Donaldson, 1985).

To be noted is that research has not been found concerning the content of goals and their communication at a business level, nor their effect on EIBI. This next section explores the effects of goals.

2.4.3 Goal Attainment and the Effects Thereof

As previously mentioned, the majority of the work on goals is at an individual level followed by some on teams. Little work has been done at a business level. This section attempts to summarise some of the findings that might be useful to the research.

The work at an individual level extends back to the 1960s and even earlier, but the work that is most cited begins in the 1970s and 1980s, mostly within the discipline of
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psychology. Huber (1985), for example, experimented with goal difficulty, albeit his work needs to be examined in light of the goal definition discussed earlier in this paper. His experiment was designed to measure goal attainment in the context of achieving the completion of a task which is more akin to an objective than a goal given a lack of strategic options by which it could be done. That said, a variety of designs have been used over the years to look at goal achievement. Mento, Steel and Karren (1987) conducted a meta-analysis looking at goal setting variables and task performance. Interestingly, they used the task as the endpoint to measure performance related to a goal which implies a reference to objectives and not goals.

Notwithstanding this, their analysis did support Locke’s (1968) original conclusions that goal specificity, difficulty and feedback contributed to task achievement. In summary, they demonstrate that, at their point in time, the latest research on goal setting had focused on the processes by which goals affect task performance but without exploring the content of the goals or how they were arrived at. This appears to continue with the work shown by Locke and Latham (1990) whilst recognising inherent limitations of the research, suggesting that future inquiry should look at the effects of goal setting in conjunction with the role of strategy development in the goal setting process.

The literature indicates that Locke and Latham (2013) have led in this field whilst encouraging others to verify and validate their work. Their own research suggests that, for the individual, goals define an acceptable level of performance or direction of action. Once the individual has a goal, and once he or she chooses to act on it, Bandura (1989) establishes three mechanisms (effort, persistence, and direction) that influence it. It is assumed that actions falling short of desired ends are appraised as unsatisfactory and lead to an assessment of negative performance. This means the individual seeks to achieve the goal but, specifically, only the goal.

This principle was illustrated in a study by Nemeroff and Cosentino (1979) of a management training programme. Managers were given feedback regarding subordinate perceptions of 43 different manager behaviours, but they were only assigned goals for 12 of them. A significant change occurred during training for only those 12 behaviours. They concluded that the limits of the individual’s cognitive capacity would preclude improvement on forty-three separate behaviours except, perhaps, over a considerable time span. They also observed that hard goals are better in situations where there is clarity of achievement and also in the strategies required to reach achievement. Do-best goals are most effective where the strategies are unclear.

A lot of research has tried to explain why goal setting works (Campion and Lord, 1982; Erez and Kanfer, 1983; Riedel, Nebeker, and Cooper, 1988; etc.). However, the literature
appears to be dominated by an organisational behaviour view and less by the aspects relevant to strategy and strategy development (notwithstanding an organisational behaviour perspective that business performance and decision-making can influence strategy). Even back in 1987, Hollenbeck and Klein debated whether the taken view truly moderates all the factors that affect goal setting and performance (their interest was goal commitment which could be manipulated through many variables and potentially give very different answers to previous work).

In this context, it is interesting to consider *shareholder value*, which is a stated business philosophy and, therefore, has been written into the goals of many businesses for over the past 40 years. Lazonick and O’Sullivan (2000) highlight that from its inception into the corporate vocabulary in the 1970s (along with various deregulations), it has steadily grown and influenced business direction. Like Hollenbeck and Klein (1987), they believe this has potentially distorted the concept of goal achievement (albeit at a business level). Therefore, it is prudent to acknowledge that shareholder value can be construed as a business goal. However, as previously discussed in Section 2.3 *BGS and the Strategy Development Process*, this should be seen as a corporate goal, i.e. a goal aimed at a different set of stakeholders and not a business goal, otherwise it conflicts or be confusing when combined with the business goals.

Rumelt (2011) observes that it is not what the goals contain but what is missing that may be the greatest issue, saying that much of the literature around goal attainment is missing the elements that make it applicable at a business level, although he fails to identify what those are. It may be concluded that there is ample evidence to show how specific and challenging goals lead to better performance (at least at an individual level). This is achieved through greater clarity and connection with what the individual can contribute, clarity being a key part of understanding. Similarly, business goals set by the organisation can be assessed for their impact, with *connectedness* being a key measure of effectiveness, and understanding and acceptance contributing this. This might be a critical element to examine and requires further understanding of EIBI, a subject which is explored in the next section.

2.4.4 The Measurement of EIBI

For this study, the literature search was focused on where EIBI has been associated with goal setting specifically, both to narrow the scope and also to focus on research where there are known associations. This, however, has had a limiting effect, perhaps because the criterion is too narrow and/or less commonly used. As such, the search expanded to include a combination of *understanding* and *acceptance*, usually within references to *engagement* or *commitment*. For instance, there are various chapters by contributors in
Locke and Latham’s more recent update, New Developments in Goal Setting and Task Performance, devoted to commitment, as well as measurement and effects. Cooper, Klein and Monahan (2013), in their chapter on Goal Commitment, review at length the concept of commitment to goals and their effect, as do Plemmons and Weiss (2013) in their chapter on Goals and Affect. When reviewing this literature, it is notable that the authors pepper their narratives with words like understanding and acceptance but have not specifically focused on them in isolation (nor use the term buy-in). What the literature in both these chapters reveals, however, is that much of the work is, once again, individual-based, and also deduction based, e.g. the motivational determinants have been deduced to create a theory, which typically becomes a questionnaire designed to support (or challenge) theory. Additionally, Klein et al. comment, “Another needed area of research pertains to understanding the influence of goal context on goal commitment. A few contextual factors have received attention, but many more, including goal origin, require further examination.” (Cooper, Klein and Monahan, 2013:81) In other words, the development of the goal itself has yet to be explored.

Albeit focused both on the business’ goals and branding, Thomson et al.’s (1999) paper, The Buy-in Benchmark: How Staff Understanding and Commitment Impact Brand and Business Performance, outlines measurements within the intellectual and emotional buy-in concepts. As previously discussed in Section 2.2.7 EIBI as a Measure of Effectiveness of BGS, the intellectual aspect and, therefore, the focus on understanding and acceptance, is the most relevant. Thomson et al.’s (1999) research, using their buy-in matrix, does offer criteria that could be considered under the concept of EIBI, including the following five statements which they used:

I have a clear sense of my organisation’s vision and direction for the future; the people in my team/work area know how we contribute to organisational goals; I understand what I need to do in my own job to support organisational aims and goals; I have the knowledge/skills to do my job in a way that supports organisational goals; I can see how my job performance affects my organisation’s success.

(Thomson et al., 1999:826)

Schmidt (2013) has produced a chapter called The Economic Value of Goal Setting to Employers that is on quantitative analysis of the value of goal setting. He states that, although one can debate the methodologies, there is strong evidence that the increases in job performance produced by goal setting have important economic and practical value. He believes the gains are substantial under typical real-world conditions, in terms of both increased output and decreased labour costs. It is clear, therefore, that there are measurable aspects which can be used as a proxy for performance.
It may be concluded that measurement must be very clear so as not to distract from the main research regarding the content and communication of goals in the BGS process. Although there is an extensive body of research around goal commitment and engagement, and this was an area to be familiar with when constructing the research, it is not an area to challenge specifically given the ambiguities and multitude of approaches. With the plethora of well-used commercial tools for assessing employee engagement/commitment, the research might have been able to leverage these but also would have had to take care not to introduce bias by adopting any single method, and not used definitions in their broadest sense but only where they measure EIBI in terms of understanding and acceptance. Additionally, it has to be considered that these assessments have been almost exclusively used for individual goals and not business goals, which identifies a significant research gap. However, in constructing a proxy for the assessment of the goals set at a business level, it might have been possible to benefit from the assessment processes that have been used.

The next section summarises the gaps identified in the literature which have provided a basis for this research.

2.5 Conclusions and Potential Gaps

From the literature review, this section will seek to summarise the conclusions and identify the potential gaps.

Bandura contributes, in the forward to *A Theory of Goal Setting and Task Performance* (Locke and Latham, 1990, p xi), “*The mechanisms governing the translation of thought into action have been a continuing major problem in psychology.*” This is borne out by the literature review by showing that, albeit the psychology may be understood in terms of organisational behaviour (at least at individual, team or group level), the mechanics of goal setting, particularly at a business level, have not been clearly defined or articulated by either OB or Strategy research. The literature shows that OB is more advanced in the understanding of goal setting, including extensive empirical work, and that this overlaps with Strategic Management, but that Strategy research has not complemented this research from a strategy perspective. The literature review, in fact, demonstrates that strategic management theory has virtually ignored this area to the point it is presented as unclear whether or not it sits within strategy development.

Consequently, and specifically for this research, the literature, in both strategy development and goal setting, indicates a gap in understanding exactly how companies set their business goals, and what the impact is of the BGS content and process on EIBI to the business goals and, by implication, the achievement of a company’s goals (Locke
and Latham, 1990, 2013; Thomson et al., 1999; Porter, 2004). Notwithstanding that the literature in goal setting presents a limitation, in terms of the level it extends to, it also presents a limitation in that the definition of setting. It is used loosely to indicate a task that is set or articulated (e.g. established between two or more actors) but fails to explain what setting means. For the purpose of this research, the term setting should be better defined. Dictionary definitions include words such as the manner, position, time, place, way, circumstances or direction that something is set and also the context, background or environment in which a situation is set. From a strategy perspective, this means how business goals are arrived at: the information used, the analysis performed, the context developed and the selection process which is more defined than that within the OB research as exemplified by Locke and Latham. As it is a process, this also includes how the goals are then deployed or communicated to employees (as having business goals that no one is aware of would obviate it as a process). The extent to which they are communicated, therefore, also becomes a contributing element and, consequently, an additional variable. As such, this marks the area of both overlap with goal setting theory but also the limitation of the theory from a strategy perspective, regardless to what level it is extended to, and thus the need for new theory.

To understand this, one needs to see that, despite the literature being extensive on the strategy development process as a whole (Mintzberg, Ahlstrand and Lampel, 1998), there is minimal evidence of examining specifically the BGS process within strategy development (Feurer and Chaharbaghi, 1995) and even less on the impact of the BGS process on business performance (Thomson et al., 1999). It must also be noted that there is popular literature from practitioner-consultants which provides some recommendations based on post-rationalised processes, but none of it is empirically tested. There is an opportunity, therefore, to examine how companies establish their business goals and measure effectiveness, then develop theory from the derived evidence.

The effects on business would be looked at most logically through the lens of performance, but this precept is far from easy to define. In reality, there are many ways to look at performance, and this in itself is an argumentative area of research. This work, therefore, needs to establish a context by first understanding the mechanics and mechanisms of BGS and then, as an additional contribution, evaluate its effectiveness (by seeking a measure of impact or contribution to the achievement of a company’s goals). The literature supports the relationship between EIBI with business goals and business performance, and this, therefore, offers the obvious choice of measurement (Thomson et al., 1999).

2.5.1 Definitions
As an initial hurdle, it may be concluded that definitions will be a problem for the research and that much good work can be undone by the potential disputes around definitions obfuscating the value of the outputs. However, this in itself would be a valuable contribution if clarification and/or distinction can be made in the research that would assist both management and other researchers in practice. The literature has been unable to establish a single best source for the definition, for instance, of goals. Therefore, it may be concluded that, for the purpose of this research, it is important to establish what is meant by business goals (and other terms) in both the literature review and the subsequent research. As such, and as shown in Section 2.2.4 Business Goals, a reasonable synthesis would be an eventual desired state or destination that fulfils the ambitions of the business. It is worth noting that, even though the definitions are varied and at times conflicting, there still exists an essence which to research the construct of BGS.

### 2.5.2 Strategic Management and Processes

The literature indicates that strategic planning and strategy development are, at least, very similar (notwithstanding an evolution in terms) and, that both can contribute to the investigation of BGS. It also can be concluded that BGS is part of strategic management, although it is unclear why this is rarely described. As such, it is worth understanding its positioning in the minds of organisations as well as in other disciplines and areas of theory where it is also unclear. The overall understanding of this concept will be a key consideration when looking at the design of this research, with implications being that an inductive approach is favourable. This should limit potential academic or practitioner bias and prevent being skewed or misled by hypotheses that potentially have yet to be proven empirically.

The literature indicates that what the concepts have in common is that strategy can be viewed as a perspective whose purpose depends on both the creator (Originator) and the intended user (Recipient). That is to say, that each takes a perspective to create an analytical base for a given concept, but the links to BGS again are elusive (often the only reference is to Locke and Latham, 1990, 2013). It also can be concluded that it is important to discover the why – for instance, whether or not the market information forms part of the formulation of the business goals and strategies (Mintzberg and Lampel, 1999; Porter, 2006). The gap here is in understanding which information is used (and not used) in the BGS decision-making process, and so there is an opportunity to identify this, as well as to understand its link, if any, with performance.

### 2.5.3 Business Goal Setting

Locke and Latham (1990, 2013) provide a sound basis for this work, and themselves
show that research of their theory is needed at an *organisational* level. Their literature indicates that research into goals set at an individual level usually does not go on to describe how those goals can be derived or communicated at an organisational level (they describe communication in a laboratory environment and as between supervisors to subordinates). In the concluding chapter, Macro vs Micro Goal Setting Research: A Call for Convergence, of their 1990 book, the authors state that there is much to research at different levels in organisations and list over 30 research questions intended to elevate the level of enquiry to a macro level and make comparisons to the micro (individual/team) level. The following tables detail these (Locke and Latham, 1990:333-334).
### Table 2-5 Macro-level Goal Setting Questions – part 1 (Locke and Latham, 1990)

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>RESEARCH QUESTION</th>
</tr>
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<tbody>
<tr>
<td>Multiple Goals and Goal Mix</td>
<td>a. What is the relationship between the number and content of goals and organizational performance?</td>
</tr>
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<td></td>
<td>b. What are the contextual factors that influence the optimal number, type, and mix of organizational goals?</td>
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<td></td>
<td>c. How are multiple goals integrated into the organization?</td>
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<td></td>
<td>d. Should different goals be assigned to different individuals or should all goals be given to all individuals?</td>
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<td></td>
<td>e. Should multiple goals be pursued simultaneously or sequentially?</td>
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<tr>
<td></td>
<td>f. Should multiple goals be ordered and prioritized? If so, how and in what order?</td>
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<tr>
<td></td>
<td>g. Should multiple goals stress maximizing or satisfying the outcome in question?</td>
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<tr>
<td>Time Horizon and Causal Ordering</td>
<td>a. To what extent should long-term goals be supported by short-term goals or targets?</td>
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<tr>
<td></td>
<td>b. What is the relationship between different types of goals and the time it takes for their achievement?</td>
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<td></td>
<td>c. Are there trade-offs between short- and long-term goals?</td>
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<td></td>
<td>d. To what extent is the maximization of multiple goals possible by varying the time horizon for their achievement?</td>
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<tr>
<td>Goal Commitment</td>
<td>a. To what extent is goal commitment more difficult to achieve with macro than with micro goals?</td>
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<td></td>
<td>b. What are the conditions that foster high or low commitment to macro goals—e.g., goal conflict?</td>
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<td></td>
<td>c. How can “operative” goals be distinguished from “official” goals?</td>
</tr>
<tr>
<td></td>
<td>d. Are “operative” goals more closely related to organizational performance than “official” goals?</td>
</tr>
<tr>
<td></td>
<td>e. How should goal commitment be measured at the macro level?</td>
</tr>
<tr>
<td>Goal Conflict</td>
<td>a. What is the influence of goal conflict on the goal formation process in organizations? How does conflict over goals get resolved?</td>
</tr>
<tr>
<td></td>
<td>b. How can leaders use goals to reduce conflict?</td>
</tr>
<tr>
<td></td>
<td>(1) Do vague goals lessen macro goal conflict?</td>
</tr>
</tbody>
</table>
However, although several of the questions in the tables above are relevant, in their later book, a collection of research called New Developments In Goal Setting And Task Performance (Locke and Latham, 2013), most of these questions are left still unanswered. As Rumelt (2011) observed, it is not what the goals contain but what is missing that may be the greatest issue with much of the literature around goal attainment at an individual or group level missing the elements that make it applicable at a business level. It may be concluded that there is ample evidence to show how specific and challenging goals lead to better performance (at least at an individual level). This is achieved through greater clarity and connection with what the individual can contribute (Locke and Latham, 1990), clarity being a key part of understanding. Similarly, business goals set by the organisation should be assessed for their impact, with understanding and acceptance being critical
elements to examine.

2.5.3.1 Leadership

For researchers of leadership, goals form one of the tools of communication with subordinates, and there is ample work to show this link (Charan, 2007). This context is important in that it contributes to the definition of goals (and the distinction, for example, between goals and objectives). However, it does raise the issue of whether or not leaders are to pass on the business goals in their entirety to employees or simply ensure that employees’ goals are compatible with any one of the business goals while not necessarily with the rest of the goals. It also raises the issue of whether the concept of a vision is an adequate communication of direction if the goals stated within it are not distinct or, worse, absent (Baum, Locke and Kirkpatrick (1998)).

2.5.3.2 Information and Content

The literature appears to place great emphasis on gathering information and developing content for strategies but where goals fall within this is unclear. It seems to show that information and content are essential components of goals and goal setting but not which information and content should be used and why it is useful to do so (Porter, 2006). This forms a significant gap for the research to investigate.

2.5.3.3 The Role of Business Goals

It may be concluded that, although there exist different theories and proposals on how goals should be used, their purpose is clear in terms of providing direction, connectedness and motivation. The literature, however, seems to show a gap in BGS, between strategy development and organisational behaviour, which offers the opportunity to provide clarity. It also appears that existing macro research of goal setting may not be high enough or may operate at an undetermined level from a business perspective (De Haas et al., 2000). Specific research has not been discovered about the content of goals and their communication at a business level and the effect on individuals and their EIBI. Specifically, it is important to determine the extent to which all employees need to be informed about business goals and whether any conflict can be reduced by the communication of such goals.

2.5.3.4 Employee Intellectual Buy-In

The literature indicates that EIBI is a useful measure of influence on business performance and that business goals can be linked to EIBI (Thomson et al., 1999). The
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literature, however, shows a need for a clear distinction between what is assessed and how it is assessed in order to limit the influences of other variables within the business that can also affect EIBI.

In the research needed to develop these concepts, engagement, and other terms (such as commitment) are complicated and hence the reason to focus on EIBI (Schaufeli, 2013). Given research exists into understanding and acceptance (and, thus, EIBI) within the concepts of commitment and engagement (Erez and Kanfer, 1983; Klein et al., 2001), and also that EIBI is intended only to evaluate BGS, the key challenge will be in establishing a link between EIBI and the effectiveness of business goals. For this reason, it is important to clarify what will be measured and also ensure that the phrase intellectual buy-in (or other terms), if used, are not taken out of the context of the intended research.

Measurement must be very clear so as not to distract from the main research regarding the development, content and communication of goals in the BGS process. Although there is an extensive body of research around goal commitment and engagement and this is an area to be familiar with when constructing the research, it is not one challenge specifically given the ambiguities and multitude of approaches. For this reason, the more easily defined area of EIBI and its constituent components of understanding and acceptance is used. With the plethora of well-used commercial tools for assessing employee engagement/commitment, the research might have been able to leverage these but would have had to take care not to introduce bias by adopting any single method, nor take it outside the context of understanding and acceptance. Additionally, it has to be considered that these assessments have been almost exclusively used for individual goals and not business goals which, in itself, identifies a potential gap. However, in constructing a proxy for the assessment of the goals set at a business level, it will be possible to benefit from the assessment processes that have been used to extract the more precise elements of intellectual buy-in.

2.5.4 Summary of the Questions Raised by the Gaps

Each of the areas listed above has helped to create an outline of the potential line of questioning. For instance, it is clear that definitions will be an issue to explore.

An understanding if and how business goals are defined within a business, as well as their perceived purpose, will provide valuable insight, as will other questions such as whether vision is used as a replacement for business goals and the level at which goals are perceived (for example, corporate versus business, or business unit versus individual). This will be labelled under the theme of Understanding.
The next area of questioning concerns the strategy development process and specifically where and how business goals fit into this (or not) and how goals are arrived at. This will be labelled under the theme of Process.

Next would be the sources of data and analysis used. This will be labelled under the theme of Information.

This is followed by questions about how goals are communicated. This will be labelled under the theme of Communication.

Finally, what is expected as a result and the results themselves in terms of intellectual buy-in? This will be labelled under the theme of Effects.

This will help demonstrate what the role of business goals is in strategy development and also its potential impact on business performance as seen through EIBI. These issues need to be explored from both the Originators’ and the Recipients’ points of view. To this end, the research methodology is inductive.

### 2.5.5 In Conclusion

This literature review has covered many areas that have an effect on the concept of business goals. Much of the literature contains hypotheses and conceptual theories and minimal empirical evidence. Although there is potentially more literature and areas that still could still be explored, the gaps can be confidently summarised as a lack of research around the following: goal setting at a business level (including the processes involved); the information used; the content developed; the communications made; and the subsequent results. The wealth of literature that directly or indirectly relates to this research indicates a positive relationship for goal setting at an individual level, although this is mostly focused on Locke and Latham’s (1990) theory stating only that the content of the goal be specific and challenging. This, in itself, may indicate they are referencing an objective (task) and not necessarily a goal. The communication element is mentioned only in passing, stating that it normally occurs in a one-to-one relationship, in the form of a specific instruction and is not complicated. The issue, however, is whether this still applies where goals are elevated to whole organisations, i.e. where they become business goals along with multiple strategic options to communicate, not a single task. To understand this will be a contribution to knowledge.

In conclusion, therefore, the Literature Review confirms both the gap and the potential value to practitioners, other researchers and knowledge in general, particularly in terms of adding empirical evidence to the field of strategy development and management.
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2.6 Research Question

Section 2.6 summarised the key areas where gaps have been identified, and these have been used to develop the following research question.


2.6.1 Areas of Investigation - General

The following subordinate questions have been developed based upon the literature review, in order to complement the main research question and elicit greater detail from respondents.

Also, from the literature, it is assumed that there are key elements in terms of content and processes that make up business goals and so affect the performance of an organisation. This specifically includes EIBI as contributing to a business’ success. The literature goes on to suggest that, just like goals at an individual level, business goals that are specific, challenging and well communicated could contribute to successful business strategy development, execution and achievement. In examining this, it will be useful to determine the degree to which the following questions inform this research.

Understanding: What do organisations understand as the purpose of business goals, and what do they have in mind when deciding to develop and communicate these? How well do they understand what this entails?

This will help close identified gaps in empirical definitions and understanding of the role played by business goals in strategy development.

Process: What are the processes that lie behind the development of business goals and do these precede the development of strategic options as a part of the strategy development process?

This will help close identified gaps in terms of describing the strategy development process and, particularly, those elements that lead to the development of specific and challenging business goals.

Information: What inputs and analyses do organisations consider and use within the business goal setting process when generating such goals, and what other considerations do they take into account?
This will help close identified gaps in understanding the information and analyses used by organisations, as well as identifying the key elements that drive specific and challenging business goals.

**Communication:** What and how do organisations communicate their business goals to their employees?

This will help close identified gaps in understanding which key elements make for successful business goal communication and also establish whether or not this is considered a critical part of the business goal setting process.

**Effects:** What is the effect of business goals on employees - specifically on employee intellectual buy-in?

This will help close identified gaps in understanding the effect of business goals (including content and communication) on employees, and whether business goals that are specific and challenging alone are effective in this respect.

### 2.6.2 Areas of Investigation - The Business Strategy Development Process

To understand the strategy development process and, specifically, the business goal setting process, it would also be useful to identify the following.

**Facts:** Whether goal setting is a process of fact-based decision-making.

**Effort:** Whether the effort put into the development of business goals influences the quality of the business strategies.

**Insight:** Whether the business goal setting process needs to use input and analysis of the market, customers, stakeholders and competitors or other sources of information, and whether these insights then set up the development of strategic options.

**Analysis:** Whether the successful development of business goals can be influenced by assessing market opportunities and selecting goals based both on the opportunities and the company’s ability to exploit them.

**Capabilities:** Whether there is a clear link between the business' goals and the selected strategic options and the organisation’s capabilities.

**Strategies:** Whether chosen business strategies affect the EIBI to the business goals.
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**Performance:** Whether business goals drive business performance because those involved in execution understand the goals and intellectually buy-in to them (i.e. they can relate their role to goals and accept the tangibility and achievability of those goals).

The next chapter describes the chosen research methodology and design criteria and includes a rationale for the research, its aims and objectives, the research philosophy, methodology justification and choices for data collection.
Chapter 3  Research Methodology and Design

This research employs an inductive phenomenological methodology using a multiple case-based design. The methods used include, for each case, documentary analysis, semi-structured interviews and qualitative surveys. Reports to participating organisations and subsequent discussions were conducted as a means of establishing trustworthiness and credibility of the data. According to Yin (2015), three strategies for improving rigour include using multiple sources of evidence, having key informants review the case study report, and maintaining a chain of evidence, all of which were followed. Additionally, Yin (2015) states that the quality tests for qualitative data are: trustworthiness; confirmability (e.g. replicability); credibility; and data dependability (e.g. rigour).

3.1 The Rationale for the Research

The Literature Review has identified gaps in the knowledge of goal setting at a business level and its effects on EIBI and has provided the background upon which the research question and areas of investigation are based. The Literature Review also has provided the basis for the selection of the research methodology. The task then was to identify both the research methodology and the design of the research that most efficiently elicit information to provide both depth and breadth of insight and allowed the development of theory.

The following sections look to explain the research methodology and design used. Specifically, it will look at the choices made in terms of the aims of the research, research philosophy used, samples and data collection methods, and the actions taken during the research.

3.2 Research Aim and Objectives

From the Literature Review's Section 2.5 Conclusion and Potential Gaps, it was identified that the following areas need to be investigated: definitions and understanding in the area of BGS; the strategy development process and where and how, then, business goals fit into this; how then business goals are created (including who is involved, information sources, etc.); what is expected as a result; and then, finally, the results themselves in terms of EIBI. The aim, therefore, is that these would contribute to demonstrating what the role of business goals are in strategy development and its potential impact on business performance as measured by EIBI.

The specific objectives of the research were broken down into five themes, in line with the
gaps identified in the literature and in line with Section 2.6 Research Question and as Joffe described the use of thematic analysis. This she described this as “...a method for identifying and analysing patterns of meaning in a data set. It illustrates which themes are important in the description of the phenomenon under study. The end result of thematic analysis is the highlighting of the most salient constellations of meaning present in the data set.” (Joffe, 2012:09) This was therefore with the intention of understanding the dynamics of the individual themes and subsequently how, in combination, these themes impact on the organisation as a whole.

**UNDERSTANDING**: What is the organisation’s understanding of the term business goals (or their organisation’s equivalent term) and their purpose?

**PROCESS**: Who was involved (Originators) and how were the business goals arrived at by the business?

**INFORMATION**: What were the sources of information and analyses that were used?

**COMMUNICATION**: What and how were the business goals communicated to the employees (Recipients)?

**EFFECTS**: What was expected by the Originators and what has been the intellectual buy-in (as a subset of engagement) to the business goals by the Recipients?

The objective, therefore, is that these collectively contribute to answering, from the point of view of both Originators and Recipients, the overall question of whether there are key elements in setting business goals (as part of strategy development and implementation) that contribute to employee intellectual buy-in to those goals.

The next section looks at the research philosophy that was considered and how this affected the research as a whole.

### 3.3 Research Philosophy

The dimensions of this research are bound by a critical realism paradigm (Seidl and Whittington, 2014) in that the area focuses on examining what processes do and do not take place, what information is used or not used, what communication is made or not made, and what effect it has or does not have on employees. It has sought to establish whether there is resulting causation between process inputs, outputs and results. In other words, to add knowledge, there is a need to understand the cause and effect but also the mechanisms at play.

The paradigm emerges from the ontological and epistemological stances taken. The
arguments for these relate to the fact that there is no established theory to be tested or is atetheoretical for BGS and its effects on EIBI (Brown and Eisenhardt, 1995; Locke, 2007). This chapter, therefore, explores the argument for this paradigm.

In terms of the research philosophy that has been followed, this research has sought to gain, from an external perspective, an objective real-world view of BGS as presented by the businesses that participated in the research and using the combined perceptions of both senior management (Originators) and employees (Recipients) of the BGS process. In order to gain the most comprehensive view of BGS in a business, it has been necessary to look at the overall process from various perspectives. Ontologically, dealing with the nature of the reality as presented, the research method presents an objectivistic view, or a view independent of the social actors’ view, of the facts as presented in practice to the Researcher, when looking at the BGS process and accompanying documentation along with a subjectivistic view, or the perceptions and consequent actions of those social actors involved, obtained from the participants in the research, using their perceptions of the creation of business goals and the effect of BGS on the business’ employees (Bryman, 2016). This, then, provided rigour and depth while also enabling an understanding of the mechanisms involved. Additionally, a qualitative assessment was proposed and employed as this is also tied to an interpretivist construct for examining the BGS as it seeks to interpret elements of the findings. This is in line with the data collection used, including interviews, documents and qualitative survey. Therefore, epistemologically, dealing with the sources of knowledge, the chosen research method looks to acquire information from several sources across several businesses to support or challenge the accepted theories of how effective the use of strategic management is in general and, specifically, business goal setting within the strategy development process in practice where no theory exists. The knowledge developed can be said to be logical knowledge that can create the foundation to be tested empirically.

There is, however, a conflict found between business strategy development and goal setting as disciplines (Porter, 2006; Langton, Robbins and Judge, 2013; Locke and Latham, 2013). Business strategy development has come under the academic umbrella of Strategy, whereas goal setting has been dominated by the discipline of Organisational Behaviour. The ontological approach taken by each discipline differs insomuch as strategy tends to be idealist while goal setting has been confined to examination at an individual level and has tended to be empirically tested. Knowledge about business strategy is difficult to empirically test as most going concerns cannot easily create experiments to test different strategies and, therefore, is usually more authoritarian driven. It is also worth noting that the empirical testing of goal setting at an individual level is spread across a wide set of scenarios, not all of which are business-related nor with
employees as subjects (Locke and Latham, 2013). Taking a critical realist approach, where the research allows the micro and macro levels to be analysed within their own terms and clarifies the specific mechanisms through which the different levels are linked over time, will not only reinforce the interpretivist evidence but also bridge the two disciplines and allow for an understanding of the mechanisms that have generated the actual events and aid in overcoming the conflict (Seidl and Whittington, 2014).

Although the purpose of this research is not to examine individual behaviours and values, axiologically (judgements about value) it should also demonstrate the value that businesses place on deciding which processes to employ in their business and, specifically, about BGS in this context.

This next section will review the thinking behind the choice of methodology and how it was employed.

### 3.4 Methodology Justification

As described in the Literature Review, although research exists at an individual level, essentially at a business level this is an area that does not have any established theory and, therefore, a qualitative approach is warranted to initiate theory development (Eisenhardt, 1989; Locke and Latham, 1990). In line with that guidance and because of the gap at a business goal level within strategic management theory and strategy development, it would also have to be inductive research. This coincides with a similar gap within goal setting at a business level from an OB perspective. This research has therefore been driven by looking at strategy development: how are goals arrived at, what was the intention of those goals and, in implementation, how the goals were communicated and what was their effect, bridging the gap in empirical evidence as well.

The type of research is driven by the need to understand and evaluate the strategy development process at a business level in its entirety against a positivistic view of how, within the strategic management paradigm, the strategy development process (and, specifically the BGS within this) contributes to an organisation’s ability to achieve its goals as measured by EIBI. As such, this means gathering information from businesses that have gone through a BGS process and communicated the output to their organisation and then measuring and evaluating the effect of the business goals on the employees.

This then requires an understanding of the strategy development process followed by the companies (and specifically the BGS process within that), as well as an understanding of inputs and outputs along the way. To evaluate what can be considered as effective, specifically to assess whether or not the business goals have had an effect on the
organisation and its performance, requires the impressions of the participants, both Originators and Recipients (terms adopted as reflected in the Literature Review) and, by its nature, this will be qualitative (Yin, 2015). The challenge was, therefore, within these confines, to obtain adequate data and consistent information from which to develop theory.

In practice, the research lent itself to accessing multiple sources of information for both obtaining insightful qualitative data and verification (Eisenhardt, 1989). The focus on what basis the business goals were established was intended to reduce the variables and facilitate the emergence of theory as opposed to examining the strategy development process in its entirety. The methodology selected for this study used an inductive multiple or collective case study paradigm across a group of companies, for the purpose of comparison, by examining the BGS process and effects within each company. Blaikie and Priest (2019:190) would call this revelatory, “a situation where some phenomenon has not been studied before; where an opportunity arises to research something that has been previously inaccessible”. Using several cases to study this has been designed for a better representation of reality, albeit limited to those participating companies while enabling a more experiential understanding of the process (Stake, 1995, Eisenhardt and Graebner, 2007). The case study approach was first described by Yin (1981) and further refined by Eisenhardt (1989). Although there is some dispute whether case study is a methodology or each case is just the object of the research (Stake, 1995), it is clear that researchers accept that the case study approach can be a positivistic method (Yin, 2015; Blaikie and Priest, 2019) and provides a clear framework for sampling and enabling research with depth (Patton, 2002).

The choice of a multiple case study methodology has also been made on being able to create a credible, rigorous and sincere view of the BGS process in action (Eisenhardt, 1989). In line with her work, and supported by Yin’s Case Study Research: Design and Methods (2014) recommendations, the research uses methods that seek multiple sources such as documents, interviews and survey data. Yin confirms that different sources of information are needed (supporting the concept of multiple sourcing), particularly when using the multiple case study method, to enable a more robust collection of data. The primary qualitative data has been derived from interviews with both Originators and Recipients of the business goals. The Originators provided the depth and breadth of understanding of the BGS process used while the Recipients provided the foundation for critiquing and gauging the effectiveness. Using both Yin and Eisenhardt’s recommendations about the multiple sourcing of data, both documentation and qualitative survey information were also used.

In their chapter on Units, Divisions and Organizations, Macro-Level Goal Setting, Young
and Smith (2013), who have researched macro-level goal setting, note that much of the quantitative research is based on surveys. Interestingly, they state that they are mindful that research designs applying survey to investigate macro-goal setting questions must overcome the problem of “obtaining access to the top managers of large complex organisations” (Young and Smith, 2013:323). Further, they note from Hatfield and Pearce that the particular limitation of survey research is “the post hoc nature of the method of data collection” (Hatfield and Pearce, 1994:446) used in this type research. They refer readers to Baum et al. (1998) as exemplars of excellent methodology to ensure reliability, validity, a longitudinal design, and the absence of single method bias in survey-based macro goal setting research. The research effort associated with longitudinal studies with large samples, however, causes them to suggest the use of case studies in order first to identify in the field the important dimensions suggested by prior experimental research. It may be concluded that to build theory, the inductive gathering of data from field research could greatly benefit the research in this area as will gathering information from multiple sources. This also raises the question of the appropriateness of surveys alone.

The use of a qualitative survey was, in this research, therefore, not intended to be statistically significant but has helped to obtain corroborating qualitative information to verify the information gathered from interviews and documents. This has been further verified, adding to the multiple sources of data, by providing the Sponsors of the participating businesses with a report for their consideration which they had the opportunity to comment on. In summary, the choice of a case study methodology is believed to fulfil Tracy’s (2010) criteria for good quality research.
Table 3-1 outlines these.
Table 3-1 Eight “Big-Tent” Criteria for Excellent Qualitative Research

<table>
<thead>
<tr>
<th>Criteria for quality (end goal)</th>
<th>Various means, practices, and methods through which to achieve</th>
</tr>
</thead>
<tbody>
<tr>
<td>Worthy topic</td>
<td>The topic of the research is</td>
</tr>
<tr>
<td></td>
<td>• Relevant</td>
</tr>
<tr>
<td></td>
<td>• Timely</td>
</tr>
<tr>
<td></td>
<td>• Significant</td>
</tr>
<tr>
<td></td>
<td>• Interesting</td>
</tr>
<tr>
<td>Rich rigor</td>
<td>The study uses sufficient, abundant, appropriate, and complex</td>
</tr>
<tr>
<td></td>
<td>• Theoretical constructs</td>
</tr>
<tr>
<td></td>
<td>• Data and time in the field</td>
</tr>
<tr>
<td></td>
<td>• Sample(s)</td>
</tr>
<tr>
<td></td>
<td>• Context(s)</td>
</tr>
<tr>
<td></td>
<td>• Data collection and analysis processes</td>
</tr>
<tr>
<td>Sincerity</td>
<td>The study is characterized by</td>
</tr>
<tr>
<td></td>
<td>• Self-reflexivity about subjective values, biases, and inclinations of the researcher(s)</td>
</tr>
<tr>
<td></td>
<td>• Transparency about the methods and challenges</td>
</tr>
<tr>
<td>Credibility</td>
<td>The research is marked by</td>
</tr>
<tr>
<td></td>
<td>• Thick description, concrete detail, explication of tacit (ontextual) knowledge, and showing rather than telling</td>
</tr>
<tr>
<td></td>
<td>• Triangulation or crystallization</td>
</tr>
<tr>
<td></td>
<td>• Multivocality</td>
</tr>
<tr>
<td></td>
<td>• Member reflections</td>
</tr>
<tr>
<td>Resonance</td>
<td>The research influences, affects, or moves particular readers or a variety of audiences through</td>
</tr>
<tr>
<td></td>
<td>• Aesthetic, evocative representation</td>
</tr>
<tr>
<td></td>
<td>• Naturalistic generalizations</td>
</tr>
<tr>
<td></td>
<td>• Transferable findings</td>
</tr>
<tr>
<td>Significant contribution</td>
<td>The research provides a significant contribution</td>
</tr>
<tr>
<td></td>
<td>• Conceptually/theoretically</td>
</tr>
<tr>
<td></td>
<td>• Pracically</td>
</tr>
<tr>
<td></td>
<td>• Morally</td>
</tr>
<tr>
<td></td>
<td>• Methodologically</td>
</tr>
<tr>
<td></td>
<td>• Heuristically</td>
</tr>
<tr>
<td>Ethical</td>
<td>The research considers</td>
</tr>
<tr>
<td></td>
<td>• Procedural ethics (such as human subjects)</td>
</tr>
<tr>
<td></td>
<td>• Situational and culturally specific ethics</td>
</tr>
<tr>
<td></td>
<td>• Relational ethics</td>
</tr>
<tr>
<td></td>
<td>• Exitng ethics (leaving the scene and sharing the research)</td>
</tr>
<tr>
<td>Meaningful coherence</td>
<td>The study</td>
</tr>
<tr>
<td></td>
<td>• Achieves what it purports to be about</td>
</tr>
<tr>
<td></td>
<td>• Uses methods and procedures that fit its stated goals</td>
</tr>
<tr>
<td></td>
<td>• Meaningfully interconnected literature, research questions/foci, findings, and interpretations with each other</td>
</tr>
</tbody>
</table>

The cases then were used in a Description-Analysis-Interpretation (D-A-I) framework (Wolcott, 2004) to develop theory.

The next section looks at the specifics of the chosen methods of data collection and subsequent analysis.

### 3.5 Methods of Data Collection

The purpose of this research is to document, analyse and understand the business goal setting process, its inputs, its outputs and its impact. As previously described, it used a multiple methods approach with interviews with the Originators of the business goals and the Recipients of the same, combined with a document review and a qualitative survey of Recipients to aid in providing additional sources of data and creation of more robust information. It also sought verification through the submission of a report to the
participating businesses upon which they could comment. As the overall research is qualitative, it focuses on themes and not statistics. Therefore, the methods used have sought to collect rich information which was coded for analysis. The following diagram shows the process which will then be described in more detail in the sections that follow. This also provides an overview of the process steps in the design of the study to ensure that other researchers can follow and replicate if desired, the same approach when studying the issue.

The flowchart describes both the sequence of events and the overall process. It shows that each case was set up individually. The data was gathered and then coded at a 1st order (Saldaña, 2016). Once the data was gathered from all three cases and coded, a second order of coding was performed as part of the cross-case analysis. The diagram also shows the data sources around the documents that were used to examine the business goals set and the understanding of both the Originators and Recipients.

The following sections detail the processes used.

### 3.5.1 Sample

The original plan was a purposive (purposefully to inform an understanding of the research problem (Palinkas et al., 2015)) selection of businesses from within an industry with some similarities as this was thought to enable better comparison of the eventual case studies (Saunders, Lewis and Thornhill, 2009). FMCG (fast-moving consumer goods), for instance, might have been a good sector to study as it was anticipated that it
would be easier to obtain access, track the processes and measure outcomes within a manageable period. However, such are the constraints of research, what with finding businesses willing to participate, that it was difficult to be overly prescriptive in this sense and, therefore, what became apparent was that it was more important to have a sample of businesses that could provide a broad view of the application of BGS. However, in practice, the choice of businesses was to be highly dependent on voluntary enrolment. Within the participating group of businesses, research was conducted at a business (unit) level to manage out the potential complexity that would be introduced at a corporate level where the company may have multiple businesses in different sectors and a broader set of stakeholders (see Section 2.2 Definitions Related to Business Goals). Finally, geographically it was limited to a single country of operation (UK-based, although two of the businesses had an overseas presence), again to manage complexity but also to manage time, accessibility and exclude country variations while creating a framework to develop theory that could be tested elsewhere.

The sample was intended to be non-probabilistic and, therefore, not statistically significant but provide a working knowledge of how a selection of businesses go through the BGS process (Saunders, Lewis and Thornhill, 2009). To this end, a minimum of two, but ideally, four companies would be involved in order to have enough material to develop the case study approach (Yin, 2015). In line with the experiences and recommendations of Eisenhardt and Yin, as previously cited, the range was based on a balance between what is achievable within the timeframe and a large enough number to be able to highlight variances. In the end, three were involved which satisfied this criterion.

Finally, as with any research, there were many variables to consider, and there were those that the Researcher wished to exclude or ameliorate to ensure the findings provided a broad view while still focused on BGS. Consequently, the chosen companies were ones with a timeline where the business goal setting process could be understood successfully, post-setting, and where the EIBI effect could be measured within the timeframe of the goals (e.g. the goals would be active during the research). They were also companies a) whose employee population would necessitate the communication of the goals by senior management (i.e. where the company was large enough that this could not just be done by word of mouth but would instead require a degree of formal communication that could be examined), b) whose market (where they play) was clear (i.e. where the customers/segments and potential customers are known as are the existing or potential product and/or services that can be delivered so as to exclude unconventional and/or start-up businesses) and c) whose business was defined (i.e. with specific business goals or business unit goals and not at a corporate level although possibly part of a corporate business, thus distinguished from corporate goals). The access to the sensitive
information was another requirement which also auto-excluded certain businesses from participating. As a result, a combination of purposeful and convenience sampling of businesses was employed. (Palinkas et al., 2015)

Table 3-2 below describes the sample across each of the companies in terms of the type of company, its size measured by the number of employees and the numbers involved in the interviews and qualitative survey.

<table>
<thead>
<tr>
<th>Type</th>
<th>Total Employees</th>
<th>Originator Interviews</th>
<th>Recipient Interviews</th>
<th>Recipient Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company A</td>
<td>Engineering Consultancy</td>
<td>±250</td>
<td>5</td>
<td>13</td>
</tr>
<tr>
<td>Company B</td>
<td>Motor Retailer</td>
<td>±3000</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td>Company C</td>
<td>Technology Business</td>
<td>±1250</td>
<td>6</td>
<td>18</td>
</tr>
</tbody>
</table>

Note: The approximations (±) are simply a function of the information each company was willing to divulge and their potential degree of variation due to timings. More detail concerning each of the companies and those sampled are contained within their respective case studies Sections 4.3, 4.4 and 4.5.

3.5.2 Data Collection Process

Following Eisenhardt’s (1989) *Process of Building Theory from Case Study*, the data collection and analysis approach used multiple sources to ensure both adequate information and a process of verification of the information gathered.

Two sets of data were required. The first was, for each business, to obtain data on the BGS process, including who was involved, sources of data used, the sequence of events, decision-making and outputs surrounding the strategy development process but specifically for the BGS process within this. The second was to obtain evidence related to what the business goals were at the time, how the business goals had been communicated to employees, and what was their effect as assessed by EIBI. The objective was to obtain the data from first-hand interviews supported by document sources such as reports from objective records (Board minutes, documentation regarding the business’ strategy, communication documents, etc.) and by a qualitative survey of the employees. This was then verified by a report made for each business which the businesses could comment on.
Chapter 3

3.5.2.1 Research Design

The following is a brief overview of the research design, as it was communicated to the participating businesses. This was to ensure understanding of what research was to be carried out. It was also to help decide whether their organisation was appropriate for the research in terms of size, structure, timings, commitments, etc. and whether they were able to commit the time and resources of their employees to the research.

It was explained that the research sought to understand how business goals (the way they are determined, set and communicated) affect and influence the collective performance of an organisation. Participating companies were told they would benefit from the results of the research by having unique feedback and contributing to new knowledge.

For the purpose of the research, it was explained that business goals were defined as those set at a business level. They were told that the term goal might be interchangeable with vision, strategic objectives, targets, etc. set for the organisation as a whole to achieve and that the goals would normally be strategic in that they would not be for short-term purposes but provide directional intent for the business over some stated period of time (typically for a period of a year or greater). They would also most probably be part of the strategy development process of the organisation (this was in the event, as the literature revealed, the goals had for some reason been decided separately from the strategy development process).

It was further explained that the research was to identify and examine the business goals (understand what the goals were, how they were arrived at, what was their content and how they were communicated to the organisation). Additionally, it was to measure the effects of the business goals on a subset of employee engagement measures around intellectual buy-in.

The methodology was through initial interviews with the members of the Board and Senior Leadership Team that were involved with the BGS, obtaining their understanding of how setting the business goals were determined and were communicated and gathering any relevant documentation. This was then followed by interviews and a qualitative survey with employees to document what they understood of the business goals and their intellectual buy-in to those goals.

It was agreed with the Sponsor (in all cases a Board Director) the resources the organisation would have to commit and that this would be limited to access to the Board and SLT for 30-60 minute interviews, any documentation used or generated in the process of the BGS and communication (strategy documents, supporting data and analysis, presentations, etc.), a cross-section sample of the employee population (10-15)
for 20-30 minute interviews, and the employee population or sample thereof for a brief 10-15 minute online survey.

The specifics of this depended on the size of each organisation and logistics, but the activity was intended not to be either disruptive or encumbering. A requirement was that business goals had existed for a long enough time period to be communicated and absorbed by employees. Although there was no ideal time that could be determined, in all cases, it was such that the organisation had been aware of the goals for some time.

In negotiating the research with each of the companies, a report based on anonymised information obtained from the organisation was promised, as was access to the thesis.

3.5.2.2 The Sequence of Events and Process Followed

Preliminary discussions were conducted by the Researcher with a member(s) of the Board to gain acceptance in principle. The Board Director(s) established approval from the Board to proceed and confirmed to the Researcher which Board Director was to be the Sponsor and who would be the person who could act as Administrator to co-ordinate appointments, obtain documents, etc.

The Researcher then ascertained from the Sponsor the current business goals, clarifying and confirming the terminology used by the business and incorporating this in research and communication material for those involved (e.g. as in the case where business goals as a term is not used but might, for instance, be referred to as strategic objectives or other such terms). The Researcher then agreed with the Sponsor how the research should be communicated to the organisation, how it should be completed, by whom, when and by what method.

To facilitate the quantification and selection of interviews, the Researcher obtained from the Sponsor a list of who was involved in the development and/or communication of the business goals, an organisation chart/table showing roles, levels and numbers of personnel, and any documentation around the development and/or communication of the business goals including process followed, any analysis performed, decisions made and communications used (for instance, senior management presentations).

The Sponsor then created a selection of those participants to be interviewed, and the Researcher worked with the Administrator to set up the order of the interviews and methodology to conduct the survey, quantifying the time required (days) and proposed dates taking into consideration the best time period to do the study. The Researcher then agreed on the plan with the Sponsor. The Administrator confirmed the interviews with the participants and distributed a Participant Information Sheet and Consent Form. The
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Administrator collected signed consent forms and confirmed the interview schedule and location(s) with the Researcher.

The Researcher then followed and attended the interview schedule liaising with the Administrator. Where possible, the Researcher obtained additional documentation from those being interviewed who were involved in the development and/or communication of the business goals (and even from some of the Recipients).

In terms of sequence, ideally, it had been planned that the Originators would be interviewed before the Recipients to ensure a broad view and context of the business goal setting process, but not all of the Originators were able to be interviewed before the Recipients. It is also worth noting that, as it was voluntary for the Recipients to participate in the interviews, there were those who did not wish to participate and, in one case, there was an additional Recipient who self-nominated to participate. All of the interviews were recorded where permission was given by the respective Originator or Recipient.

After the interviews, the Researcher distributed a Debriefing Form to each participant and then worked with the Administrator to carry out the survey. The Researcher then transcribed and collated the information obtained, coded these data and created a feedback report for the respective Boards.

3.5.2.3 Documentation Collection

Notes, minutes and/or presentations of published data, balanced scorecards, key performance indicators (KPIs), etc., from strategy formulation and decision meetings identifying process, contents and sequence of events surrounding BGS were sought from each business from the very start of the research. This provided the Researcher with background information that assisted in the research in terms of providing an understanding of the terminology used, which, in turn, could be applied to the interviews and survey. This was also used to initiate both discussions with Originators and Recipients and, where appropriate, act as prompts when interviewing, as well as backup and validate claims from the Originators' interviews. These also, where appropriate, acted as prompts when interviewing.

3.5.3 Questions Used and Data Gathering

The questions for the interviews and the survey were developed in line with the themes outlined in Sections 2.6 Research Question and 3.2 Research Aim and Objectives. These were used within the interviews and the survey and followed the logical sequence of the BGS process. As a thematic process (see 3.2 Research Aim and Objectives), these were
a starting point to then be followed by coding that would create inductive emergent themes as can be seen in Section 3.6 Analytical Process that follows. They were maintained across the different data gathering media to maintain consistency and facilitate the verification. As is shown in the following sections, within the interviews, these were only supplemented with potential prompts.

3.5.3.1 Interview Process

The following is an overview of the interviews used in the research with the different parties of Originators (senior management) and Recipients (employees). As the research was qualitative and within an inductive framework, the interviews were made up of a collection of open questions in line with Section 3.2 Research Aim and Objectives, guided by prompts when it was required. As an inductive data-gathering exercise, it was important to gather not only their responses but also how they responded and the language they used. The headings used were Understanding, Process, Information, Communication and Effect, which correspond to the areas of investigation discussed in Section 2.6.1. This also provided a framework to build the initial coding (Saldaña, 2016).

Note that due to the lack of familiarity with the term intellectual buy-in on the part of the interviewees and those surveyed, the heading of engagement was used but only within the Researcher’s interview guide, participant information sheets and debriefing forms (not within the questioning itself).

Interviews with Originators (typically Board Directors)

These were completed with key players involved in the strategy development process, extracting their description of the process, contents and sequence of events for BGS and what they considered to be their measures of effectiveness. Similar to the selection of the businesses researched, the Originators interviewed were a combination of purposive and convenience selection. In all cases, the Sponsor of the strategy development process was a Board Director and was included in the interviews which were purposeful by design as it would be essential to have someone who was both involved in the process and senior enough to have been part of the decision making. The complement of the other Originators who participated in the process was subject to the Sponsor’s selection. This was due to a combination of the Sponsor recalling who had been involved at the time, and their current availability and, therefore, an element of convenience.

In two of the businesses, five Directors / senior leaders made up the complement of Originators who took part in the interviews. In the third business, there were two Directors, two senior managers and a staff member covering for a senior Director who took part as Originators. A total of 15 Originators (Directors /senior managers) were interviewed.
Open questions, in line with the themes outlined in Section 3.2 Research Aim and Objectives, were used throughout, accompanied by the prompts, where useful, obtained from the documentation stage. The following is a sample of the interview guidance sheet.

INTERVIEW GUIDANCE: Board of Directors / Senior Management
(Those involved in goal formulation and setting and/or communication of the goals)
Warm-up and personal background information
a. Role/Title (will have from plan)
b. Department/Function (will have from plan)
c. Time with company
d. Personal experience/background
e. Experience in terms of the goal formulation and setting and/or communication of the goals (clarify role)

For clarity, for the purpose of this research, the references to "business goals" refers to the overarching business goals which are what the company as a whole is seeking to achieve usually within a given period of time and may be referred to in terms other than business goals such as vision, business objectives, strategic objectives, etc.

1. UNDERSTANDING: What do you understand by the term “business goals” and their purpose?
   a. What purpose do they serve?
   b. What are the key elements to an overarching business goal(s) for the business (e.g. not the specifics of the goals but the elements - what should it include or cover)?
   Prompts
   Seek to clarify potential issues around:
   a. Company vs Business vs Business Unit vs Division
   b. Vision vs Business Goals vs Business Objectives
   c. Business vs Individual
   Seek to use their compatible terminology for business goals where possible through the rest of the interview

2. PROCESS: How were the business goals arrived at by the business?
   Prompts
   a. What are the overarching business goals?
   b. What was the process to derive them?
   c. What was the sequence of events?
   d. Who was involved?

3. INFORMATION: What were the sources of information that were used?
   Prompts
   a. Inputs (internal and external)?
      a. Market (customers, segments, competitors, etc.)
      b. Capabilities
      c. Resources
      d. History
   b. How were these validated?
   c. What analysis took place?
   d. What was the outputs?

4. COMMUNICATION: How were the business goals communicated to the employees?
   Prompts
   a. What was the process?
   b. What was the content?
   c. What was the sequence of events?
   d. Who was involved?
   e. What were the expectations of doing so?

5. ENGAGEMENT: How has the effectiveness of the business goals been checked?
   a. How was understanding checked?
   b. How was the level of impact measured?
   c. What was the variation / deviation?
   d. Are there any aspects of the business goals or the way they have been communicated that are missing or need improvement?
   Close: Any other comments or thoughts?
   Distribute Debriefing Form and thank interviewee

Figure 3-2 Originator Interview Guidance Sheet
Interviews with Recipients (Employees)

This was completed through a brief to the Sponsor and Administrator and with a sample of employees representing a cross-section of the organisation, particularly in terms of functions and years of employment with the business, as it was intended to see the effect of business goals on EIBI across the organisation. The selection process was a sampling carried out by the Sponsor, as per their requirement to provide a cross-sectional selection of employees but, in all cases, participation was voluntary as per the joint agreement of the Researcher and the Sponsor. Guidelines were provided, but a degree of convenience sampling was again done due to availability and, in a few cases, failure to gain agreement from some invitees to participate, necessitating the recruitment of additional Recipients. Recipient interviews numbered 11, 13 and 18 across the three businesses, respectively. A total of 42 Recipients (employees) were interviewed.

Open questions, in line with Section 3.2 Research Aim and Objectives, were used throughout and accompanied by verbal and physical prompts (where useful) in the form of documents outlining the business’ goals (as previously collected with permission from the Sponsor). However, unlike the Originators’ interviews, this was limited to the material the Originators believed already had been communicated to the Recipients either as documents, presentations briefings or within their intranets or any combination thereof.

The Engagement section (as noted previously, in title only) of the interview with Recipients was expanded to include prompts in the form of closed questions that allowed interviewees to comment on proposed dimensions of business goals if they had been unable to articulate detail around the main question. The following is a sample of the interview guidance sheet.
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INTERVIEW GUIDANCE: Employees

Warm-up and personal background information
a. Role/Title (will have from plan)
b. Department/Function (will have from plan)
c. Time with company
d. Personal experience/background

For clarity, for the purpose of this research, the references to “business goals” refers to the overarching business goals which are what the company as a whole is seeking to achieve usually within a given period of time and may be referred to in terms other than business goals such as vision, business objectives, strategic objectives, etc.

1. UNDERSTANDING: What do you understand by the term “business goals”?  
   a. What purpose do they serve?  
   b. What are the key elements to an overarching business goal(s) for the business (e.g. not the specifics of the goals but the elements - what should it include or cover)?  

Where “business goals” is used, replace with the compatible terminology, if any, gathered from the Top Management interviews.

Prompts Seek to clarify potential issues around:
  a. Company vs Business vs Business Unit vs Division  
  b. Vision vs Business Goals vs Business Objectives  
  c. Business Goals vs Individual Goals

2. PROCESS / INFORMATION: What are you aware of in terms of the business goals?
Prompts  
   a. What are the overarching business goals for the company?  
   b. Describe how they were derived?

3. COMMUNICATION: How were they communicated to you?
Prompts  
   a. By whom?  
   b. How effective was the communication?

4. ENGAGEMENT: How have the business goals influenced you?
   a. Do you believe they are credible and achievable?
   b. Do you feel they are compelling or motivating?
   c. Do they provide you with:  
      a. a sense of purpose?  
      b. clarity of direction?  
      c. clarity for your role?  
      d. an understanding of how your role contributes to achieving the business goals?  
      e. a clear connection between the business goals and your objectives?
   d. Are there any aspects of the business goals or the way they have been communicated to you that are missing or need improvement?

Close: Any other comments or thoughts?  
Distribute Debriefing Form and thank interviewee

Figure 3-3 Recipient Interview Guidance Sheet

Recipient Employee Survey

This was open to either a sample or the entirety of employees exposed to the business goals depending on what each Sponsor and their resources allowed, again ensuring a cross-section of the functions. Two businesses opened it up to all their employees while the other limited it to an approximately 10% sample as they had had issues with survey fatigue. Response rates were approximately 6%, 14% and 20% across the three businesses, respectively. Response numbers varied greatly between businesses, but there were respectively 83, 35 and 59 for a total across the three businesses of 177 Recipients.

As the research was exploratory, there was no established surveys, questionnaires or
scales to select from. Additionally, as this was an additional data source, it was necessary to follow the Recipient interview themes to ensure the information could be matched for analysis. This was to obtain additional qualitative information, i.e. the intention was to use similar open questions of the Recipient interview but, without the opportunity to probe directly. It was necessary to ensure respondents had the opportunity to either expand on their response or offer additional information. It was not statistically significant but was intended to triangulate and validate claims from the Recipient interviews. The survey was a mix of open questions with a selection answers (for instance, a list of options with regards to who communicated the business goals to the Recipient). The latter was to ensure a minimum of response against any given question (Krosnick and Presser, 2010). These acted as prompts and were not meant to be prescriptive.

Because the evaluation of the effectiveness of the BGS was required from the respondents, some of the questions offered Linkert style potential responses with regard to areas of importance or effectiveness (for instance, whether the communication of the business goals had been seen as very good, neither good nor bad, or very bad) (Krosnick and Presser, 2010). As the survey followed the format of the Recipient interviews, it was possible to check the understanding of terms commonly used within the organisation and provide for an element of customisation. Unlike the interviews, the survey was not accompanied with any of the physical prompting material obtained at the documentation collection stage as this would have skewed the responses, but it could be assumed that a number of those who failed to respond to the survey might have been influenced to do so as there were no prompts showing the business goals. A sample of the online survey is included in Figure 5-33 to Figure 5-39 of Appendix D.

### 3.5.3.2 Report of Findings for the Participating Businesses

In addition to the above, a further source of information was used as a verification process. Each of the participating businesses requested, as a quid pro quo, that the Researcher provide them with a report on the findings (without prematurely drawing conclusions or developing theory). As such, each business then was invited to make comments with respect to the content and perceived accuracy. In all cases, there was a presentation to the Sponsor and other senior leaders, followed by a Q&A session and an opportunity to comment on the accuracy or request changes. The feedback itself was limited, and the information presented was not contested, thus fulfilling its role in the research method.

The next section discusses the analytical process used on the data gathered, including the coding process at both the level of the individual case studies and the cross-case analysis.
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3.6 Analytical Process

The following section describes the analytical process used and follows on from the Case Study Methodology and Research Methods Flowchart (Figure 3-1) described in Section 3.5 Methods of Data Collection.

3.6.1 Themes

For purposes of comparison across the businesses, and in developing theory, it was necessary to codify elements of the processes and performance into themes (Saldaña, 2016). The analysis follows Eisenhardt's (1989) cross-case pattern search using divergent techniques.

The initial themes for coding reflect the question headings used in the interviews and survey, i.e. Understanding, Process, Information, Communication and Effect (see Sections 2.6 Research Question and 3.2 Research Aim and Objectives). These headings were found to match the logical sequence of the BGS process (as perceived by Originators and Recipients) and so were maintained across the different data gathering media to ensure consistency and multiple sourcing of data.

3.6.2 Coding

By necessity, with the expected volume of data to be acquired, coding was anticipated to be a useful tool of synthesis. That is not to say the output depended on coding, but it was a necessary tool to manage the data and, ideally, facilitate the extraction of insight. Orientation for the coding process has been taken from Saldaña, who works closely with Miles and Huberman, experts in this area (Miles, Huberman and Saldaña, 2014). Saldaña’s (2016) guidelines, the experience of Eisenhardt (1989) and recommendations of Yin (2003) were followed in gathering and coding both interview responses and data from other sources, so providing the basis for information used in the analysis process. Saldaña (2016) identifies that any coding is likely to require iterations, which results from the initial data gathering. It is bound to change as more data is acquired, and, indeed, this was the case. Proper management of the filters (questions) and lenses (participants) appears to have had a positive effect on the quality of coding as well (Galman, 2013).

Coding was developed and conducted in two intervals. The 1st order coding followed each of the initial data gatherings from the companies; the 2nd order coding followed the review of the collective results from the three companies.

3.6.3 1st Order Coding
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The 1st order coding explored the following initial themes, distilled from data collected in the interviews and survey, and retain the question headings of the Interview Protocol.

1. **UNDERSTANDING**: What is understood by the term *business goals* and their purpose?

2. **PROCESS**: How were the business goals derived?

3. **INFORMATION**: What were the sources of information?

4. **COMMUNICATION**: How were they communicated?

5. **EFFECT**: What effect have they had?

As previously stated, these themes were derived both from the Literature Review and an initial interpretation of the research results, as they were completed for each separate company. These emerged, quite simply, as obvious starting points for the coding, which is why the Interview Protocol provided the framework for the initial coding. It could be called *event* and *hierarchal* coding (Hommel *et al.*, 2001) in that it followed the sequence of events, as perceived by the Originators and Recipients, that the organisation might follow in developing, disseminating and evaluating the effects of the business goals. Having used the coding on the data from the first company that participated in the research, the same approach was repeated with the second and third companies. This was useful as they were completed independently of each other and then could be compared when looking at the 2nd order coding outlined later in this section. No modification of the coding was required at this stage, and there was also a natural and logical sequence, or hierarchy, that developed from the initial themes to the final themes. This is outlined below and can be seen from the results of the document reviews, interviews and surveys within each of the case studies. Examples of the 1st and 2nd order coding and proof quotes can be seen in Appendix E.

From the Literature Review, it was clear that the area of definitions within academia is variable and so the intention of this initial theme had been to explore and establish whether participants think in terms of the concept of *business goals*, if they use alternative terms to represent the same concept, how they would define the concept of business goals and, what purpose, if any, they see in the use of business goals in their organisations. The companies researched showed a wide variety of interpretations in this respect which, in itself, demonstrated the value of using *Understanding* as an initial theme. In particular, it proved useful in evaluating consistencies and patterns in the information gathered, as well as in intellectual buy-in, i.e. highlighting whether or not Originators and Recipients shared a common understanding and whether Recipients
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placed any importance on business goals.

The second theme, *Process*, develops from the first theme in that, if the participants have an understanding of business goals and their purpose in an organisation, then do they also know, and can they describe, how the business goals were derived or, more specifically, who was involved, whether there was any process followed, structured or otherwise, and how were they decided upon? The literature was suitably vacuous on this in that it repeatedly assumed that the goals had been developed already but did not describe specifically how this was done, nor a process outlined. As such, discovering practice in this area is potentially a significant contribution to knowledge. In particular, the three case study companies showed widely different BGS processes, which proved useful when looking at the effects of business goals on EIBI.

The third theme was developed to explore the *Process* further and try to extract the *Information* that was used in developing goals and also how it was used. The importance here was whether the participants had an awareness of the information used and its origins and its interpretation. The evidence suggests (similar to the theme *Process* discussed previously) that this was variable but could have implications for the impact of the business goals on EIBI. As described in the Literature Review, only Porter (2004) was explicit about the need for information when developing business goals, while others did suggest that information should be used but without specifying this, albeit there was detail when referencing strategy development as an overall concept.

The fourth theme, *Communication*, was next in the sequence and aimed at understanding how the goals had been communicated from Originators to Recipients. The evidence indicates that there was a significant effect on the dynamics of the BGS process in that, notwithstanding large amounts of effort by all three companies, the approach to communication and the mechanisms used had different effects. The literature, similar to that within the theme of *Process* described above, does not go into much detail about the impact of communication (or methods of communication) of business goals on the success of EIBI other than at an individual or group/team level which, of course, is much easier than communicating to an entire organisation. In addition, research at an individual or group/team level often uses derived experiments that assume a straightforward process of communication, i.e. they test a single goal communicated on a one-to-one basis to participants. Notwithstanding these issues, the literature does provide insight into some of the elements that form part of the goals communicated to individuals or groups/teams, and coding of this theme will contribute to validating (or challenging) those elements (Locke and Latham, 1990).

This leads naturally to the last theme, *Effect*, where elements identified in the BGS
process are assessed for their effectiveness as judged by Recipients. A key consideration here is in assessing not just whether goals have been communicated to staff but whether or not that communication has secured their intellectual buy-in to those goals. The evidence shows that the former can occur without the latter, which suggests that content is a critical factor in the effectiveness of business goal communication and further endorses the value of it being coded for analysis.

3.6.4 2nd Order Coding

From this initial 1st order coding, two aspects of the research were achieved.

Firstly, a report was developed which summarised the research for each company (as this was part of the agreement with each organisation in order to permit the research). The report was provided to a member of the SLT (in each case the Sponsor) to ensure awareness of the research’s outputs concerning their organisation, and also to allow them to raise any issues or concerns and/or provide additional information. Discussions also took place with all of the Sponsors to answer any questions and provide further explanations about the research and conclusions relevant to their organisation, although none of them raised any concerns. Subsequent to this, dissemination of any information was left to the Sponsors but with the caveat that, notwithstanding efforts to anonymise the content in the report, in order for the information contained within it to remain anonymous, the report (as it was presented) should not be circulated.

Secondly, the initial level of coding enabled the information from the three companies to be viewed as a whole and enable the 2nd order of coding to take place. The 2nd order coding themes were derived from an initial review of the reports developed from the 1st order coding. It could be said that this coding evolved into principles of BGS and are all intended to highlight the evidence that is linked to the effectiveness of the business goals in terms of employees’ intellectual buy-in to those goals. The resulting 2nd order coding was completed using the following themes.

Context

1. **Definitions** – the understanding of terminology: mission, vision, goals, objectives and other headings

2. **Business Model** – the effects of different business models

3. **Purpose** – the provision of clarity and motivation

4. **Big Picture** – the use of context: market knowledge and externalisation
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5. **Measurement** – the use of quantification, rigour and data

**Effect**

6. **Trust and Conflict** – the use of facts and transparency

7. **Links** – the alignment with strategies and line-of-sight

8. **Culture** – the effects of history, background and capabilities

9. **Structure** – the effects of management and management approaches

10. **Communication** – the effects of communication methods, language, documents, feedback-loops

Similar to the 1st order coding, after comparing the data from the three companies, the themes that developed appear to have something of a natural order.

The terminology used across and within the three companies was highly variable and deemed (as a starting point) to have a significant impact on the organisation. This theme was denoted as *Definitions* and is similar to *Understanding* in the 1st order coding in that it captures the same terminology issues identified in the Literature Review but has been broadened by interpretations gathered from research participants.

The second, described as the *Business Model*, provides comparative a fortuitous difference between the three organisations and appears to be influential in terms of the perceived challenges that the businesses face. Bourgeois and Eisenhardt (1988) were two of the few who believe there are significant differences between industries in general, in terms of decision-making in strategy development. However, this coding identifies that it may not be the industry that affects the business goals so much as an organisation’s business model and the SLT’s perception of what the organisation is trying to achieve.

The third theme, *Purpose*, describes what participants feel the intention of their organisation to be (rather than what the purpose of business goals are) and is used to extract whether business goals are being used as *signposts* by the organisation.

Interestingly, it could be argued that this theme is outside of the scope of the research in that organisations most commonly associate it with *Mission*. The research evidence, however, suggests there is overlap and, as discussed in the Literature Review, it is linked to some academics’ concepts of *Vision* (Baum, Locke and Kirkpatrick, 1998) which, in turn, can contain business goals. *Purpose*, therefore, is a potentially important aspect to examine.

The *Big Picture* is the fourth theme and builds upon *Information* in the 1st order coding,
broadening the concept to examine evidence of how an organisation perceives the importance and value of not just information itself, but information in context (i.e. in comparing it to the broader aspects of market and competitors, as well as for internal issues). Context, as a concept, appears strongly in the evidence with regards to EIBI and, therefore, is an important area to explore. This is supported by Porter's (2004) and others’ work demonstrating the importance of a business taking into consideration the dynamics of their market place when developing strategy, which includes the development of business goals.

The fifth theme is Measurement which focuses on the use of tangible and quantifiable information to derive, describe, target and monitor the business goals (i.e. it looks at the relative tangibility of the goals). This would overlap with Process in the 1st order coding, but the research evidence has shown that the way that data are used in measurement can impact EIBI. The quantitative element of business goals in the literature is suitably vague outside of Locke and Latham’s (2006) requirement that goals be specific. However, the tangibility and, perhaps more critically, availability of the information pertaining to measurement from the participants’ perception was very important.

These first five themes are part of what the research shows to be the construction or context of the business goals with all five impacting on Recipients’ perceptions of these goals, and each appearing to contribute to the overall context and importance of the goals to the business and the employees.

The next five themes look more at the effect of business goals.

Locke and Latham’s (2006) work demonstrated that goals need to be specific and challenging but don’t mention the attitude of the individual towards the goal setter. Trust, the sixth theme, is a concept arising from the evidence, but which has received little attention in the literature with specific reference to business goals. The evidence provoking this theme shows variances in how Recipients subjectively view the business goals in terms of their origins and communication, and how mechanisms used by an organisation to demonstrate integrity can impact the effectiveness of business goals on EIBI.

The seventh theme, Links, looks for evidence of whether Recipients perceive their role to be linked with the business’ goals and if this is an element of EIBI. Empirical work at individual and team/group level has not had to examine the link between goals and contribution across such a great distance, a factor which, perhaps, makes the study of business level goals unique. There is evidence from engagement studies (as discussed in the Literature Review and exemplified in engagement surveys used by each of the
companies) that Recipients are routinely asked questions such as whether they feel their role contributes to the business, but not, necessarily, the business’ *goals*. For instance, Gallup’s (2017) Q08 question that is marketed widely to companies for engagement surveys asks whether “*The mission or purpose of my company makes me feel my job is important.*” However, respondents are not asked whether they see a direct link between theirs and others’ contributions and the business’ goals.

*Culture* makes up the eight theme and reflects how the organisation’s history and staff’s capabilities can affect the EIBI to the business goals. Interestingly, Bourgeois and Eisenhardt (1988) described a business environment as *high velocity*, which they examined and concluded could affect the way strategy was developed. They talked about the different behaviours that the speed of decision-making evoked and how it affects the way decisions are made by senior leaders. Similarly, culture appears to influence the potential success or failure in attaining EIBI to business goals. In particular, the failure to recognise cultural heritage in developing business goals can have a significant detrimental impact on EIBI. From another perspective, an organisation’s culture includes its history in terms of precedents (e.g. previous goals or organisational changes) and backgrounds such as the age of the business or the type of ownership (e.g. a business transitioned from government to private ownership or from private to publicly traded ownership). It can also include capabilities such as the type of staff who are employed, their education, experience or skill levels. Even the age and tenure profile of staff could be a consideration.

The ninth coding theme is *Structure*, and this looks at the effects of management structure and behaviour within the organisation on business goals, their interpretation and their communication. It also includes Recipients’ relationship with, and perception of, management, as well as associated management behaviours that may support business goals or be detrimental to them. Also added is also the concept of contradictions and cognitive dissonance where the behaviour of the SLT is not, for instance, consistent with the stated ambitions of the business.

The last (tenth) element is *Communication* and covers the methods, language, documents, feedback-loops, etc. used in the process of communicating the business goals and ongoing follow-up. It looks at understanding the degree to which the business goals are understood, accepted, internalised and, ultimately, whether they invoke EIBI from the staff.

### 3.6.5 Constructing Theory

Wolcott (2004) suggests an analytical process described by the Description-Analysis-
Interpretation (D-A-I) framework to develop theory, which is useful. Most of the processes for qualitative research follow the observer’s impressions and what can be extracted as insight from the data. The coding, as described earlier, is a tool that helps facilitate this although it, in itself, does not create insight and, therefore, cannot be credited with creating theory, but can reveal patterns, associations and nuances (Saldaña, 2016). This, then, has contributed to the critical realism approach and the Researcher’s theoretical sensitivity.

Locke (2007) explains how to commence the process of theory-building which includes: formulating clear concepts and definitions; collecting data; identifying causal relationships and mechanisms; looking for limiting conditions and resolving contradictory findings; amassing evidence and integrating it into a non-contradictory whole; and making inductive generalisations that go beyond previous observations.

The research has produced an organised, yet sensitive, approach to theory development using these guidelines. By this, it is less about a mechanistic development of a black and white theory as a better understanding of the mechanisms that are involved in BGS.

The next sections detail the three case studies and cross-case analysis derived from the research of each of the participating companies. Each of the individual case studies includes a short background about the organisation, the overall set-up of the research, an overview of the research participants, and the findings (which have been derived from the documents, interviews and survey). Given these case studies represent a snapshot in time that took place prior to writing this thesis, company descriptions and events are expressed in the past tense. This further acknowledges that the current status of these companies may have changed in the interim. The findings for each case are organised around the five themes identified in Section 3.6.3 1st Order Coding. Subsequently, the cross-case analysis follows the 2nd Order Coding outlined in Section 3.6.4 and includes details across the three cases and quotes from the participants. Quotes from participants are coded for tracking purposes and can be recognised by abbreviations placed in parenthesis after the quote, as in this example:

“The business is staid and like a university.” (OI D)

(Note: For a more in-depth understanding of the specific findings for each case study, including quotes from the participants, consult the Detailed Findings. These can be found in Appendices A, B, 245 respectively, for the three companies).

The next section details the potential limitations of the chosen methodology.
Chapter 3

3.7 Advantages and Limitations of the Methodology

The advantage of the chosen method is that it creates a good base for theory creation that can be tested. It is inductive and, therefore, not dependent on existing theory (Yin, 2015; Blaikie and Priest, 2019). It also does not ignore existing theory but looks to fill the data gaps between two disciplines. It provides phenomenological evidence from multiple cases that can be interpreted and analysed. The multiple sourcing of data further adds trustworthiness and credibility of the data. The use of case studies is well proven, and the methodology replicable so further research can test theory.

However, because it is inductive and qualitative, the selected method of research has limitations in terms of generalisability. Also, though the research method also looks at sources of information used in creating the goals, it is not deep enough to understand exactly how this was obtained, what resources were used in obtaining it, or what barriers, perceived or actual, that might affect the quality of the BGS.

Choosing EIBI as a measure of effectiveness has its own limitations, the main one being that it is used as a proxy for performance and not an actual measure of the performance itself and thus suffers from the limitations of using a proxy measure. However, this is ameliorated by the focus of the study on understanding the goal setting process as perceived by the respondents.

The period of the research is only a snapshot (cross-sectional) and, as such, the perceptions could have been influenced purely by the timings of the study. The short timeframe of the research also prevented this Researcher from seeing a complete cycle of the business goals, from inception to realisation.

Finally, the proposed companies researched are also limited to their UK operations. This research could produce different results in other geographies and sectors, particularly where there are large cultural or structural differences versus the UK.

This next section looks at the ethical considerations that have been made.

3.8 Ethical Considerations

The Researcher discussed and confirmed with each Sponsor what level of confidentiality, if any, was required. In all cases, the companies wished to limit their strategy development information solely to the Researcher while allowing the business goals to be used unrestrictedly in conducting the research as these were known to the employees and, in at least one case, to the public. Also, in all cases, the companies requested a non-disclosure agreement be signed by the Researcher and, therefore, the research, as
presented, to a great extent, has been anonymised.

Therefore, each company’s name has been replaced with Company A, B and C, the activity they are involved in which might identify them has been replaced with [activity], and other identifiable information has been redacted, e.g. X or Xx. That is not to say that it might be totally unidentifiable, but every effort has been made to balance the use of information in terms of quotes and information without jeopardising the organisations’ confidentiality.

As part of the research, the participants were guaranteed anonymity. The content that has been included herein came solely from volunteers (i.e. those who agreed to participate in the research), and as part of that agreement, their identities linked to their responses remain confidential. Quotes have been used as this is the only way to illustrate the qualitative outcomes obtained, but, as they are quotes, they could be traceable, although efforts have been made to limit this as the individuals themselves are not named nor are their roles (except for SLT titles), departments, etc. The reader needs to understand and accept that the use of quotes is purely to provide a sense of the factual information gathered and should not be used to target any person or role within the business. The Researcher has, however, referred to those involved in the research as the Originators of the business goals and Recipients of the business goals by way of differentiation as this is necessary to explain the context.

The majority of interviews were recorded and transcribed to ensure the conversations could be accurately reviewed and coded later on and these remain in the sole possession of the Researcher (confidentiality was agreed with the transcription firm and all recordings and transcripts deleted on completion). The reason for recording was explained to each of the participants before the interview commenced highlighting that the recordings and transcripts remained confidential, and each was allowed to opt-out. For those few that did not wish to be recorded, only those notes that the Researcher could take were used for coding.

As a result of the research with each company, a report was provided to a member of the SLT (in each case the Sponsor) as a method of ensuring that they were aware of the research’s outputs and conclusions concerning their organisation and enabling them to raise any issues, concerns or provide additional information while providing them with suggestions that could improve their business goal setting. Discussions also took place with all of the Sponsors to answer any questions and provide further explanations about the research and conclusions relevant to their organisation, and none of them raised any concerns. Dissemination of any information has been left to the Sponsors but with the caveat that, notwithstanding efforts to anonymise the content in the document, in order for
Chapter 3

the information contained within the document to remain anonymous, the report as it was presented should not be circulated.

The next chapter presents the analytical process, including coding used, and the findings from the data gathered, including case studies of the three companies involved in the research. These are then followed by the cross-case analysis and key conclusions.
Chapter 4  Findings

This chapter describes the research findings, reviewing the data collected from the three companies involved, followed by the applied cross-case analysis, and finishing with an overall summary of the work.

(Note: For a more in-depth understanding of the specific findings for each case study, including quotes from the participants, consult the Detailed Findings. These can be found in Appendices A, B, C).

4.1  Introduction to the Findings

The diagram below, which was included in Chapter 3 Research Methodology and Design, was followed and provides an outline for this chapter. It shows, in green, the areas covered, presenting the three cases followed by the cross-case analysis.

As discussed in Chapter 3 Research Methodology and Design, three companies agreed to participate in the research. From the data that was gathered, and for each of the companies, a first-order coding was performed as described in Section 3.6.3 1st Order Coding. This led to findings developed under the thematic headings of Understanding, Process, Information, Communication and Effect. These findings are presented subsequently for the companies as individual case studies in respective Sections 4.3, 4.4 and 4.5. A second-order coding was then performed across the findings from the three cases, resulting in the thematic headings as described in Section 3.6.4 2nd Order Coding,
which included Definitions, Business Model, Purpose, Big Picture, Measurement, Trust and Conflict, Links, Culture, Structure and Communication forming the cross-case analysis as detailed in Section 4.6 Cross-Case Analysis and resulting in a summary of findings under the revised themes of Definitions, Business Model, Purpose, Context, Measurement, Trust and Communications. The following diagram shows this progression.

Figure 4-2 Thematic Coding Structure for Findings

The results were then evaluated for EIBI based on either the positive or negative effects as perceived by the Recipients. The following table demonstrates this approach showing a generalisation of perceptions from the three companies researched across the seven themes. This is by no means quantified but merely based on the impressions gathered. From the table, it is clear that Company B was far more successful across the board, notwithstanding some fragmentation amongst Recipients with regards to acceptance. Companies A and C shared some areas where both understanding and acceptance were poor and differed in others but, overall, did not seem to have business goals that were effective.

Table 4-1 Participant perception of EIBI across the three companies

<table>
<thead>
<tr>
<th>Thematic Coding Structure for Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cross-Case Analysis Across All Companies</strong></td>
</tr>
<tr>
<td><strong>1st Order Coding Themes</strong></td>
</tr>
<tr>
<td><strong>2nd Order Coding Themes</strong></td>
</tr>
<tr>
<td><strong>Revised Themes for Findings</strong></td>
</tr>
<tr>
<td><strong>Definitions</strong></td>
</tr>
<tr>
<td>the understanding of terminology: mission, vision, goals, objectives, etc.</td>
</tr>
<tr>
<td>the effects of different business models</td>
</tr>
<tr>
<td>the use of business models on the creation of business goals</td>
</tr>
<tr>
<td>the effects of creating a sense of purpose and role clarity through business goals</td>
</tr>
<tr>
<td>the use of market knowledge and externalisation and developing line-of-sight in the creation of business goals</td>
</tr>
<tr>
<td>the effects of using data, quantification and rigorous analysis in the creation of business goals</td>
</tr>
<tr>
<td>the effects of using facts and transparency, and considering management structure and culture in the creation of business goals</td>
</tr>
<tr>
<td>the effects of communication methods, language, documents and feedback loops in communicating business goals</td>
</tr>
</tbody>
</table>

| **Analysis for each company** |
| **Understanding** |
| How is the business model defined? |
| How is the business model implemented? |
| How is the business model measured? |
| How is the business model trusted? |

| **Process** |
| How is the business model executed? |
| How is the business model reviewed? |
| How is the business model improved? |

| **Information** |
| How is the business model sourced? |
| How is the business model communicated? |
| How is the business model documented? |

| **Effect** |
| How does the business model affect the organization? |
| How does the business model impact the culture? |
| How does the business model influence the structure? |

| **Communication** |
| How is the business model distributed? |
| How is the business model discussed? |
| How is the business model disseminated? |

| **Green** – generally bought into, **Yellow** – partially and **Red** – poorly |
This then links to answering the research question of how business goal setting, as part of strategy development, contributes to employee intellectual buy-in by detailing the empirical evidence gathered around the themes.

4.2 Introduction to the Companies

The selection of companies (see 3.5.1 Sample) was based on size (i.e. large enough to necessitate goal communication by senior management but not a corporate entity with multiple complex businesses), having a clearly defined marketplace, and also working with clearly identifiable and well-established business goals.

It was not a prerequisite that each business be commercial (it could have been governmental or non-profit) although the research did focus on business goals to ensure the level of goal would be clear (i.e. goals that relate to a variety of roles and different stakeholders as opposed to generic organisational goals that are often associated with individuals, teams or groups (Locke and Latham, 2006).

The specific criterion of business-level goals provided some useful insight in itself: many companies were unwilling to participate in such research as it required them to divulge strategically sensitive information. Even the three companies that did participate requested non-disclosure agreements and also that the research findings are presented in an anonymised format (please also see Section 3.6 Ethical Considerations).

Such concerns over confidentiality could be a key reason why there is so little empirical work in this field: businesses simply are not prepared to co-operate with researchers if this requires sharing information about strategy development processes and outputs, either because these form the basis of their competitive advantage or are lacking in substance and would expose the company’s failings.

The three companies can be described by their respective sectors, their populations and the research coverage as follows (in the order researched).

**Company A** – an engineering consultancy (±250 employees), 18 interviews and 35 survey responses (±14% of employees)

**Company B** – a motor retail group (±3000 employees), 16 interviews and 59 survey responses (±20 of their supplied sample of employees)

**Company C** – a technology business (±1250 employees), 22 interviews and 83 survey responses (±6% of employees)

Note: The approximations (±) are simply a function of the information each company was
willing to divulge and their potential degree of variation due to timings.

More detail about the companies, and the set-up of the research within each of them, can be found in the respective case studies that follow, which form an important part of this chapter and their respective sections in the appendices. Suffice to say that each of the companies presented very different scenarios in terms of their development as businesses and their position in respective markets. This, in turn, has provided a rich breadth and depth of findings for this research.

The research followed the Research Methodology and Design from Chapter 3 and the coverage, in terms of numbers of participants, was extensive. This provides a high level of confidence in the findings relative to the three companies, both in terms of volume and multiple sourcing of data, notwithstanding the research was not intended to be quantitative.

Each of the case studies of the companies now follows, with a brief background to the organisations, their specific set-up and identification of the research participants and the findings as a result of the 1st order coding. Section 4.6 Cross-Case Analysis then re-examines all of the information from the 3 case studies through a 2nd order of coding.

4.3 Case Study - Company A

4.3.1 Background of the Organisation

Based in the UK, at the time of input to this research Company A had been in existence some 70 years. Progressing from their origins as a government laboratory, and through to their privatisation over two decades ago, they worked globally for a wide range of public and private sector clients, providing leading-edge solutions to problems across civil engineering.

Their set-up was somewhat unusual in their industry as they had Scientific Research Association status and did not answer to shareholders but, as a company limited by guarantee, they had a panel of Members. The Members supported and guided activities, helping to maintain the core purpose as a centre of excellence which, alongside the commercial existence, mandated a role in research and development (R&D) on behalf of industry and society. Members came from UK-based organisations, government departments and agencies related to their industry, and participated in AGMs, the election of Directors and other events and also influence the R&D agenda.

As with many government spinouts, it still had maintained a strong commercial relationship with government work but, over time (20+ years), it had expanded beyond
public sector work both in terms of services and geography. However, staff who had been with the company for many years said, until recently, it was "staid" and "like a university" (Oi D) (because of the type of engineers and scientists it hired) and similar to the civil service (because of its history). Many commented that in the past, the work just came in and, therefore, there were few commercial considerations.

Pursuing business in the international marketplace had forced them to have a more commercial attitude, although this had not necessarily penetrated the organisation. It had, however, exposed the organisation to market forces and competition which had progressively become more challenging in recent years. Their competitors were often small niche players without the overheads nor the mandate from the Members to keep reinvesting in R&D. Their international positioning also had left them more exposed to market volatility. As such, particularly in recent years, government austerity and the crash in oil price had severely affected their business, including giving rise to redundancies, which was a new experience for the organisation. That said, the breadth of their services and customer portfolio had allowed them to survive the shocks, albeit not without some effect on the staff who, it was said, were a bit shaken. Finally, due to their structure and mandate, they were forced to publish their research for the benefit of industry. This had assisted in maintaining the company as a leader in the market but, as other firms now had access to their work, it had created an expensive overhead that competitors did not need to support. This meant competitors could sell at lower prices than themselves, which, in turn, meant they lost out competitively. R&D and their role in industry were, however, the elements most attractive to staff.

Virtually all of their work was project-based, and so, as an organisation, there was a strong culture of research but also an intense focus by individuals on their own specific areas. This made the company less cohesive as a whole, with staff often unaware of what was happening in the rest of the organisation. As such, they operated more like a corporate entity, with various sub-businesses feeding into the whole. From a business development aspect, however, they could leverage the breadth of services across multiple customers and sectors as a business unit. This appeared to create conflict internally.

This was the situation inherited by the incumbent CEO upon his appointment. He succeeded the previous CEO who retired after 18 years in the role (during which time the previous CEO oversaw little in the way of change). The CEO took the role just when the oil price was to drop dramatically, reducing the revenue from the oil and gas industry, which had become an important sector for the company. During his initial years, the CEO was in firefighting mode, trying to contain losses and drops in revenue during which there was very little strategic planning. Finally, however, the Board was able to put forward a strategic plan for a specified time period which this research covers.
4.3.2 Overall Set-up of Research

The research programme was agreed, and the logistics worked out, with the CEO and his Personal Assistant (PA). The CEO selected the Directors whom he felt could reflect on the development of the business goals (the Originators), which included himself. His PA was then tasked with making a random selection of staff (the Recipients) who could profile the organisation, and this was based on their roles and time with the company. The initial interviews with the Originators were carried out in 2016, followed by the interviews of the Recipients and then the staff survey. At that point, the Recipients had been aware of and exposed to, the business goals being used for this research for just over six months.

The majority of interviews were recorded and transcribed to ensure the conversations could be reviewed and coded accurately later on. The reason for recording was explained to each of the participants before the interview commenced, highlighting that the recordings and transcripts remained confidential, and each was allowed to opt-out. For the few who did not wish to be recorded, only the Researcher’s notes were used for coding.

4.3.2.1 Description of the Document Gathering Exercise

This proved to be a challenge in that there was a lack of clarity in where the documentation lay. The CEO was clear that documentation existed, but it was not organised or necessarily centralised for easy access. A variety of documentation was provided and, until the interviews were conducted, it was unclear to what degree the documents had been communicated to staff. It transpired that this was very variable.

Due to confidentiality, documents descriptions are limited to those which the Researcher was allowed to possess for the duration of the research period with the company. These included the company’s Strategic Plan 2016-18 (a Word document), infographics outlining their strategic plan (some were in presentation form, and another was online within their intranet), and a comprehensive spreadsheet containing all the tasks and metrics by department. At the end of the research period with the company, the Researcher was allowed to retain only the infographic-type presentation and intranet screenshot which are exhibited in Appendix A.1 and have been amended to some extent, again for reasons of confidentiality (i.e. to protect potential trade secrets and commercially sensitive information).

4.3.2.2 Selection of the Goals Used

From the company Strategic Plan 2016-18 document, the following is stated.
3.2 Objectives (Vision) - Our vision is to be the most respected international research and consultancy organisation in civil engineering and [activity], and [activity]. To achieve this vision, we will:

- Pursue the position where every client globally with a requirement in civil engineering and [activity] is aware of [activity] and aspires to use the organisation as their consultant of choice.
- Deliver sustained profitability from our operations, to ensure financial resilience and independence and to support investment in research.
- Operate our business so as to ensure robustness through diversity in all our market sectors.
- Continually assess the optimum size of the company in relation to our competitors and market demand in order to maintain our unique position in the marketplace.
- Maintain and enhance our reputation as a reliable, value-adding supplier of choice to public and private sector clients.
- Improve our customer focus so that we fully understand the client’s business needs, and can deliver solutions to meet these needs.
- Be a world leader with a strong international reputation in research, development and innovation in our chosen areas of operation.
- Provide a world-class workplace for motivated staff, proud of the company they work for, the job they do and the contribution they make, such that they are passionate advocates of the organisation.

This was supplemented by the following statements.

The following main objectives have been identified and reflect the input from all staff in the Company.

**Operations**

- Increase relationships between Trading Groups, focusing on cross-group technical capabilities.
- Being more efficient at delivering work in hand to the terms specified in the contract.
- Be more flexible, responsive, and client focussed. Respond to what the client wants – not what we want to sell.
- Be more competitive, efficient and better value for money.
- Better demonstrate value for money.
- Demonstrate we are trusted, competent and reliable.
• Better understand overhead activity.

• Sharing Resources.

• Review efficiency and increase focus on using lessons learnt to benefit operations and behaviour across the company.

• Consider the future operating model.

**Technical Excellence**

• Seek to establish stronger links between research, commercial work and market needs to ensure we stay ahead of the competition in the most lucrative markets.

• Establish greater balance on research/commercial work across all Trading Groups.

• Increase R&D turnover from the sector.

• Increase focus on staff development, especially on mentoring and professional development planning.

• Aim (medium-term) to fund Company Research at 10% of turnover, adjusted as necessary to meet the needs and resources of the business.

• Aim to fund 10% of turnover from external research.

• Maintain staff numbers as required to maintain our technical standards and achieve our turnover.

**Business Development**

• Greater staff awareness of all services across the Company.

• Greater emphasis on the importance of all staff input into BD.

• Being more tactical and strategic in work winning – especially at the bid stage.

• Increase dissemination of success through PR, presentations and papers.

• Greater emphasis on presenting at trade conferences.

• Improve communication between market sectors, international BD effort and Trading Groups.

• Maintain an appropriate international presence in strategic locations to achieve strategic targets.

• Diversify our clients within and across sectors.

• Maintain diversity by continuing to work across all our present market sectors, and develop new markets that use our skills and expertise.

• Build robustness by expanding the range of services and ensuring an appropriate geographical range for all our market sectors.
• Continue to work across all our market sectors. This may require investment in some sectors to ensure we maintain and/or develop a market presence.

• Greater self-awareness and a better understanding of competitor activities in the marketplace.

• Optimise each and every trip, visit and meeting.

• Increase the quality and number of leads.

• Increase international awareness of our skills.

Corporate

• Manage risk and cash so that we can develop and grow the business in a sustainable way.

• Maintain a financial platform that ensures an appropriate level of R&D can be undertaken to sustain differentiators with our competitors.

As can be seen, it is potentially challenging to determine what the actual goals are. The Objectives (Vision) could be considered to be the goals, notwithstanding they were not quantified, but the CEO clarified that these were supported by the main objectives and had been communicated to staff as the goals. However, these were, for the most part, also unquantified. There were, in the same document, financial targets for sectors, showing a total financial target, but these were not considered the goals but instead part of the strategies.

Even though some staff were aware of this document, it was not widely circulated throughout the organisation. It was considered only a senior leadership document, and so, technically, only those at a senior level had access to it. What was circulated by various means (presentations, briefings and intranet) were the slides from a presentation called the Company Strategy – Annual Update (2016-17).

This presentation did not contain any of the financial targets from the Strategic Plan document and had wording differences (some substantial – see Appendix A.1). The only quantifiable goals were some percentage targets, including the following.

• Invest 10% turnover on a managed internal research.

• Achieve 6% turnover on external research.

These differ somewhat from the Strategic Plan document, which states the following.

• Aim (medium-term) to fund Company Research at 10% of turnover, adjusted as necessary to meet the needs and resources of the business.
and

- **Aim to fund 10% of turnover from external research.**

The general absence of quantification was explored in the interviews, but it is worth noting that the overall quantification and indications of baselines were excluded from documents typically shared with Recipients.

In all discussions, difficulties arose from the different use and interpretation of words such as goals, strategic intent, objectives, strategy, targets, etc. Within the slides presented, however, there were *things to be achieved* that did not describe how they were to be achieved and, as such, they were considered endpoints or goals, not strategies. On this basis, it was agreed with the CEO (and, subsequently, with the other Originators) to use these slides as prompts in the interviews. These had been intended, according to the CEO, to provide direction and communicate goals within the organisation.

Additionally, on their intranet, as shown in Appendix A.1, an infographic was available that apparently had links to further information on the company’s strategy. Though expanded on, these were seen as additional to and/or subsets of the goals presented in the slides which added to the confusion.

### 4.3.3 Research Participants

#### 4.3.3.1 Profile of Interviewees

Five Directors were interviewed as Originators and 13 staff as Recipients. Time served with the company ranged from 15 months to 30+ years. The following roles were covered for Recipients.

- Engineer x 4
- Group Manager
- IT x 2
- Marketing
- Regional Manager
- Scientist x 2
- Secretary
- Technical Director

All but one staff interview was face-to-face, although not all were recorded. Whilst all Originators agreed to be recorded, five of the 13 Recipients did not agree to this. As
described in Section 4.3.2, the participants were allowed to opt-out of being recorded and, from those who did, it was clear that all had concerns about confidentiality. These concerns, however, were not expressed in terms of having a discussion with the Researcher (none refused to be interviewed) but more to do with having a record of the conversation. For those not recorded, the Researcher had to rely on notes taken during and after the interview.

4.3.3.2 Profile of Those Surveyed

The circulation of the survey was managed by the CEO’s PA and sent to all employees via a link in a bulk email. The Researcher was informed that this was circa 325 although the annual accounts state closer to 250 (the difference may have come from counting contractors as it was understood many were used). There were 70 responses which were deemed by the CEO’s PA to have been limited by closeness to the Christmas holidays. All 70 did initiate the survey, but only 35 continued after the first page.

Those that agreed to complete the survey then failed to do so is a conundrum. Their reasons for stopping after the first question is a matter of speculation although it is worth noting the degree of hostility expressed by one respondent, which, perhaps, reflects the views of other staff in the organisation.

“In reference to whether the goals being motivating – are they ever - of course being sustainable is vital but we know that in life we don't have goals - but maybe Mr researcher you do - perhaps you can tell us what your business goals are or are you just going to hide behind some meaningless PhD thesis - why not do something useful instead of useless questionnaires - just saying! We don't need more academic quasi business - what we need [is] people actually going out and getting stuff done!!!!” (RS 23)

This might have been a candid expression of hidden attitude within the organisation and could have explained the low response rate if others were feeling the same way. It also should be noted that information requested at the end of the survey for classification and analysis purposes (e.g. time with company, department and role) was viewed sceptically by some participants who worried about confidentiality further raising the possibility that they felt, in some way, threatened by the research. This also might explain why some interviewees did not wish to be recorded. Of course, it has to be accepted there may have been a flaw in the way the interviews were introduced and/or in the survey design (although one interviewee commented after the interview that, now having understood the questioning, being recorded would not have been a problem after all).
Generally, and in line with the interviews, the survey covered a broad group of roles, the greatest proportion made up of Scientists, Technical Managers and Engineers. The varying years of service were interesting (about half the participants had served for 15 years or more while the others were relatively new to the organisation) and the company, itself, admitted to a wide gulf between old-timers and newer entrants, a situation which, the Originators believed, had a detrimental impact on getting change through the organisation.

Overall, from the standpoint of the survey as an additional source of data to the interviews, the profile match is very good. The next section describes the findings from the documents, interviews and surveys.

### 4.3.4 Findings: Company A

The findings for the case are organised around the five themes identified in Section 3.6.3 1st Order Coding. (Note: For a more in-depth understanding of the specific findings for this case study, including quotes from the participants, consult the Detailed Findings. These can be found in Appendix A.2).

#### 4.3.4.1 Understanding - of the concept of business goals and their purpose

The findings show that a great deal of change, including new concepts and ways of management, had been introduced with the arrival of the then-current CEO. The data, however, highlight more of what not to do than what was effective for this firm. In particular, the evidence clearly shows that the business goals, as communicated by the Originators at the time of the study, were sub-optimal in terms of EIBI, and this was understood even by the Originators. One of the other Originators states,

“I don’t think they (the slides) clearly define it, our strategy - we need to trade profitably because with that money we can invest far more, we have no shareholders, so anything we make is invested back in the company, we can pay staff more, we can build new facilities, we can fund more research; all of these things, so if we earn the money there’s a direct benefit to all of us, so we have to be as profitable as we can be, and as clever as we need to be in order to achieve that profitability … we have to take them (staff) with us; we have to ensure that they wish to stay with us on that journey, that they’re challenged, they’re excited, that they get up in the morning and want to come and work here. We need to describe it in two or three paragraphs, what is it that makes us so special, what are we going to do about it - I don’t think it does describe the distinctiveness - whether we are as coordinated in our overall view of where we want to go, I don’t know.” (OI B)
The evidence also indicates Recipients' expectations of business goals and their key elements, but not whether meeting these expectations would result in EIBI (other than by Recipients' say-so). Furthermore, some Recipients either did not know the business goals' purpose and/or key elements or lacked the language to describe them.

That said, the information obtained demonstrates that both staff and management were seeking to understand the direction of the organisation.

“I think the best synonym is Strategic Objectives: a statement of the purpose of the organisation and where 'it hopes' to be in a few years' time. They are intended to give management and staff a sense of direction and are a factor in deciding whether to pursue various possible activities. Decision-makers should always, or at least usually, be asking: if we do X, will it help us achieve our goals? Will it be more effective than Y?” (RS 38)

This indicates that, if the business goals did communicate organisational direction and how staff and management contribute to this, it could contribute positively to EIBI. In line with this thought, the tangibility of the business goals (see below) would make a further contribution, as would knowing how the business goals were derived. One cannot speculate, however, the degree to which staff and management would judge the credibility of the business goals solely on these aspects, but the implications are that they would be more engaged than otherwise.

4.3.4.2 Processes - followed to derive the business goals

The lack of an audit trail for the documentation reviewed indicates a weakness in their processes, as did a confessed concern by the Originators that more could be done to centralise the information, improve its robustness and ensure that a clear process is followed.

“I haven’t got any formal stats that said we looked at ten companies, ten competitor companies and on average they spend this amount of money; they’re figures we picked up from conversations and meetings we’ve had with organisations - the sectors tell us where we believe we can get revenue.” (OI A)

Further exploring this, the data indicates that processes were very inward-looking and did not put the business goals in the context of the market/competitive set in which they play, despite the Originators, themselves, identifying that this should be done with more factual and verifiable information. It is worth noting the absence of customers within their plans, particularly those who were key to the success of the organisation.
4.3.4.3 Information - used in deriving the business goals

One reason for the perceived vagueness or vacuousness of the business goals could be that there were no reference points for the staff to use to understand their context. The lack of quantification and baselines within the business goals indicated that they had yet to be made tangible and this may have been why many of the staff (and, indeed, their management) had latched on to a financial target of £XM. The staff did recognise that information had been gathered but had little confidence in this or its interpretation, possibly because it was perceived as opinion, not fact, with sources withheld and no opportunity given for checking; generally a sense of disbelief.

“I've had to go to people and say actually this model is now broken we cannot do this, this proposal you're asking me to do I cannot do it because this model does not work, it is now broken” (OIE).

4.3.4.4 Communication - used to disseminate the business goals

One aspect of the business goals that had been appreciated and showed evidence of changed attitudes was the degree to which the SLT (and, specifically, the CEO) were communicating. This was seen favourably by the majority of staff even though many perceived the communications as somewhat vague.

“There wasn't necessarily a link as to what some of the statements are here, to what those KPIs were, so people would probably be going ‘okay, does that actually mean anything to me?”.

The main determinant of the effectiveness (or lack thereof) of the business goals might have been the failure of staff to see how these goals linked with their own job role, many of them perceiving inconsistencies between what the goals said and the directions coming from management.

4.3.4.5 Effects - as a consequence of the business goals

The company had struggled to break with its civil service heritage, and the introduction of both goals and strategy was relatively new despite having been an independent business for many years and, therefore, the organisation was going through a period of organisational change.

The CEO’s initiative to instil a commercial focus and business attitude had been met with various degrees of reaction, from being welcomed by generally newer staff, to being outright rejected by some longer serving staff; it was a broad spectrum.
"Well, you get the usual that it’s all fairly meaningless, it doesn’t make much difference, it’s just words; that generally arises from the same sources within the company, the cynics within the company." (OI B)

The overall interest and responses from those interviewed and surveyed showed much positive intent from both Originators (many asking questions about what they could be doing better) and Recipients (many of whom were interested in making suggestions). However, the combined issues of staff not wanting to be recorded, concerns about confidentiality, and the relatively low response rate for the survey (including the one quite hostile response in this), did indicate an undercurrent of discontent, at least within a portion of the organisation. This, combined with the organisation’s project-based business model, could deter the rate and effectiveness of change that it was pursuing.

4.4 Case Study - Company B

4.4.1 Background of the Organisation

At the time of input to this research, the company was an operator of franchised motor dealerships (over 70) in the UK, working with a wide variety of manufacturers (over 20). It was part of an international group but operated the franchises under a central head office organisation based in the UK. It was fairly autonomous from the holding company, the latter imposing only financial goals on the former, although most of these were not shared within the organisation below senior management level.

Each of the dealerships operated independently, albeit with shared services. Its wide portfolio of motor brands covered virtually all market segments, and so the competition was seen mainly as dealerships outside of the group. The market, itself, was very concentrated, with competitors adopting similar strategies (i.e. acquiring dealerships within regions from most, or all, of the motor manufacturers). The company tended to dominate specific geographic areas although not exclusively, particularly since other motor retailers had started crossing boundaries, partly through online capabilities, partly facilitated by suppliers.

In addition, the norms of car ownership were changing, several reasons for which were outlined as follows: ongoing changes in motor and fuel taxation regimes; the growing duty of care by manufacturers for recycling and emissions; Government and dealer scrappage schemes; low pollution zones; financial models such as leasing and club ownership. This was complicated further by recent fortunes and misfortunes of manufacturers: electric and hybrids gaining acceptance on the one hand; emissions data being falsified on the other.
Until recently, dealerships had been very profitable, but now the competitive forces were changing. This had driven manufacturers, and then the dealerships, to become more focused and targeted on elements of service and customer satisfaction. The manufacturers were very active in identifying and ensuring they worked through the best franchisees, making it very worthwhile for franchisees to meet the required standards and be picked by them. For example, the manufacturers all had similar schemes whereby franchisees gained extra bonuses and privileges (such as the first pick of new dealerships or of those withdrawn from previous franchisees) if they could demonstrate excellent customer care and dealership management, and this was done through scorecards and in-depth monitoring.

The company, along with other large operators, tended to excel in this system as they managed to create repeatable processes to gain higher scores and had the resources to support the continued investment necessary (which, in turn, continued concentration of the industry). The CEO clearly recognised this and, having been in place since 2015, had been instrumental in getting the company on the right track with manufacturers and customers. As such, the goals of the business were a direct result of his intervention. He also had been instrumental in trying to change the image of the industry, using recruitment and reward to reduce consumer mistrust and high attrition rates in the customer-facing parts of the business. For instance, they had researched recruitment issues and were abandoning the traditional commission structure for salespeople, concentrating instead on the company’s goals.

4.4.2 Overall Set-up of Research

The programme was agreed, and the logistics worked out, with the Group Human Resources Director (HRD) and her Personal Assistant (PA). The Group HRD selected the Directors whom she felt could reflect on the development of the business goals (the Originators), which included herself. They then were tasked with making a random selection of staff who could profile the organisation (the Recipients), and this was based on their roles and time with the company. The initial interviews with the Originators were carried out in 2017, followed by the interviews of the Recipients and then the staff survey. Interviews took place at their head office, which, at the time, was inside one of their dealerships. At that point, the Recipients had been aware of and exposed to, the business goals being used for this research for a year.

All of the interviews were recorded (with no-one opting out) and were transcribed to ensure the conversations could be reviewed and coded accurately later on.

4.4.2.1 Description of Document Gathering Exercise
This proved very easy in that the business goals were contained on one sheet and had been communicated internally in this format. The senior management were all clear that supporting documentation existed and that this simplistic, infographic-type single-page representation with an overriding strapline (their term) goal and four subordinate goals had been harmonised across all their dealerships and was the culmination of their analysis. The strapline goal term could be similar to what Latham and others called a superordinate goal (Latham, 2013), and although literature sees it as interchangeable with vision, this was not a term used by Originators. Although the strapline goal was not quantified, it was clear that the subordinate goals were. Three of the four goals came from measurements routinely acquired from third-party information (and supporting documents were available); and the fourth, a financial goal, was generated in-house by the Finance function.

Due to confidentiality, the description of the documents is limited to that which the Researcher was allowed to possess for the duration of the research period with the company. These included their supporting documents and the infographic outlining their goals. The Researcher was, at the end of the research period with the company, allowed to retain only the one infographic type presentation which is exhibited in Appendix B.1 and has to some extent been amended, again for reasons of confidentiality which included potentially commercially sensitive information.

### 4.4.2.2 Selection of the Goals Used

From discussions with the Group HRD, the documents reviewed revealed the company had a very succinct and simply presented a set of goals that were in use across the group. These were presented to the Researcher as follows.

“To be the best motor retailer group, as judged by you” (the strapline goal and their quotations)

1. **Team**: Team Engagement – top 100; future #1 (in Retailing)
2. **Customer**: Customer Service – top quartile; future top 10%
3. **Manufacturer**: Manufacturer’s Scorecard – top quartile; future #1
4. **Shareholder**: Financial Strengths - £Xm+ profitability; future xx% ROCE

This was explained as having the current annual (in this case, 2016) goals alongside the longer-term goals of the group. It was also explained that, while each of the dealerships and product groups varied in their performance, these goals covered the group as one business and had been communicated to all employees. The intention was to highlight to everyone what all dealerships within the company could and eventually should achieve.
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Due to confidentiality, this Researcher did not have access to a specific business strategy document describing how these goals came about or were decided, but this was discussed within the interviews. The infographic was the sole document used in the interviews as a prompt when required.

4.4.3 Research Participants

4.4.3.1 Profile of Interviewees

Five Directors were interviewed as Originators and 11 staff as Recipients. The selection was made by the Personal Assistant (PA) to the Group HRD, with the request that it be as representative as possible. Time with the company ranged from three months to 20+ years. The following roles were covered for Recipients.

- Aftersales Manager
- Business Improvement Manager
- Dealership PA
- Divisional PA
- Finance Controller x 2
- Head of Business x 2
- Sales Executive
- Sales Manager
- Senior HR Business Partner

(One additional person was included in the original list but was unable to participate due to previously agreed holidays.)

All interviews were recorded, which is interesting in that no-one expressed any concerns about this, although a few did want to confirm the confidentiality of the research. Of the 16 interviews, five were over the phone, and the rest were face-to-face. This was due to logistics as the dealerships were spread over a wide geography.

4.4.3.2 Profile of Those Surveyed

As other surveys were taking place, the Group HRD only allowed a sample of staff to be surveyed. The survey was issued to approximately 300 staff (the actual list was managed by the Group HRD’s PA), and this represented about 10% of the circa 3,000 company employees. The survey was circulated to Recipients via the company’s internal email and endorsed by the CEO with the following words: "We feel that supporting research and the development of business knowledge is in line with our values."
This was both encouraging and supportive, although the statistics of those who participated cast a different light on the exercise and the information it produced. From approximately 300 surveys sent out, only 101 responses were received, four of whom did not agree to participate (they selected the option on the form not to proceed). In addition, a further 38 respondents failed to continue the survey after agreeing to participate. This left 59 complete responses. This meant the final response rate was around 20%.

As a comparison with other surveys (albeit not related to the survey for this research), the company’s routine engagement surveys the Researcher was told usually had a high response rate of around 85%. The study’s survey shortfall versus this figure was something the Group HRD could not explain. In particular, the 38 respondents who agreed to complete the survey then failed to do so is a conundrum. Their reasons for stopping after the first question is a matter of speculation, although there may have been some bias involved with only those who had positive views and/or intent towards the research taking part. This will be discussed within the results that follow. The next section describes the findings from the documents, interviews and surveys.

4.4.4 Findings: Company B

The findings for this case study are organised around the five themes identified in Section 3.6.3 1st Order Coding. (Note: For a more in-depth understanding of the specific findings for this case study, including quotes from the participants, consult the Detailed Findings. These can be found in Appendix B.3).

4.4.4.1 Understanding - of the concept of business goals and their purpose

The organisation was found to be at once simple in concept but complex in management; simple in that, regardless of the brand, the idea was to sell vehicles, parts and services; complex in that each brand, make and even model had its own consumer/purchaser base with potentially different demands. This, they believed, meant every dealership had degrees of uniqueness and that it was up to senior management to find a single business model that could work across such a diverse environment.

Despite such complexity, it is worth noting that the identification of business goals to be used for the research was an easy exercise, which, in turn, lead to the conclusion that they were clearly available for all Recipients.

The Originators were clear about the purpose of the goals, all stating that they intended to provide staff with the focus needed to deliver these goals. The strapline goal, itself, they believed to be highly engaging, largely because it was measured from the staff’s
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perspective (as well as that of any other stakeholder). The ability of any stakeholder to buy into this goal was considered quite unique.

Starting with the infographic of business goals, the simplistic structure of this presentation (a single page with headline banner, strapline goal and four subordinate goals beneath) lent itself to easy identification by Recipients. In particular, the short qualifying statements and quantifications of the goals contributed to the goals being memorable, obvious, transparent and relevant to all Recipients. The short statement Manufacturer’s Scorecard, for instance, provided a clear measure that was well-known in the industry and easily explained by management. This came partly through the scorecard being exercised by the manufacturer, themselves having a presence in the dealerships in the form of, for example, technicians for training, customer satisfaction surveys and mystery shoppers gathering information on service levels. The scorecard’s accompanying goal of being in the top quartile was equally transparent and understood by all, particularly as the ranking was related to their specific brand, i.e. it was their ranking against other retailers of that brand, not a ranking within the organisation. The Originators believed this to be astute in that it did not leave any Recipient feeling they might be ranked bottom within the organisation but allowed them to be measured against their direct competition. It also allowed for fluctuations in a brand’s market share, not threatening the dealership’s standing as long as they remained in the upper quartile from the manufacturer’s point of view.

This threshold provided short and long-term benefits to the company, ensuring confidence in the success of the organisation, which, in turn, resulted in EIBI (as evidenced by results of the interviews and survey). The choice of measurement also had a very clear effect on recall as the majority of Recipients, although fragmented, easily stated what most of the measurements were.

Interestingly, the business goals infographic also presented both 2016-7 and long-term goals, but what Recipients remembered was the overarching business goal in the form of a strapline and only the 2016-7 targets for the subordinate goals.

As for understanding the purpose of the goals, there was a high degree of uniformity with most participants talking about direction and shared purpose, albeit inconsistent in terms of vocabulary used. There was also a wide understanding of what they felt the business goals should contain, but no one person stated that there was an internal definition or description, only that this was handed down by senior management. Senior management, on the other hand, was clear about the need for the goals to be simple, easily understood, and for people to be able to relate to them.
The following are a selection of a few responses concerning purpose:

“They give a direction of clarity of what needs to be achieved overall for the business - the purpose is to help drive and shape the business in a way that delivers the objectives.” (RS 98)

“Business Goals serve as a target for organisations to aspire to. Most companies, I believe, use these in order to aim to be the best in their field amongst their competitors.” (RS 96)

“Business goals give everybody in the team something to aim for and help the team understand what is expected of them. They can be used to get everybody focused on the end goal.” (RS 95)

4.4.4.2 Processes - followed to derive the business goals

As the motor retail industry often had historically poor relationships with both customers and manufacturers, the Originators felt that their approach to business goals and other management tools represented change. This suited their business and also was in line with changes in the market. As such, and notwithstanding the uniqueness of their strapline goal, they saw that three of the four subordinate goals merely mirrored what manufacturers and customers were demanding (with manufacturers demanding what they believed customers wanted and also what translated into the overall value of their brands).

The SLT had a clear process by which the goals were developed, and this was within the framework of team, customer, manufacturer and shareholder where they saw the sequence and order of priority as important. This was a refinement of previous iterations, which the SLT felt needed improving upon; prior forms were less clear and less precise.

The 2016-7 goals could have been termed maintenance goals in that they were minimum positions to be maintained yet still had clear links to payback for the business, mostly in the form of, for instance, financial and operational advantages received from manufacturers. In the case of employee engagement and customer service, they claimed to have empirical evidence from third-party measurement organisations that performance gains could be made by being in the top quartile. This evidence was not shown to the Researcher.

The fourth, financial target satisfied shareholders and, provided it could be maintained, relieved pressure on senior management. It also was explained to employees as being in line with industry norms and ensuring business sustainability in terms of capital being
available for investment (e.g. in refurbishments or new dealerships). Senior management believed this would be of interest to employees in terms of job security. This was, however, the one measurement which could be deemed as unclear to Recipients as their dealership or operation’s contribution to this was not obvious and did not filter down to the frontline in its totality; that is to say, they were aware, to a certain extent, what their profit requirements were but unclear how these aggregated and were calculated into the overall goal. Interestingly, there were those Recipients, both interviewees and surveyed, who queried whether the finances were on track or, more importantly, whether certain investments would have enough payback to maintain the profitability target. A few of those with access to the figures stated that they felt the organisation was actually overinvesting and that profitability would suffer, their key concern being the potential impact on job security. Senior management, however, believed they were investing for longer-term profitability. Failing to invest, they believed, would put pressure on the return on capital employed (ROCE), and this was the target that most of the Recipients did not seem to understand.

“… cost control has dipped. Whether that’s going to work in the long-term, I don’t know; as long as we’re covering the costs with our turnover, it’s fine, but then whether everyone’s thinking, well actually I need some more resources for this, and I need more resources for that and that’s going to help drive the customer satisfaction. I think there are quite narrow margins in the motor industry anyway and so the concern is, are we going to become too cost heavy?” (RI I)

However, with the exception of the ROCE, the longer-term aspirational goals were just that, with Originators believing this gave those parts of the organisation already in the top quartile something to strive for, whilst not demotivating those still striving to reach that level. A demonstration of this arises from the then-recent incident with Volkswagen, and others, falsifying emissions data. This had a significant impact on some dealerships, although those in this group could weather events and still be successful according to the organisation’s business goals.

### 4.4.4.3 Information - used in deriving the business goals

The Originators wished to make the goals as transparent as possible by using objective sources of measurement. Despite this, the strapline goal itself was subjective in that it relied upon self-assessment, although this also made it transparent in the eyes of the measurer. For three of the four subordinate goals, they believed they had identified the value of using external independent sources of measurement, with the fourth goal being purely financial and, therefore, internally generated. For these reasons, all the measurements could be said to be fact-based and more easily accepted. This had the
secondary effect of making the measurements far more manageable and less disputable. It also delivered economic value to offset the cost of obtaining measurements from third-parties (the manufacturers supplied their own information, but the employee engagement and customer satisfaction measurements were paid-for services).

The two independent third-parties used for engagement and customer satisfaction measurement were chosen by the Originators for having perspectives on total retailing versus just motor retailing. Both measurements were completed via regular surveys with the engagement survey being particularly recent (hence the desire to only survey a sample for this research). They believed there was value in breaking away from competing in a poor service sector (as perceived by customers) where they may be in the top quartile when measured against other motor retailers but still perceived as poor compared to overall retailing. On the face of it, this seems an interesting move to change perceptions of and behaviour within their industry to be more competitive, although this research did not gather any evidence to show Recipients had a clear perspective on this. This may, however, be due to the lack of a benchmark for them to comment on, as this approach was relatively new to the organisation.

The most impactful measure appeared to be the manufacturer’s scorecard as this positioned the dealership versus other dealerships carrying the same brand(s). There was a detailed method behind each scorecard with some shared aspects across manufacturers and other unique aspects for specific brands. The dealerships were very aware of an (apparently) long list of elements that made up their score, including, for instance, the manufacturer’s own measurement of customer satisfaction. The dealership management focused heavily on this scorecard and subdivided the responsibility for different parts to middle management (as they could affect the scores within their teams). The Researcher saw evidence of this. Those on the front line said they were aware of the aspects of the scores that they could influence but were unclear if they could influence overall results (somewhat similar to the profit goal).

Of note was an apparent lack of challenge to the measurements, with staff accepting and expressing confidence in the transparency as presented.

4.4.4.4 Communication - used to disseminate the business goals

The business goals were communicated predominantly via roadshows, and there was a clear indication that the majority of it had stuck with employees, although variably. The goals, plus updates on performance, were re-iterated at subsequent meetings and within other communications, meaning they were reinforced on a routine basis. Feedback was sought apparently via open-door policies, a confidential email system and insistence on
questions being asked at conferences. That said, when asked if they used any of these channels, the majority of those interviewed either said no or, for instance, that they had been prompted to ask a question at conferences. They did, however, think that senior management was listening; only that perhaps there was an issue about comfort in asking questions.

The participants were asked about feedback loops, and the responses were generally positive, citing, for instance, a system called Ask [CEO’s name] (to pass on queries or make suggestions) and the request for audience questions at roadshows (apparently being told “no one can leave until we have had at least 6 questions”). The overall impression, however, was that were many presentations with limited two-way communication and that this could be improved upon.

“So, it’s a link (Ask [CEO]) on the intranet where you can send emails to [CEO], the CEO with ideas or questions or queries… I haven’t [used it] … I haven’t seen any feedback from it, to be honest, I know people that have written in and had responses” (RI A).

This was reinforced by interviewees stating that they were not aware of actions resulting from their questions.

A more perceptible gap in communications was seen at lower levels in the organisation. This was particularly true amongst some of the operational people interviewed and surveyed, where the communication had happened, but the staff did not perceive a connection with their day-to-day business, nor was it in a language they could relate to. This could be a function of differences in personal motivational drivers, as much of the discussion in terms of communication channels and styles appears to have been directed towards those who were more geared up by the competitive nature of progress versus goals. For instance, an assessment of customer service may show a favourable outcome or otherwise but a staff member in Finance, with no face-to-face customer contact, perceived it as not relevant. Some said that they did not actively listen to the information given as it did not affect them, which might also link to explain the lower than expected response rate to the survey. However, senior management had overtly expressed that their real focus of communication was in the top one hundred managers:

“Which is why I spend a lot of time with those hundred people…” (OI E)

Therefore, the lower echelon perception was consistent with this approach. There were concerns such as: “Sell, sell, sell – end of month ...” (RI D) and there were those that commented that it is just a job; “The main reason I get up in the morning is to get some cash to pay for my wife and kids. So, in a way, we go to work to earn as much cash as
4.4.4.5 Effects - as a consequence of the business goals

The business goals seemed to reflect both the purpose and key elements identified by the participants (notwithstanding the lack of a clear definition and the variety of descriptions used) and provided information that was effective but simple enough to understand and remember, and so be accepted and rationalised into an employee’s contribution.

The findings also showed that the business goals appeared to be effective overall in terms of contributing towards EIBI for the majority of those who participated in this research, notwithstanding that the actual recall of the subordinate goals was somewhat variable across both interviews and the survey. The strapline goal having the highest recall might mean it was the only essential element and that the subordinate goals were descriptions a Recipient merely needed to be aware of or were the strategic options selected to achieve the strapline goal. The EIBI to the strapline goal, therefore, could be the key element, with management then left to use the subordinate goals as indicators for how the strapline goal was to be achieved (defining the means and the manner) and also to monitor the progress of such achievement.

There may have been a gap (created intentionally or unintentionally) at a certain level in the organisation where the understanding and, therefore, usefulness, of the business goals was less effective or a non-entity. There also may be large differences between the EIBI depending on functions (for instance, between the customer and non-customer facing functions). In addition, there was evidence that, because the Originators were highly motivated and, perhaps, ambitious individuals, the business goals had been designed solely within their perspective. Given a desire to broaden relevance throughout the organisation, and so increase EIBI of the business goals, it may have helped to incorporate the motivational drivers of a wider cross-section of functions, as well as using a more tailored vocabulary to which they can relate.

As an example, there was a second stream of information on performance that did not tie in directly with the business goals in terms of line-of-sight as perceived by many of the Recipients. This included sales figures for vehicles, something that was said to receive greater focus and be more widely reported, than other measurements. Although this might be expected for a company selling vehicles, they also sold parts and services. Those in departments not actively involved in selling vehicles did not see themselves adding value to this particular chain, even though they were quite sure of the importance of their contribution to profitably in terms of margin.

“In my job role, the absolute business goals are not always fed down to workshop
As such they may be asked about their engagement and, knowing this was important to the organisation, may respond positively in their engagement survey while doubting their contribution because of contradictory information from immediate superiors or middle management, a type of cognitive dissonance.

4.5 Case Study - Company C

4.5.1 Background of the Organisation

At the time of input to this research, the company was a government agency but was made into a government-owned limited company in 2015 with a target to be totally financially independent in the near future. This had progressed and continued to be the focus at the time of the research. It had required a large change in approach to the business, including consolidating existing revenue streams while seeking new opportunities to sell products and services. To describe these products and services in detail would risk breaching confidentiality but, suffice to say, they supplied a broad customer base of governments, businesses and consumers. Their offering included services to government agencies, specific projects for industries and retail products. With business customers, they could be positioned as direct suppliers or work in collaboration with alliances (or even competitors) where other parts of their business might overlap. At the time, about half of the 1,200 employees were field-based, which is important to the research in terms of communication difficulties and the methods used to overcome this.

The company’s transition, in effect, took it from a civil service organisation to a customer-facing business competing in a global market. This had a significant impact on the employee population, giving it a uniquely wide range of tenure (from new hires to those with over 45 years’ service with the organisation). Since incorporation, the organisation had gone through a few reorganisations and introduced several new commercial business elements. To this end, a new CEO was appointed who brought in several consultancies over his tenure to assist in determining the new direction and architecture of the business. One consultancy, apparently, was responsible for most of the market opportunity research, although this was believed to be primarily desk research with limited in-market contact with sectors or customers, and produced a document referred to as the Book.

There were also many internal activities to inform the possible changes, both initially and in the later implementation stages. Eventually, the actual launch of the vision, strategy and goals (this was their order) came in two intervals; an early version which had
difficulties not described in detail but said to have “failed to gain traction” (Od) within the organisation; and then the version this research refers to, launched early in 2017.

The major changes included being fully profitable while commercially sustainable, with consultancies advising the company to pursue international business (commercial and governmental), grow UK consumer business, and anticipate a potential reduction in UK government business. This necessitated the consideration of a number of existing and potential stakeholders when designing the company’s strategy, and the launch required instilling this new direction across the organisation.

4.5.2 Overall Set-up of Research

The programme was agreed, and the logistics worked out, with the interim Human Resource Director (HRD) and a supporting Human Resource (HR) Manager. The HRD selected Directors, and other senior members who were felt could reflect on the development of the business goals, which included a consultant contractor. These are referred to herein as the Originators. The supporting HR Manager then was tasked with making a random selection of staff profiling the organisation (the Recipients), and this was based on their roles and time with the company. The initial interviews with the Originators were carried out in 2017, followed by the interviews of the Recipients and then the staff survey. At that point, the Recipients had been aware of and exposed to, the revised business goals being used for this research for just over six months.

In terms of the sequence, the ideal had been to interview Originators first, but not all these were available prior to interviews with the Recipients. Within the nominated Recipients, there was one no-show, six who did not wish to participate (two of whom were on leave) but an additional one who was self-nominated to participate. All of the interviews were recorded (with no one opting out) and were transcribed to ensure the conversations could be reviewed and coded accurately later on.

4.5.2.1 Description of Document Gathering Exercise

This proved to be a challenge in that it was not initially clear where the documentation lay. The Researcher was not provided with any documents relating to the consultancies’ inputs into the process but was able to discuss the process with the Originators. The Originators were all clear that documentation existed but was not organised or necessarily centralised for easy access. There were promises that certain documents would be forwarded to the Researcher but, outside of the documents that were communicated to the Recipients and despite reminders, no others were forthcoming. Several forms of documentation that were said to have been part of the communications to Recipients
were provided but, until the interviews were conducted, it was unclear to what degree the documents had been communicated to staff. It transpired that this was variable.

Due to confidentiality, document description is limited to those which the Researcher was allowed to possess for the duration of the research period with the company. These included the company’s Group - 3 Year - Strategy On A Page, the most recent Annual Report and infographics outlining their strategic plan (including a presentation used for roadshows and two documents which were supposedly distributed to all staff). At the end of the research period with the company, the Researcher was allowed to retain only the one infographic-type presentation which is exhibited in Appendix C.1 and has been amended to some extent, again for reasons of confidentiality (i.e. to protect potential trade secrets and commercially sensitive information).

4.5.2.2 Selection of the Goals Used

There were three main documents that Recipients could have been aware of, including the aforementioned Strategy On A Page, a brochure that emulated the presentations made to employees about market opportunities, and an A3 double-sided concertina handout called Our Guide. In addition, there apparently existed so-called Strategic Measures which were goals put together by the CEO for the Board, but which “bears no resemblance” (OI C) to the goals in the documents reviewed and had not been communicated to staff. For this reason, they have been ignored for the purposes of this research except to acknowledge they may have been influencing top management behaviour, which should be a consideration.

“It’s because I think [the CEO] was driven by the board to give some markers to demonstrate that the business is delivering, and they have been called strategic measures when they are not. So, one of the measures, for example, is to deliver a business plan. Well, that is not a strategic measure, and there are multiple others like that.” (OI C)

The brochure provided information and background for the launch of that year’s goals and strategy and was distributed apparently to all employees, which, although relevant to the research, was indistinct in describing the goals. It did outline why the organisation needed to change, what was happening in the market and what markets the business was targeting (not qualified in detail or quantified).

The Strategy On A Page was recognised only by certain upper and middle management, and the awareness was not uniform, and as such was not a focus of the research interviews but kept in consideration. The document states that it was intended for the following stakeholders: Board, Executives, LG [Leadership Group?], Strategy Team and
Enterprise Architects. However, notably, it did have a vision which was somewhat different to that in the A3 concertina handout called Our Guide (distributed to all staff), but it is worth mentioning here.

“To be the world’s most inspiring and trusted [activity] partner. Using our experience, scale, partnerships and reputation, we will offer and operate a global managed service capable of delivering the most economic and effective [activity] to nations and Xxx. We will lead by example. Working with government, business, entrepreneurs and private citizens, we will ensure Great Britain is the exemplar for the use of [activity] information and insight.”

Instinctively, these would appear to be goals as they declare a form of targets. The structure of the overall document follows a form obtained from the enterprise architect consultants, as shown in Figure 4-3 below.

The significance of this model is that it described the view accepted by most of the Originators of the definition of a goal and its place in the hierarchy, in this case, further defining the vision. The prescribed order (identified as 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> in the image) even shows that the strategies follow the goals. However, when looking at the Strategy On A Page document, the goals had become subordinate to the vision, values, drivers and then
strategies. The significance of this will be explored further when examining the process by which the goals were developed.

From this, it was agreed initially with the interim HRD, and latterly with the Originators, that the A3 concertina handout called Our Guide would be the document Recipients were most aware of. From this handout, then, the following information was used to consider the goals.

**Vision** - To be the world’s most inspiring and trusted [activity] partner.

**Strategy** - to achieve our vision, we have three connected strategic ambitions:

**Best for Britain** - Our world leading [activity] understanding helps ensure Britain is at the forefront of the global economy and is a brilliant place to live and work. By making the Xxx enjoyable, accessible and safe, we enable Xxx, big and small, for millions of Britons.

**Global growth** - We are the preferred [activity] partner to address Xxx, Xxx and Xxx needs both in Great Britain and internationally.

**Fit for the future** - We have the reputation, capabilities and partnerships that enable us to meet the needs of our stakeholders in a changing and challenging world.

**Goals** - We have goals to guide everything we do.

- Maximise our value to GB
- Be a global [activity] advisory partner
- Grow and diversify our revenues
- [Company C] is a great place to work
- Make [Company C] an efficient digital business
- Ensure [Company C] is resilient and relevant

The Goals, as shown above, were described further on the reverse of the handout but only in statements and not in any aspect that might be considered tangible. As such, it was agreed with the interim HRD that the Vision, Strategies and Goals were all of it to be considered part of the goals. Those being interviewed, then, were allowed to describe their own perception of the goals and key elements, with the handout being used as a prompt as necessary. It is worth noting that, from the interviews and survey, financial targets were communicated to some levels of the business but were absent within the handout and any other documentation reviewed.
The general absence of quantification was explored in the interviews, but it is worth noting that overall quantification and indications of baselines were not contained in documents that Recipients had been exposed to. The Researcher had not set out to establish quantification as a requirement for BGS but merely made the observation of the fact that quantified targets existed within the Strategy On A Page but were not carried forward in communications to staff.

Within all discussions, difficulties arose through the different use of words such as goals, strategies, strategic ambitions, objectives, plan, tactics, etc. However, it is clear that within the document presented, there were *things to be achieved* that did not describe how they were to be achieved and, therefore, can be seen as endpoints or goals and not strategies. This was a further reason why it was agreed with the interim HRD (and then other Originators) to use the Our Guide handout as a prompt in the interviews.

### 4.5.3 Research Participants

#### 4.5.3.1 Profile of Interviewees

Four Directors, a member of the SLT and one individual employed as a consultant, were interviewed as Originators and 18 staff as Recipients. The selection was made by the supporting HR Manager, with the request that it be as representative as possible. Time served with the company ranged from six months to 45+ years. The following roles were covered for Recipients.

- Communications x 2
- Demand Analyst
- Engineer x 2
- Field Manager x 3
- Field Personnel x 2
- HR Manager
- Information Architect
- Operations Manager
- Product Manager
- Production Manager
- Sales Executive x 2
- Team Leader

All were recorded, which is interesting in that no-one expressed any concerns about this, although several refused to take part. Of the 23 interviews, four were completed over the
phone, and the rest were face-to-face. This was due to logistics for those who were field-based.

### 4.5.3.2 Profile of those Surveyed

Overall, 194 people (circa 16%) logged into the survey, a relatively low number but one that did not surprise the supporting HR Manager who referred to *survey fatigue* within the organisation and also that many people were on summer holiday. Less expected, however, was the much lower response rate for survey follow-through: only 93 respondents participated, and this fell to 83 after the first three questions, to 73 by Question 9, to 69 by Question 17, then jumped up to 76 for Question 20 (about title and role) onwards.

Although this Researcher was unable to obtain an organisational profile to compare with the survey's results, the latter's mix of roles and tenures was extensive, and the HR team believed it to be representative of the company. Tenure, perhaps, had a greater impact in this company than in others, as many employees had served for a significant number of years (some for over 20 years and two for over 40 years). This is shown in Table 4-2.

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>Number in Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-3</td>
<td>16</td>
</tr>
<tr>
<td>4-5</td>
<td>10</td>
</tr>
<tr>
<td>6-10</td>
<td>7</td>
</tr>
<tr>
<td>11-15</td>
<td>6</td>
</tr>
<tr>
<td>16-20</td>
<td>5</td>
</tr>
<tr>
<td>20+</td>
<td>32</td>
</tr>
</tbody>
</table>

Overall, from the standpoint of using the survey as an additional source of data to complement the interviews, the profile match is very good.

The next section describes the findings from the documents, interviews and surveys.

### 4.5.4 Findings: Company C

The findings for the case study are organised around the five themes identified in Section 3.6.3 *1st Order Coding*. (Note: For a more in-depth understanding of the specific findings for this case study, including quotes from the participants, consult the *Detailed Findings*. These can be found in Appendix C.3).

#### 4.5.4.1 Understanding - of the concept of business goals and their purpose
The concept of structured business goals was relatively new to the business and, at the time of the research, only fairly recently introduced. In addition, the wide spread of tenure across participants, sometimes spanning decades, led to a similarly broad spread of perceptions. For these reasons, there may have been some justification for the inconsistent understanding of definitions and varied use of vocabulary amongst both Originators and Recipients. In particular, the terms vision, strategy and goals (communicated in this order to Recipients, and the focus of this research) had created a degree of confusion within the organisation.

The research overcame this issue by interpreting what the participants were referring to in their responses and using the handout called Our Guide as a key prompt in the interviews. This further confirmed the confusion, with varying degrees of doubt in the minds of all Recipients and some Originators, although they were clear that the vision was one type of goal and the stated Goals were a subset of this.

The real issue, then, lay with the three statements under the Strategy heading, with most Recipients and some Originators saying these were not strategies per se, particularly as they described destinations or endpoints and not the what and how. It is interesting that Recipients picked up this discrepancy. As already mentioned, consultants had provided the organisation with a definition of goals detailed within their model (Figure 4-3), as follows.

“Goals define the Ends you wish to accomplish: GOALS are ‘WHAT successful outcomes look like’ once the drivers have been addressed.”

The original design process (Figure 4-3) showed vision and goals preceding strategies. This then linked to Strategy On A Page where the elements (vision, goals, strategies) were shown in a different order. It is unclear when and why this discrepancy arose.

The interviews and survey provided a broad spectrum of views that were judged representative of the organisation, although there may have been some positive bias if those who declined to participate did so from reluctance to discuss their more negative opinions as might also be supposed with the other companies in the research. Those who did participate felt the recent communication on goals to be a positive step forward, although its impact was reduced because of an inconsistent understanding of the terms being used.

There was, however, greater clarity on the purpose of the goals (encompassing the Vision, Strategies and Goals as detailed on the Our Guide handout), with both Originators and Recipients agreeing these should provide direction for the organisation. In addition, there was general agreement that staff should be able to create line-of-sight for their roles.
and also link their contribution to the achievement of the goals. Most felt that goals should be aspirational and provide some degree of motivation through a sense of purpose, requiring the goals themselves to be specific and not reliant on platitudes. A further unifying perception was that goals should provide a common direction and alignment for the organisation so that everyone is working towards the same endpoint. This means showing what success looks like, providing context for decision-making and prioritisation, and enabling collective support.

What had not been agreed, however, was the extent to which goals should include information to help staff create a link with their individual roles. Ironically, Recipients were clear in their belief that the why and how should be gleaned from the goals, whereas the Originators believed that staff had been given enough information to understand the why, and they should derive the how by themselves.

When asked to articulate what shape the goals should take in order to help staff either understand the how or create it for themselves, Recipients were unable to reply. On the same point, Originators felt that context had been provided to employees, but Recipients saw this information as simple statements without any quantifiable or tangible context. This view was reinforced by a review of information which showed that the absence of context and quantification did, indeed, drive questions around the “why, what and when” (RS 3).

In terms of improving the organisation’s goals, the following elements were suggested in both interviews and survey: a clear target; timing; measurability; visibility (being tangible); focus on customers; aspects regarding the competition; milestones; be stretching or aspirational; and describe the journey. In addition, it was suggested that goals should say what the business is not going to do, both commercially and behaviourally. The research also shows that participants were seeking clarity of purpose and, more importantly, how their contribution (both individually and collectively) would achieve the vision/goals. From how the goals were presented, and the background to their origination, it was made clear where the organisation wanted to play, but not why it should be successful in these spaces, and this would have been a further element to build upon.

4.5.4.2 Processes - followed to derive the business goals

The process for developing goals was implemented by an external consultancy, albeit under the direction of the CEO. The consultancy apparently researched the potential markets (seemingly only new and nascent ones), then used an established business process to generate the goals and strategies. There appears to have been little internal ownership of the background data with both Originators and Recipients making reference
to the consultants did this, or the consultants did that. Consequently, it was difficult to unravel the derivation of anything below the vision (which, itself, was understood to have come solely from the CEO (“The CEO came up with the vision, that was in place.” (OI F)), and this Researcher was unable to find an associated audit trail.

It appeared that one consultancy completed the initial research, a transformation period followed (which had difficulties), and then the consultancy returned. The consultants apparently gathered a great deal of data although this Researcher was unable to see the Book and, although a wealth of insight seems to have been generated, this was not in the form of goals or strategies. As their brief was more to describe where the company could play in terms of its offering, perhaps the consultants were not expected to target and quantify related opportunities, nor develop goals from this.

There was further uncertainty regarding the degree of input from customers (existing and potential) and/or competitors. It was understood that conversations had taken place but mainly to determine the general direction of industries and markets, and not to identify a specific and detailed way forward (which was left to the SLT team to work out).

Work completed by the initial consultancy then was used by other consultants to develop an enterprise architecture. This was subsequently followed by the SLT formulating the vision, strategies and goals (in the order presented) notwithstanding that this was contrary to the enterprise architect consultants’ process (as explained earlier and in Appendix C.3.1 Understanding of the Concept of Business Goals and their Purpose). This created confusion regarding the difference between goals and strategies, as was evident from the interviews.

It also appeared that ownership of the vision, strategies and goals did not extend beyond senior management, and so buy-in to the process from Recipients was minimal. Recipients were aware that things were going on, and some even participated in that they were asked questions by the consultants, but none said they understood how the information they gave was used, nor that they were actively involved in any formulation of process outputs.

Possibly as a result of this, two of the process outputs, the Our Guide handout and Strategy On A Page, had inconsistencies in content (e.g. the order of the vision, strategies and goals) which, in turn, gave rise to Recipients perception that the how was missing from the goals. In addition, both documents excluded plans and metrics used solely by senior management, a situation that created further confusion over priorities and perception of hidden goals.
The focus in this process appears to have been more on how to present the goals (e.g. *wordsmithing* the communications)

“We ended up with HR taking the pen and trying to turn conversations into something more tangible. This was created and endorsed by the executive team; these were already in place and, fine by me, that is super. After that, this was drawn from some, quite a lot of other documents.” (OI E),

rather than checking the consistency of message, potential interpretation and impact on Recipients. As such, the process looked to fulfil the requirements of communication without necessarily fulfilling the needs of Recipients (as described in Appendix C.3). In particular, Recipients felt the process was incomplete as it did not provide the *how*. Originators had assumed that Recipients would figure this out for themselves, although the vast majority had been unable to do so, either through lack of capability, history of the organisation, or genuine pushback. This posed the question of whether the process for developing business strategy in general and goals in particular, provided adequate information for the organisation to buy-in to and act upon. It certainly had produced schisms within the organisation, along with different perspectives and degrees of EIBI.

### 4.5.4.3 Information - used in deriving the business goals

As previously mentioned, an audit trail could not be found and, as there was a plethora of internal and external players involved in the process, knowledge of the information proved to be fragmented. The Researcher had been told about the Book created by consultants, a document that contained most of the information used, but few of the Recipients had seen this. Originators believed it to be a complete piece of work although this was questionable given, for instance, its apparent lack of customer and competitor information. Participants believed most of the effort was focused on new market ventures, with several people in the core business seeing their area as outside of the assessment. One participant claimed that the international team gathered a lot of customer data but that it was not incorporated into the strategy nor even used. Others said they saw no modelling in the process, which makes it unlikely that an assessment of potential had been made. Several of the participants observed that, as an organisation, they had never been good at collecting and organising market data, even though they had expertise in collecting and organising their own [activity] data.

Most of the information used to form a view of the market was said to paint a picture of the need to change rather than to provide facts to build the strategy upon. To this end, the conclusion was either *stay the same and decline or change*, although nothing was said
about how to maintain current revenue streams; the focus was purely on new business opportunities.

It was clear that a lot of effort went into communicating the desired state of the business through vision, strategies and goals, although ongoing performance information appears to be missing or, at least, not specific enough. As such, no quantification was provided by the goals, and so Recipients felt they had no milestones to gauge progress against. They claimed, for example, that performance against being an inspiring and trusted partner could not be demonstrated, and that quality had given way to cost savings (something, they believed, customers would attest to).

“I think there is a big disconnect between what our senior leadership and heads of department think and what the people on the ground actually think would improve things.” (RI E)

4.5.4.4 Communication - used to disseminate the business goals

Efforts made in communication seem to have increased over time and, particularly since the introduction of goals from the Recipients’ point of view, had improved both in terms of quantity and quality. The number of roadshows, meetings, presentations, videos, etc. apparently was impressive and there was a lot of organisational drive and senior management support for this. In turn, Recipients saw this as largely positive and, according to them, certainly an improvement on the past.

“[We] did a roadshow right the way across the business, they spoke to every team and gave a bit more of an insight into ‘right what did we mean by the GB exemplar, so what is going to be different in GB, and what did we mean by manage service, what does it look like, what are the three different types of managed services that we are going to be taking to market.” (OI A)

The participants all commented on the fact that many explanations were provided and that it was good to see senior management as a group engaged in the communications. The cascade process also received positive comments, as did the Q&A sessions and requests for feedback. That said, descriptions from both Originators and Recipients suggested that feedback was via one-way presentations and not true probing dialogue. In addition, due to the content, participants’ recall of these exchanges was relatively poor and understanding even poorer. This means that, despite all the positive efforts to communicate, the perception was very mixed in terms of effectiveness. In particular, the concepts were found to lack detail, and much of what participants were told was not in a form they found useful. They repeatedly mentioned the use of business buzzwords, for example, and statements that, although offered explanations, either had little meaning or lacked context.
They also mentioned the absence of customers in the language and the lack of tangible aspects that they could recognise and, importantly, see progress towards. In short, as the communications progressed, it was commented that it seemed *more of the same*.

Some of these views may have been driven by the long average length of tenure, although, in general, Recipients seemed happy with the increase in communication, even if it lacked evidence-based context and was somewhat vacuous. They identified, for instance, that platitudes such as *a great place to work* are nice comments but shouldn’t any place strive to be a great place to work?

“I always feel a bit odd when somebody else is going to tell you it’s a great place to work. I’m slightly suspicious of that. I’ll work that out for myself, thank you.” (RI G)

It may have been a nice place to work, but Recipients were unsure what it meant to them as individuals. More importantly, despite all the efforts with communication, it had achieved a limited effect in terms of recall, and this was largely due to complexity, confusion and lack of relevancy.

### 4.5.4.5 Effects - as a consequence of the business goals

Despite awareness of different levels of understanding amongst staff, the Originators believed that, on the whole, the efforts to communicate had been successful. From the previous section, we can see this is because communication actions (by Originators and other senior management) were extensive. Originators also believed that, as a result of what had been communicated, all staff should have line-of-sight for their own contributions.

“I think more people are aware of this clear line-of-sight now than they might have been before. We have had a vision, and we have had corporate goals; we have never had a strategy documented, articulated. So that gap has been filled and then we’ve got, you know, the plan; [we have] the goals for each of the areas. And it is, you know, we have sort of got an idea of what we are doing into the quarters, so it is a more structured and its, therefore, everyone to see, so it’s more transparent, it’s more visible.” (RI B)

However, when testing this perception in the interviews and survey, and particularly when asked about the goals, Recipients had a low level of recall. This indicates that, despite a large amount of communication, its effectiveness was questionable. It is unclear whether in-house meetings and internal surveys either were not identifying this or if the response options, perhaps, were too generic for senior management to gain a clear view of the situation.
In addition, even amongst Originators, there were different views on the effectiveness of the communication, with some suggesting that the type of questions they asked of staff might not have elicited useful information. For instance, staff were asked if they understood what was presented to them but were not asked to play this back, and so could have said they did understand because they felt pressure to do so. It was striking how many Originators did not know, outside of the engagement surveys, what people thought, perhaps through fear of asking more detailed questions, or a perception this was too bureaucratic or resource-intensive.

As to whether Recipients intellectually bought into the goals, many just wanted the business to do well, despite receiving (what they perceived to be) mixed messages. For instance, they believed it should be a great place to work (notwithstanding issues about remuneration and other conditions) but then cited the reduction in opportunities for face-to-face involvement in the process, which they saw as in conflict with the goals. A contributing factor, here, might have been that only head office staff had a high degree of exposure to the process, whereas field staff felt they had very little opportunity to be involved.

The greatest contributor to EIBI of the goals was the organisation's improved communications, although it was acknowledged by senior management that, given the history of the organisation and the tenure of some individuals, getting all staff engaged was a challenge. However, the Researcher saw no evidence that this was taken into account when the vision, goals and strategies were formulated. It seems the goals and strategies did not incorporate the then-current state of the business or any organisational issues that existed.

“There is a missing level of leadership which rallies the individual projects into ensuring that they are all aiming in the same direction. So, they've got projects that still come up with their own solutions to things, and different projects come up with the different solutions for the same problem. There is still a lack of sharing, so I think we're still missing a level between the high-level goals and how the projects are managed collectively, to ensure they’re all aiming in the right direction.” (RI H)

Notwithstanding this, it seemed clear that all participants were aware the organisation had changed and would continue to change, although there was a great amount of scepticism with many either defaulting to business as usual, commenting that this does not affect my day-to-day activity or simply waiting to see what happens. There was a strong feeling that, as the goals were cascaded, they were just being communicated by managers who, themselves, did not know what it all meant to their part of the business. Conversely, there were those who believed it had helped them managerially; so, again, many mixed views.
Several participants in the research also stated that others did not understand or buy into the goals, but they themselves did. This was interesting as they may have been displacing their views onto others and, perhaps, not expressing the truth about themselves.

All Recipients realised they needed to make a connection with the goals, but many were struggling to do so. “They tend to be very little on the how. That’s not very clear.” (RI C) They also recognised the need for the business to change to meet future challenges in the market and maintain their status within it. Many, however, felt that the line-of-sight approach was being forced. From their perspective, without the clarity of the how, it was difficult to do anything other than to continue what they were doing already. This raised the issue of relevance and prioritisation, as they perceived some of the goals to be irrelevant to either their role or their business function, while others complained that there were too many things they were being told to do, they were struggling to prioritise, and the information provided was not helping them with this.

Then there were those who questioned the very fundamentals of the direction implied by the goals, saying they had not been shown evidence that these would lead to a successful outcome. Certainly, there was a feeling by some that the goals were not being resourced for a successful outcome.

Lastly, participants said the goals lacked specificity in measuring progress, and so it was difficult to know whether any progress had been made. Some believed there might have been actual negative progress, and many said they would like to see the facts of what had been achieved.

In summary, there was much variation in participants’ responses, as well as a degree of fence-sitting (the survey, in particular, produced many middle-of-the-road responses). No one aspect of their goals stood out favourably, and this included whether goals provided a sense of purpose, clarity of direction, clarity of an individual’s role, an understanding of how this role contributes to achieving the business goals, or a clear connection between the business goals and an individual’s objectives, all of which Recipients mentioned as being key elements.

The organisation appeared to be split into three populations: those who supported the goals and saw the need for change; those who were against the changing nature of the business and pushed back against the goals; and those who were resigned, felt no effect in their day-to-day job, were overwhelmed or simply unconcerned. The proportion of each of these was difficult to assess from this qualitative study, but overall EIBI of the goals was mixed.
4.6 Cross-Case Analysis

Using the 2nd order coding as described in Sections 3.6.2 and 3.6.4, and reviewing each company’s respective summaries under each of the elements, the following analysis describes the main cross-case findings, their interpretation and relationship to the literature.

4.6.1 Introduction

All three companies that took part in the research had fairly recently changed their approach to strategy development in general, and BGS in particular, each with the introduction of a new CEO (CEO’s tenure was between two and three years across the three companies). Therefore, the business goals were relatively new to these organisations. It also meant that, conceptually, the business goal setting process represented a change to the organisation and a certain amount of historical baggage might be said to have accompanied this (as in people either supporting or challenging the overall changes). Whilst this had to be acknowledged, it is not an uncommon phenomenon in most companies and, therefore, a good reflection of normality. This may have contributed positively to the research in that it was potentially richer and fresher than would have been obtained from an organisation that had not changed its approach to business goals for some time.

The goals can be seen in a visual form, relative to one another, as shown in Figure 4-4 below (lettered respectively for each of the companies that participated in the research).
This image is solely to provide a visual representation of documents supplied by the three companies and has been reduced and redacted for reasons of confidentiality. However, one can see that Company A had a long list of goals under three headings, but no overarching goal (or vision); Company B had a concise group of goals including a headline goal or strapline goal; and Company C had quite a detailed and, perhaps, a complicated set of goals and related elements, starting with a vision (the bottom greyed-out area contains detail relating to the goals and strategies).

The following is an initial comparison of the structure of the goals reviewed in the research, plus their effects on understanding and acceptance or EIBI of the business goals based upon participants’ responses (see individual company case studies in Sections 4.3, 4.4 and 4.5 and Detailed Findings for each in the Appendices).

**Company A** – Shows a long list of goals (±26) under three headings with almost no qualification or quantification (bar two). This resulted in a low level of perceived EIBI.

**Company B** – Shows a strapline goal with four specific subordinate goals and, to their right, respective quantitative measures, including both medium and longer-term targets. This resulted in a high level of perceived EIBI.
Company C – Shows a vision followed by a mix of strategies (3+), that most interpreted as goals and not strategies, and additional goals (six), none measurable. This had a mixed level of perceived EIBI.

Of the three companies, only Company B could be judged successful in terms of understanding and acceptance of the business goals and, therefore, EIBI. This was estimated by Recipients’ overall perception of the goals themselves, as well as the apparent influence of the goals on them. The survey, for instance, showed that, among the three companies, only Company B’s business goals were viewed positively and had no perceived negative influence on Recipients. This was the same for whether the business goals were perceived as credible and achievable, and virtually the same for whether they were perceived as compelling and motivating (see each company’s survey results in Appendices A, B, C). The Researcher was told by Company B’s Group HRD that this also corresponded with the organisation’s own positive scores from engagement surveys, albeit not covering the same context evaluated by this research. Company B was also successful commercially, whereas the other two had serious performance concerns at the time of the research. This correlates with the theory of a link between companies with engaged staff and commercial success (Harter et al., 2009).

Of the remaining two, Company C had quite a mixed level of EIBI which depended upon where an individual belonged in the organisation, their tenure, and their level of involvement with the company’s communicated direction of pursuing new business. According to their interim HRD, the company’s engagement surveys also indicated a mix of perceptions (notwithstanding differences between their survey and this research), while also having mixed commercial success. Company A was having minimal success with its business goals, as judged by both Recipients’ responses and its commercial success. At the time of the research, they did not have any engagement surveys to correlate with this.

The next section shows how, through the 2nd order of coding, the themes of the 1st order of coding have been modified and refined. In reviewing the 1st order of coding and the coded information, it was clear that there was overlap and/or complementary information in some areas. As such, the revised 2nd order of coding has themes developed from elements identified as important to participants. The research indicates that these be considered when developing a theory on creating and communicating business goals aimed at achieving EIBI.

### 4.6.2 Business Goal Setting Themes

In reviewing the coding and the coded information, there was overlap and/or complementary information in some areas. As such, in consolidating the information into
revised themes, the following were developed and are discussed individually.

1. Definitions – the effects of terminology, such as mission, vision, strategies, objectives, etc. on the understanding and role of business goals

2. Business Model – the effects of a business model on the creation of business goals

3. Purpose – the effects of creating a sense of purpose and role clarity through business goals

4. Context – the effects of using market knowledge and externalisation and developing line-of-sight in the creation of business goals

5. Measurement - the effects of using data, quantification and rigorous analysis in the creation of business goals

6. Trust – the effects of using facts and transparency, and considering management structure and culture in the creation of business goals

7. Communication – the effects of communication methods, language, documents and feedback loops in communicating business goals

4.6.3 Definitions

As was anticipated from the Literature Review, there was a great deal of participant discussion in all the companies around the terms they use. This is consistent with the literature as there exists an array of views and definitions within academia and practice as well. Notwithstanding this, all three companies could be said to have had business goals which were also surrounded by other elements that could be construed as visions, missions, subordinate goals, strategies and objectives to name a few.

All Originators interviewed in the three companies seemed to believe they were clear about their vocabulary but were by no means consistent with their definitions (as per academia). In the Literature Review, various papers comment that there are no single definitions (Feurer and Chaharbaghi, 1995) or even that this would be unproductive (Mintzberg, 1987). That said, Company B did have certain norms within their industry that provided a degree of clarity, and which had proved useful to them. This is discussed below under the theme of Business Model.

Despite a vision being labelled as such in two of the companies’ documentation, this still appeared to take the form of a goal (even where it was separated from what participants
saw as a business goal), specifically in that it looked to achieve a desired future position (as outlined by Witcher and Chau 2012). Less clear was whether the vision provided clarity of direction for the organisation and individuals, engagement, passion and purpose, and meaning to stakeholders (as described by Tamkin et al., 2010). This is significant in that, contrary to Mintzberg’s (1987) views mentioned above, this research indicates that inconsistent use of certain terms adds confusion and so is something to consider when embarking upon the development and communication of business goals.

If Originators have different views on definitions, and Recipients are unclear about the terms, the research indicates that they are less likely to buy into the business goals. This appears to be because the role of the business goals then becomes unclear. For instance, Company C had a vision, followed by strategies, then goals, then strategic objectives (even though their business architect consultant’s original order was vision, goals, strategies and then objectives) which Recipients found confusing. Some of the Originators were unaware of this discrepancy until it was raised with them in the interviews, at which point, they realised it had the potential to be confusing. For example, with regards to the strategies, one of the Originators said,

“you know, and you are right, you know, you could say they are all goals, but this is how it came to me” (COI F).

In the case of Companies A and C, both of which had EIBI issues, the Originators themselves seemed muddled over the purpose of the business goals, with differing views on what these were and what they should achieve. Within both these companies, there was also confusion between goals and strategies. Yet despite mixed messages from senior management, Recipients, in general, were consistently clear on this point.

“The business goals are what they [the company] are trying to achieve and where it wants to go.” (ARI C)

Having staff with different definitions (or none at all) has to be detrimental to any communication process. Given the evidence that specific (i.e. clear) goals for individuals increase performance (Locke and Latham, 1990), it can be concluded that lack of understanding or confusion over goals would have the opposite effect and suppress performance.

Evidence across the three companies suggests that, as a starting point, clear and well-communicated definitions are key elements in successful business goal setting. This includes the terminology used within the company, a clear understanding of the purposes they serve, and communication of this to stakeholders. Asking whether this exists within a company, and identifying any confusion as a consequence, could be the start of a process
aimed at providing greater clarity, in general, about strategy development and, specifically, the meaning and role of business goals. The organisation also can ask, ‘Why are we using these terms, and what do we hope to achieve with them?’ This is particularly relevant to Company C, where the Originators, having apparently unquestioningly followed a consultancy model and expected this to complete the process of strategy development, left the Recipients unfamiliar with, or unaware of, how the goals were arrived at and unsure what to do with these in their day-to-day business.

“My gut feeling, it’s personal, but I think it’s shown up in some conversations we’ve been having recently, is in the end, nobody really cares about the goals per se.”

(CRI I)

This individual went on to say,

“I’m not sure any of it is. None of it is useful in the day-to-day element of people working.”

As part of the research, it was important to narrow down what the participants thought the business goals were in their organisation and, more importantly, what purpose they served, thereby eliciting what they should, or should not, contain. Once it was confirmed that the research was looking for whatever the business considered to be its goals (allowing for the different terms used), the definition of the purpose of the business goals that came out of the responses was fairly consistent. The most frequently used explanation was that they describe some sort of achievement, advancement or destination and, therefore, provide direction for the organisation. Several provided quite detailed definitions that seemed to encapsulate the thoughts of others whose definitions were more fragmented; here are three examples.

“They provide direction and a common set of objectives for the business to strive for. They can also be used to measure and monitor progress and improvements in the way the business operates. They can be used to determine the effectiveness of the organisation's processes and procedures and the efficiency of the management system. Goals can help to drive through changes within an organisation.” (ARS 45)

and

“I would hope we had, ideally, we had goals that were taking the business in the direction that is needed to remain profitable and sustainable and that those goals were able to be, it was clear who was accountable for those goals, and it was clear what each individual needed to do to contribute to those goals for
the achievement and delivery of those goals and that we would be celebrating success as we would along the way, and that celebration of success would help us feel good and help our motivation that we continue to be productive, engaged, enjoy what we do. Be able to smash it. That, that it can be translated into action.”

Further to this, they state:

“So I don’t think a goal is not necessarily there to excite and inspire, that’s the job of the kind of, the thing that sits above the goal, the vision. So I think the goal when we are talking about goals, you need to be able to make it specific that it turns into action but generic enough that everybody in the organisation shall be able to see how they can contribute because I think that line-of-sight between, you know, I, in my job, can see my relevance to those and I can see ways of how I can improve what I do in my day job to improve those goals, or I can challenge why am I doing this? Because it doesn’t link up to those goals.” (COI D)

and

“In itself, the process of setting business goals, if inclusive of the staff, which is not the case at (Company A), could serve several purposes: measure success and define area of improvement - establish leadership cohesion with clearer rationale for managerial decisions - establish staff cohesion with a common direction for day-to-day decisions - allow a re-assessment and adjustment of business goals if necessary.” (ARS 59)

Notwithstanding some of the above might have been contained in their company vision, it was also how respondents, themselves, described the business goals. The real insight here is that it was difficult to differentiate vision from business goals, other than within a perceived hierarchy, but both describe achievement and, therefore, direction. This is inconsistent with some of the literature. Kirkpatrick (2009), for instance, has a firm belief that the vision is a separate element that provides many of the characteristics of goals, such as describing the desired outcome but, at the same time, includes “abstractness and stability” which she describes as a “general picture” and states “a vision statement should never be revised or updated” (Kirkpatrick, 2009:369) and so could not be considered a specific achievement or destination.

The research also indicates that many believed the goals should provide the organisation with a clear purpose. Of course, as above, this additional term already potentially overlaps with or confuses, the term mission. Some viewed this as providing the organisation with a
reason for being, although it does not include an endpoint or a direction, similar to Kirkpatrick’s definition of a vision. Some thought the goals should be more descriptive than a mission, with others suggesting, from the mission, the organisation’s values are derived which then should steer the goals (again there is no consistency here). However, in the literature, there are differences as well. For instance, it is claimed that an organisation’s goals direct its planning process, influencing both its strategy and its mission (Schendel and Hofer, 1979; Pearce and David, 1987).

From the research, it can be generalised that business goals should provide an endpoint and direction. Less clear is how much further this definition should (or could) extend. However, as we will see in the theme of Purpose which follows, it itself is considered a key element and, therefore, should be included in the definition. A distinction, however, must be drawn between the purpose of the organisation and the goals providing purpose for the actions of individuals within the organisation, the latter of which is implied by the results of this research.

A further distinction to be made is whether the business goals should provide the how, as many Recipients of Companies A and, particularly, C believed. Interestingly, this was much discussed in these less successful organisations (in terms of EIBI), which is significant, as both had the greatest issues with definitions. When reviewing the goals as an external party (as this Researcher did), there was often clarity regarding the distinction of how a goal provided a destination or achievement, but the element of direction was repeatedly confused or intermingled with the strategies required to achieve the goals. In some cases, what was called strategies were really destinations, i.e. they were goals but lacking the completeness needed to inform the how. Again, semantics and company heritage seemed to cloud this area.

Notwithstanding the many definitions, there still seemed to be a clear understanding that a strategy is a choice of different methods or approaches to achieving a goal, as this was stated by many participants, and is in line with the literature (Ronda-Pupo and Guerras-Martin, 2012). Furthermore, although this research did not set out to define strategy beyond where business goals sit within strategy development, its content and hierarchy (i.e. where strategy sits in relation to the company’s goals) were very important to many. To the Recipients of Companies A and C, the effectiveness of the goals in influencing their buy-in depended upon whether the strategies supporting those goals provided the how; within Company B, it was a given that the goals contained an indication of the how. It could be said, therefore, that goals create the context for the destination and direction, and the subsequent strategies describe the ways chosen to achieve those goals. This is consistent with the literature, with as far back as Chandler, for instance, describing strategy as “the determination of the basic goals and the objectives of an enterprise and
the adoption of courses of action and the allocation of resources necessary for carrying out these goals”. (Chandler, 1962:13).

It is worth noting a further term, macro goals, which is cited in the literature to describe higher-level goals (Locke and Latham, 1990, 2013; De Haas et al., 2000). This, however, lacks clarity in terms of its specific level and has the potential to cause confusion in this respect. For example, macro goals could include team, group, business or corporate goals, all with widely varying stakeholders and dynamics. A finding of this research is that Recipients clearly believed business goals could impact (both positively and negatively) both the business as a whole, as well as themselves, and this, therefore, establishes the business level of the goals this research has explored and so contributes to its definition.

An additional aspect of definitions worth mentioning is one that participants did not volunteer: the degree to which different stakeholders, if any, should be involved in the development of the business goals as part of their definition, description and purpose. This is raised because, as will be shown under the theme of Communications which follows, feedback loops between all stakeholders are believed to be important to business goal development and communication. So, although the Recipients saw a need to be a part of the feedback, they themselves did not mention their potential involvement in goal development. Although there was talk of bottom-up analysis to meet top-down development, this, in one of the cases, referred to members of the SLT putting their individual budgets together to produce a higher financial target.

“My understanding is that they have been developed with reference to Group Business Plans, the MD’s vision for the Company and strategic discussions between senior managers.” (ARS 64)

From this, it is unclear whether Recipients envisaged a role for themselves in the development of business goals, or whether they were purely recipients of those goals. The potential conflict here is that Recipients in all the companies believed there should be better feedback processes, and seemed happy to engage in this, but did not like being asked for information in a vacuum, i.e. not knowing what purpose it served.

From the theme of Definition, this analysis now moves on to Business Model, and the ways in which this can influence a company’s BGS process.

4.6.4 Business Model

Teece, from the literature, describes a Business Model as,

“… defining the manner by which the enterprise delivers value to customers, entices
customers to pay for value, and converts those payments to profit. It thus reflects management’s hypothesis about what customers want, how they want it, and how the enterprise can organize to best meet those needs, get paid for doing so, and make a profit.” (Teece, 2010:172)

The interest here lies in which business model an organisation chooses and, within this, which organisational constructs are selected for its execution. In essence, the literature is clear that business models describe how the organisation is going to serve its customers and be competitive.

To a large extent, the business model of each of the companies researched appeared to have influenced the successful development and communication of the business goals. For instance, each of the companies had very different products, services and approaches to business development which, in turn, resulted in different derivations and communication of the business goals. Company B was delivering ongoing products and services to a previously identified and well-defined category of customers where there was clarity about the potential source of future business and a sense of perpetual activity to deliver this. As such, the business goals were derived and orientated around ensuring this continuity, as well as facilitating the necessary improvements required to maintain competitiveness and grow the business. In this case, as their retail industry historically had poor relationships with both customers and manufacturers, the Originators felt that a change of approach was needed, which suited their desire to differentiate their business and was in line with the changes in their marketplace. As such, notwithstanding the uniqueness of their strapline goal, two of the four subordinate goals were merely mirroring what manufacturers and customers were demanding, with manufacturers demanding what they believed customers wanted (which also translated into the overall value of the manufacturers’ brands).

Interestingly, Company B’s business model mirrored that of delivering a service of products rather than the products themselves, a concept developed in the mid-1980s by Swiss industrial analyst Walter Stahel (2010). Stahel proposed that manufacturers find new and more sustainable goals that placed a high value on results, performance and customer satisfaction, rather than selling as many widgets as possible. That said, there were some troubling messages within Company B, including one poignant comment:

“No, calculations haven’t been done to sort of say, well, you know, to go to increase our position from say quartile two to quartile one, it'll cost £X. That hasn’t been done, and maybe it’s something that’s a good idea actually.” (BRI F)
Although this is something the company decided to consider as a next step, and despite their success in terms of overall EIBI to the business goals and short-term performance, it did suggest there may be longer-term sustainability issues yet to be discovered.

Conversely, Company A had found it hard to understand and define current and future streams of business; for historical reasons, it lacked the incentive to do so (the business just came in); and it also was primarily project-based, with skills and capabilities allowing it to enter many different industries and markets. This meant they could approach, and secure project work, across many types of customer, industrial sector and geographies. It also required a great deal of resources to cover all the seemingly potential opportunities, spreading the organisation thinly and not necessarily with focus. At the same time, because the projects generally had long development cycles and stochastic success rates, there was a long wait to discover whether the newly entered markets proved successful or not. Albeit there were some consistent revenue streams from ongoing sales, the business’ mandate essentially had been based on a history of projects within their field which did not have a commercial focus either in terms of portfolio or analysis and often not repetitive, so norms were difficult to establish. As such, it appears they had not created a business model which dealt with these circumstances which, in turn, resulted in communications to staff that were bereft of tangible goals, as well as a disengaged management team. Having entered the international market as part of their stated goals, it forced the company to have a more commercial attitude, but this did not necessarily penetrate the organisation, nor were all Board members entirely sure of the approach:

“I think that as a Board we have an idea about that, but I’m not even necessarily completely convinced of that particularly.” (AOI C)

Company C, with variable results, had a mix of the two different situations described above, i.e. it provided both ongoing, and new, products and services. The history of the organisation also bridged different time periods and, consequently, sources of business, initially providing a defined set of products and services (primarily to the government but also to consumers and businesses) while transitioning from this to a more commercially oriented enterprise that widened the range of potential customers and stakeholders. This, in turn, confused the BGS process, both in the derivation and the communication of the business goals. More critically, however, the staff did not know what the business model was. This is typified by the comment:

“I don’t know who came up with all these values things; they appeared one day.”
(CRI I)

Worse, the business model was seen by some as not fit-for-purpose.
“I think there is a lack of understanding of the breadth of the work required to meet those goals.” (CRS 45)

Similar concerns were raised that cited the company being ill-prepared or too late in the market and not having the appropriate capabilities. This is interesting as, at the time, the CEO was said to be pursuing a popularised approach of Play To Win (as discussed in the Literature Review (Lafley, A.G.; Martin, 2013)), which promotes the setting of Big Hairy Audacious Goals. The CEO used external consultants for this, and they advised that goals be set to pursue international business and UK consumer growth while anticipating potentially reduced UK Government business. However, there was no consideration of how to maintain the existing business, nor of the resources or capabilities needed to deliver the new business. The result was the introduction of challenging new business goals but without direction on how to land new business, and with no real focus on the original core business, which was left resource-poor.

These three company scenarios presented an interesting aspect of the BGS process. It seemed to indicate that businesses with well-defined customer bases/markets and, therefore, clearly linked products and services, gain their competitive advantage through well-thought-out innovations in business models, as well as service excellence. This is, perhaps, easier to develop and be specific about, in line with Locke and Latham’s (2006) specific and challenging goals theory. Conversely, businesses dealing with projects and new ventures might only gain competitive advantage by a better understanding of their potential projects and customers available to them, and by tailoring each respective offer accordingly. As the participants identified, businesses that are either project-based or in pursuit of new ventures need to budget for and invest more time and effort in, developing their business model, and this, then, affects how they approach developing business goals that are effective. Also relevant is the potential to ignore, or even starve, the existing business when the attention is moved, by the goals, to new and different markets, customer types and/or geographies. In either case, as access to information becomes easier, and so threatens differentiation, it is clear that setting business goals to differentiate the business becomes more challenging as the business models need to change.

Notwithstanding this, the goal setting elements key to BGS might be different between where the market for products/services is well defined and where the work is more project-based and/or focused on entering new markets (where markets are less easily defined). Therefore, the concept of defining the market is an exercise in itself and the quality by which this can be achieved is a combination of methodology and effort. As seen with Company C, a lot of research can be conducted (in their case by consultants) without necessarily coming to a clear conclusion about what the business model is. Originators
might believe their market is undefinable, but this could be a misconception and, perhaps, might require more capabilities and resources to define their existing and potential markets better.

### 4.6.5 Purpose

Many of the Recipients expressed, either directly or indirectly, the desire for the business goals to provide them with purpose and direction. This is understandable as humans naturally wish to have meaning and, logically, this extends to having meaning in their work role (Gallup, 2017). This understanding extends way back in history. Greek philosopher Aristotle (384–322 BC) is said to have believed people and organisation need telos (from the Greek τέλος for end, purpose, or goal). More recently, Tamkin et al.’s (2010) research on outstanding leadership shows that visions should provide purpose and meaning to stakeholders; and Collins and Porras (1996) stated that a vision is a bold, audacious, overarching goal. Thus, purpose can be associated with the requirements of business goals. Along similar lines, Hollensbe and Guthrie (2000) suggest goals should encourage motivation.

Of course, individual purpose can be derived from the individual’s own goals, including company assigned/negotiated, self-assigned and personal (as per Locke and Latham, 2006), but this research shows it works best in conjunction with business goals. This is because it provides connection, line-of-sight and clarity to an individual’s contribution to the business goals and, therefore, the success of the organisation which, in turn, leads to job security and job satisfaction. As several participants mentioned, the success of the business matters, as this ensures their continued employment. Some believed that the purpose should be derived from the company’s mission, depending on the individual’s or organisation’s definition of this, and notwithstanding none of the three companies had a specific mission statement. For the purpose of this research, however, the semantics are removed once it is determined that, to accomplish the said mission, the business must achieve certain business goals.

A striking finding for both Companies A and C was their staff’s lack of clarity regarding where the organisation wanted to go. One of the Originators commented on their own work:

“*There’s nowhere in this particular document that it actually says what the entity should look like in three years’ time, five years’ time.*” (AOI C)
The use of the phrase, *should look like*, is useful as it indicates that, even at senior management level, the goals were bereft of describing an endpoint and lacked a timeframe.

Having goals that provide clarity of purpose also means they cannot conflict with the *vision* or *mission*, definitions notwithstanding. The research revealed that this occurs in many cases where there is an unclear link between these elements or, even where there is a link, it fails to *add up*. That is to say, Recipients understood the goals but did not know how achieving them would realise the *vision*. To a large extent, this appears to be because there was a lack of quantification and/or tangibility to the goals or vision.

When looking at the business goals, one member of staff commented:

> “What does that mean? I've no idea. Should I be looking for growing partners? Should I be looking for start-ups that have a global reach or should I be looking for ones that support GB? Should I be looking for ones that can make us more digitally efficient? They cover too much; they cover everything, so you don't know what's important.” (CRI E)

Another commented,

> “There should be a checkbox for partially. Point by point: My sense of purpose is not inspired by these business goals. The business goals at the highest level give a sense of direction for the business, but at lower levels, clarity is lost, and it is sometimes unclear how we are going to deliver the high-level goals. They do not provide clarity for my role, but I can see how my role ‘could’ contribute to the business goals. There is sometimes a clear connection between my objectives and the business goals, but it is difficult to make the connection at times.” (CRS 31)

Many Recipients also felt either unaffected or despondent if the goals bore no relation to their own contributions. This was particularly evident where the goals covered new business but had no focus on maintaining existing business. It also was apparent where the roles of staff in support functions were unclear in terms of the value chain.

To this end, individuals apparently need context so they can see and perceive their contribution as creating value, thus creating for them, *purpose*. Goals, therefore, contribute to creating this sense of purpose. Just as individual goals play a part in performance management, so do the business goals by adding the line-of-sight desired by Recipients and creating *goal alignment*. Ideally, this also eliminates wasteful conflict or overlap between roles and functions while creating value to the overall business, a long-established concept which is consistent with the literature (Coase, 1988).
4.6.6 Context

Following the line of thinking established under Purpose, the research indicated that Recipients had greater buy-in to the business goals if they were provided with context, i.e. the bigger picture of what is going on outside of their organisation. This is aligned to Drucker's (2012) assertion that businesses need to know what goes on outside of them in order to make strategic decisions, as this is where opportunities and threats lie. This research, in particular, discovered that the least effective goals in terms of EIBI were those where the Recipients questioned the origins of the background information used to support them. In the case of Company A’s and C’s goals, even the Originators were unsure what was used, further mentioning that their markets had changed, and this had affected their assessments. This highlights the perceived lack of genuine market knowledge within the companies, and links back to their absent or confused business models, as previously outlined. With Company C in particular, all market knowledge had been gathered by a consultancy, with few in the organisation aware of the results, let alone the decisions made. This created a lack of transparency which several Recipients commented upon.

Further to this, those who could not understand the derivation of the goals (because they had not been presented in the context of the overall market), failed to believe they were credible. Often the response to where the goals had come from was thin air or the Originators’ aspirations, i.e. the goals were unfounded. Company C did present and distribute a document intended to explain what was happening in their market (or technology space), but it was disconnected from the goals contained in the employee handout Our Guide. This was exacerbated further where the goals were perceived to be set in the context the SLT’s need to satisfy shareholders and/or other stakeholders outside of the Recipients (i.e. the goals were not relevant to the Recipients and so did not serve their intended purpose). Even Company B had a goal for profitability in the short-term and return-on-investment in the longer-term which quite a few commented was for shareholders alone (although others did identify that this was a useful goal in terms of maintaining sustainability and providing further investment funds for the business and, therefore, their job security).

The most significant point, however, is that only Company B was truly externalised in terms of its knowledge of the market, customers and competition, and in using this when considering its business goals. This is down to many factors including the fact that many of the staff were customer-facing (either directly or indirectly), but also because three of the four subordinate business goals themselves were measured against the market, thus forcing the organisation to focus outwardly. Specific customer groups were identified and understood, whereas, within Companies A and C, customers were rarely mentioned as an
entity, let alone specifically. When questioned, although individuals may have had a general knowledge of customers and the market, there was little understanding at an organisational level of specific customers or their needs. This may have meant the information was inaccessible, and so not used when deriving the business goals. Consistent with the literature (Ansoff, 1980; Porter, 2004), it is acknowledged that externalising the organisation is a critical element for the business and, for employees to buy in intellectually to goals, they need to believe they are based on market information which they can relate to and understand the origins of.

The dilemma of trying to create effective goals without context might be explained in the following quote:

“I think probably what needs to happen is I think people need to understand a little bit more clearly some of the things that are in these sorts of documents - I think the issue has been that perhaps the link is between the big thoughts that are going on up in the operational thoughts of management and the thoughts that are going on in the bottom end of the groups have perhaps that linkage is not as good as it could be.” (ARI M)

Company B was clear about what was happening in their market; they openly said competitive forces were changing. Company C said the same, but not in a context perceived as relevant to those who served the existing business.

“For what I have seen, there is no competitor understanding, there is no, there is nothing, and from a customer perspective, again, there is no evidence apart from the original [consultancy] work that we have looked into the market.” (COI C)

For Company B, however, the market changes had driven first the manufacturers and, subsequently, the franchisees to become more focused within their industry and, therefore, more targeted, on elements of service and customer satisfaction. This contrasts with Company C where a burning platform (describing a scenario where the organisation was under huge pressure by the market to change) was presented to staff without being clear about where there was a positive outcome for them in the future. This same company depended on third-party resources for their market information and insight, with consultants using possible opportunities to provide a background for change, without then quantifying those opportunities. Originators confirmed that consultants had a large input to the context of the goals (and overall strategy), with one highlighting gaps in this as follows.

“[For instance], the whole customer piece is missing, and you don’t really hear customers spoken about in here. I just think that we don’t have any data, and so
because we don’t have any data, we haven’t got any measurement either because we are not measuring against any data." (COI C)

As a consequence, many Recipients claimed they had difficulty with line-of-sight; in other words, they could not see how their individual goals and contribution linked to the business goals. In the above case of Company C, customer-facing staff were unaware of what their role was in terms of delivering customer service. Interestingly, the same company merely provided all staff with the business goals and then requested that they create their own line-of-sight. In this case, those who were well connected to the new ventures felt they were able to complete the process, whereas those who were delivering existing business had difficulty.

As described previously under both the Business Model and Purpose themes, the link with subsequent strategies to deliver the business goals also had an effect on the perception of the goals themselves. This could be construed as a chicken and egg dilemma in that if there has been a poor derivation of goals, even if the strategies are perceived as good, the strategies may fail to deliver the goals and so result in low EIBI. Similarly, a poor selection of strategies, even with a good derivation of goals, could result in failure to deliver the goals and, therefore, poor EIBI. Thus, chosen strategies also contribute to context and have a symbiotic relationship with business goals and could, therefore, present a line of investigation for future research.

As such, the research indicates that inadequate derivation of goals (in terms of poor use and analysis of information, and lack of context or the big picture) predicates poor selections of strategies, as it creates a break in the line-of-sight and means the strategies chosen must be based on the same poor information. This was the case with Companies A and C in that, having lacked tangible and documented market opportunities to be pursued, the resulting strategies failed to link with the goals and, therefore, regardless of the quality of the chosen strategies, the staff were disillusioned as they saw no progress against the goals. More importantly, they saw no link between their contribution and the achievement of the goals despite, perhaps, having seen their own contribution (or been forced to create an artificial line-of-sight) to one or several of the chosen strategies.

“It feels like it’s been created, developed, at a high level and then pushed down, without much involvement and you’re kind of asked to, come up with goals for yourself and those have to be, linked to these via a line-of-sight. you know, not being at any sort of involvement." (CRI P)

One person believed this was part of a weeding out process, i.e. if you could not complete your line-of-sight planner, it meant you had no role to play.
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This provides an important strategy-development step in that quality effort spent on the derivation (and communication, as we will see later) of the business goals also must feed into a better selection of strategies to achieve the goals. Many research participants observed that, if they understood the link between the goals and the strategies, they themselves would be better able to contribute to the success of achieving the goals. In essence, they are saying that they could *fill in the blanks* if they had better goals, which Company B had achieved, creating an environment where employees, to a degree, could make decisions autonomously based on their understanding of the goals. One of the Originators at Company A asked,

“*how [could he] map the strategy to the budget*” (AOI D).

If this was the case, it would be no surprise that staff had difficulty linking their personal business-related goals to the business’ goals. The same one added, there was:

“*no link of personal [business assigned] goals to business goals.*” (AOI D)

The difference with Company B is that their Recipients, through the business goals, felt *connected* to the business because they could relate personally to the context as it was presented.

4.6.7 Measurement

Quantification, or making the *Context* (and, subsequently, the business goals) *tangible*, is seen as one of the most effective elements in adding credibility to the business goals. This is not just because it makes them tangible (the most commonly used term), but also because it appears to indicate to Recipients that a degree of rigour was used in gathering and analysing internal and external information, and then deriving the goals. For example, round numbers (such as 10%) often were derided by Recipients as being *plucked from thin air* and, more importantly, with a perceived negative agenda. Goals such as *cut costs by 10%* or *increase sales by 10%* (a goal of 10% was used in of one of the companies), without a basis of fact to support them, made staff immediately suspicious of the intent, an often accurate feeling given they were expected to deliver across-the-board cuts or increase of performance with the same, or fewer, resources. Company B, however, used the measurement and target of *upper quartile* in two of their four goals, whilst also providing a rigorous context that Recipients bought into. Three of their goals were supported by third-party evidence that being in the upper segments conferred additional privileges or concessions from their suppliers and was linked to superior performance in terms of customer satisfaction and employee engagement. Also worth noting is that they chose measurements that were externalised and market-orientated, as per Porter’s (2004)
original recommendations, and the metrics allowed the organisation to compete externally regardless of the fluctuations of the market. This provided staff with a more confident positioning with regards to assessment.

The most often used comment, when asked about the elements of goals, should have been that they should be SMART (the well-known acronym for Specific, Measurable, Achievable, Relevant and Timebound, with similar variations – see Appendix F). Locke and Latham (2006) discovered that Specific was very important but also included Challenging. Challenging implies effort but also obtainable and, therefore, could link to Achievable, but this still leaves out the remaining three elements. However, as the context of the goals Locke and Latham tested were against individual tasks, being Measurable and Timebound would be automatic inclusions in terms of designing the tasks, while Relevant is part of the line-of-sight equation that might not have been required and, therefore, an additional criterion. All five elements require information and imply a degree of analysis. The important aspect intimated by all five elements is that they are believed and, therefore, credible (as suggested under the theme of Context) and, hopefully, accepted (one of the alternatives for Achievable is Accepted, but this then removes the link to Locke and Latham’s Challenging).

If the goals are perceived as believable (based upon both an understanding of the information provided to staff and their potential for verification, e.g. via a third-party) as discussed previously, the EIBI of those goals is improved. Therefore, the choice of measurement becomes an integral part of the design of the goals. Company B specifically chose parameters that could be open, accessible and transparent, and which staff believed to be accurate. Additionally, the goals selected were within thresholds that translated into the organisation achieving and/or maintaining a competitive position in their market, which all Recipients understood. Cleverly, the choice of goals was also perceived in most part as relevant to all staff in the organisation, regardless of their level or function, and this was because the three externally measured goals were compared to the market and so did not create internal conflict (e.g. where one part of the business may compete against another for resources). As previously mentioned, this also meant that, if the market fluctuated, it was a dealership’s position within that market that had to be maintained or improved upon, not an internal competition between dealerships within the group.

Another key feature of Company B’s approach was in-depth and regular monitoring using scorecards that had established and acknowledged milestones. This was a function of the Originators’ desire to make the goals as transparent as possible by using objective sources of measurement. To excel in their market, they used this system as a repeatable process to gain higher scores which, in turn, provided the resources to support the
continued investment necessary for business growth. They also had medium and longer-term goals which Recipients recognised as providing more direction, but which balanced the *achievable* versus the *challenging* (although Recipients were less conscious of the longer-term goals).

This particular area of research revealed great variances in the effort used to gather and apply measurements that would contribute to EIBI to the goals. Ironically, Originators in Company C expressed doubt as to what could be measured or how the goals could be made tangible. As can be imagined, this led staff to doubt the goals but, more importantly, it effectively removed the elements of both direction and endpoint which have been shown in previous sections to be what staff were seeking. Importantly here, the literature indicates that the lack of specificity in terms of measurement can downgrade performance. From the Literature Review, O'Leary-Kelly, Martocchio, and Frink (1994) found that the performance of teams with specific and difficult group-level goals (similar to Locke and Latham's *specific* and *challenging* mentioned above) were almost one standard deviation higher in terms of performance compared to teams that were told simply to *do their best* to complete the task, i.e. without being given tangible measurements.

Additionally, and ironically, Company A had a spreadsheet of *other* metrics (they called KPIs) that were tangible, and this was being used to manage the business. Although most of the staff knew it existed (because they were affected by the KPIs), the metrics weren’t shown to them nor was it clear whether they had any direct connection to the business goals. Similarly, as previously mentioned, at Company C, a Recipient commented:

> “The whole customer piece is missing, and you don’t really hear customers spoken about in here. I just think that we don’t have any data, and so because we don’t have any data, we haven’t got any measurement either because we are not measuring against any data.” (COI C)

Thus, there appears to be a link between the missing measurements (and possibly missing context) and the business goals being perceived as intangible and unquantified.

### 4.6.8 Trust

As highlighted in the Literature Review, Amason identifies that top management makes strategic decisions and that conflict should not be in evidence if maximum performance is to be gained. He argues that strategic decision-making has been well-researched and that,

> "One stream of this research, focusing on the quality of the decisions themselves,
has identified two principal antecedents of decision quality: the cognitive capabilities of a top management team and the interaction process through which the team produces its decisions." (Amason, 1996:124)

As seen under the themes of Context and Measurement, the degree to which employees believed in the Originators (and, therefore, the SLT) had a major impact on their EIBI to the business goals. This appeared to be linked to the level of transparency demonstrated by Originators in deriving and communicating the business goals. For instance, presenting the business goals to staff without first showing the context appears to have created a degree of mistrust. Many Recipients perceived their business goals to be just the Board’s aspirations at that time. One even stated that they

“were made up, dreamt up, devised such that they would be achieved” (ARI J).

As previously mentioned, Company C attempted to present a burning platform type of scenario to staff before presenting the goals, but the information lacked tangible evidence and a degree of relevance that could then be linked to the goals; it presented a changing environment with threats on the horizon but not where any tangible opportunities lay, nor exactly how it was to affect the existing business.

More often, the trust appears to have been eroded, and conflicts developed, despite, perhaps, an initial uplift when the goals were presented. This was due to a perceived absence of subsequent progress against the goals (as well as a lack of milestones and/or quantification) or, worse, a different focus by management (e.g. on monthly budgets that were in conflict with the goals). In the literature, Klein and Kim (1998), in examining the influences of Leader-Member Exchange (LMX), would support this view in that they were able to state that the motivation and intention to exert effort may not translate into high performance because of a lack of resources, support, and attention from their managers.

Interestingly, the mistrust often went both ways. The SLT at Company A seemed to prefer the greater detail of the stated business goals because, otherwise, they feared the staff might make their own interpretation. The conflict was often very evident. At the same company, it was perceived that business goals had little effect on a day-to-day basis as they were overshadowed by infighting for billable hours. Even Company B had its detractors. Some mentioned that no-one seemed to challenge the numbers but just accepted them and then created their own rationale; others mentioned contradictions in communication from management. This is exemplified by the comment,

“At the end of the month, it is sell, sell, sell.” (BRI D)
As described in the previous section, there was little evidence of anyone challenging the measurements, and this was seen as a positive thing by management as they had intentionally ensured the measurements were transparent and accessible and produced mostly by third-parties. This is consistent with Mintzberg’s views as he contended that, when conflict arises, it will be impossible to make predictions about goal effects, as “insiders are driven to displace formal goals in favour of parochial ones.” (Mintzberg, 1983:223). There was a perceived level of trust only if the process was understood, and the measurements were transparent. For instance, in the case of Company B, three out of their four subordinate goals were measured by third-parties, and this significantly raised the level of confidence employees had in the goals. As the fourth goal was financial, technically it also could be perceived as independently assessed (as it would have been audited). This all also eliminated much of the internal discussions around the accuracy and choice of information that the other two companies faced. Importantly, it also reduced the level of “gaming the system” (BRI G) that both Originators and Recipients within Companies A and C cited as a problem. From this, it seems the value of a third party in goal assessment is that it eliminates, or reduces, the tendency to challenge information where it is perceived as negative, e.g. in the case of underperformance. In those companies where the information was generated within the organisation, the underperformance was being challenged by doubting the internal source, and this was difficult to defend.

Trust in authority, as a theme, has been shown in the literature to affect performance. Locke and Latham believe a number of factors have important effects on commitment which, in turn, reflects on understanding and acceptance, or intellectual buy-in. Their list of factors affecting commitment to goals is worth reiterating here, with apparent links to this and previous sections. The bold selections link to this research’s findings (Locke and Latham, 1990:135).

1) The authority figure is seen as legitimate
2) The assigned goals imply associated rewards and punishments
3) Goal assignment conveys (positive) self-efficacy information
4) Goal assignment conveys (high) normative information
5) Goal assignment fosters a sense of achievement
6) The assigned goals imply opportunities for self-improvement
7) The assigned goals challenge people to prove themselves
8) The authority figure:
   a. Is physically present
   b. Is supportive
   c. Is trustworthy
Interestingly, the very management structure of the organisation affects the level of trust and, therefore, the EIBI. Having a structure which facilitates the line-of-sight to the business goals appears to contribute to staff understanding and accepting the goals and, therefore, a consideration in developing and communicating the goals. For instance, a sentiment often repeated was that Recipients were unclear as to what the goals were supposed to mean to them. Of course, this has to do with whether the goals were relevant to the person’s position but also whether they were compatible across the business. Albeit all three companies were attempting to grow new business into new geographies; it was apparently meaningless to Recipients in Companies A and C, that were tasked with delivering existing business in existing geographies; the goal was irrelevant to them as they saw themselves outside of the structure that was getting attention and resources, and which mattered to the business.

As mentioned previously, Company C had tried to use an approach where each member of staff was required to establish their own line-of-sight to the business goals, with most expressing difficulty or even inability to do so. The response of the SLT appeared to encourage a type of force-fitting which, ultimately, led to further poor perception of the business goals (and strategies) as opposed to alignment as intended.

Another unintended consequence of structure is an effect that could be characterised as Chinese whispers, in that hierarchical barriers introduced the potential for messages to become distorted. This happened in terms of both content and priorities.

“They were at the time quite compelling but get diluted when you are at the coal-face.” (ARS 24)

In Company B, the CEO considered the quality of cascade within the organisation to be important only for the top 100 managers, believing these to be the individuals who could make a difference with the information. Perhaps it was no surprise therefore that detailed recall of the business goals began to fall away below this level in this company. Some participants lower in the organisation said they did not actively listen to the information given as it did not affect them (notwithstanding a relatively high level of EIBI amongst the Recipients). However, in Company A, they failed to ensure clarity within the SLT, and this impacted on many areas of the business, with different versions of the goals being disseminated and emphasised. With Company C, the physical distance between staff
members had a detrimental effect on EIBI to business goals, with those in the field inclined to get partial information and see different priorities expressed. This compromised their understanding and acceptance of the goals. One very telling comment concerned management presenting opportunities to the staff as a rosy view.

“I think there is a big disconnect between what our senior leadership and heads of department think and what the people on the ground actually think would improve things.” (CRI E)

Another telling comment was,

“There is a missing level of leadership which rallies the individual projects into ensuring that they are all aiming in the same direction.” (CRI H)

There seemed to be a consistent lack of empathy, in general, for those at lower levels of the organisation, with comments such as:

“A lot of this stuff is way above the general worker in terms of revenue growth and all that. It’s not confidential information, but they just can’t see, they just can’t make sense of how their job contributes to paying dividends, for instance.” (COI B)

Additionally, all three companies suffered (to a greater or lesser degree) from end-of-the-month syndrome, where management, seemingly at all levels, would sacrifice the long-term business goals if figures were not on-budget. Each of the companies had yet to overcome this issue successfully, and it was particularly significant how quickly it could erode trust and confidence in a particular management level if staff perceived the disconnect.

Management behaviour within each of the organisations, thus, appeared to have had an impact on staff perceptions of the business goals. The EIBI to the business goals was stronger where the goals were better defined. This, in turn, influenced management behaviour, as it was more difficult to steer away from or ignore, the goals. Staff might mistrust the business goals for a number of reasons, but one frequently identified, as identified previously, was that the SLT (certainly in the case of Company C) did not seem to believe in the goals themselves and, in Company A, were not perceived as communicating a consistent message (e.g. priorities constantly changed and goals relating to employees were inconsistently followed if followed at all). In contrast, Company B’s Recipients had a generally positive view when asked whether there was a consistent message, and also whether the SLT was walking-the-talk.

All three companies had historical baggage that they were trying to change, and this was identified in their goals, either directly or indirectly (mostly addressing the issues within the
strategies selected). Company A was up against a very ingrained, non-commercial attitude that seemed to be inherited even by new hires while needing to commercialise the business; Company B had to contend with a culture that the industry, itself, had created, in terms of attitudes and behaviours that were not in line with customer or manufacturer needs; and Company C had had to recruit in different capabilities, thus changing the shape of the existing culture, or rather producing a mix of cultures. In all cases, the goals reflected (in some way) the type of culture expected by the Originators, but did not necessarily take into account the distance, in terms of time and complexity, from the current status to the desired state. Only Company B examined the various dimensions in detail, demonstrating a clear intention to select strategies that would lead to achieving the goals, and so move it away from the culture that had dominated their industry. In this way, they were making inroads to change the culture using the business goals: they were pursuing policies to identify the right people with the right capabilities to achieve the goals and were using the goals to enable staff to identify what needed to be done correctly, as well as to make autonomous decisions about how to achieve the goals. Many of their strategies were new to the industry and, therefore, not all proven, but there was a direct link to the business goals.

Also effective within Company B was the SLT’s commitment to the goals being valid (with the analysis and rigour to show this) and, therefore, a conviction that they had to try many things (strategies) to achieve the goals. The business performance itself, as compared to peers in their industry and others, was a validating mechanism that they used to prove the effectiveness of their strategies and win over the detractors. They acknowledged that their industry’s culture needed changing and, therefore, made it part of the goals and subsequent strategies. Aspects included, for instance, extending discretion, autonomy and learning within the organisation, which all seemed to increase EIIBI to the business goals. The other two companies also acknowledged the need for change, but the research showed their approach was more to tell (e.g. top-down directives) and not to sell (e.g. involving staff and exploring and experimenting with strategies).

The staff at Company B also had a clear view of what the reward was to both themselves, and the company should the goals be achieved. The organisation constantly showed this link with the goals and, therefore, staff were always aware of what both success and failure looked like. Staff in the other two companies were not clear what they, or even the business as a whole, would gain if the goals were achieved. As commented on in previous sections, this, again, relates to the intangibility of many of the goals. Also, as previously described, Company B was far more outward-looking in its decision-making, partly because of its business model but also because the customer was a key element (and measure). Further to this, staff were also perceived as a key element, although this
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area presented the biggest challenge due to the historical culture of the industry. That said, as previously described, the business was making interesting strides in changing that culture, particularly through using total retailing as a benchmark as opposed to just their industry.

Morvan and O’Conner explain (2017), in their analysis of Leon Festinger’s *A Theory of Cognitive Dissonance*, that Festinger proposed that human beings strive for internal psychological consistency in order to function mentally in the real world. In the field of psychology, cognitive dissonance has come to signify the mental discomfort experienced by a person who, simultaneously, holds two or more contradictory beliefs, ideas, or values, and this, subsequently, might result in illogical behaviour. A typical example from this research is where a member of staff said they had *seen it all before*, disbelieving the direction being proposed by management. Some of this may have been accurate, but some of it will have been to protect themselves against change and uncertainty, which, in turn, would affect their understanding and acceptance (or EIBI). In several cases, staff had used these very same expressions of doubt and disbelief, and the business goals did not appear to be affecting them positively; if anything, they were perhaps fuelling the fire of their discontent, with Originators recognising them as *detractors* or actively engaged in disrupting progress. Company C, where there were mixed reactions to the business goals, definitely had two camps: one that could be said to have positive views and intent; and one negative. The positives were those whose roles were directly addressed by the business goals (e.g. pursuing new business or new technologies). For the negatives, the business goals did not take into account the cultural history of the organisation and nor, therefore, their roles.

Obviously, there are many things that impact on an organisation’s culture, which this research could not seek to address. Goals, from the point of view of evaluating them in terms of intellectual buy-in, could be said to be rational, whereas the very people they need to influence, have an emotional interpretation of the goals, often influenced by personal and collective histories. As noted with this theme, Trust, an organisation’s cultural status can change both rationally and emotionally depending on internal and external forces which are outside the influence of the business goals themselves. It is still, however, a potential consideration when deriving and communicating the goals.

4.6.9 Communication

The final theme is *Communication*, including those forms and the methods which appeared to have a significant effect on EIBI to the business goals. Each financial year, and during the year, all three companies embarked upon detailed and extensive communication activities that included the business goals, and also explained the overall
strategies being pursued. Their approaches to this were similar in some respects, in that all used multiple methods of communication, such as roadshows, printed material, café stops, Q&A sessions and webinars. It was clear, therefore, that all companies understood the value in communicating the business goals to the organisation.

Notwithstanding a generally positive view in all three companies that their SLT was communicating (as this had been poor or lacking in the past in all cases), the effectiveness varied greatly, and this was largely a function how well the above-mentioned themes were part of (and orchestrated within) the communications. For instance, Company B always presented their goals in the context of the market as their goal measurements were directly related to this, whereas the other two companies rarely mentioned their markets specifically (and then only in a generalised way without quantification or analysis showing exactly where the business was to come from). As can be seen in the previously presented Figure 4-2 (summarising the different companies’ goals), Company B also had far fewer goals to present and review than the other two companies.

Therefore, in assessing the effectiveness of the communication of the goals, the goals themselves are as important as the means of communication. In the case of Companies A and C, Originators made comments doubting their own understanding of the goals (i.e. once they had time to consider the questions, they suggested what had been communicated was not very clear even to themselves). This is reinforced by the following comment from a member of the SLT itself.

“It’s quite difficult to engage with a smart bunch if you haven’t got the full story to explain where we’re going.” (AOI D)

The literature backs this up as being all too common. As outlined in the Literature Review, various companies involved in engagement issues repeatedly find that the content of communications is often the problem. One of the comments from David Gray, chief executive of Eversheds, a legal firm, said that information from surveys it has conducted shows that “poor communication, lack of direction and weak decision-making are widespread among UK bosses.” (Thomas, 2006:1) Porter presents a good and simple test: “Are the goals well understood by the key implementers?” (Porter, 2004:xxvii)

Kirkpatrick highlights that there are numerous studies supporting the relationship between communicated vision statements and desired outcomes, and concludes that a vision statement “provides a context for organisational change by providing a compelling reason for moving toward the vision”. (Kirkpatrick, 2009:368) From this research, most of the communications had been anything but compelling, with sentiments such as sometimes
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[there is] too much information, or there is a need for words people can understand and,

“we use a lot of buzz words and acronyms, and they completely just turn people off” (CRI E).

There was indeed often a lot of jargon without substance, with several participants discussing in detail their difficulty in understanding what it all means. Many were disillusioned by complexity in the communication material, with one commenting,

“… and that was ridiculous, even on A3, I look at it, and I can’t really read what it says, so I probably won’t bother.” (CRI X)

In essence, there is a case for ensuring the disambiguation of any communicated business goals. This shows what Donaldson (1985) discovered: that goal communication often may be incomplete and inadequate throughout the organisation. What is interesting here is that the very problems Recipients described are linked to Kirkpatrick’s (2009) suggested the need for abstractness, and this, therefore, is challenged by the research.

More specifically, participants commented on the number of goals affecting their recall, with most stating they could not remember more than a few (and the research revealing even this was a challenge when participants were asked to name the goals). Again, this is validated through the literature, with Ethiraj and Levinthal (2009) experimentally modelling the consequences for a baseline case in which an organisation is given multiple performance goals. They discovered that going beyond eight organisational goals does not improve overall organisational performance because additional action is more likely to reduce performance on at least one goal and, thus, reduce the probability of engaging in the additional effort. They even challenged organisations going beyond more than four performance goals. In the case of this research, Company B had one overarching strapline goal and four subordinate goals, while the other two had more; in one case, many more.

The research also showed that recall in all three companies was an issue. When participants were asked whether they knew what the business goals were, many responded that they did. When asked to list them, however, they had difficulty in responding or responded with incomplete answers (and some offered goals that did not exist). Company B had a much higher recall with their relatively low number of goals, although this was not perfect. What was remembered by everyone was the strapline goal which seemed highly compelling. In Company C, the recall was mixed, but the few who were perceived to be in the loop (i.e. closer to management and the new business streams) fared better. Company A had a very low recall.
An interesting measure coming from the research was the effect of the order of the goals. Staff readily recalled the goals with regards to staff engagement and customer satisfaction and commented on their importance as points of focus. In the case of Company B, the SLT intentionally made employee engagement the first goal, followed by customer satisfaction. They did this because it gave the impression of priority and importance and raised the awareness that staff (themselves) were important, thus making the goals more compelling. This was apparently reinforced at all meetings.

“Every meeting that we run, every agenda, everything, starts in the order that I’ve just described it; people first, then we talk about our customers, then we talk about our relationships with our brand partners, and then finally we talk about profit.” (BOI B)

Another aspect worth noting is the use of measurements that were perceived to be both impactful and easy to remember. As described earlier, being in the upper quartile was linked with better performance and competitive advantage, so three of the four subordinate goals were set in this space for current achievement, while setting longer-term targets higher still (again, using easy to remember terms such as ‘Top 10%’ or ‘Number 1’). Neither of the other two companies considered the order of their goals or included customer satisfaction (which some participants identified as a gross error).

Looking at this another way (and an aspect seen under the theme of Definitions), goals should provide an indication of the how, and describe a journey or plan. As previously mentioned, it could be argued that this is outside of the scope of the goals themselves, and more relevant to the strategies that follow on, but the information used to derive the goals presents the content and context of the journey which, in turn, created a story that Recipients in Company B were able to play back.

It is, therefore, the package, and not just the business goals themselves, that makes business goal setting effective and, hence, why it culminates in the communication of said goals. Like all stories then, to be remembered and engaged with, the communication needs to identify the setting (context), the main conflict or opportunity and what resolution or achievement (destination) looks like, and then describe the journey. It also should describe the characters involved. Like the plots in a story, too many goals create confusion and mean they fail to be remembered; and, if they are not remembered, they cannot provide ongoing direction to the desired destination, nor can they steer the decision-making and provide a backdrop for prioritisation.

Although all three organisations generated a variety of documents for communication, only Company B tested its material for understanding and acceptance. The others were
very much top-down and assumed the staff knew what was meant. As mentioned earlier, these companies were often chastised by staff for the use of jargon, verbosity and stating the obvious, such as *we will be profitable*. It was clear that all three companies put a large amount of effort and investment into the communications and the materials, but the effectiveness was not always tested to gauge whether staff truly bought into the goals.

Two of the companies used off-the-shelf methods for measuring employee engagement, but none of these methods specifically tested EI/BI to the business goals, as this research has done. This was a revelation to Company B as it always achieved high engagement scores (as measured by a third party) and yet also had high employee attrition rates. They said they would be trying to reconcile the disparity, believing that this research (their part of it) had shown they might be missing important information.

This research also demonstrated the effectiveness of *real* feedback loops, i.e. feedback systems that actually work in line with Locke and Latham ([Locke and Latham, 1990](#)) and are not perceived as *window dressing*. Despite all three companies having so-called open-door policies and certain ways to communicate upwards, however, the research showed a hidden proportion of staff who felt unable to provide feedback in a meaningful way. It may be that staff who give feedback naturally make it positive, which management accept and assume their communications are effective but may be missing vital information from those who don’t give feedback at all. That said, most of the staff in all three companies believed positive changes had been made in this respect, and that it was better than it had been.

The research clearly showed that staff responded to good two-way communication, but it required many different methods and constant reinforcement to ensure the messages had an effect, and that feedback could be relied upon. This was particularly true for Company C, which had remote workers and a degree of turnover of staff. This is illustrated by the suggested need for:

> “Clarity - clear and engaging use of language, please. Repetition - say it lots and loud and in different ways. Make sure that the metrics and messaging is easily accessible to all and highly visible. Consistency - don’t let the message get lost through translation. Simple messages/wording helps this. Also, don’t change goals/targets lightly.” (CRS 76)

Several mentioned the issue of *too many words without meaning* with one saying:

> “…glossy presentations that were well choreographed by the senior team but [was] followed by a vacuum in information/action that has diluted the original message.” (CRS 47)
The need for simplification and reducing complexity was also cited.

The literature with specific reference to the content and mechanics of communication of business goals is rather thin, albeit there is much on general leadership communication styles and behaviours which was not covered in the Literature Review. This is because the specific nature of this research meant it was not intended to measure or assess behavioural aspects of communication, such as charisma or authority. The research did review the effects of communication in terms of EIBI, however, and this was found to be lacking. This has a point of interest with respect to its effect on EIBI, as it demonstrates that content and mechanics are as important as the communication itself, and that feedback is essential to measure EIBI, as well as providing a valuable source of information to the company.

4.6.10 Summary of Overall Findings

The findings under each of the seven different themes that came out of the revised 2\textsuperscript{nd} order coding, as viewed through the lens of the Cross-Case Analysis, offer insight into what contributes to EIBI of business goals and, therefore, can be used to build theory. This additional coding offered the opportunity to reassess and refined the themes, thereby improving the analytical process and providing a more robust analysis. This was facilitated by having three companies against which to apply the 2\textsuperscript{nd} order coding. It also provided a better indication of what Recipients valued and, therefore, has enabled a generalised assessment of the position of each company.

As a brief overview, Table 4-3 (below) provides an indication of where Recipients did, or did not, intellectually buy into the business goals in terms of understanding and acceptance.

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</tbody>
</table>

Table 4-3 shows a generalisation of perceptions from the three companies researched across the seven themes. This is by no means quantified but merely based on the impressions gathered. From the table, it is clear that Company B was far more successful across the board, notwithstanding some fragmentation amongst Recipients with regards
to acceptance. Companies A and C shared some areas where both understanding and acceptance were poor and differed in others but, overall, did not seem to have business goals that were effective. The following sections summarise the conclusions across the seven themes.

4.6.10.1 Definitions – the effects of terminology

The evidence demonstrates the extent to which definition and terminology (e.g. mission, vision, strategies, objectives, etc.) influence the understanding of business goals and employees' buy-in to these. Clarity and use of language that is unambiguous and purposeful appear to be desirable and would have a positive effect on an organisation. There may not be a need for universal definitions for businesses (particularly as this appears to raise controversy amongst both practitioners and academics), although the research has shown that their absence within a business leaves both Originators and Recipients to auto-interpret, so allowing multiple understandings within an organisation, and leading to confusion.

Specifically, clarity on the difference between a goal and a vision would be useful, as would the difference between a goal and a strategy (and the order they follow). Company C had a vision, but the concept had little impact on the business as it was not perceived as credible or achievable by everyone. Company A had (what they called) a vision in their documentation and, although it was not disseminated to Recipients, it did appear to have the makings of an insightful business goal (or strapline goal as per Company B) but was not considered to add value and so, potentially, unclear in its purpose. Company B, meanwhile, did not differentiate between vision and goals, but openly explained the purpose of the latter, which seems to have had a positive effect on both understanding and acceptance. In so doing, the goals looked to fulfil a number of key requirements (as cited across the three companies), particularly in providing a direction that was common to everyone in the business, and which could be monitored to see progress and achievement. A further key requirement was that a business goal should enable line-of-sight, so allowing everyone in the business to see and believe their role contributes to the company’s success. This, in turn, creates a sense of purpose for individuals.

In terms of strategy development, particularly when considering the ambiguities presented in the literature with reference to where business goals sit in this process, it would be useful if both the concept and process of BGS were clear in the minds of the Originators; firstly to ensure agreement on purpose and outputs within the SLT (so that strategy is developed efficiently and effectively); but also to present a cohesive concept to Recipients, making it easy for them to understand and be a part of. As to the question of a starting point, notwithstanding Company C’s confusion, it was generally agreed that the
business starts its strategy development process by understanding and analysing their markets and using the knowledge and insight to create goals. The strategies, then, are evaluated and chosen based on their ability to achieve the goals, although this is part of a complete process and one is not independent of the other. Therefore, how a goal is derived impacts the process of choosing the strategies and, as such, the other themes outlined below contribute to this.

4.6.10.2 Business Model – the effects of a business model

Each company had a different business model driven both by their respective markets and the Originators. Where the company had clarity around this model (i.e. where they were clear about whom they served and what they could achieve), they found it easier to develop business goals that meant something to employees. Where the business model was unclear (i.e. where staff were not sure what the company was trying to achieve and, importantly, why this should be possible), employees were less likely to buy into the business goals, even becoming a detractor where, for instance, they did not believe the direction of the business was compatible with its capabilities and resources.

Company B’s strapline, and then subordinate goals, included all stakeholders, a unifying and effective approach as most Recipients appeared to relate to it. This contributed to all staff believing in the business model as it was presented and, subsequently, seeing their role in the business. All participants had perceptions of where the business opportunities lay, but there were large discrepancies in Companies A and C regarding the direction indicated by the business goals. Some of this came from Recipient confusion. Also, particularly within Company C, a large number did not see their role having been made a part of the business goals, as these primarily described new ventures to pursue. It should be noted that the use of external consultancies did not appear to have a positive effect, albeit examining their brief was not part of this research and, as such, it is not clear what they were tasked to deliver. Furthermore, it still would have been up to the SLT to interpret their output and develop the strategy.

Lastly, as will be discussed under Communications, the sheer complexity presented by Companies A and C (particularly compared to the simplicity of Company B) is an indication of the lack of clarity of thought around their business models. As can be seen purely graphically from Figure 4-4, Recipients pointed out there was just too much detail, whereas the Originators thought this was needed to get their point across.

4.6.10.3 Purpose – the effects of creating a sense of purpose
Chapter 4

Provided the purpose of the business goals was clear (as in Definitions), and a Business Model existed that Recipients believed in, the next element of value seemed to be whether Recipients could see a link between what the business wanted to achieve and their individual role.

The creation of a sense of purpose and role clarity through business goals appeared to engender, if not generate, a capability of autonomous decision making, i.e. the business goals provided enough direction and guidance to enable staff to make decisions that both made a positive contribution to the business and were aligned with others in the business. This second point is important and demonstrated by Company B, which did not have the extent of the silos that were perceived in the other two companies. There is a belief that business goals should create a common direction and, as such, there was less of an us and them feeling within Company B, although it did appear to surface lower down in the hierarchy, this might also correlate with the CEO’s perception that only the top 100 managers really needed to understand the goals and strategies.

Additionally, having a purpose that is aligned with the needs and values of both employees and, importantly, customers appear to influence the degree of buy-in from Recipients. In particular, when customers were not mentioned (either specifically, or where the company’s actions did not reflect the direction of, for example, customer service), this appeared to have a negative effect on Recipients’ perception of the business goals’ purpose. In addition, those who saw a perceived conflict in what was said versus what was done (for instance, ignoring the stated goals to focus on end-of-month financial targets) tended to display a type of cognitive dissonance and become detractors.

4.6.10.4 Context – the effects of using market knowledge and externalisation

Both Originators and Recipients believed that it is better to have more information than less. However, unless the information created a context to the derivation and role of the business goals that Recipients bought into and understood, much of it was considered irrelevant or inappropriate. The chosen Business Model offers insight here, as evidence showed that, where little research was done (including both internally and externally), it was difficult for Originators to create the context for the business goals. In the case of Company C, a great deal of external research seemed to have been completed, but it may have lacked the right kind of detail (or the Originators may have failed to extract the detail) needed to make it relevant to Recipients. Having presented their burning platform, it failed to provide Recipients with what they called the how. This appeared to be because the Recipients could not see the link between what was presented and their day-to-day role, nor could they see opportunities that were quantified and tangible, and, therefore, something against which they could measure progress.
As such, the effects of externalising, using market knowledge and ensuring line-of-sight to the business goals by ensuring they have context, appears to be an essential element of BGS. In addition, it is important for an organisation to use information about their markets, customers (existing and potential) and competitors in a way that creates a story which they can understand, believe, accept and, importantly, remember. In this way, they can see where the business goals fit and how the chosen strategies will achieve those goals. They also can see where their role plays a part and where value is created.

4.6.10.5 Measurement - the effects using of data, quantification and analysis

Recipients believed that making business goals tangible, credible and achievable is essential to their buy-in. Where these elements were absent, Recipients repeatedly demonstrated a *so what?* attitude the goals. Recipients of Companies A and C had only financials as concrete measures, and these were their focus, despite not featuring directly in the business goals presented to them. This was exacerbated by management also feeling they had to interpret the goals, even though they were handed budgets to achieve. This shows that, whatever is perceived as tangible, will be focused upon.

In the case of Company B, all their goals were measurable (even the strapline goal as this invoked a measurement of perception) and presented as such to Recipients who, therefore, were able to monitor progress themselves. Recipients also were given clarity around the goals' purpose, their derivation (which was understood to be factual and not *picked out of the air*) and the benefits of achievement to both the company and individuals. Additionally, as monitoring of the four subordinate goals could be said to be independent (three by third-parties and one audited), there was a belief in the measurement’s rigour.

In Companies A and C, where there was no quantification, or the measurements were managed internally, Recipients could not judge whether they, or the company, were making progress, and often felt there was obfuscation which led to a lack of *trust*, which is the next theme.

4.6.10.6 Trust – the effects of using facts and transparency

Trust is a complicated issue, although all of the above themes highlight the need to use information that staff believe in when developing and disseminating business goals. This appears to be a key element in developing trust in these goals, with a lack of credible information causing significant mistrust in both Companies A and C (for both Recipients and Originators). For example:

“[the goals] were made up, dreamt up, devised such that they would be achieved”
The next quote refers to double standards where the business goals state one thing and actions reflect another:

“at the end of the month, it is sell, sell, sell.” (BRI D)

This is combined with a perception that senior management is out of touch:

“I think there is a big disconnect between what our senior leadership and heads of department think and what the people on the ground actually think would improve things.” (CRI E)

In both Companies A and C, there were historical reasons for this situation which hampered any introduction of new approaches, such as the business goals. However, each company compounded or, perhaps, reinforced the issue simply because many of the goals were not backed up by facts and, in turn, context, which Recipients perceived as lacking transparency. This manifested in disbelief that the business goals were appropriate and/or achievable, often driven by not believing there were analysis and knowledge behind them.

Seeing how the management used the business goals was also important, with the cascade in both companies being far less positive than in Company B. This was because many managers, themselves, said they were simply unable or did not attempt, to translate the business goals appropriately for their subordinates. The business language did not help either, with Originators accused of using buzz words and the content being vacuous. This was exacerbated further by the level of detail surrounding the business goals; a significant amount that still left Recipients asking for more in the way of how. It seemed that there was a quantity of information, but not the appropriate or relevant type for Recipients to understand what needed to be done, or to feel they were allowed to make decisions, and so they defaulted to management for detailed instructions.

Feedback was another area that raised suspicions of the business goals. If management was asked to explain the content, and their responses seemed shallow or poorly thought through, they were accused of not listening to feedback which, in turn, crested issues with buy-in to the goals.

All three companies recognised that they had trust issues which meant at least a portion of staff would be cynical, particularly those who had been in the business for many years. It is unclear whether Companies A and C used this awareness as an input to strategy development and, therefore, the business goals, or whether it was seen as a secondary area to address, perhaps after implementation had taken place. Only Company B
identified the issue within its overall business strategy but, perhaps less empathetically, they took the view that there would be those who did not like the change, and this would lead to a natural degree of attrition. However, they also anticipated that the business goals would attract a different type of employee better suited to the new direction. The other two companies did not have this luxury; their business models and set-ups did not favour a high level of attrition as they perceived they needed to retain technical expertise. The issue of trust, therefore, presented greater challenges for them.

4.6.10.7 Communication – the effects of communication

All three companies had made great efforts in communicating their business goals and strategies. Perhaps one of the main impetuses for this was their CEOs’ desire to change the organisation, and the subsequent rigorous campaigns to announce these changes, as well as cement a new management approach within the business. That said, the content and approach varied greatly between the three companies with each having a degree of success but also some difficulties.

The successes could be mostly attributed to the fact that, in all the organisations, there had been a degree of inattention from previous management and so the mere fact that there was communication was seen by many as a step forward or an improvement. Many felt it was the first time their companies had decided to involve them. There were (as perceived by management and also within the responses) cynics who were either waiting to see what would happen or believed it was more of the same, but, generally, the effort to communicate was seen as a positive attempt to provide direction for the businesses (notwithstanding erosion of this in Companies A and C when the Recipients perceived the communications to be lacking substance). This, therefore, would indicate that good communications must be part of effective BGS. Each of the companies chose to communicate through a variety of methods and media which, again, the staff supported, even though individual preferences varied. Roadshows, however, were perceived as valuable, as were talks by senior management. The staff mentioned that it was good to see senior management face-to-face and have them answer questions instead of having to ask their immediate management. This further demonstrates that communications from the SLT would contribute to better buy-in from Recipients.

However, each of the companies had specific issues with this element. Company A’s communications were confusing and complex with priorities unclear. The resulting behaviour of the management from top to bottom reflected this by cascading their own interpretations and/or defaulting on priorities not outlined in the goals (such as departmental budgets) which created, or reinforced, silos. Company B generally had the belief that, if Recipients did not understand the new direction, it was no fault of the
communication, but rather the attitude of the Recipient. The company hoped that, through attrition, such Recipients would be replaced with staff more attuned to the new direction. This was exacerbated further by the CEO’s diminished empathy for those below the top 100 managers. This left the recipients having to demonstrate their understanding and acceptance of the business goals in a way that, perhaps, could be seen as coercive.

Company C probably had the most extensive communication plan, but it was perceived as half-baked and, therefore, meant different things to different parties, creating wide divisions within the organisation. This was particularly true with the field staff who, despite efforts with webinar-type presentations, felt they had been overtly disconnected from their organisation after many years of being seen as the core of the business.

The packaging of the communications was perceived as significant, particularly in Company C, where there had been a major effort to create several communication documents. The Our Guide handout was perceived initially as a useful step forward until it was discovered that it was difficult to extract meaning from and so led to much confusion. The feedback received seemed to complicate matters further, with explanations being devised and disseminated, but, because the original basis of the business goals and strategies had been confusing, this effort was not appreciated. In short, Recipients sought disambiguation, but, instead, management seemed to exacerbate the situation.

The most favoured communications were those where the content and context were meaningful to the Recipients and, therefore, where they believed they, themselves, could derive purpose and direction. Feedback loops where Recipients felt they could interact with, and contribute, to the discussions were also seen as valuable. Finally, the continuation of communications was seen as essential, including the capability to see where the company had progressed against its goals and how individuals had made their contribution to the success of the business.

Chapter 5 presents a discussion and conclusions based on the findings and links to the literature. Contributions to the literature and practice are also stated as are limitations and areas for future research. The chapter ends with the Researcher’s reflections.
Chapter 5  Discussion and Conclusions

Section 2.5 Conclusions and Potential Gaps within the Literature Review summarised the key areas where gaps were identified from which the following research question was developed:

“As part of strategy development, what are the key elements in setting business goals that contribute to employee intellectual buy-in?” (Locke and Latham, 1990, 2013; Thomson et al., 1999; Porter, 2004)

The literature indicates that there is little reference to business goals specifically as part of strategy development. A few, such as Chandler (1962) and Porter (2004), describe business goals as part of strategy development, although lacking detail, with the majority assuming business goals have been set (Mintzberg and Waters, 1985; Whittington, 1996; Mintzberg, Ahlstrand and Lampel, 1998; Jarzabkowski and Spee, 2009; Jarratt and Stiles, 2010, to name a few), making it difficult to be clear as to how business goals are arrived at and where they sit in terms of strategy development. Thus, like many management concepts, it risks misuse (Christensen, Raynor and McDonald, 2015). Consequently, this has left a gap regarding the key elements in terms of content and processes that can affect the business performance of an organisation. The literature suggests that, similar to goals at an individual level, macro goals that are specific, challenging and well communicated could contribute to the successful achievement of those goals, but does not specify whether this applies to goals at a business level (Locke and Latham, 1990, 2013) and, again, the goals generally have been predetermined without detail as to how they were arrived at.

The literature does not describe, in terms of strategy development, either the process for development or the use of business goals, as part of management practice. Therefore, a more detailed analysis of BGS in practice was needed to identify what constitutes effective business goals and how they contribute to business strategy development, implementation and achievement. In examining how to assess business goals and their potential contribution to business performance, the Literature Review indicated that EIBI, or the understanding and acceptance of the business goals by employees (Thomson et al., 1999), could be used as a proxy measurement, as this can be seen as a subset of commitment and engagement which research shows to be linked with higher growth rates and better results (Harter et al., 2009; Borst et al., 2019).

Section 2.6 Research Question outlined the following areas of investigation in order to determine which elements the successful development and use of business goals depend upon.
**Understanding:** What do organisations understand as the purpose of business goals, and what do they have in mind when deciding to develop and communicate these? How well do they understand what this entails?

This will help close identified gaps in empirical definitions and understanding of the role played by business goals in strategy development.

**Process:** What are the processes that lie behind the development of business goals and do these precede the development of strategic options as a part of the strategy development process?

This will help close identified gaps in terms of describing the strategy development process and, particularly, those elements that lead to the development of specific and challenging business goals.

**Information:** What inputs and analyses do organisations consider and use within the business goal setting process when generating such goals, and what other considerations do they take into account?

This will help close identified gaps in understanding the information and analyses used by organisations, as well as identifying the key elements that drive specific and challenging business goals.

**Communication:** What and how do organisations communicate their business goals to their employees?

This will help close identified gaps in understanding which key elements make for successful business goal communication and also establish whether or not this is considered a critical part of the business goal setting process.

**Effects:** What is the effect of business goals on employees - specifically on employee intellectual buy-in?

This will help close identified gaps in understanding the effect of business goals (including content and communication) on employees, and whether business goals that are specific and challenging alone are effective in this respect.

### 5.1 Answering the Research Question

In her chapter entitled Goal Setting and Organizational Transformation, under the section of *Closing Remarks and Conclusions*, Saari states:
“I would propose that future goal setting research would best be focused on understanding the factors that lead to effective real-world applications of goal setting in contemporary organisations.” (Saari, 2013:268)

Although there has been continued research on the setting of individuals’ goals and some work at group and macro levels, there does not appear to have been any research at a business level in the context of strategy development or with empirical evidence from actual companies (Locke and Latham, 2013). This research has provided a starting point for this. In identifying the key elements within BGS as part of strategy development (as evaluated through perceptions of EIBI to the business goals), it has been possible to develop theory which can be tested and provide tools and concepts for businesses to use to improve their BGS and strategy development within their organisations.

### 5.2 Key Elements to Business Goal Setting

Except for the wide-ranging definitions, there is nothing specifically in conflict with the literature with regards to BGS, but this research has validated and joined together some of the thinking of researchers, often fragmented across specific areas affecting BGS. Many of the elements have been mentioned in passing or directly by authors, but none have made a comprehensive list as this research has or have described BGS from a strategic management perspective. In fact, the only elements that are collectively repeated are those of specificity and challenging supported by feedback around which Locke and Latham’s original research is based and that their theory plateaus at a group or team level and even these levels have the potential to be incomplete when taking a strategic management perspective. The research has added detail and granularity to goal setting at a higher level than individual, group or macro goals that did not exist, and has considered this in terms of the strategy development process. Finally, it has provided an incremental improvement in the thinking about business goals specifically and to goal setting in general.

As a starting point, this is particularly important in light of the research failing to be clear about where BGS sits in relation to the overall strategy development process. As Porter (2004) is one of the few who explicitly sees the establishment of goals as part of the strategy development process, this work has contributed to clarify and reinforce this. Virtually all the other authors reviewed have either left off BGS or mention it only in passing on the assumption that the business goals have already been set and are a given and not an integral part of the strategy development process. This research has clearly established BGS not only a part of strategy development but a critical part and a necessary complement to the strategies.
Chapter 5

The research has also shown that what is needed is a general understanding, within any organisation, of the purpose business goals serve and, as a leadership tool, how the contents and communication can contribute to improved performance. This, the research has demonstrated, shows that the disciplines of Strategy and Organisational Behaviour need to be bridged to ensure a complete understanding is obtained of BGS. The research has confirmed the many elements of well-set business goals and how they can contribute to more effective employee intellectual buy-in. It has shown how it can be an effective tool for the SLT in communicating direction (Peel and Bridge, 1998; Piccolo and Colquitt, 2006; Northouse, 2012) and also highlights how well-set goals can add to EIBI, avoiding negative effects, often in the form of conflict, that some researchers view as natural (Bourgeois III, 1985; Eisenhardt and Bourgeois III, 1988; Eisenhardt, Kahwajy and Bourgeois III, 1997). As such, the output of this research is a collection of considerations when developing and disseminating business goals confirming the need, for instance, for business goals to be specific and challenging (Locke and Latham, 1990), to be clear how they relate to organisational performance (Ahearne, Mathieu and Rapp, 2005), to have foundation and external realism (Porter, 2006; Allio, 2007), and to be compelling (Kirkpatrick, 2009). To this end, these considerations can be used in evaluating current business goals and their effectiveness or when developing new goals and planning their dissemination.

The themes of the 1st order coding, which were labelled as event coding (Hommel et al., 2001), are useful in that they provide a process and decision path for the evaluation of business goals overall and, therefore, should not be discarded. In tracking the understanding, the processes followed, the information used, the communications made and the impact on staff, an effective checklist has been developed which follows the course of events or the intended course of events. As such, the use of such a checklist would initially check what is understood by the term business goals and their intended purpose for that organisation.

5.2.1 Understanding

Taking into account the 2nd Order Coding outlined within Section 3.6.4 of Findings, there is little doubt that definitions themselves are potentially the biggest hindrance for BGS in that the very concept of business goals and their role in strategy development and implementation is open to interpretation, with no single definition ever satisfying all stakeholders. This includes conceptualised precepts which overlap, or are potentially confused with, business goals. For instance, this research has shown that each company had, within their own organisation, large variances between the idea of visions, missions, strategies, strategic objectives, etc. Often these are at the behest and influence of
individual heritages, external consultants and, as was the case in at least one of the companies, popular business texts and not from a clear glossary internalised by the company. This research shows that the absence of a company glossary (documented or otherwise) leads to confusion. This is in contrast to Mintzberg’s view that multiple definitions can help (Mintzberg, 1987) or Kirkpatrick’s view that it is an art form (Kirkpatrick, 2009).

The research also shows that, if there is confusion as to what business goals are for and where they sit within the strategy development process, even before determining what the business goals will be, then this potentially generates internal conflicts due to individual interpretations. In two of the case studies, the SLT, in particular, were unaware that they were contributing to this and that, as a result of the lack of clarity, staff had different understandings that they applied when interpreting their roles.

This research highlights, even where this tendency is known, the potentially unproductive attempt of trying to inherit definitions made by others (particularly externals) if staff have not bought into the meanings and concepts before the business goals are established. Organisations should focus, therefore, on developing their own glossary of terms and create a framework within which effective business goals can be developed, disseminated and evaluated. Additionally, company leaders, looking to adopt personal or externally developed models or management concepts, must ensure they are backed up with the rigour which a framework could assure, acting as a checklist to ensure all elements are considered (and that nothing is left out or forgotten or left to multiple interpretations), and then work on building a common view of this in the organisation.

One aspect that the research showed was the confusion between goals and strategies. This research was not focused on the strategy development process overall other than where business goals formed part of it, but the sequence is clear (despite one of the companies, after their consultants had used it in the right order, then placing strategy before the goals). However, again, it is easy to become unnecessarily embroiled in the semantics and pedantry of the nomenclature but, suffice to say, that organisations need to be clear about what they are attempting to achieve (goals) versus the selected options designed to accomplish the achievement (strategies) (Porter, 2004). There is no doubt that goals and strategies also have to be complementary although two of the case study companies failed to achieve this, having a list of actions they wished to implement that were not linked clearly to achieving the goals. Failing, from the start, to achieve a mutual understanding within a company about the terminology means the process of BGS potentially will get off on the wrong foot, so jeopardising its effectiveness as both a business and leadership tool for the organisation.
5.2.1.1 The Purpose of Business Goals

Further to this, there is an opportunity to establish the context of business goals by describing their purpose. The following list is derived from the participants’ input from across the three companies.

Table 5-1 Summary of Elements of the Purpose of Business Goals

<table>
<thead>
<tr>
<th>The Purpose of Business Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>➤ Provide a common direction, purpose</td>
</tr>
<tr>
<td>➤ Enable prioritisation</td>
</tr>
<tr>
<td>➤ Inspiration, motivation</td>
</tr>
<tr>
<td>➤ Assist in retaining staff and customers</td>
</tr>
<tr>
<td>➤ Maintain competitiveness</td>
</tr>
<tr>
<td>➤ Provide rationale for management decisions</td>
</tr>
<tr>
<td>➤ Drive change</td>
</tr>
<tr>
<td>➤ Allow a re-assessment and adjustment</td>
</tr>
<tr>
<td>➤ Allow staff to align, link their roles, track progress</td>
</tr>
<tr>
<td>➤ Provide cohesion, unity</td>
</tr>
<tr>
<td>➤ Grow capabilities, talent</td>
</tr>
<tr>
<td>➤ See what success looks like</td>
</tr>
<tr>
<td>➤ Achieve, maintain prosperity, continuity, longevity</td>
</tr>
<tr>
<td>➤ Support good leadership</td>
</tr>
<tr>
<td>➤ Build company culture</td>
</tr>
<tr>
<td>➤ Attract support from stakeholders</td>
</tr>
<tr>
<td>➤ Maintain reputation, brand</td>
</tr>
<tr>
<td>➤ Basis to check activities are compatible</td>
</tr>
<tr>
<td>➤ Describe the journey</td>
</tr>
<tr>
<td>➤ Ensure an engaged and happy workforce</td>
</tr>
<tr>
<td>➤ Enable productivity, team work</td>
</tr>
<tr>
<td>➤ Create awareness</td>
</tr>
<tr>
<td>➤ Ensure accountability</td>
</tr>
<tr>
<td>➤ Ensure line-of-sight</td>
</tr>
<tr>
<td>➤ Provide for fairness</td>
</tr>
<tr>
<td>➤ Enable staff to see their contribution</td>
</tr>
<tr>
<td>➤ Feeling in control of destiny and part of a whole</td>
</tr>
<tr>
<td>➤ Facilitate stakeholder Collaboration</td>
</tr>
<tr>
<td>➤ Enable communication, feedback</td>
</tr>
<tr>
<td>➤ Improve behaviour, positivity</td>
</tr>
<tr>
<td>➤ Clarity on why we do what we do</td>
</tr>
</tbody>
</table>

To fill the gap in the interpretation of the above, business goals themselves must serve a purpose to the organisation, and the Originators need to decide what that purpose is. It might be useful to reflect on what would happen if there were no goals presented to the organisation, and whether this would be a preferable option to poorly developed goals or goals confused with strategies (as per two of the case study companies). In essence, both practice and academia agree that goals are something to be achieved and, therefore, business goals are a signal of what the business hopes to achieve, but the Originators must answer the question as to what they hope the effect will be on staff in creating and communicating business goals to them. Ultimately, it should become apparent that there are reasons, and those reasons must be based on facts, and those facts are dictated by the realities of the market and the capabilities of the organisation, and so on. In summary, a rational process can be followed to ensure that there is a clear purpose for having business goals.
However, what is really important is the recognition that business goals are one of many business and leadership tools. This research shows that staff believe they should signal the direction of the business, and the SLT should seek positive buy-in to their achievement. It also provides the Recipients with an indication that the SLT has completed the necessary analysis and made fact-based decisions which support the direction and therefore are worthy of acceptance. Business goals also could have a wider remit and purpose in terms of influencing other stakeholders beyond staff such as customers, suppliers, regulators, etc., and this must be taken into consideration, e.g. how it can positively influence a customer. In the case of Company B, the strapline goal was said to be intentionally signalling that the firm wanted to be the best as judged by customers, and this, apparently, had a positive effect on those customers. BGS, therefore, must be used effectively, and the SLT has a duty to see this happens. Often the SLT criticised their staff for failing to understand or engage with the business goals, although this would be more a sign that the tool was not being used effectively.

5.2.1.2 Key Elements of Business Goals

Locke and Latham (1990) identified that individual and, to an extent, group or team goals, just need to be specific and challenging to maximise performance, and this has been continually researched and tested at these levels (Locke and Latham, 2013). As discussed in the Literature Review, their approach is not prescriptive on the content of the goals, and most of the research was focused on testing against specific executables, e.g. there was a task to be completed which would correspond to what is referred to as an objective. In the context of a business goal, the research indicates that the requirements of specific and challenging apply, but there are additional dimensions not listed in the literature that should be considered, particularly as the goals are such that the collective effort of the entire organisation is required to achieve them.

As such, when describing what makes employees intellectually buy into the business’ goals, this research has shown that there are a number of key elements and processes involved.

The following list has been derived from participants’ responses and aggregated across all three case study companies in order to provide examples of what is considered essential for EIBI to business goals.
To this end, evidence from this research (similar to Locke and Latham’s work (1990)) shows that staff expect a *measurable point of accomplishment* (and endpoint), and also expect *direction* from their business goals, as these two elements combined enable them to see where the company wants to go. This is accompanied by *context* which provides staff with a number of things. Firstly, it satisfies their need to understand the bigger picture in which the company is active, as well as how the company can *differentiate* itself in the market using its chosen *business model*. This, then, allows staff to decide whether this is *realistic* and has *rigour* behind it which, in turn, makes it *believable*, creates *trust* and, consequently, contributes to understanding and acceptance, or intellectual buy-in. In the first instance, staff wish to know whether it takes *them* into consideration, then *customers*, other *stakeholders*, and the *competition*, although this order varies. They are interested in the *facts* surrounding the information used in setting the business goals, particularly those external to the organisation, and the degree of *transparency*.

Although not necessarily explicit, they will evaluate this against their perceived view of the current state of the market and whether the business can deliver within it, i.e. whether the business has the *capabilities*, *resources* and *culture* to do this and whether any of these elements need to change. They will want to know the distance between where the business is today and where the goals will take it, i.e. the *starting point* of the business.
goals and the size of the gap between this and the endpoint. They also ask themselves whether the SLT can walk-the-talk, e.g. are their current and past behaviour and actions consistent with the goals? Not everyone thinks in such broad terms, although evidence from this research suggests the overall population does have people who pick up on these individual points. In parallel, or subsequently, they will evaluate whether it is worthwhile to themselves to be part of it, e.g. whether it provides them with a sense of purpose.

It is important to draw clarity between the purpose of the organisation and the goals providing purpose for the actions of individuals within the organisation. Although it is not entirely possible to separate these two concepts from the evidence, it is important to highlight the potential distinction. This is where the aspirations of the staff come into play. The useful difference of a goal versus an objective that came from the literature is the possibility that, although they are same in their basic meaning, a goal is said to include the element of aspiration which the business hopes to achieve, whereas an objective is associated with something that must be achieved. The aspiration could be very individualistic, e.g. unique to each member of staff or as part of a collective (such as a team or a department), and may, therefore, include specific elements important to them (such as consideration for society, the environment, etc.). This, then, becomes part of making the business goals relevant to staff and, therefore, if important to the business as well, needs to be consistent, supporting a perceived line-of-sight between what they do and the business’ goals. The sense of the goals being challenging, as was seen from the literature, is perceived as adding to the sense of accomplishment that many of the staff would like and which adds to their sense of purpose and is, therefore, compelling (Kirkpatrick, 2009). Lastly is whether it then facilitates the alignment with others in the organisation (for instance, minimising conflicts between functions) and clarity about priorities and accountability to maximise everyone’s contribution.

In looking at the goals, staff will be interested in whether it describes a journey, and if there are milestones, they can judge progress against. From the research, staff believed that Originators consistently over-promised and, consequently, the organisation under-delivered, simply because the Originators did not put in realistic time scales or provide the resources needed to realise the goals.

Finally, the goals should be memorable, and this requires that they tell a story, are limited in numbers, and use a language that all staff can understand, regardless of their level in the organisation. In particular, jargon and buzzwords must be avoided.
Using business goals to encompass all these aspects might seem a tall order for some organisations as their businesses might be quite complex, but it should be the SLT’s intention.

This, of course, overlaps the other areas of strategy development and implementation which are connected to the business goals. These can add or detract from their effectiveness, depending on how well the business goals are developed and communicated. From the research, a particular example arose where staff were seeking the how from the goals. In the case of Companies A and C, this happened because the goals themselves lacked much of the rigour needed to inform and link with the strategies which, in turn, lacked, for the Recipients, clarity. Company B, however, had goals that enabled a clear link to the strategies which meant the staff did not have to seek the how from other sources. Moreover, it promoted autonomous decision-making which both the staff and SLT valued. Therefore, it is important for Originators to recognise that goals create the context for the destination and direction, and the subsequent strategies provide the description of the approaches to achieving the goals. As such, it requires clarity of process.

5.2.2 Processes

There is little in the literature describing goal setting as a process, with the majority writing on strategy development and assuming the goals are set already. Equally, goal setting at an individual level generally fails to describe the processes used to ensure they meet the criteria of being specific and challenging (Locke and Latham, 1990).

Evident from the research was that only Company B took into consideration many of the elements detailed in the previous section such as those detailed in
Table 5-2 whereas the other two companies failed to consider most of these. One of the largest gaps was rigour in gathering information to enable a robust analysis of the market and quantification of opportunities that fit the business’ capabilities. Many of the Originators believed it was just too difficult to get the necessary information, which then begs the question of the purpose of the goals and the competencies of the Originators. Some relied, for instance, on hearsay and estimates made by salespeople for input to the strategy development process and did not validate this information with more robust methods. According to staff in both Companies A and C, they also threw their nets too wide, particularly in new markets, regions and ventures, fragmenting their efforts and usually taking their eye off core business customers and diverting resources away from the same. Building up the information to be able to create effective business goals obviously comes with a cost of time and resources. Just as with the overall strategy development process, this is an investment to be evaluated as any other but, in doing so, the downsides of not investing also have to be taken into account.

Company B used robust data sources and chose goals that had both meaning and value to the organisation, and the Originators made the process much simpler and clearly easier to communicate. The elimination of doubt by using third-party data sources was one aspect identified positively by staff. The fact that this also offered a market context added to this. Although not all industries will have such access, the effort made to get quality information demonstrated a positive return in terms of EIBI which, the Originators believed, contributed to the commercial success of the business. Interestingly, although Recipients also held a wealth of information relevant to the process, most did not automatically see themselves involved in data gathering, and this was the case across all three companies.

The research further revealed how important it is to have a clear business model in the organisation. Almost all participants in Company B seemed aware of where the value was created (and lost) in the business. This contributed to the focus of the business goals which, in turn, signalled the key influences on the business model – perhaps chicken and egg but, as has been discussed in this chapter, this was all part of their strategy development process which links and overlaps. What needs to be said is that organisations with unclear business models, or fragmented models that create conflict between parts of the business, will have difficulty in developing business goals that staff across the organisation can buy into. The question about the scarcity of market information, from this research, seems to indicate a capability or competence gap. Not to pursue the information would mean that the organisation is failing to identify the market gaps and, therefore, opportunities (particularly with respect to adding value and meeting competitive needs). As previously mentioned, this seems to be symptomatic of casting the
net too wide in the market. It also may be an indication that the organisation is not clear about what business they are in. Again, input from consultants also seemed to cloud this (perhaps due to inadequate briefs) rather than providing clarity from existing and potential customers. It could well be that the process of BGS shows the need to articulate a business model more clearly or rethink it, even to the point of reviewing current structure given the organisation may have multiple businesses requiring individually crafted business goals. This, perhaps, is the distinction between corporate goals and business goals: the former applies to a company that holds several or many businesses (related or unrelated) and whose goals are, therefore, directed towards shareholders as financiers of the enterprise; business goals are about producing and delivering products and services and, therefore, are market-facing.

5.2.3 Communication

From the research and following on from Processes, it is the communication and behaviour exhibited by the SLT that ultimately ensures the effectiveness of the business goals as assessed by EIBI. In each of the cases of the research, the communication process was extensive, and this logically appears to be needed for the business goals to have an effect on staff. In all cases, a great effort was made in terms of coverage and repetition. What was ineffective, however, was where the business goals themselves were vacuous and/or where the subsequent strategies were incoherently linked to the goals. This shows that communicating for the sake of communicating is a wasted effort and can have detrimental effects on the organisation by actively disengaging staff from the business goals. Another influence was simply the number and order of the business goals. This aspect was instrumental in losing staff attention in Companies A and C as they were unable to recall most of the goals and certainly not their order which, from Company B’s perspective, appears to add value. The research also showed the importance of having quantifiable and purposeful targets for the goals (such as upper quartile) and accessible, transparent measurements that staff believe to be accurate. Thresholds that translate into the organisation achieving and/or maintaining a competitive position in their market, which all staff understand and agree with, has a positive effect on EIBI, particularly if they are perceived, in most part, as relevant to all staff in the organisation, regardless of their level or function.

However, even with well-developed goals and good communication, the evidence shows a need for testing and feedback; testing communication methods, testing the content of communications, testing understanding, and all this before any company-wide launch. This thus supports Locke and Latham’s (Locke et al., 1981) early assertions that feedback and two-way communication is part of and can enhance goal setting. Even once
launched, ongoing testing is needed as the research shows that staff seek different communication media and reject others. As an example, it might seem logical from a cost standpoint to do run webinars, but the research showed these to be ineffective and even perceived as degrading to remote staff. Then there is the expressed need for **real** feedback loops; that is to say, methods that staff can challenge or seek to clarify. This is an issue of **trust** and comes with the ability of the organisation (and specifically the SLT) to create a safe environment in which staff can discuss the goals without fear of reprisal. By the same token, staff have a responsibility to be constructive, a lack of which featured as a key criticism from SLTs in the research. In particular, the SLTs wanted staff to make an effort to gather facts, present issues in a coherent way and propose solutions, as well as concede if the company’s chosen route is not necessarily in line with the employee’s own personal desires (as was encouraged with Company B’s legacy-staff).

**5.2.4 Effect**

Through an expanded concept of communication, as outlined above, the intellectual buy-in to the business goals can be monitored. The goals, if properly developed, should have milestones as well as the opportunity to revisit these if, and when, they are achieved (or not). This either allows reconfirmation of the goals or changes to be made where performance varies, or the market fluctuates. The true test of EIBI is what the staff can play back in terms of their understanding of the business goals, whether they have line-of-sight in terms of their personal contribution to the business goals, and whether they accept the goals. Mapping this across the organisation to see where there are potential problems or gaps would be useful. This should be analysed by geography/location (including remote), tenure, department and role types and levels, as segments could reveal useful information in an analysis of EIBI. Ultimately, it is up to the SLT to gauge EIBI, gather feedback and to revisit their BGS as, and when, necessary to ensure that the business goals have the best chance of being achieved.

**5.2.5 A Model for Business Goal Setting**

For illustrative purposes, Figure 5-1 below has been developed to highlight many of the key elements and processes discovered from the research that contribute towards EIBI of business goals. This may provide organisations with a visual tool by which to think about business goals.
Chapter 5

BUSINESS GOAL SETTING MODEL

As the business goals are overarching to an organisation, the model shows these at the top of a triangle with a hierarchy of elements beneath. This indicates that the entire organisation contributes to the goals, with the triangle acting as an arrowhead indicating that the goals, in turn, provide direction and destination. Inside the triangle is the desired outcome of intellectual buy-in across the organisation, with the creation of a common purpose shown by a vertical arrow, running from top to bottom of the organisation to maximise everyone's contribution. Outside the triangle, on the two sides, are essential elements needed by the organisation to understand and internalise the business goals; and below the triangle are elements that contribute to the successful development and dissemination of these goals.

5.3 Conclusions

5.3.1 Contributions to Theory

This research fills a gap identified in the literature regarding the understanding of Business Goal Setting and its effect on an organisation. The research has provided a basis for establishing the purpose of business goals and key elements which make them effective. In relating the narrative to findings from actual companies, it has created theory
and foundation for others to build upon, opening up many additional areas to research (see Section 5.3.4 Future Research).

Notwithstanding that some of the elements identified in this research have been previously mentioned, either in passing or directly by various authors over time and from an OB perspective, this research has taken a unique perspective that has enabled all the identified elements to be looked at together and with a strategic management lens.

This research also contributes to bridging the disciplines that BGS spans, specifically Strategy and Organisational Behaviour, having demonstrated the value of bridging disciplines within academia in terms of research methodologies and development of theory.

Having looked extensively into existing goal setting theory, it extends Locke and Latham’s and their colleagues’ theories on individual, group and macro goals to business level goals. It also potentially enhances their theory, depending on the applicability, by adding previously unconsidered elements which might apply at the goal-setting levels that they and their colleagues have researched.

To the field of Strategy and Strategic Management theory, where the idea of BGS is ambiguous, it provides a uniquely necessary and useful clarification regarding the position of BGS in the strategy development process, its complementary role within this and, importantly, introduces a deeper consideration of its potential effect on an organisation. Without this research confirming the role of BGS, strategic management would continue to be lacking in its description of the strategy development process by omitting an essential step and critical elements that add to the successful development and implementation of strategy.

To research methodologies, this research contributes to furthering the validation of the use of inductive case study and cross-case analysis demonstrating the effective use of a clear methodology that can be replicated and that can contribute empirical evidence to both strategy and OB disciplines. This additional order of coding is also a contribution as it offered the opportunity to reassess and refined the themes, thereby improving the analytical process and providing a more robust analysis. This was facilitated by having three companies against which to apply the 2nd order coding. It also provided a better indication of what Recipients valued and, therefore, has enabled a generalised assessment of the position of each company.

Finally, from the literature, it may be concluded that definitions will always be a problem for such research and that much good work can be undone by the potential disputes around them, particularly in obfuscating the value of the work. However, this research
makes a valuable contribution in that it provides a degree of clarification and/or distinction around the aspects of BGS that can assist other researchers and management in practice.

5.3.2 Implications for Practice

This research will aid businesses by providing management with a better understanding of the strategy development process and allowing practitioners to improve their abilities in developing and leading businesses, as well as achieving sustainable performance. The research also will contribute to the creation of more professional, fact-based management capabilities by increasing the understanding of BGS and its role in strategy development and its potential effects on an organisation. It provides a checklist that ensures business goals have the opportunity to make a positive contribution to a business and its staff. This could be either by clarifying what is required to make BGS effective in a business, or through discovering that there are gaps around a company’s BGS that need to be closed.

Separately, this research should inform bodies that promote better business governance and provide them with tools to train and assess management capabilities, e.g. executive education organisations such as the Institute of Directors, standards such as ISO 9004:2018 Quality Management and, potentially, watchdogs such as the Serious Fraud Office.

5.3.3 Limitations

The main area of limitation has been this Researcher’s ability to judge the level of effectiveness of business goal elements within the three companies and, therefore, whether they are, indeed, all key elements and/or if there is a hierarchy of importance at play. The research took an inductive and qualitative approach, notwithstanding there was little doubt about the effectiveness of the business goals themselves when comparing Companies A and C with Company B, simply because of the wide differences in responses from each of the firms. Had the companies been more similar in their responses, it may have been more difficult to judge what was truly seen as the key elements of BGS.

The research looked at sources of information used in creating the business goals but was not deep enough to understand exactly how this was obtained, what resources were used in obtaining it, or what barriers, perceived or actual, might have affected the quality of the BGS. Choosing EIBI as a measure of effectiveness has its own limitations, the main one being that it is used as a proxy for performance and not an actual measure of the performance itself and thus suffers from the limitations of using a proxy measure.
However, this is ameliorated by the focus of the study on understanding the goal setting process as perceived by the respondents.

As the concept of EIBI in relation to business goals had not been asked before within the organisations, there could have been biasing introduced due to the inability of participants to express or articulate their views about BGS. This also affects the method of data verification used as there were no additional third-parties or other data sources to use to compare and contrast outside what was used in the research. For instance, had an engagement survey been used that covered business goals and the respective EIBI as a theme, this would have been useful both for triangulation and also for mitigating temporal issues and potentially adding in different, but complementary, information for analysis.

Because it was inductive and qualitative, the selected method of research has limitations in terms of generalisability. The mix of companies was, in a way, fortuitous in that they were all very different, meaning the theory developed has a good chance of being applicable to a variety of different organisations. This might not have been the case had all three companies been within the same sector, but it limited the opportunity to examine differences that possibly exist within specific sectors. The companies researched were also limited to their UK operations and to their own three sectors. This research could produce different results in other geographies and sectors, particularly where there are large cultural or structural differences versus the UK.

Finally, as these companies volunteered to participate, they are a reflection only of other companies that also might volunteer. A different perspective could have been gained from companies that were mandated to participate. The research attempted to select a variety of businesses but, ultimately, there was an element of convenience sampling, largely because the need to access sensitive information precluded several organisations from taking part (due to their internal policies on the matter). This also applies to the participants as their involvement, too, was voluntary, and there may be views missed from those who chose not to participate, thus introducing a compositional effect. Also, the selection of interviews was intended to be random and, therefore, should have provided a broad view but, in practice, the organisations controlled this (as well as the survey in one of the companies).

5.3.4 Future Research

This research should be seen as a starting point. Naturally, it would be useful to follow up with the companies in this research in order to create a better link with causation, although other researchers may wish to pursue a number of different avenues. Examples of this could be repeating this research in other companies, in other sectors and other
business models; for example, products vs services, private vs public, and fast vs slow-moving goods; all would add to the robustness of this work. Different circumstances also would be of value, e.g. high vs low customer churn, local vs national vs international, etc. This would broaden, and support or challenge, the elements identified in this research.

Separately, quantitative analysis, using survey data, where the survey focuses on the business goal setting process but amasses a much larger set that was statistically significant, would be of value. This also could be applied to sector-specific organisations to see what variance, if any, exists between sectors. It also could generate a weighted and/or prioritised list of key elements and processes to further refine the findings from this research. The initial approach would be to validate the findings of this research by asking if employees believed that the identified elements herein had been used in their organisation and, if so, what value they placed on these and compare this to the performance of the organisation which could be assessed by multiple factors such as profitability, growth, customer retention and acquisition, customer satisfaction, and employee retention and satisfaction, all of which could provide a good indication of the value and a hierarchy of the elements.

Time permitting, research that spanned a longer period, and enabled the identification of actual performance versus business goals, would be useful to confirm the link with EIBI. This also would assist in mapping the business goal development and dissemination cycle and allow a better understanding of the two-way communications necessary to maximise the potential of the BGS, as used by the SLT.

Separately, the research looked at sources of information used in the development of the business goals but was not deep enough to understand exactly how information was obtained, what resources were applied to obtaining it or what barriers, perceived or actual, might have inhibited this process. Further research into this area would be of value, perhaps including a cost/benefit analysis to understand how investment in BGS affects EIBI.

Additionally, there is an opportunity to compare this to existing commercial engagement survey products, either subsequently or concurrently, in order to identify other potential variances worth considering. This could lead to suggested survey modifications that pick up useful nuances affecting an organisation, but which are currently omitted.

Finally, albeit there is substantial evidence to support the link between employee engagement and business performance, there would be value in identifying the degree to which engagement is influenced by intellectual buy-in. Equally, it would be useful to add the perspective of emotional buy-in and examine overall commitment.
5.4 Reflections

My MBA of over 30 years ago fed an important stage of my life, allowing me the benefit of returning to study after a period of work, and then enhancing my knowledge and tool-set before re-entering industry. At the time, I was apprised (perhaps superficially) of research in the management discipline, its potential benefits to business, and its limitations. I do not think I grasped the work yet needed. On completion of the MBA, many of my colleagues entered either banking or consultancy; the former, I felt, was uninteresting, and the latter I did not believe I was prepared for by an MBA alone. To be a consultant, I thought, required further time spent in industry to employ both the knowledge and tools gained from the MBA. Having now spent the longest part of my working career as a consultant and advisor (almost 30 years), I still believe this is true. What was not ingrained in the experience, however, was the need to have more empirical proof to support management development and decision-making.

Subsequently, since becoming a consultant, I have striven both to continually develop myself and also upgrade the profession. I recognised this need because I saw endless avenues within the profession that each required new learning. I also recognised this need because I discovered that the majority who called themselves management consultants had either no qualifications and/or knowledge of management research; they depended, instead, on their experience or, more often, their wits. Again, this highlighted the need to create a better foundation based on evidence.

Also, through my work as a consultant, I have encountered managers at all levels who often followed management gurus and fads without truly understanding whether they were underpinned by research. Many others were attempting to manage with a limited skill-set (perhaps gained through experience and/or MBA training) with little success. These incidents created within me a desire to improve their lot by providing tools and techniques to help them better manage and also, importantly, help those they managed to feel better managed. Although I had the desire, however, my practical situation did not allow me to investigate this further in a more dedicated manner.

Notwithstanding this, my areas of interest and concerns about management practices continued to be validated during 25 years of owning and managing an engineering firm and also teaching at the Henley Business School on their Executive Programmes for the last 15 years.

Being invited to teach at Henley as a “practitioner” has allowed me to see first-hand the evidence-based research used in teaching executives, and also what these same executives are looking for in order to improve their skills and careers. In addition, it has
shown me how to enhance my own teaching by bridging the practice-academic divide. I noted that I lacked the research rigour in my work but equally noted that much of the research on offer through academia was often impractical and failed to connect with the real management world.

Over the years, I have also reflected on my own management style and capabilities, enabling me, in a small-scale way, to validate various management principles and concepts. I have not found a silver bullet but what I have discovered is that experimentation is necessary; many learnings do not seem to have been researched or, at least, made known or accessible to managers.

Given the background outlined, I sought to improve my own practice within the scope of my interests, seeking to establish research that would support my future work while providing incremental knowledge to the management and academic communities. To achieve this, I needed to return to studies that would enable me to immerse myself in what was known to management research and discover where I could add value. I already knew the accepted management practices but needed to see their origins and whether there was any evidence to support them.

My ambition was, and still is, to establish a degree of authority in my area of interest and ensure that I can translate this and pass it on within my consultancy and advisory work and, importantly, my teaching. Certainly, as a specific outcome, I aim to have the knowledge and evidence that is as attractive to business as it is to academia. I believe this research has contributed to that aim.
Appendix A Case Study - Company A

A.1 Company Strategy and Business Goals

Circulated by various means for Company A (presentations, briefings and intranet) included the following slides from a presentation called “Company Strategy – Annual Update (2016-17).”

Figure 5-2 Page extracted from the Company Strategy slide presentation
Figure 5-3 Pages extracted from the Company Strategy slide presentation
A.2 Detailed Findings: Case A

The detailed findings are from the documents, interviews and survey and provide the basis for Section 4.3 Findings of Company A. The findings for the case are organised around the five themes identified in Section 3.6.3 1st Order Coding.

1. **UNDERSTANDING**: What is understood by the term *business goals* and their purpose?

2. **PROCESS**: How were the business goals derived?

3. **INFORMATION**: What were the sources of information?

4. **COMMUNICATION**: How were they communicated?

5. **EFFECT**: What effect have they had?

As outlined in Chapter 3 Research Methodology and Design, the survey itself serves as another data source and offers the opportunity for additional insight. As such it is organised around open questions which respondents could respond to but also included prompts that respondents were able to select providing additional information around the question, e.g. the Researcher could identify what number of respondents that selected...
certain prompts in addition to their responses to provide validation and additional information which is included in the findings that follow.

A.2.1 Understanding of the Concept of Business Goals and Their Purpose

Originators - Interviews

The Originators seemed a bit muddled over the purpose of the business goals with considerable difference in terms of what the business goals were and should achieve. One of the Originators stated, “The business goals are striving a) for improvement in areas that warrant improvement in terms of day-to-day performance, plus any strategic goals we want to set ourselves in relation to elements such as adding new services, growth in certain areas, increase in profit margins, number of clients, diversity of clients, etc. Where we grow next, and that’s a strategic aim, to grow more internationally – the target is to become better known internationally.” (OI A)

However, one of the other Originators states, “I don’t think they (the slides) clearly define it, our strategy - we need to trade profitably because with that money we can invest far more, we have no shareholders, so anything we make is invested back in the company, we can pay staff more, we can build new facilities, we can fund more research; all of these things, so if we earn the money there’s a direct benefit to all of us, so we have to be as profitable as we can be, and as clever as we need to be in order to achieve that profitability … we have to take them (staff) with us; we have to ensure that they wish to stay with us on that journey, that they’re challenged, they’re excited, that they get up in the morning and want to come and work here. We need to describe it in two or three paragraphs, what is it that makes us so special, what are we going to do about it - I don’t think it does describe the distinctiveness - whether we are as coordinated in our overall view of where we want to go, I don’t know.” (OI B)

However, most of the Originators did comment that business goals should include financial goals notwithstanding a confusion around terminology. “Business goals to me tends to mean financial goals (as different from) strategic initiatives taking us forward over a period of time. It depends on what level you talk: group manager or a team leader. I’m fairly sure that they, certainly the financial goals that will be on slightly more nebulous goals about whatever we’re trying to achieve as a whole. They would call that the strategy.” (OI C) Interestingly, the Researcher discovered that within the documentation that had not been circulated to Recipients there were various financial targets mentioned including a figure of £X million that was often mentioned in the interviews but not shown within the presentation of the goals used. In the document, this figure was a rough
estimate and varied depending on the year, made up of sector estimates (pie charts – not clear whether built-up or broken-down to come to the figures) and appears to have been verbally communicated to some of the Recipients but it was not entirely clear how and there was no evidence that it was an organised and consistent communication. The Originators did say that they had used the figure when talking with staff.

There was an impression, once the Originators had time to consider the questions, that perhaps what had been communicated was not very clear even to themselves. “I think that’s an issue of how we’re not joined up because that doesn’t match that so there’s something wrong isn’t there?” (OI C) This was also expressed in the disconnect that they, the Originators, perceive exists within the staff, particularly in terms of time frames. “So next year what does the company want to achieve, what do the groups want to achieve, what do the sectors want to achieve down to what an individual wants to achieve in their own career?” (OI C)

“I think that as a Board we have an idea about that, I’m not even necessarily completely convinced of that particularly. I think that longer-term vision, whatever it is and however, I don’t think that’s communicated down, and if you look at this, particularly this, it doesn’t communicate that; but there’s nowhere in this particular document that it actually says what the entity should look like in three years’ time, five years’ time. There are aspirations at Board level, but I don’t think they’re communicated through this.” (OI C)

Other Originators were certainly more nebulous about the concept of goals and their purpose. One admitted that commercial awareness was not instilled within the organisation and that it needed to be. The same individual commented that it would, however, be difficult to be precise “because some of the things that it should now focus on wouldn’t have been clear.” (OI D) For instance, he cites their need now to move from research to the applicability of research. “So, there is a change in the emphasis we’ve given to the companies; if we’re spending time doing these things, let’s make sure that they are worthwhile to us. However, it is unclear that the goals as presented have the information to connect or assess whether ‘doing these things’ is worthwhile.”

All of the Originators note that the organisation was historically and continued to be focused on budgets which did not form part of the presentation of the business goals. The issue was then what was perceived as the difficulties with this heritage.

“Planning is what falls out of the strategy; it’s got the link into actually how we can deliver it, and then it’s pretty easy for people to understand how it’s working. Without that you’ve got this plan, you’ve said you’re going to do this, but actually I can’t do it because you haven’t told me how I can implement it, so I mean I think we have to be more streamlined.
Although there’s talk in here about project management, efficiency and various things, there’s no blunt word that says we need to get a grip on our finances." (OI D) Interestingly during the conversations with the Originators, they were entirely internally focused. There was nothing mentioned about specific customers or sectors or customer service levels, etc.

As mentioned earlier, it is worth noting early on that there was considerable confusion in terminology notwithstanding the clarification of the difference between goals and strategies. Consequently, the term strategy was often used interchangeably with goals. This in itself, may offer insight into the thinking of the Originators and their perceptions of the understanding and purpose of both business goals and strategy.

At no time did any of the Originators refer back to what the Researcher observed as the goals that were contained in the vision presented in their Strategic Plan document, 3.2 Objectives (Vision).

Recipients – Interviews

The Recipients were mostly very clear in their assessment of the purpose of business goals, though one individual noted that the term, business goals, was not used, and even strategy was a relatively new term. Another noted that they think there was a confusion between goals and strategies. Several simply stated similar thoughts such as that “the business goals are what they (the company) are trying to achieve and where it wants to go.” (RI C). Many were also clear that it should include time frames; “where the company wants to go long, medium and short term” (RI E). Many also commented that it must include profit and other goals, but the other goals vary with some mentioning staff, their position within their industry, budgets, turnover, keeping clients, etc. without anyone providing a comprehensive view. Several mentioned that it was just the Board’s aspirations at that time and one even stated that they “were made up, dreamt up, devised such that they would be achieved” (RI J). It was also mentioned that, as the business was project-based, it was, therefore, business-case based and that it was the existing business that drove the model implying possibly that the business goals and/or strategy were inappropriate to the current business model.

It was fairly apparent from most of the Recipients that it had been business as usual for most of their careers simply because work came in: “The group has been fairly successful over the last couple of years, but that’s again to do with market trends outside.” (RI A) It was only recently that market pressure had forced the organisation to become commercial in its thinking, and as such, the concept of business goals had really not been a focus for the organisation as a whole. As such, what the Recipients recall were that the company
stands for technical excellence, business development and operations (the three headings for the business goals in the slides) but not what business goals relate to these nor any quantification. There was a view that whatever the goals were, they were not currently linked to the budgets or initiatives with one commenting that they didn’t have goals but strategic options and were missing the “meat on the bones” (RI M).

The financial figure not mentioned in the slides was however often recalled but more often as £XM a month which further clouds its origins as the original figure was an annual figure and it was also seen as a turnover figure and not a profitability figure although many were confused and some mentioned conflicts with budgets and also how this figure dealt with subcontracting (e.g. it could be a meaningless figure if everything was subcontracted as the business would fail). Some did mention that it was an evolution (not revolution) and that things were changing and that the key was creating links from what they were doing to the business goals and how they were going to focus on a few important ones. “We still need to get to the next stage of this evolution; I think where we’re now, good ideas based to … the three important things or the two important things are these and the way they’re going to work is this and the way they’re going to feed down from these big ideas and big ideals into these different parts of the business in this way”. (RI M)

**Recipients - Survey**

Overall there was consensus on what business goals were with many common terms used. There was probably more clarity within the survey than within the interviews as individuals were more descriptive in their responses.

This is best summarised by one of the quotes which included many of the elements others had stated:

“They provide direction and a common set of objectives for the business to strive for. They can also be used to measure and monitor progress and improvements in the way the business operates. They can be used to determine the effectiveness of the organisation’s processes and procedures and the efficiency of the management system. Goals can help to drive through changes within an organisation.” (RS 45)

Similarly:

“I think the best synonym is Strategic Objectives: a statement of the purpose of the organisation and where ’it hopes’ to be in a few years’ time. They are intended to give management and staff a sense of direction and are a factor in deciding whether to pursue various possible activities. Decision-makers should always, or at least usually, be asking: if we do X, will it help us achieve our goals? Will it be more
And finally:

“The business goals should set the strategy – i.e. be used as the check on the strategic (not operational) decision making. So, when the bigger strategic decisions need to be made, (for example, restructuring, creating new roles, etc.) the question should be asked, to what extent does this accord with our business goals. If there is a mismatch, one or the other (or both!) is out of kilter. (RS 7)

A couple mentioned the unique situation that the company had in terms of it being limited by guarantee and, therefore, had no shareholders so as not to be tied to purely commercial considerations. But almost without exception, those surveyed mentioned issues of focus, working together towards common goals, avoid wasting time, know what business the company is in, etc.

Also, several mentioned that the goals should define the organisation’s corporate social responsibility and ethics. Another useful quote, due to its expansiveness was that “In itself, the process of setting business goals, if inclusive of the staff, which is not the case at [Company A], could serve several purposes: measure success and define area of improvement - establish leadership cohesion with clearer rationale for managerial decisions - establish staff cohesion with a common direction for day-to-day decisions - allow a re-assessment and adjustment of business goals if necessary. (RS 59)

Similar to the interviews, time frames were mentioned as was having a vision or where the company hoped to be, and also direction, purpose and priorities. One person even mentioned that it should provide motivation while several used the term shared or common direction. Lastly but perhaps importantly, business goals were identified as a check step or tool to examine initiatives and see "to what extent does this accord with our business goals". (RS 7)

Interestingly, however, there were a few I don’t knows, and these continue within the survey. Having not the opportunity to explore these, it would be questioning whether this was due to lack of explanation or perhaps an indifference – back to the business as usual attitude.

Likewise, when asked about what business goals should contain, e.g. what were the key elements, much of what was said above was repeated with those surveyed providing additional, comprehensive responses but again there were more I don’t knows, possibly indicating that they were clear on what business goals should do but not necessarily how they should be constructed.
To this end several of those that provided more lengthy explanations seemed to look at the goals as providing explanations for existence, how the business should work, etc. with only one citing that the goals should be SMART (which they spelt out as: S - specific, significant, stretching, M - measurable, meaningful, motivational, A - agreed upon, attainable, achievable, acceptable, action-oriented, R - realistic, relevant, reasonable, rewarding, results-oriented, T - time-based, time-bound, timely, tangible, trackable) (RS65), and another mentioning that it should describe the market in quantified terms.

**Key Elements**

Staff and management had many clear ideas of what the purpose of business goals is and what they should contain, but the organisation lacks any consistency in this thought, starting with the SLT. There was, for instance, from the discussions with all concerned, difficulty presented merely by the different uses of the words such as goals, strategic intent, objectives, strategy, targets, etc.

Participants in the research made valuable suggestions in terms of both purpose and key elements upon which the SLT could draw on. The following keywords (those mentioned several times, either specifically or similarly) have been extracted from the interviews and surveys within the respective questions where they were asked about the purpose and key elements of business goals.

Table 5-3 Words around Purpose

<table>
<thead>
<tr>
<th>Purpose of Business Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>direction, prioritisation</td>
</tr>
<tr>
<td>keeping staff</td>
</tr>
<tr>
<td>brevity, clarity</td>
</tr>
<tr>
<td>aspirations</td>
</tr>
<tr>
<td>drive through changes</td>
</tr>
<tr>
<td>clearer rationale for managerial decision</td>
</tr>
<tr>
<td>allow a re-assessment and adjustment</td>
</tr>
</tbody>
</table>
Table 5-4 Words around Key Elements

### Key Elements of Business Goals

<table>
<thead>
<tr>
<th>turnover</th>
<th>areas of improvement</th>
<th>adding new services</th>
</tr>
</thead>
<tbody>
<tr>
<td>growth in certain areas</td>
<td>increase in profit margins</td>
<td>number of clients</td>
</tr>
<tr>
<td>diversity of clients</td>
<td>to trade profitably</td>
<td>R&amp;D funding</td>
</tr>
<tr>
<td>keeping staff</td>
<td>keeping clients</td>
<td>timings</td>
</tr>
<tr>
<td>benchmarks</td>
<td>position in industry</td>
<td>social responsibility</td>
</tr>
</tbody>
</table>

SMART:
- S - specific, significant, stretching,
- M - measurable, meaningful, motivational,
- A - agreed upon, attainable, achievable, acceptable, action-oriented,
- R - realistic, relevant, reasonable, rewarding, results-oriented,
- T - time-based, time-bound, timely, tangible, trackable

This is not meant to be exhaustive or conclusive, just an indication of the thinking within the organisation. However, the Objective (Vision) that was presented in the company’s Strategic Plan seems to match better the perceived elements identified by the Recipients. For those aware of it, they all seemed to agree that it was useful, but the SLT seemed to prefer the greater detail of the stated business goals perhaps because of a degree of distrust that the staff could make their own interpretation of the stated vision.

### A.2.2 Processes Followed to Derive the Business Goals

#### Originators - Interviews

In describing the approach to developing the business goals, the Originators lacked a comprehensive explanation describing it mostly as being the output of meetings, spreadsheet analysis and “a good look at the operation in general; where we sat in the marketplace, how we were performing internally” (OI A). The Board was primarily involved and apparently mostly top-down though there were initiatives to gather bottom-up information. However, these seemed to gather more strategic initiatives than form part of the goal development process, which may have contributed to the long list of objectives. There was no defined process for either establishing goals or the strategy. One of the Originators cites that he himself developed most of the rationale seen in the Strategic Plan, and it was through discussions with the other Board Directors that the Company Strategy slides were developed. All of the Originators expressed some sort of doubt as to what could be measured or how the goals could be made tangible. They did mention that it was the thinking process they found most useful and that it might be that even Group Managers had not looked at it. It appears that at least one of the Originators believes the business goals were probably just the sum of the sector financial targets. All the
Originators were critical to some extent of the work. “There’s a whole business development operation which still gets put into less than half a page - if you look at some of the things here, for example, the top one, ‘set budgets and targets at all levels’; everybody does that”. (OI C) What was formulaic was the budgeting process linked to the financial targets which seemed to take precedence over the business goals or perhaps were the business goals in reality as these were what managers look at, remember and review often. “There’s more engagement over the preparation of the budget, but that takes more time, and again it’s not the best way of doing that because we’re overrun and not necessarily got everything in there that we need to be considered.” (OI D) Ironically one of the Originators mentioned that he would like to know “how [could he] map the strategy to the budget?” (OI D). What is clear was that there was a lot of background work that had gone on, including market analysis but no defined process or audit trail leading specifically to the business goals and that in reality, the budgets dominate.

**Recipients – Interviews**

Mostly the Recipients had no idea how the business goals were arrived at. There were mentions that management was purely calculating the financial figure (which ironically was not considered as the business goals by the Originators) from staffing and utilisation or using the budgets (again financial). What analysis some of them had been exposed to was seen as short-term, but mostly it was choice of directions without rationale, for instance, “increase presence in the USA but not the why’s” (RI E). Those that had been involved in analysis believed they should be contributing to the development of the goals and strategies but felt there was no link and were disconnected and, therefore, unsure what was being used. Others mentioned that they did need the information and that they think more rigour should go into it, particularly in terms of links about what they were doing compared to the goals. Ultimately it appears to have been up to the Group Managers to make interpretations and work to meet their budgets; “my role as Group Manager was to fill all those facilities with projects” (RI A).

**Recipients - Survey**

Interestingly, from those surveyed, it was a 50/50 split in terms of understanding how the goals were derived. However, even those that provided explanations showed either vague understanding or an assumption that the Board/senior management just came up with them.

The majority of explanations provided seem to indicate a bottom-up approach from the Group Managers’ plans. “My understanding is that they have been developed with reference to Group Business Plans, the MD’s vision for the Company and strategic
Appendices

"discussions between senior managers." (RS 64) Several mentioned that there was consultation, and one person did mention that there had been "strategy sessions by sector, trading group and company" (RS 48) but did not elaborate further. None actual described any systematic process or seemed to have had a general overview of the process.

A.2.3 Information Used in Deriving the Business Goals

Originators - Interviews

Interestingly all the Originators believed there was information upon which the business goals were developed, but all agree that it was scattered and not centralised or systematic as seen in the previous section on Processes. As such, it did not appear that there was any kind of audit trail. “The information we have, we use, but as yet it doesn’t necessarily feed into here, the written word … we have very clearly defined sectors, the technical sector or market sectors we call them and regional sectors.” (OI B) Some of the Originators were unsure of what was used, and then they all mentioned that the market changed and that this affected their assessments. Specifically, they mentioned a high dependency on the oil and gas industry that declined rapidly making a lot of their sector assessments inaccurate. As was mentioned in the previous section, it appears that the business goals were derived from the Group Plans, which in turn were derived from sector plans and budgets. This then had failed to account for some of the areas such as market profile; “Our challenge is from those that don’t know us, and that’s where this strength in our identity comes from because we don’t have enough people that know us anymore.” (OI A) and changing procurement practices, e.g. work just came in – this had changed.

The analysis was also very internalised. “I haven’t got any formal stats that said we looked at ten companies, ten competitor companies and on average they spend this amount of money; they’re figures we picked up from conversations and meetings we’ve had with organisations - the sectors tell us where we believe we can get revenue.” (OI A) It was mentioned that much of the information was speculative and, therefore, difficult to challenge.

Recipients – Interviews

The Recipients interviewed were equally unclear as to what information was used in the development of the business goals. What they were clear on however was that there was pressure to meet Group targets and that these were perceived as manipulated (particularly utilisation figures). There was also a perception that information they possess was ignored; “I’ve had to go to people and say actually this model is now broken we cannot do this, this proposal you’re asking me to do I cannot do it because this model
does not work, it is now broken" (OI E). Another example is, “(performing [activity] service) in the States is a bit different from (performing [activity] service) in the UK and that makes it a bit different, you know those sorts of general discussions we know, and we’ve done them to death, and we know them back to front, that’s not the same as how many jobs, how many jobs are we going to get out of the USA and what’s the value" (RI M).

Additionally, there appears to be no external information presented or followed-up as the year progresses to compare this to their performance as a company or allow for changes in strategy.

**Recipients - Survey**

The survey did not address the issue of information in the same depth that the interviews did. This was covered under Processes which indicates that those surveyed were aware of information coming from different sources, but nothing formalised which also, therefore, begs the question as to what could be validated. The general attitude was disbelief in some of the figures and claims. Interestingly, it was believed that the market information couldn’t be verified as it comes solely from those in the market. While it would not be the purpose to challenge their credibility, those in the company apparently had no idea of the accuracy and, as such, when contracts were bid for and either gained or, more often it appears, lost, there was no way to then do a post-mortem.

**A.2.4 Communication Used to Disseminate the Business Goals**

**Originators - Interviews**

Communication was, in general, seen as a positive step by the Originators in terms of the efforts that had been made. They were unanimous in saying it had been important to make communications simple, clear and covering everyone and, therefore, the presentation of the *Company Strategy* slides with the business goals was made over a period via roadshows to individual groups, Skype and webinars for the international operations and through the intranet. While there was a feeling with some of the Originators that the slides themselves clearly defined the goals, the actual documents were most likely not distributed below Group Manager level, and it appears it was then left for managers to have discussions with their own teams. As such, they believed there would have been an interpretation and that the goals communicated were the financial targets and headcount efficiency (utilisation) figures their Groups had.

One of the Originators mentioned *metrics* (that was the first use of this term in the interviews) that were communicated, briefly showing a long list on what looks like a spreadsheet. It was not clear what these *metrics* were though described as a series of
KPIs, again newly introduced terminology to the interviews (he promised to send them to the Researcher, but they were not received, so it is difficult to elaborate further). He believes the company metrics were communicated to everyone. However, he qualified this by then saying, “well certainly to anybody that’s got responsibility relating to those goals” (OI C). Therefore, it seems the Recipients would have had a mixture of both the company goals and also the metrics of the company, and their Group would have communicated these to them. More routinely, revenue and utilisation targets were communicated to staff. One interesting comment was, “It’s quite difficult to engage with a smart bunch if you haven’t got the full story to explain where we’re going.” (OI D) This was then followed by, “There wasn’t necessarily a link as to what some of the statements are here, to what those KPIs were, so people would probably be going ‘okay, does that actually mean anything to me?’”.

Recipients – Interviews

Everyone recalls the CEO’s roadshow presentations, but many commented that they remember little or that often it was a lot of jargon without substance. There was an appreciation of the CEO’s blog, though one thought it was rambling, long and lacked a point. It was also mentioned that much was contained on the intranet although again someone commented that there was sometimes “too much information” (RI E).

Information on the intranet was updated monthly, and most were aware though no one monitors usage and several mentioned that there was disinterest in many to view the information. A key element mentioned was the lack of feedback loops and the sometimes reluctance of management to discuss. The general openness, however, appears to be appreciated.

The dilemma between the efforts to communicate versus the effectiveness might be explained in the following quote: “I think probably what needs to happen is I think people need to understand a little bit more clearly some of the things that are in these sorts of documents - I think the issues have been that perhaps the link is between the big thoughts that are going on up in the operational thoughts of management and the thoughts that are going on in the bottom end of the groups have perhaps that linkage is not as good as it could be.” (RI M)

Recipients - Survey

The survey shows that most of the Recipients were exposed to multiple communication methods and mostly via presentations and from senior management as can be seen by the number of respondents below (though it is unclear whether senior management was confused here with the term Board which they might be unaccustomed to, e.g. a
presentation by the CEO might be viewed as a presentation by senior management.

**Figure 5-5 Q4 Communication Method**

**Figure 5-6 Q5 Communicated by Whom**

However, the perceived effectiveness of the communications and the level of recall indicate that the presentations and other forms of communication were perceived as not entirely satisfactory.

**Figure 5-7 Q6 Communication Effectiveness**

Recall itself was examined and very variable with some remembering the main themes and others admitting to not remembering anything.
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Figure 5-8 Q7 Recall of Business Goals

No one provided a total recall but then even under the circumstances of the survey, the long list of goals that exist, if we take those from the *Company Strategy* slides, would be very difficult to recall in their totality. One person discusses in detail their difficulty in understanding what it all means and that different measures come out concerning, for instance, profitability and efficiency that they had not seen in the goals. The inability to describe the goals in any detail also reflects on earlier information that shows they were generally unaware of the goals but also lacked a uniform description of what the goals should contain and hence the disparate responses received. One point that was repeated was the goal to be recognised in their industry and even globally recognised. It is, however, difficult to judge from previous responses as to what this means to the individuals that had cited it.

**A.2.5 Effects as a Consequence of the Business Goals**

**Originators - Interviews**

It is worth noting, as this section is discussed that neither Originators nor Recipients had raised any issues related to EIBI without prompting and, for example, it was not expressed in their descriptions of the purpose of business goals, nor the key elements of business goals.

The Originators all admit that they were unclear as to the level of EIBI overall by the staff to the business goals. This was because of the lack of formal feedback loops and no monitoring of systems such as intranet usage. However, they think the staff should understand the concepts of, for instance, *Why [Company A]*, a theme that had been discussed with staff in parallel to the strategy and goals and was well publicised around the offices. One of the Originators did see the problem, “*I think there’s a much better way of articulating and setting out our vision, our strategy and objectives - we want to know that people are on-board with it, understand it... hopefully on-board with it - we haven’t*
gone for enough on that yet - it would be good to have a visual, I think, of our strategy around the office." (OI A) However, interviews with the Originators revealed that content (e.g. the material needed to create the foundation for and inform the development of a visual) still seems unclear.

There were some ways that senior management could get feedback – through their staff committee, their appraisal process, their suggestion box and even direct communication with the CEO. However, there was an attitude amongst the Originators that the staff that complain just do not want to engage. "Well, you get the usual that it's all fairly meaningless, it doesn't make much difference, it's just words; that generally arises from the same sources within the company, the cynics within the company." (OI B) It may, however, be that staff did not have the language to discuss their concerns/interest in company direction. As an example, one Originator observed that the appraisal system was a failure because there is “no link of personal goals to business goals” (OI D).

It seems employee motivations and intellectual buy-in were not expressed in the goals and, therefore, it was not perceived that these aspects should, in some way, be a part of the goals. It was also perceived by one of the Originators that the staff had a limited attention span for this kind of thing and/or perceive it negatively as it had disrupted their previous comfort zone when, as one of the Originators expressed it, "it is like a university" (OI D).

**Recipients – Interviews**

The Recipients’ perception of the effect of the business goals on themselves and the organisation was less than effective. The business goals seem to have had little effect on a day-to-day basis and were overshadowed by, for instance, “infighting for billable hours” (RI A). They were seen as abstract and vague and seemed only to worry about the potential negative effects on them or their role, such as their utilisation figures. Others were just confused. However, one commented that there were many who were not working as hard as they were and were “gaming the system” (RI G). Another mentioned that there were those that have been there for a long while had seen it all before.

It was cited that new entrants were savvy compared to longer serving people still behaving in the not for profit attitude, but then someone else observed that they see people come in with motivation and then steadily lose it.

Due to the history of the organisation, the technical nature of the work and because it was mostly project-based, there was a strong technical drive within the organisation, and the business goals did not seem to resonate with this or at least it doesn’t interfere with it. This was exemplified by the comments, “Without [the] strategy I would probably do the
same." (OE E) and “I don’t think it interferes with me at all.” (RI K) When asked, “When was the last time the company strategy and goals were looked at?”, one person just responded, never. Another interviewee had brought the infographic printout from the intranet and commented, “a bunch of buzzwords or stating the obvious” (RI L). However, there appears to be a realisation, though perhaps slow, that things were changing, and some perceive it to be positive. “It has attracted a certain type of person over the years; it’s had a certain culture, and that has, there has been a culture shock particularly with redundancies which has happened, and that has opened people’s eyes with respect to you know what that guy wasn’t performing so well or that Group wasn’t performing so well.” (RI M)

Recipients - Survey

Compared to the interviews, the respondents of the survey seem to be more positive, albeit the accompanying comments were very similar. The positive comments reflect the business was trying to make improvement and was also trying to provide direction and, therefore, giving some individuals a constructive view of developments. However, the other comments basically repeat that the goals did not affect their day-to-day work.

Figure 5-9 Q12 Influence of Business Goals

Figure 5-9 shows the generally positive perception of the goals albeit with a strong neutral base which appears to coincide with a wait and see sentiment expressed by many, particularly those that had been in the business many years.
Figure 5-10 Q14 Credible and Achievable

Figure 5-10 similarly shows the generally positive perception of the goals but again and more strongly a neutral base and somewhat negative perception which also appears to coincide with a *wait and see* sentiment expressed by many, particularly those that had been in the business many years but also the *seen it all before* attitude that was also expressed.

Figure 5-11 Q16 Compelling and Motivating

The comments confirm that, notwithstanding a few of the other positive comments, there was a concern that the goals were not driving the business. “*The goals do not guarantee that we will develop enough business. As far as I am aware, the research element appears to be weak.*” (RS 64) A lack of confidence was expressed by various respondents; “*There doesn’t seem to be any direct link between them and the way the company is actually run.*” (RS 29) However, one expressed that they were excited by them. This may have to do with the environment created when they were communicated; “*They were at the time quite compelling but get diluted when you are at the coal-face.*” (RS 24) There was, however, a feeling of *wait and see*. It is worth noting the degree of hostility expressed, which perhaps reflects on what was going on in the organisation (as presented earlier):

“In reference to whether the goals being motivating – are they ever - of course being
sustainable is vital but we know that in life we don't have goals - but maybe Mr researcher you do - perhaps you can tell us what your business goals are or are you just going to hide behind some meaningless PhD thesis - why not do something useful instead of useless questionnaires - just saying! We don't need more academic quasi business - what we need people actually going out and getting stuff done!!!!" (RS 23)

This candid expression may have been the hidden attitude in the organisation or at least explain the relatively low response rate of the survey.

Q18 Do the business goals provide you with (select all that apply):

![Figure 5-12 Q18 Business Goals Provide](image)

In response to which aspects of EIBI that the business goals provide, the responses to the prompts were in general very low as can be seen above and the comments reinforce this by several citing that they were just not relevant to their day-to-day work and lack clarity.

As for suggested improvements, the need for improvement was expressed in the high number stating that they were needed, but the supporting comments were reflections of what had already been covered. The number of comments was, however, limited, leading one to suspect that some of the Recipients just weren’t sure.

Q20 Are there any aspects or elements of the business goals or the way they have been communicated to you that you feel are missing or need improvement?

![Figure 5-13 Q20 Improvements](image)
Appendix B  Case Study - Company B

B.1  Company Strategy and Business Goals

Figure 5-14 Business Goals Infographic

B.2  Survey Endorsement by CEO

The survey was endorsed by the CEO and circulated to the sample via the company’s internal email.

Dear All,

You have been randomly selected to complete a short survey on our business objectives.

We have recently been working with Jeff Callander, who is an expert in Leadership and Business Strategy. Jeff is currently doing a PhD at Southampton University, and we feel that supporting research and the development of business knowledge is in line with our values. This piece of research will form part of a wider thesis about how understanding business objectives contribute towards employee engagement and therefore, overall business performance/success.

I appreciate you are all very busy, especially at this time of year, but please can you take 10 minutes to complete the survey which you can find [here](#). The survey is now live and closes on Friday 10 March. Jeff is managing the survey himself, so rest assured your responses are completely anonymous.

Many thanks in advance for your help.
B.3 Detailed Findings: Case B

The detailed findings are from the documents, interviews and survey and provide the basis for Section 4.4 Findings of Company B. The findings for the case are organised around the five themes identified in Section 3.6.3 1st Order Coding.

1. **UNDERSTANDING**: What is understood by the term *business goals* and their purpose?

2. **PROCESS**: How were the business goals derived?

3. **INFORMATION**: What were the sources of information?

4. **COMMUNICATION**: How were they communicated?

5. **EFFECT**: What effect have they had?

As outlined in Chapter 3 Research Methodology and Design, the survey itself serves as another data source and offers the opportunity for additional insight. As such it is organised around open questions which respondents could respond to but also included prompts that respondents were able to select to provide additional information around the question, e.g. the Researcher could identify what number of respondents that selected certain prompts in addition to their responses to provide validation and additional information which is included in the findings that follow.

B.3.1 Understanding of the Concept Of Business Goals and Their Purpose

**Originators – Interviews**

The common referral within the company, in terms of *business goals*, appears to be *business targets* or *business objectives*, though most everyone was comfortable with the term *business goals*. The Originators were all clear that it’s about giving people focus in order to deliver on the goals. “It’s about giving people focus in order to deliver our mission.” (OI A) The term *mission* here was used without specific reference as no mission was referenced anywhere. That said, the mission could be construed as being the same as the *strapline goal* as outlined above: “To be the best motor retailer group as judged by you”. However, the Originators see this as the overarching goal followed by the four
subordinate goals. It is worth noting that they did not describe the top goal or strapline goal as a vision as they believed it to be a constant achievement that the organisation should continue maintain and not just a final destination (OI E).

The view of the Originators about the purpose of the goals can be summarised with the following quote: "To give a business direction, or to help express the business’ direction, to ensure that the goals of the shareholders are achieved, and they’re all the same goals and that everybody has something to buy into, and there’s a shared understanding in the business." (OI B) They also stated that there was a purposeful order to the stated goals; “…everything, starts in the order that I’ve just described it; people first, then we talk about our customers, then we talk about our relationships with our brand partners, and then finally we talk about profit which is very alien in this business, it was absolutely the other way round before, so in terms of a recognisable difference that’s how we talk, every meeting starts with people.” (OI B)

**Recipients – Interviews**

The interviewed Recipients also made very clear statements of their understanding of the concept of business goals that were not very different from the Originators but picked up useful themes: “It’s a common target to work towards, something to strive for. Sometimes you come into work, and you don’t really know what your aim is. I think they have to be something that gets people motivated, something that benefits the employee as well as the company; make them feel good about themselves, a sense of achievement, you’ve done a job well done.” (RI A) This particularly picks up on the motivational element. One person felt it was about pleasing stakeholders: “Who you need to please?” (RI E), going on to explain that the easiest way to please them was by achieving their goals.

All those Recipients interviewed picked up the key areas of employee and customer satisfaction while a few focused (sometimes solely) on financial returns for shareholders, though many of those wanted to highlight that the other goals added up to this. This focus, though, is exemplified by the comment that it “… is to write a budget that keeps our shareholders happy…” (RI H) which seemed to be one of the narrower views. Others widen its purpose considerably: “I suppose its development, career path and targets - the things we are expected to hit. I suppose making money, what are they hoping to do for you. Promote me. Reward me. I, suppose, develop me as well. Make me the best of what I can be of my role, and such so that I can pass it on to others.” (RI J)

**Recipients - Survey**

The survey revealed that participants had quite a wide understanding of the concept of business goals and their purpose. Many of the descriptions were clear and
comprehensive though no standard or consensus was evident in the responses. Out of the 63 responses, there were only 5 don’t knows or the equivalent with the rest very descriptive answers to the question of, “In your view, what purpose do business goals serve an organisation? What are they for?”

The following are a selection of a few responses concerning purpose:

“They give a direction of clarity of what needs to be achieved overall for the business - the purpose is to help drive and shape the business in a way that delivers the objectives.” (RS 98)

“Business Goals serve as a target for organisations to aspire to. Most companies, I believe, use these in order to aim to be the best in their field amongst their competitors.” (RS 96)

“Business goals give everybody in the team something to aim for and help the team understand what is expected of them. They can be used to get everybody focused on the end goal.” (RS 95)

Overall there was consensus on what business goals are, with many common terms used. Clarity, vision, direction, aspiration, what needs to be achieved, target, competition, common aim, communicate, focus, why we do what we do (which could be confused with a mission), motivation, purpose, understood at all levels; these were the terms often used. What was less clear was what they believed were the key elements. There was a lot of mentions of the four measures currently in use (staff engagement, customer satisfaction, manufacturer’s scorecard and financial targets) but other elements were very fragmented though often customer and staff orientated.

**Key Elements**

Staff and management had many clear ideas of what the purpose of business goals is and what they should contain with consistency in this thought, starting with the SLT, which was very united in their approach.

Participants in the research made valuable suggestions in terms of both purpose and key elements upon which the SLT could draw on. The following keywords (those mentioned several times, either specifically or similarly) have been extracted from the interviews and surveys within the respective questions where they were asked about the purpose and key elements of business goals.
### Purpose of Business Goals

<table>
<thead>
<tr>
<th>alignment</th>
<th>sustainability</th>
<th>company culture</th>
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<tbody>
<tr>
<td>reputation</td>
<td>prosperity</td>
<td>staff incentive</td>
</tr>
<tr>
<td>direction</td>
<td>funding</td>
<td>engagement</td>
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<tr>
<td>focus</td>
<td>strive to achieve</td>
<td>happy</td>
</tr>
<tr>
<td>buy-in</td>
<td></td>
<td>low TO of staff</td>
</tr>
<tr>
<td>common / shared</td>
<td>motivating</td>
<td>retention</td>
</tr>
<tr>
<td>aspirational</td>
<td>good leadership</td>
<td>understand their role</td>
</tr>
<tr>
<td></td>
<td>why we do what we do</td>
<td>team</td>
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<td></td>
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<td>growing talent</td>
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</tbody>
</table>

### Key Elements of Business Goals

<table>
<thead>
<tr>
<th>customer satisfaction</th>
<th>pathways</th>
<th>cost control</th>
</tr>
</thead>
<tbody>
<tr>
<td>customer loyalty</td>
<td>guide to getting there</td>
<td>measurement of success</td>
</tr>
<tr>
<td>understandable</td>
<td>journey</td>
<td>market share</td>
</tr>
<tr>
<td>achievable</td>
<td>long-term</td>
<td>effectiveness</td>
</tr>
<tr>
<td>well defined</td>
<td>future</td>
<td>efficiency</td>
</tr>
<tr>
<td>realistic but challenging</td>
<td>timescales</td>
<td>improvement</td>
</tr>
<tr>
<td>staff can relate</td>
<td>planning</td>
<td>product quality</td>
</tr>
<tr>
<td>easy to remember</td>
<td>SMART</td>
<td></td>
</tr>
<tr>
<td>easy to incorporate</td>
<td>expansion</td>
<td>individual contribution</td>
</tr>
<tr>
<td>worthwhile purpose</td>
<td>profit</td>
<td>staff satisfaction</td>
</tr>
<tr>
<td>end result</td>
<td>financially successful</td>
<td>people development</td>
</tr>
<tr>
<td>return on investment</td>
<td>what why when where how</td>
<td></td>
</tr>
</tbody>
</table>

*Their stated values: Judgement, Ownership, Leadership, Integrity and Passion

These are not in any order of importance and have been sorted for convenience only. Suppliers (in this case the manufacturer’s or suppliers in general or the generic stakeholders), were not mentioned as an element which, as shown, is implied in the strapline and contained in a specific goal. Customer satisfaction was, however, the most mentioned term.

**B.3.2 Processes Followed to Derive the Business Goals**

**Originators – Interviews**

From the interviews, this Researcher discovered that the industry was greatly influenced
by the manufacturers whom themselves measure many of the detailed aspects of the dealers/franchises and on which they attach financial and other rewards such as new opportunities (for instance, first access to new franchises). As both the manufacturer’s scorecard and their assessment of customer satisfaction were well defined and measurable, the understanding was that this had, therefore, become one of the focuses upon which the company had derived its business goals, making two out of four of the company’s goals generally compatible and complementary to those of the manufacturers’. The employee engagement goal, it could be argued, was a continuation of this, leaving only the profitability goal to be independent of the manufacturers, albeit to some extent this too was influenced by the manufacturer. This situation was somewhat different compared to other industries and one which the company had opted to successfully leverage as viewed by senior management and, as they highlighted, judged by the overall performance of the group.

The goals, as presented within this research, were apparently in their infancy in as much as they had only been in place a year to eighteen months. This is significant as they may have benefited from a halo / Hawthorne effect where just the fact that there had been changed had increased employee engagement. The business goals, however, apparently came from a previous less refined set, so they were not completely new. “It said all the same stuff, but it was about five lines longer, you can now get it on one line.” (OI B) That said, as is later discussed, there were many that consider the business goals solely to be the strapline goal.

However, their refinement from a previous version was intended to be, and they believed it had the result of being memorable and understandable. “If you say xx% return on investment, they don’t really understand what that means, so we say we want to make a profit of X million.” (OI A)

The context of the as judged by you in the strapline goal, covering off all stakeholders, was considered by the Originators to be clever and it appears to resonate within the Recipients and apparently with the relationship with manufacturers and customers (though it was not possible to check this due to the type of research being conducted). This was exemplified in the statement, “To be the best motor retailer as recognised by you’, you being whoever’s reading the statement, in our case that’s really for the main stakeholders.” (OI B)

An additional characteristic, which came about with the revision of the original goals, was making the measurements more robust – essentially making them measurable and tangible. Another aspect that they believed resonates with employees was the selection or way the goals were phrased. “Upper quartile in customer service means more now as
customers become more and more aware of these kinds of things, and these things are actually published now in a lot of the brands." (OI B)

**Recipients – Interviews**

*Upper quartile* seems to create more connection with Recipients than the previous *above average*, as it was often mentioned and referred to being aspirational but also feasible as some dealerships were already in this quartile. This was also a term or *language* apparently known in the industry. That said, the longer-term goals seem to resonate less, perhaps because they were too aspirational. “It’s about keeping them really simple and realistic, hence upper quartile instead of top 10%.” (OI A) The use, however, of the combination of the short and long-term goals did describe a journey which was commented on by the Recipients.

Another interesting aspect of the goals is that, as they were for the most part rankings, they were effectively impervious to the fluctuations of the market (with the exception of the profit figure), which, as one interviewee commented, “it removes the excuses” (RI L). The measure of *upper quartile* did this similarly as this was judged within a manufacturer’s space (or brand) and, therefore, it was a ranking against the selected competition and not to the group. It was, however, unclear how this was interpreted and then presented as a group in the figures).

The order of the goals is also apparently important as the Recipients believed this gives the impression of priority and importance while not minimising any of the goals so long as it is a shortlist. “I think the way we’ve got our priorities structured is that colleagues come first, which then benefits customers, which then means we deliver the financials after that.” (RI L)

As for the Recipients understanding how the goals were arrived at, it would seem that few were really aware. However, some thought they were: “Our CEO obviously has a business plan for each business that’s linked to the partner from the manufacturer. A lot of work is done around how many motors each business should sell in any one calendar year.” (RI H) But there seems to either be logical conjecture or just buy-in without question: “I don’t know why x%, I suppose you always have to leave a bit of room for improvement, [X] million is to do with the return and investment.” (RI A) and “Happy people make happy customers.” (RI A) Quite a few, however, stated that they were clear that it was purely set by *budgets* and driven by the manufacturer, one even stating that manufacturers were better at it than retailers. The buy-in, however, may simply be because they resonate: “They’re clear. That they’re relevant and they’re fairly in tune with my world.” (RI E)
Recipients – Survey

That was reinforced by the survey where 42 of those surveyed claimed they were unaware of how the business goals were derived and of the 17 that say they do, none responded with any clarity as to how.

As previously mentioned, there were those that identify solely with the shareholder driven profitability. Interestingly one person was worried that not enough weight was being given to financial control: “…cost control has dipped. Whether that’s going to work in the long-term, I don’t know; as long as we’re covering the costs with our turnover, its fine, but then whether everyone’s thinking, well actually I need some more resources for this, and I need more resources for that and that’s going to help drive the customer satisfaction. I think there are quite narrow margins in the motor industry anyway and so the concern is, are we going to become too cost heavy?” (RI I)

B.3.3 Information used in Deriving the Business Goals

Originators – Interviews

As identified in the previous section, the formulaic nature of the business goals leads the information to be used in the construction of the goals in little doubt. For instance, the origins of the financial target were clear: “The ultimate aim is to make [X] million profit, so that’s across all, that’s the group, so people understand the contribution that they make to the group target, we explain our shareholders expect us to make [X] million – top-down, industry-standard returns.” (OI A) Equally, the selection of the “…manufacturers’ scorecard target is driven by bonus from the manufacturer.” (RI I) The manufacturers apparently had robust data, as was the data for customer satisfaction information from the overall retail sector.

Recipients – Interviews

This was apparently a well-received step up from the previous period when there was a mission statement, but apparently no overriding company goal or objective; “…it didn’t necessarily have values [or quantification]” in spite of apparently having access to information. (OI B) The employee engagement measurement also seems to be considered robust by Recipients (notwithstanding the experience of this Researcher, where the positive nature of the responses received which might be biased due to their election to take the survey as compared to those that didn’t – a point the company said they might investigate further).

However, it is interesting that one person observed: “There’s no calculations there. No,
calculations haven’t been done to sort of say, well, you know, to go to increase our position from, say, quartile two to quartile one, it’ll cost £X. That hasn’t been done, and maybe it’s something that’s a good idea actually.” (RI F) Others mentioned that it seemed no one challenged the numbers but just accepted them and then created their own rationale.

Similar to one of the interviews with a Recipient, another person mentioned not being sure that they (the business goals) were sustainable with profitability squeezed due to high investments in customer satisfaction.

**Recipients - Survey**

The survey did not address the issue of information in the same depth that the interviews did. This was covered under Processes which indicates that those surveyed were aware of information coming, in the case of three of the measures, from independent third-party sources, while the financial figures were internally generated and available to staff and perceived as robust. The general attitude was confidence and indisputability of the external measures. The financials had some questions around them but mostly concerns about whether some investments would have the predicted returns. Issues were however highlighted about other financials not included in the goals, specifically where budgets took precedence over the other goals.

**B.3.4 Communication used to Disseminate the Business Goals**

**Originators – Interviews**

The communication in the company appears to be one area that both the Originators and Recipients agree had improved by a large margin. The roadshows had been mentioned by most people as having been where they learned about the business goals. They believed they explained everything including shareholder expectations; “…so when we talk at the roadshows we show a very simple summary that our shareholders expect us to make [X] million, yet they invest [X+] million in the business, so there’s already a deficit there, and we explain that’s because of their confidence in us in terms of recognising we had to invest if we want to continue to grow.” (OI A) It was believed that the organisation had, “a much clearer way to communicate with our people” (OI B). The company “had a manufacturer scorecard, and you know you’re measured on customer satisfaction. The bit that’s different is how we communicate the overall group result.” (OI A) The frequency of communication was also often commented about. “Every meeting that we run, every agenda, everything, starts in the order that I’ve just described it; people first, then we talk about our customers, then we talk about our relationships with our brand partners, and
then finally we talk about profit.” (OI B) So, the communications seem to be front of mind. However, there seems also to be a limit as to where they cascade to and also to what extent they were remembered. Taking the first point, several Recipients mentioned how they either know because they were in management (with others specifically saying they didn’t have access because they were not management) or because, though they were not management, they had had the privilege, due to their type of work, to be party to the information. It was mentioned by one of the Originators that it was only the top 100 managers that really matter and if that was the case they were well communicated to and generally had a high level of understanding though it was not clear how this might affect EIBI below this level.

**Recipients – Interviews**

The reality was that, on the replay of the business goals, very few of the Recipients were able to do so in totality without prompting despite the simplicity of the stated business goals. The two things that were pretty well recalled were the strapline, “To be the best motor retail group as judged by you”, and the concept of the top quartile. “They just know that we want to be as good as we can.” (RI F) Lower in the organisation the focus was much more local and along with this appears to be the attention span with regards to the business goals; “but to be fair, in my role, I don’t really pay much attention” (RI J). However, many of the Recipients commented that they enjoyed learning about the group’s goals in spite of not perceiving them as being overly relevant to them specifically. Also, there were several mentions of how communications change when the focus switches to the budget depending on the situation; “Not the targets as such - not the Group as such. I'm aware of what I need to achieve and what my sales manager needs to achieve.” (RI J)

It seems some of the goals and objectives were selectively split as they arrive lower in the organisation through the management structure. The following quote illustrates this; “On a monthly basis, we’ll get something like the aftersales scorecard that comes out and that will tell us where we are on the aftersales scorecard, compared to all the other aftersales departments within the group. We have monthly meetings which are called MPRs - we sit in there once a month, and we’ll go through our accounts, but then I will see how the sales department has got on and then as a dealership, I will see how they get on.” (RI K)

Recall by the Recipients interviewed showed quite a variation in what was seen as the business goals (unaided). However, when prompted (they were shown the infographic described in Section 4.4.2.2, *Selection of the Goals Used* and shown in Appendix B.1), all seemed to recognise the goals.
Recipients – Survey

The survey revealed interesting information. Communication of the business goals was predominantly by presentation (50) but also discussion and online/email with only four having had no communication (the reader is again reminded that due to the peculiar response rate, this might be more biased towards a group with a more positive image of, or intent with, the organisation). The communication was mostly by the Board (46) closely followed by senior management. Direct supervisors played a role in 24 of the cases.

The view was the vast majority felt the communication of the business goals was good or very good.
However, the recall was less secure with only 23 remembering most or all of the business goals and 30 remembering some of them while six recalled none of them.

However, analysing those Recipients that stated they remember most or all of the business goals, what they did remember was reflected in a good recall of the strapline of “being the best as judged by you” (mostly in this reduced form) and the manufacturer’s scorecard and, of those claiming to remember most or all of the business goals, only three out of 23 remembered them all and only eight out of 23 got the strapline right (just the strapline, not the other goals). Interesting how JOLIP (their values) was cited several times so this concept had been memorised to some extent, but again, not all could remember what it stood for.

A repeated theme has been that there had been lots and lots of repetition (in terms of communication). An Originator commented that “I would expect certainly at management level for them to be able to describe what they are.” However, “these guys if you said, ‘what are the company’s goals?’ they wouldn’t have a goal, so ‘have you seen that before?’ ‘Oh yeah’, ‘those are the company’s goals’ ‘oh right okay, yeah’.” (OI B)
B.3.5 Effects as a Consequence of the Business Goals

Originators – Interviews

From the Originators’ point of view, it was believed that there was a high level of engagement. “We do an annual staff engagement survey, so we did the first external one last April, where we got a 90% engagement score with an 85% return rate.” (OI A) However, this could be interpreted as only a ±75% engagement score if all those that did not respond were also disengaged. The high return rate alone of the engagement survey may raise questions regarding some of the results of the survey conducted by this research as previously discussed. The recall of goals, for instance, examined in the previous section, offers some insight in the possible integrity of the engagement survey notwithstanding that this research is assessing a specific area of engagement (EIBI) as it relates to the business goals and this could be what influences any differences.

There was clarity in the business that, “The businesses that score high on all of these are the ones that have the highest engagement. The ones that are bottom don’t, so there is that correlation that lower-performing businesses don’t have a high level of engagement scores.” (OI A) This was evidenced by, “we can see they understand the strapline by the work they do” (OI E) and that there appears to be an upward trajectory in terms of overall performance according to Originators (and Recipients). Many of the Originators and Recipients mentioned those areas of the business that were performing exceptionally well, so this was well communicated and, by in large, so was motivation as senior management commented that Recipients tell them that this means the targets were achievable. “Now if you were to go into that business today, this is what they do; they would be very proud, and they would talk very openly about our mission, how that links to them, and actually when it comes to the measures they’re now profitable, they’re top of the manufacturer scorecard, they’re top ten per cent for customer service, and they have one of the most engaged teams. … I think the buy-in in the team is exceptional. I’d like to think so anyway. Our staff survey scores again said that you know, they regularly communicate, regularly involved.” (OI D)

Recipients – Interviews

Compared historically, the interviews (and survey) revealed that things had changed quite a bit. “We did have a long mission statement that nobody could remember because it was so long and quite complex, and we’ve always had surveys, but we never strived to be in the top 100 best companies. I don’t really think the targets were made clear, or as to the reasons why.” (RI A)

There was much mention of the natural internal competition the business goals create
Appendices

which people felt was healthy. It also created an environment where people felt supported and a can-do attitude. At the lower levels, they refer to teammates, “so I guess as a technician your peers are your teammates that you work with so you’re going to compare yourself against them, and as you step up to say, aftersales manager, you’re the only aftersales manager within that division, so your peers are the aftersales managers amongst the other divisions and so on.” (RI A)

A very strong point made by many of the Recipients was that they felt a connection. This is interesting considering that they also commented that it isn’t always clear as to what or how their role contributes to the business goals, but notwithstanding they present a very positive view. “I guess my link is to help and support the team, and provide them with confidence and make them comfortable with their work, so to feel like they have got someone to go to and talk to and help when needed, which has an impact on their happiness and how they feel for them to go then and do their job, spread the love and the happiness which hopefully has an impact on the customer which increases the customer satisfaction and profit.” (RI A)

However, this was clouded by concerns such as: “Sell, sell, sell – end of month ...” (RI D) and there were those that commented that it is just a job; “The main reason I get up in the morning is to get some cash to pay for my wife and kids. So, in a way, we go to work to earn as much cash as possible to give the money to the company.” (RI E)

The clarity, however, appears very appreciated: if “you’ve got forty or fifty aims, we’re going to do this, we’re going to do that, you’re bound to fail a few because you’re never going to get all forty or fifty, and so you end up feeling rubbish.” (RI E)

**Recipients – Survey**

The survey presents some confirming information. Based on assessing the influence of the business goals against a scale of negatively, neutral and positively, for the most part, it was positive, notwithstanding the relatively low recall of the business goals.
There was a relatively high response as to the reasons for this as well. Interestingly, the reasons underpinning this, use words such as inspired, be the best at my job, team success, shared aspirations, knowing what is required of you, playing a part, knowing customers buy not just the brand but the group, the strong customer focus, long career, positive environment and motivated.

It should, however, be highlighted that there were several responses from staff saying they could not relate their day to day work with the business goals and that they had made little difference – this was a theme that was repeated a few times in other areas.

The Recipients also felt the business goals (again notwithstanding the recall) were credible and achievable though with a slightly lower level of commitment than the influence shown above. That said, many of the comments mentioned that the business goals were either stretching and/or that it was the specific dealer’s goals (which they thought were budget-driven) that they were referring to.

They also were generally supportive of them being compelling and motivating though again a bit of a further drop though ironically citing very positive positions about the goals by those that left comments (a large portion).
With regards to what specifically the business goals provide the participants, it seems that a sense of purpose, clarity of direction and how a person’s role contributes are all relatively strong, but clarity for the role and a clear connection between the business goals and their objectives was much weaker.

The comments within this section of the survey were quite diverse, but all seemed to generally provide a positive context which does not explain the slightly lower number of respondents with regards to clarity for the role and a clear connection nor the six people that cited none of these. A useful comment for this research is, “Without business goals, neither of the boxes I have ticked above would apply. Business goals bring all the above in clear focus.” (RS 54)

With regards to suggestions for improvements to the business goals, the following have been cited:

“I feel that people should make this 100% clear to all colleagues as I feel it is very vague. I have been told about them, however, not in enough depth to keep in my head.” (RS 47)
“… I feel communication of these business goals to ‘normal employees’, i.e. those that aren’t in management, could be more accessible. For example, it should be on the intranet for all to see.” (RS 52) (The Researcher’s understanding is that it was on the intranet but had not been able to view this to be able to confirm or comment.)

“In my job role, the absolute business goals are not always fed down to workshop level. [However] the overall values are constantly refreshed with all employees.” (RS 64)

“Are they always realistic at a dealership level if the dealership is run by a GM or line manager with a more old-fashioned approach?” (RS 71)

These examples of suggested improvements lead to the possibility that the business goals could be more effective than they were at the time but also confirm a level of discontent with the business goals that management might be unaware of.
Appendix C Case Study - Company C

C.1 Company Strategy and Business Goals

C.2 Survey Endorsement

The survey was endorsed by the organisation and circulated to the staff via the company’s internal email as follows:

*Researching the impact of our communications*

We’re asking for your support in making the most of an opportunity which has presented itself to us.

*What*

We’ve been approached by a strategy lecturer who works for both Southampton University and Henley Business School to take part in his research on the impact of communicating organisational goals on employee engagement.

We’re committed to making [Company C] a great place to work and are always looking for ways to improve so, by taking part in this research, we have an opportunity to understand if what we’re doing is working, and also benchmark ourselves against the other organisations.
What next

If you’d like to help with this research, please take a few minutes now to complete this survey.

C.3 Detailed Findings: Case C

The detailed findings are from the documents, interviews and survey and provide the basis for Section 4.5.4 Findings of Company C. The findings for the case are organised around the five themes identified in Section 3.6.3 1st Order Coding.

1. UNDERSTANDING: What is understood by the term business goals and their purpose?

2. PROCESS: How were the business goals derived?

3. INFORMATION: What were the sources of information?

4. COMMUNICATION: How were they communicated?

5. EFFECT: What effect have they had?

As outlined in Chapter 3 Research Methodology and Design, the survey itself serves as another data source and offers the opportunity for additional insight. As such it is organised around open questions which respondents could respond to but also included prompts that respondents were able to select providing additional information around the question, e.g. the Researcher could identify what number of respondents that selected certain prompts in addition to their responses to provide validation and additional information which is included in the findings that follow.

C.3.1 Understanding of the Concept of Business Goals and Their Purpose

Originators - Interviews

As described in Section 4.5.2.2 Selection of the Goals Used, there was a predefined definition of goals available in the organisation, though perhaps not familiar to many, where the definition was adopted from the enterprise architect consultants in the second stage of their described process and was defined thus: “Goals define the Ends you wish to accomplish: Goals are ‘what successful outcomes look like’ once the drivers have been addressed.” (Figure 4-3) This was paraphrased back by one of the Originators as: “The vision is ultimately what we’re striving to achieve, and these would be goals which are going to enable us to achieve our overall vision.” (OI A) That said, there was a large
inconsistency within the Originators with the same one referring to them as also “establishing a purpose”. Several acknowledge that perhaps it will not necessarily mean a lot to a portion of the staff as they see many “… just come in and collect their pay and they are very happy with their quality of life.” (OI E) This would indicate that there was some doubt about the purpose of the goals.

As for the understanding about the difference between vision and goals, it was perceived to be the level of detail notwithstanding that the goals as stated in Section 4.5.2.2 Selection of the Goals Used are themselves brief. The term aspirational was used by the Originators to distinguish vision from goals. Yet then the idea of the strategies was confused with strategic pillars and then strategic ambitions, thereby at once being fixed elements and at the same time aspirational as well. One of the Originators declared, with regards to the strategies, “You know, and you are right, you know, you could say they are all goals, but this is how it came to me” (OI F); this in terms of the instructions for the design of the handout called Our Guide. So, then it becomes unclear as to whether the Originators themselves had an idea of what was being devised and this was perhaps a result of the involvement of external consultants who had it clear in their mind but failed to ensure there was clarity in the SLT; “so whether or not it is termed a goal from a pedantic standpoint, a lot of these are goals” the same Originator added (OI F). What they all agreed upon in general was that the goals should provide direction.

One of the interviewees did have a broader view about the purpose of the goals: “I would hope we had, ideally, we had goals that were taking the business in the direction that is needed to remain profitable and sustainable and that those goals were able to be, it was clear who was accountable for those goals, and it was clear what each individual needed to do to contribute to those goals for the achievement and delivery of those goals and that we would be celebrating success as we would along the way, and that celebration of success would help us feel good and help our motivation that we continue to be productive, engaged, enjoy what we do. Be able to smash it. That, that it can be translated into action.” (OI D) Further to this, they state: “So I don’t think a goal is not necessarily there to excite and inspire, that’s the job of the kind of, the thing that sits above the goal, the vision. So I think the goal when we are talking about goals, you need to be able to make it specific that it turns into action but generic enough that everybody in the organisation shall be able to see how they can contribute because I think that line-of-sight between, you know, I, in my job, can see my relevance to those and I can see ways of how I can improve what I do in my day job to improve those goals, or I can challenge why am I doing this? Because it doesn’t link up to those goals.”

Recipients – Interviews
Recipients had a much clearer, though diverse, understanding of what goals were and their purpose. For instance, this long explanation was quite detailed: “A sense of direction, a marker to say where I want to get, where I’ve got to. I think goals are important because they are a reflection on saying, we have thought about what we’re doing and where we’re going. Usually, it’s the act of creating the goals, is very more important than having the goal itself because it’s that communication of creating them.” (RI I) Another participant put it more simply: “… a way to guide employees with what is expected of them. It should be clear and concise. I guess [they] describe why the organisation exists, what we’re all here to do at a high level.” (RI E)

Repeated themes were clarity of direction and line-of-sight in terms of their contributions. Importantly it was also about having the confidence that the business knows where it is going. They talked about achievements, time and timing. Many if not most mentioned something of knowing where they themselves were going, a guide of what is expected. Some had expanded their understanding to include that the goals are to provide a purpose for the organisation. What was also commented on was how the goals also need to be clear and concise in words people could understand with enough detail that links to the how. This also links to the why, e.g. the big picture so that contributions are clear and that there was thought gone into the goals. Further to this, the interviews revealed that goals should be something with which you could align your activities. Believable, as was achievable, was mentioned. One person mentioned, however, that they had to be more than achievable otherwise, the business will have mediocre results and, therefore, they need to be stretching. Also, it should make the job easier (this could be related to having direction and, therefore, clarity of purpose) and include general improvements to the business’ capabilities.

Several of those interviewed caution that goals can, for instance, easily become too fluffy with a few saying that they had little effect on their day-to-day jobs. There was also an issue about strategy versus goals and that this was a point of confusion. Overall, however, the Recipient interviewees were clearer and more consistent in their views on the issue of understanding and purpose than the Originators.

**Recipients - Survey**

The respondents show a similar trend in referencing that goals provide common direction and alignment towards a shared end; direction was the single most used term. This combined with aim, focus and achieve covers over 2/3rds of the responses showing a high degree of consistency of view. Other terms used include: what the business is aiming to achieve, same outcome, alignment, clarity, target, focus, progress towards the vision, coordination, collective support, context for decisions, customer expectations, priorities,
link to their role, awareness, to inspire and motivate, backdrop for decisions, provide purpose, the long-term plan of the business, drivers, unite, clarity and time or speed of journey. Only three individuals said they were not sure.

When asked to describe the key elements, there was a lot of repeats, but some were very clear, identifying simplicity and ease of understanding, consistent with the vision, measurable and achievable within a time frame including milestones and a description of the journey and also visible which could be interpreted as tangible. One person described the need to show impact. They expressed a need to be relatable and relevant to the organisation. As a process, they felt they needed to be communicated and often repeated. Many mentioned they should state turnover or profit while someone mentioned that these kinds of numbers were boring and not inspirational. Some were very prescriptive: “What we should focus on ... at the top level, operational excellence, product leadership or customer intimacy. Also, target markets, expansion plans, maintenance of revenues, etc.” (RS 68). Customers were mentioned many times, and some included behaviour or attitude. Several mentioned the need for the why and the need for context. The word agreed was also used. Many mentioned the need for them to be SMART which is interesting in the context of SMART goals at an individual level and raises the question of whether they should be SMART at a business level. One mentioned the need for the goals to indicate what the business was not going to do.

Several mentioned that the goals should enable the breaking down into contributing elements; they allude to the need to enable line-of-sight for their roles. Two individuals both made reference to a more formulaic approach to goals in that they should cover finance, growth and employees and related aspects to those three areas. Another just mentioned, “why, what and when” (RS 3).

A few mentioned that the elements should be those that attract and inspire both employees and customers, also what the company should be known for. To this end, it was believed that it again should support the line-of-sight not just for employees but also customers. Some say it should identify what success looks like. The survey validates and adds to the interviews in as much as the answers provided more description.

What is clear was that there was not one single definition in the organisation and that, notwithstanding many similar uses of words, the views could be considered disparate, which would, in turn, imply great variations.

**Key Elements**

Staff and management had many clear ideas of what the purpose of business goals is and what they should contain, but the organisation lacks any consistency in this thought,
starting with the SLT. There was, for instance, from the discussions with the Originators, general questions they themselves posed about what a vision is, versus a goal, versus a strategy, and the conflict with their consultants' advice.

Participants in the research made valuable suggestions in terms of both purpose and key elements upon which the SLT could draw on. The following keywords (those mentioned several times, either specifically or similarly) have been extracted from the interviews and surveys within the respective questions where they were asked about the purpose and key elements.

Table 5-7 Words around Purpose

<table>
<thead>
<tr>
<th>Purpose of Business Goals</th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>ends to accomplish</td>
<td>direction</td>
<td>confidence</td>
</tr>
<tr>
<td>what success looks like</td>
<td>profitable</td>
<td>provide a purpose</td>
</tr>
<tr>
<td>striving to achieve</td>
<td>sustainable</td>
<td>thought</td>
</tr>
<tr>
<td>establishing a purpose</td>
<td></td>
<td></td>
</tr>
<tr>
<td>context for decisions</td>
<td>accountable</td>
<td>coordination</td>
</tr>
<tr>
<td>alignment</td>
<td>contribution</td>
<td>collective support</td>
</tr>
<tr>
<td>clarity</td>
<td>long-term plan</td>
<td>awareness</td>
</tr>
<tr>
<td>drivers</td>
<td></td>
<td>inspire and motivate</td>
</tr>
</tbody>
</table>

Table 5-8 Words around Key Elements

<table>
<thead>
<tr>
<th>Key Elements of Business Goals</th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>aspirational</td>
<td>can be translated into action</td>
<td>a guide</td>
</tr>
<tr>
<td>specific</td>
<td>individual contribution</td>
<td>the why</td>
</tr>
<tr>
<td>time and timing</td>
<td>line-of-sight</td>
<td>believable</td>
</tr>
<tr>
<td>clear and concise</td>
<td>links</td>
<td>achievable</td>
</tr>
<tr>
<td>ease of understanding</td>
<td>align your activities to</td>
<td>stretching</td>
</tr>
<tr>
<td>measurable</td>
<td>priorities</td>
<td>time or speed of the journey</td>
</tr>
<tr>
<td>identifying simplicity</td>
<td>description of the journey</td>
<td>consistent with the vision</td>
</tr>
<tr>
<td>achievable</td>
<td></td>
<td>relatable</td>
</tr>
<tr>
<td>visible (tangible)</td>
<td>milestones</td>
<td>relevant</td>
</tr>
<tr>
<td>customer expectations</td>
<td>communicated</td>
<td>behaviour</td>
</tr>
<tr>
<td>SMART</td>
<td>agreed</td>
<td>attitude</td>
</tr>
<tr>
<td>finance</td>
<td>why, what and when</td>
<td></td>
</tr>
<tr>
<td>growth</td>
<td></td>
<td>employees</td>
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<tr>
<td></td>
<td></td>
<td>competition</td>
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</tbody>
</table>

These are not in any order of importance and have been sorted for convenience only.
Stakeholders (in this case the customers, government, partners or suppliers in general or the generic stakeholders), were not mentioned as an element which would have expected considering the organisation’s focus as outlined by the Originators with the vision contained within their Strategy on a Page. Customer satisfaction was also not mentioned.

C.3.2 Processes Followed to Derive the Business Goals

Originators - Interviews

The process appears to have been largely directed by external consultants that came in at various intervals including one major consultancy having left and then returned, but the circumstances were unclear due to a degree by changing personnel. What was confirmed by the Originators was that the consultancies had a large input into the context of the goals (and overall strategy) having conducted a market review identifying potential opportunities for the business. "We were working with [Consultancy] to help us with some of that validation of that strategy. I’m sure you will be familiar with the kind of where to play, how to win methodology which is one that our chief exec has subscribed to." (OI A) One of the consultancies then apparently moulded this into their enterprise architecture process, as shown in Section 4.5.2.2 Selection Of The Goals Used. As such, the selection of the goals was to an undetermined degree influenced by the consultancies. One of the Originators commented that "they weren’t going to help you get the answer, (e.g.) right we’ll give you the answer, and we were way off getting to the answer" (OI A). This apparently took some time: “so why did we faff about quite so much over the first half of 2016, and I think it was for a number of different reasons but largely because we didn’t spend enough time focusing on it." (OI A) The choice and wordsmithing were, however, also influenced internally, and there were various bodies involved. “[The CEO] came up with the vision, that was in place.” (OI F) “We ended up with HR taking the pen and trying to turn conversations into something more tangible. This was created and endorsed by the executive team; these were already in place and, fine by me, that is super. After that, this was drawn from some, quite a lot of other documents." (OI E) The enterprise architect consultancy then went into using the Business [Model] Canvas (Osterwalder and Pigneur, 2010) process to help articulate what would be required of the organisation and assist with the communication and implementation process but they were not completely satisfied with what they had to work with. “I would have loved to have got a group of people together to do the strategic narrative before this even was a reality, you know, but, and there was no opportunity to do that throughout. It’s all been top-down. There has been no real engagement with anyone.” (OI F) Another had something similar to say: “There was a lot of documents, but they weren’t strategies. So, there were things like the tools of strategy, so PESTALs and SWOT analysis. I think there had been consultants in
the past who had looked at where [we] could play in terms of their offering, but there was certainly nothing at all that said this is our vision for the organisation and how we will achieve it.” (OI C) More importantly, there appears to have been no live insight gathering or quantification: "Not field research in terms of volume type of research, but they had conversations with those in the markets that we could potentially operate. So, looking at other, how we can support other national [activity] agencies around the world. They looked at a lot of probably desk research on where things like infrastructure was going, [activity], all the things that require [activity] capability. They did some customer interviews…” (OI C). Apparently, the big gap was the how. None of the consultancies and consequently nor the organisation had used the strategy development process to derive the insight for the how and, therefore, the how was not considered when developing the goals but instead was expected to be derived by the management as the goals were communicated. What is in interesting was that the Originators were convinced about the work that had taken place: “So, it was a great piece of work, but when it entered the business, then it floundered because that’s great, but how are we actually going to do it.” (OI C) One of the main issues, besides not describing the how, was that they believed they hadn’t considered the internal capabilities. The other was ongoing confusion about terminology: “I don’t think they are strategies. Yes, I think it’s, it is very confused, and I think this is something that I am literally opening the lid on (quoting a date) because I have recognised that there are multiple layers, and something isn’t quite right. However, the appetite to look at this is not there, and I think that this was driven by the fact that it was two years from announcing that there is going to be a big strategy to it, the organisation actually getting a strategy which sort of went into panic mode.” (OI C)

**Recipients – Interviews**

The staff that were interviewed were all aware of the presence of numerous consultants coming and going with few knowing what their purpose was. The understanding was that the consultants were working with the executive team. Several mentioned that they expected goals around customer satisfaction, efficiencies and growth which they believed were included, but then it fragments with most having difficulty recalling the goals let alone knowing how they were arrived at. “I don’t know who came up with all these values things; they appeared one day.” (RI I)

Some expressed concern. “I always feel a bit odd when somebody else is going to tell you it’s a great place to work. I’m slightly suspicious of that. I’ll work that out for myself, thank you.” (RI G) An individual commented that it was all very hard to remember and that his last organisation had solely a strapline that everyone could work towards. He believes that the [activity] partner should be enough.
The most telling of comments were those saying there was no consultation to either explore ideas or test concepts. However, as is shown later in Appendix C.3.4 Communications, it appears there were communications but perhaps one-way, top-down as opposed to actual consultations. Several of those interviewed had ideas how the strategies (and goals) were developed: “I would imagine that the goals are created by managers and Directors from part of the business communicating their thoughts together and then turning it into a kind of viable framework. So, I mean I don’t know, I don’t know how it was created within the organisation, but I would think it would be, kind of a communal piece of work really when you get certain stakeholders in a room, and they probably brainstorm, drink a lot of coffee and at the end of the day…” (RI M).

Ultimately there was much confusion about the derivation of the goals and also how to use them. They had been given line-of-sight planners, and each individual had been left to the individuals to develop their own line-of-sights. Unfortunately, many had expressed their inability to do this properly as the goals did not provide, in their view, enough information. “It feels like it’s been created, developed, at a high level and then pushed down, without much involvement and you’re kind of asked to, come up with goals for yourself and those have to be, linked to these via a line-of-sight. you know, not being at any sort of involvement.” (RI P) One person believed it was part of a weeding out process, e.g. if you could not complete your line-of-sight planner, it meant you had no role to play.

Two main themes not covered by the goals but commented on were customers and revenue and, therefore, staff query whether it was the right direction. “I’d always be comfortable with something that would be top-down, bottom-up and meets in the middle. And so, I think where it starts falling down is where, then, okay, what about the tactics and then you sort of talk about okay, how do we approach this? How do we win more market share?” (RI Q)

**Recipients - Survey**

Over half of those surveyed claimed they were unaware of how the business goals were derived and of those that say they do, some responded with what they believed was clarity as to how, but none said they saw or were involved in the process and, therefore, it was unclear whether their claims were speculation or fact. It seems that it was greatly influenced by the CEO: “Our new [CEO] had ideas of how to run our business based on his previous work in companies and the board then investigated what was possible.” (RS 77)

Most mentioned that it was external consultants. “There was a lot of work - much facilitated with external consultants - which resulted in many discussions and papers. The
level of work was evident to the organisation, although much was being done behind closed doors.” (RS 76) Some were aware that it followed the consultants’ process but were doubtful of the outputs: “[I] understand the process: motivational model, strategic aims, goals, objectives... The actual strategic goals as stated are a bit woolly though...” (RS 22)

Some made it clear that they assume that there was an analysis that took place, but only a few mentioned what that analysis was. One assumption was illustrated by the following comment: “Would have been a complex arrangement of discussion between the [consultants] and partners/customers to determine our current customers present and future needs as well as potential new customers’ needs.” (RS 70) It is clear that this was an assumption as previous evidence from the interviews suggests that customers were not involved to any great degree. That said, one of the Originators claimed that customers and been involved: “Customers yes, so working with a lot of our customers and doing surveys with... brand reputation surveys as much as anything else with current customers, but also with potential global customers.” (OI A) Though as this statement suggests, it may have been at arms-length, e.g. through surveys.

Several of those surveyed admit they did not know with a few saying also that there was no visibility. “This was pragmatic as the vision/strategy was clearly in flux, but the lack of communication leaves a vacuum that is always filled!” (RS 76) A telling comment included, “Generally staff do not have visibility of the background, motives or thought processes of the Board.” (RS 25)

C.3.3 Information used in Deriving the Business Goals

Originators - Interviews

Interestingly the audit trail for the information was limited as there had been a movement of individuals in the process and, therefore, understanding what information was used was fragmented. “I don’t really have the history of who created all these things at the moment. [For instance], the whole customer piece is missing, and you don’t really hear customers spoken about in here. I just think that we don’t have any data, and so because we don’t have any data, we haven’t got any measurement either because we are not measuring against any data. Yeah, and I even find, like the vision for me, I struggle with this vision because I get that, but it’s not, it’s so generic, it’s just a generic vision.” (OI C) Additionally, it appears that information was missing on the core business; it was not mentioned anywhere as it appears that the work of the consultants was directed towards discovering where to develop new ventures. “We worked with a series of different consultancies to try and help us understand what the market was looking like across different areas, so there
was quite a reasonable degree of background research that we were going into, and this is testing our marketing hypothesis essentially."

(OI A) "[The] Chief Enterprise Architect, so he was really helping us think through and doing some... he’s not a futurologist, but he was certainly someone who was really well versed in what the future is likely to hold for organisations like ourselves." (OI A)

Apparently, the organisation had not been, up until the development of the current strategy, well versed or organised to collect insight and only had just recently appointed a Chief Data Officer. It was, however, unclear what the role was to deliver. This is important as the Originators seemed very convinced by the data supplied by the consultants in what was referred to as the Book: “Absolutely brilliant absolutely. I don’t have any doubts at all about the direction of travel and the vision. The underpinning terms are really, really sound. They are down to execution.” (OI E) This, however, raises the question that if the underpinning information was really sound but the how was missing, was there a possibility it could not be implemented. This was illustrated by another comment: “They had done two engagements (the consultants). The first was very much a market opportunity and analysis engagement.” (OI B) They were however brought in a second time when the organisation lost traction. “We had a transformation Director who sat apart from the rest of the executive. She was charged with giving transformation; it really didn’t work. OK, it’s a model, it’s how a number of other companies did it, it didn’t work here. There was a lot of, ‘you are going to transform my business?’ Good luck. So quite a lot of antipathy.” (OI E) A major change was apparently to cascade the goals to ensure line-of-sight all the way to the front line. “People say your objectives should be fully aligned and aligned to the corporate strategy, which is a statement in a textbook, but I have never actually seen it implemented as rigorously as that.” (OI B)

Notwithstanding the research done by the consultancy, the Originators all acknowledged that there was no mention of customers or competitors in the goals. One person described it as a journey and a starting point and that there was still a lot of work to be done. “From what I have seen, there is no competitor understanding, there is no, there is nothing, and from a customer perspective, again, there is no evidence apart from the original [consultancy] work that we have looked into the market. It’s all anecdotal in people’s heads. There is no modelling; there is no data.” (OI C) When asked whether they were backfilling that at the moment, the response was “Yeah, yeah. We are reversing everything or not as the case may be.” (OI C)

Insight overall was, therefore, apparently lacking. Field information exists but was not organised. International information was particularly worrisome as they had no way to corroborate and had a high dependency on the field which also had issues: “[The] Field personnel are incentivised in certain ways which means that I don't know if what they tell...
me is driven by their incentive or the truth.” (OI C) What information that was obtained was not incorporated into the strategy. “The [Company C] international team did a whole lot of customer insight visits, right? Gathered a whole pile of intelligence. Did that then join into the business strategy and get subsumed and effect? No, it didn’t. The information exists. We are really not very good at joining things together, and that’s a key problem of ours and very, very siloed across [functions].” (OI D)

Recipients – Interviews

One person asked whether this Researcher had seen the Book (as mentioned by the Originators above). Apparently, this was a collection of information from the consultants and used as a reference manual, but this Researcher was unable to access it despite requests as it seemed no one could source a copy. The staff mentioned that they were spoken to during the consultancy process, but it appears the consultants just absorbed the information and as such staff were unaware of what was taken on board, or not as the information suggests. One person was quoted as saying, “In my opinion, I think given that we are very immature with both capabilities, there are areas which I think should have been altered down (changed) a lot sooner. Unfortunately, that hasn’t happened.” (RI C)

Most of the communication was, however, one-way and top-down, so the staff were unaware of what information was used. They were told, “… public funding will drop, we will lose money. We’re not getting into certain markets; we need to get into other markets …” (RI D) but then what was presented was seen as a rosy view of the opportunities. “I think there is a big disconnect between what our senior leadership and heads of department think and what the people on the ground actually think would improve things.” (RI E) There also seems to be a disinterest in hearing what customers say. “So, we know what’s needed, but we’re not doing anything. What we’re feeding back isn’t really heard, and nothing seems to be happening to get that delivered, the things that customers actually need.” (RI E) Information also did not seem to spread in the organisation as often they were told that the information was commercially sensitive and, therefore, not communicated to staff, so it was difficult for staff to get a full picture and certainly no opportunity to challenge the perceptions. “The evidence isn’t there; it’s being thrown in their face if you like.” (RI F)

The international market was the most perplexing to staff as the information seems to change all the time. “We had a pitched in New Zealand didn’t we… we tried to pitch services in New Zealand; I’m aware of that. (Did it go through?) No. We were up there, but again, in a way; what I heard was, it was too early for us. We were going in, but if we’d got it, we probably weren’t fully prepared for what we were taking on.” (RI J) “I would just like to see something like, oh, we’ve won this contract to help with the [activity] of Afghanistan or something, just to show that their ideas are the right way to be going. That
there is a product to sell and money to be made. Again, we’ve been in the Middle East now for a few years and what’s actually come from that?” (RI J)

Several of those interviewed made comments with regards to the current quality being, as seen by customers, as lower than required to be competitive but also saying management was not taking this on board. Therefore, it unclear was where the information was that corroborates the desire of being the inspiring and trusted partner that is in the goals. In reference to a customer, “I said to him would you, would you use (our) data and things like that and he, he just laughed at me. He said no, not at all; we just get our own people in and do it because they’ll do it properly in greater sort of like detail because it’s specific to a particular building project.” (RI L) “[We] tried to get into there, but I don’t think people realise that they haven’t… stood in their customer shoes and thought, you’re not up to the standard that we require for this.” (RI L) This was also echoed in terms of maintenance of existing systems to support existing customers where this was under-resourced. When asked what is missing, one person replied, “More focus on the customer. But also, more focus on the maintenance and the support side. Those sorts of lessons aren’t being learned; best for Britain again is slightly at conflict with some of the things I’ve mentioned about, you know, the way we maintain the systems.” (RI P)

Recipients - Survey

The survey revealed what has already been covered in the sections above about both processes and information. The repeated message was that there was an expectation that information was used and that it was based on research done by the consultants but that there had been little exposure to staff overall of what that is, again mentioning knowing about the Book. Research by the consultants with the staff was done, and many were spoken to, including groups, but it was unclear to staff what happened to the information or how it was used. The consultation appears to have not been a consultation, but more of a tell (e.g. top-down directives) and not to sell (e.g. involving staff and exploring and experimenting with strategies).

C.3.4 Communication used to Disseminate the Business Goals

Originators - Interviews

Originators all told of the extensive efforts to communicate with roadshows, team meetings, brochures and literature and videos for the remote staff, etc. “We’ve been focused for the last year or so is getting people to be 1) understanding, 2) being excited about our organisational purpose again, so I think that’s been the kind of the core element of our employee engagement driver; what are we doing, why are we doing it and what
does that mean for you.” (OI A) They highlight that this had changed and improved over time. For instance, it was then done quarterly, whereas before it was every year or six months. Also, engagement and other surveys were done routinely. These activities had been designed to explain the content of, for instance, the presentations and the handout called Our Guide with the goals. “[We] did a roadshow right the way across the business, they spoke to every team and gave a bit more of an insight into ‘right what did we mean by the GB exemplar, so what is going to be different in GB, and what did we mean by manage service, what does it look like, what are the three different types of managed services that we are going to be taking to market.” (OI A) It was also done with the involvement of all Directors and then their management teams. There were Q&A sessions, and they believed they got a good amount of feedback. “We then, each stage then took two questions which we then, we then talked to. So how are we going to deliver, how are we going to navigate around not having [a] knowledge management system, for example, right now? Responses to that [were made].” (OI F) One of the individuals said that they had had over 200 queries which were responded to. What was however also said was that those that did not get it had been expected because there was potentially an attitude exemplified by the following comment: “It’s just a bunch of engineers…” (OI F) However, one of the Originators commented that “...we’re not as clear on the strategy as we want to be.” (OI A) It was recognised that the messages were top-down and that the only formal feedback loops had been the annual engagement survey and the more regular ‘Pulse’ surveys.

As for the material that was produced, it was up to various individuals to try and interpret and distil the information into the documents and presentations. However, some considered that it didn’t get enough attention. “This was a rush job by internal comms in the HR team too; at the demand of the business.” (OI C) What was apparent was that they presented no evidence that the material and, importantly, the language had been tested with staff. There were also some concerns about the material being overly complicated and just too much but a feeling that detail was demanded by staff. There was a recognition of what might be a communication norm: “In my mind, I am thinking the magic number of three and how we can make it memorable for employees.” (OI D) This number, however, in the end, only applied to what the handout called The Strategies (but the Originators acknowledged that these were part of the goals).

It was unclear whether all Directors and other senior leaders were clear themselves and/or onboard with the communications. “What this document actually means, I didn’t even understand it in the first place. Thank god, I finally understand it.” (OI F) One individual commented that there was coaching going on; “…you are affecting the health of those in your team.” (OI F) It was observed that just at a time when they needed to keep
up the momentum, senior management decided all to take leave around the same time. “It's been like a ghost town, and you know, we had so much momentum.” (Oi F) This might indicate that some of the behaviours reflected differently than what the communications were saying. When fed back that the actual perception was that, although the communication had increased at head office, it had actually declined for the remote people and that people also felt that they'd not been listened to, the response was just, “OK, that’s good insight.” (Oi D)

**Recipients – Interviews**

This is the one area that received a fair bit of favourable comment in terms of activity. “I think over recent months, since the, since the reorganisation quite a lot has happened, but prior to that I would say, it was all very, very closed.” (RI B) This appears to include the senior management team. “There has been a lot more visibility since the new CEO came in and since the changes have started to take place, but there has been an openness and visibility of the goals and objectives to everyone.” (RI C) It also includes the materials that had been distributed. “I think this is very useful. I found it on my desk so. Just adds a reminder of what direction we are going in.” (RI C) It was positively perceived as it seems to be a big change from the past: “It’s certainly the biggest effort of trying to do something different that I’ve seen.” (RI D) Another person commented, “Actually, the person that spoke about the strategy was one of the best people that spoke. We had a morning so, about four hours and the lady that spoke about it was probably one of the most convincing speakers we had,” but then said, “…which was really good because some of those speakers weren’t so good. (RI G) We’ve had some stuff since, but even then, it felt like they had some goals and some strategies and realised that it wasn’t quite working.” (RI G) This was reinforced by the comment, “they’re quite complex and confusing” (RI E) with the request that they’d be “…plain, clear, concise words that people understand. We use a lot of buzz words and acronyms, and they completely just turn people off.” (RI E)

In terms of content, many were not convinced. “They tend to be very little on the how. That’s not very clear.” (RI C) Also, in terms of content, there seems to be a fair amount of repetition that some felt was good, but others felt that without the content, it was just repetition of the top-level information and, nothing meaningful. Also, concerns cited such as “…you're kind of, are forcing it down our throats and making it out as either we don't understand what you are saying, or you don't understand what you are saying.” (RI C) The content that was missing was what was most talked about. “For me, I'd just like to hear more about the concrete stuff that’s going on, the deals that are made, the places that people are going to, to potentially make deals; that kind of thing.” (RI D) Much was discussed about the missing how and/or the detail. Although this was referred to possibly being just the character of staff, particularly field personnel, as mentioned earlier, there
appears to be a link between the missing information and the potential missing background that many presume went into the development of the goals. The lack of tangible elements and quantification cited earlier support this view.

To this end, there were quite a few that had not, for instance, even read some of the material. “And that was ridiculous, even on A3 I look at it and I can’t really read what it says so, I probably won’t bother. It looks pretty, which is dreadful because it should be like bread and butter, shouldn’t it? I’m looking at it and thinking well, it’s great but; if these words were the same in there and there, I might have read them, but because they’re not, or I don’t think they are, I haven’t read them. So, I don’t even know what those words say in the middle, which is awful. I haven’t really read all the sub stuff, to be honest.” (RI X)

Overall recall of the goals was very low with most remembering none of the actual goals or just keywords such as exemplar or [activity] partner. Most also were confused as to what were the goals and between the various sections of the handout called Our Guide citing that it was a lot on the page but weren’t sure what it all meant or meant to them personally.

A field person said they had not even seen any of the material commenting, “… am I supposed to?” (RI J). Despite feeling a greater effort was being made, another field person’s comment was: “But, nowadays it’s a case of, we’ll send it out as a podcast. Which from their point of view obviously makes sense, it’s cheaper; it’s easier but, it’s not the same. I don’t think it’s the same anyway as a face-to-face, someone physically coming out.” (RI J) This was reinforced by another saying: “A lot of the meeting budget got slashed and, you know… and that does have an impact I think on when you’re getting feedback from head office and stuff, that comes via your manager and what have you, and you all get together and go through it. But it’s an impact; it’s a lot different having it like face-to-face. Erm, rather than just reading it on the intranet because we’re not there. So, we’re not involved in a lot of the stuff that’s going on down there; disengaged I think a little bit.” (RI O)

**Recipients - Survey**

Respondents said that communication of the business goals was predominantly through presentations but also online/email and discussion with only 4 individuals claiming they had had no communication. There were, however, numerous other methods identified as workshops, launch events, webinars and additional documents.
The communication was mostly by the senior management closely followed by Board Directors. Direct supervisors played a role in about half of the cases.

However, the perceived effectiveness of the communications and the level of recall indicate that the presentations and other forms of communication had very mixed results and many neutral or perceived as not entirely satisfactory.
The recall specifically was less secure with only a third of the respondents remembering most or all of the goals while the majority recalled only remembering some of them with some admitting they remembered none of them.

![Figure 5-27 Q7 Recall of Business Goals](attachment:Q7.png)

The goal element of [activity] partner was recalled in some form by about a third of the respondents. This particular element was covered by both the vision and one of the goals, so perhaps there was more propensity to recall this. The international / global ambitions were also mentioned by a third, but after that, there was a whole variety of statements sop those marking some of them really indicated few of them. There were those that had probably looked them up while completing the survey to quote verbatim as evidenced by the accuracy of what appears to be the cut and paste and others mentioning that they would have to check the documentation to find out. Even with that, the proportion that responded that they recalled them all did not correspond to their replies giving actual details of what they recalled. An interesting one included, “True, Adventurous, Restless” (RS 60) which seemed quite peculiar. Some expanded way beyond the stated goals or elaborated on the goals further.

**C.3.5 Effects as a Consequence of the Business Goals**

**Originators - Interviews**

The belief was that though there was an awareness of variations within the staff, the efforts to communicate had been largely successful. “We were quite clear we wanted to get a, a classic clear line-of-sight.” (OI A) They also felt they had verified the understanding by asking questions. “I’m fairly sure that we’ve asked specific questions on that, we’ve certainly asked specific questions on thoughts and perception. For instance, [we asked] to what extent do you believe in this strategy, to what extent do you understand your place in the strategy, and largely people believing in the strategy has remained largely consistent.” (OI A) From the surveys, they felt there was growing clarity.
“The one that’s really increased is ‘do you understand your role in it’, that has increased quite significantly over the last three or four months.” (OI A) However, there was an interesting distinction between understanding and accepting the goals (and strategy) and being engaged because of the job. “People here are motivated by doing good for the world.” (OI A) It could indicate that this comment shows that that staff might be engaged in spite of the goals and it is the wording of their engagement survey that was being construed as being linked to the goals (and strategy)? However, there was a positive view coming from senior management. “Absolutely, grassroots were all over this; it’s brilliant. You are actually going to tell us what we are going to be doing? That’s superb.” (OI E) Another person said, “They were quite impressed … and quite happy with the simplicity of how it has been articulated.” (OI B) Another comment was, “it was good to see the whole leadership team were aligned, because, that was a surprise.” (OI B) However, several of the Originators were aware that there was some scepticism within the ranks. “There is a big chunk of the population which says, ‘this new strategy is all very interesting, but at some point, this is all going to stop, and we’re going to go back to doing what we’ve always done’. " (RI A) Managers themselves was a worry for the Originators. “The elements that were less accepting tended to be the senior and mid-managers. I have run my organisation for the last 20 years; I don’t really see why I should be having any sort of corporate moments over this thank you very much.” (OI E) This perception translates into a comment that was made: “It’s missing that controlling mind. Somebody who is really going to be passionate about delivering this as a mission.” (OI E) There was also scepticism about field staff that were less easily engaged. “Asking the [field] ‘what do you think of that?’, and this was maybe a day or two after, or no it was probably a week after, he said ‘I haven’t really seen anyone to talk about it, so I haven’t really thought about it’.” (OI A) What was striking was how many of the Originators were not sure, outside of the engagement surveys, what people thought. “It’s hard for me to say and I tell you why because I have tended to engage at the head and above, so the people down in the coal face, I don’t really know too much. I think, up until this level, I think you have got quite a good engagement. I can’t really comment below that.” (OI B) Though everyone was aware that staff were asking about the how, “The challenge that I hear quite a lot is, so you are telling me quite a lot about the what we are going to do, but I don’t know how, and that’s the gap that the organisation needs to figure out.” (OI B) There seems to be a consistent lack of empathy for those down the organisation with comments such as: “A lot of this stuff is way above the general worker in terms of revenue growth and all that. It’s not confidential information, but they just can’t see, they just can’t
make sense of how their job contributes to paying dividends, for instance. So, it’s too
detailed, or too, too much of a strategic business level.” (OI B) Another said, “I think that
they have gone through the line-of-sight of activity whereby all of their objectives went into
those goals, they should, given that they have those goals, given that we have done, …
they should have a grasp on what the goals are.” (OI F) But then states, “I don’t think
anyone will remember anything there, but [will be] much happier, happier workforce, so it
does as we would envisage and that is because of the activity that we have been
undertaking.”

Recipients – Interviews

Recipients had certainly been made more aware. “I think more people are aware of this
clear line-of-sight now than they might have been before. We have had a vision, and we
have had corporate goals; we have never had a strategy documented, articulated. So that
gap has been filled and then we’ve got, you know, the plan; [we have] the goals for each
of the areas. And it is, you know, we have sort of got an idea of what we are doing into the
quarters, so it is a more structured and its, therefore, everyone to see, so it’s more
transparent, it’s more visible.” (RI B)

However, many express scepticisms ironically about others. Two comments illustrate this:
"I think those have been here more than 30-40 odd years say that they have seen this all
before." (RI C) and “I’ve heard a few people say, oh, here we go again.” (RI D) Some
were even more unsure. “I’m not really sure to be honest, no. It’s not very clear, by
looking at these things and what we’re meant to be doing. I’ve seen it. I have read it. It’s
probably a bad reflection on myself, but I can’t remember anything actually concrete
coming out from it. It’s a lot of words.” (RI D)

The need is clear. “For me to feel motivated, I have to know that my work has a purpose;
it’s not just doing it for the sake of it. So, understanding how the stuff that I’m working on
fits into the organisational goals is really important. Also, because I lead a group of
people, it’s quite important so that I can explain why we’re doing things to the people I’m
leading. I can explain why they’re working on something and how it fits in.” (RI H) This
same person felt leadership was missing: “There is a missing level of leadership which
rallies the individual projects into ensuring that they are all aiming in the same direction.
So, they’ve got projects that still come up with their own solutions to things, and different
projects come up with the different solutions for the same problem. There is still a lack of
sharing, so I think we’re still missing a level between the high-level goals and how the
projects are managed collectively, to ensure they’re all aiming in the right direction.” (RI H)
Another individual mentioned this similarly: “They’ve used a cheap supplier in Spain who
keep letting them down and doing different things. I don’t see a huge amount of
Some were very supportive: “The goals have been… I think the strategy is up there, these need to feed into this and then my goals need to feed into that. Actually, I do have confidence that my goals, me personally, do fit into this team goal.” (RI G) But more expressed the concern that much of the goals were meaningless. “What does that mean? I’ve no idea. They tried to think of something that would cover everything and by do so, covered nothing. I think there’s too many of them and which ones are the important ones? Obviously, you can’t do all of those things, so where should you focus your energy? Should I be looking for growing partners; should I be looking for start-ups that have a global reach or should I be looking for ones that support GB? Should I be looking for ones that can make us more digitally efficient? They cover too much; they cover everything; so you don’t know what’s important.” (RI E) Another person said when referencing one of the goals about making it a great place to work, “Again, that’s a nice goal to have, but it’s a bit fuzzy on what does it bloody mean? As I say, it’s a bit fuzzy because there are so many different elements to it.” (RI F)

One concern was whether it was the right direction. “I think we are taking a risk because we have to take a risk, but I’m not necessarily seeing any evidence of success yet. Do I think that we’re aiming in the right place?” Others are concerned it might fail. “I think underneath it all… but again, maybe just my own personal, I get the sense that there’s a; it could go wrong.” (RI L)

There seems to be some to which it had had a negative effect. “I find that very negative, the wording of that. To be the world’s most inspiring and trusted [activity] partner. I think it’s a nice vision to have internally and it is internal. It’s something to aspire to; but I would think that we already are inspiring and trusted; I personally find that negative and I’m not the only person to comment on that as well; ensure X is relevant, is resilient and relevant. So, that makes me think, what, so we’re not? What’s the problem then?” (RI L)

The reality to the staff may have been that the goals were less relevant. “My gut feeling, it’s personal, but I think it’s shown up in some conversations we’ve been having recently is in the end, nobody really cares about the goals per se.” (RI I) They went on to say, “I’m not sure any of it is. None of it is useful in the day-to-day element of people working.” (RI I) However, they went on to say, “You need to understand that your organisation has a direction to travel. The concept of having none at all. I think it has that value that gives you a framework within which you understand you are trying to operate.” Relevance comes up quite often. “My job hasn’t technically changed after all these new goals, the new values, you change your values for the business, but fundamentally, I’m still doing exactly the same job.” (RI J) It is clear that, to some, it had not made much effect, “I think unless
something directly impacts on you every day, [e.g.] you have to change the way that you work, and I just don't think I retain it to be quite honest.” (RI O)

However, it was recognised that it was important. “Obviously, it’s relevant to me because it’s my job security. So, again, we want to be at the forefront of what we’re doing. It’s important for me. I’ve heard positive things.” (RI J) Another person observed: “I think it’s fair enough to say that I do… on some of them at least I do sit down and read such documents and go right, does what I’m doing fit with this? Yeah, and if it does, then I carry on and if it doesn’t then I’m inclined to sort of go back and challenge why I’m doing something.” (RI Q)

Many were waiting to see progress. “I’d like to see some meat to the bones, what have we actually achieved. I know we went to the Middle East and we keep hearing about we’ve got our fingers in a lot of other pies. But, obviously, you just want to see something come to fruition.” (RI J) Another commented that “They will buy into a concept for a little while until they do see facts.” (RI S) It certainly had created awareness. “There’s certainly more emphasis now on the individual to keep up-to-date with what’s going on, you know.” (RI S)

**Recipients - Survey**

Based on assessing the influence of the business goals against a scale of negatively, neutral, positively, for the most part, it was neutral to positive, notwithstanding the relatively low recall of the business goals. The fact that it tends towards the neutral would indicate that there might have been a wait and see attitude.

![Q11 Influence of Business Goals](image)

Figure 5-28 Q11 Influence of Business Goals

There was a relatively high response as to the reasons for this as well. The positive comments all relate to direction, alignment and linking of jobs. The negatives refer to upheaval or lack of clarity countering the perceived sense of direction expressed by others, and then there was a mix in the middle. As the graph shows, there were very few that were either very positive or very negative, but the comments were heavily more
critical than the scores would suggest.

One respondent mentioned the internal conflicts that exist between the goals and the actions. An interesting expression that reflects many of the comments is: “Over the years, I have seen many different business goals. Each time the staff are gathered together for a few hours to learn what they are. To be honest, most staff that I know just want to do the best they can in the job they are doing. The higher-level goals have little impact.” (RS 28)

A more telling comment was, “They are dull and predictable.” (RS 12)

The question as to whether the goals are credible and achievable better demonstrates the split perspective on the goals. Generally, the concern was whether there were the time and resources to achieve them. There were also several comments with regards to measurability. The concerns were expressed in the following comment: “I think there is a lack of understanding of the breadth of the work required to meet those goals.” (RS 45)

Overall the tone was very negative, again in spite of the spread shown in the graph. One respondent observes (similar to the previous question) that they had not seen any stated measures and, therefore, couldn’t make the judgement. There were a lot of statements that cite that the company was ill-prepared or very or too late in the market and didn’t have the capabilities. Some seemed to say they had been confident but were now critical. A statement that resonates with the others with regards to the thinking behind the goals is: “I’m not convinced we fully understand the commitments we are making, or the actual size of the opportunity presented. I think a lot of the strategy has been based on very limited assumptions and guesswork.” (RS 4)
The question of whether the goals are compelling or motivating provides a profile again different from the previous two but similarly showing a widespread of perceptions. However, even those that had a positive perception add qualifications as in this example: “Yes - but I find the language far from inspiring. They are written in ‘business speak’ and so not as clear and sharp as they could be and, therefore, not as memorable and I also find that as a result they are not translated by others - departments, heads, etc. in trickle-down messaging consistently. Meaning is lost or changed; not significantly, but enough to annoy [me at least].” (RS 76) Many mentioned that the actions of the CEO and the senior management team were encouraging particularly in the way they were delivered, but many also mentioned that they did not affect their day-to-day work and there were a few that believed they were vacuous because of the lack of resources. There were also those that believed they had seen it all before.

More significantly, and this is reflected in previous questions, as there appears to have been three populations: those supporting the goals and see the need for change; those very against the changing nature of the business; and those that were resigned, didn’t feel it affected in their day-to-day job, overwhelmed or just not bothered. The real issue that was repeated often is summarized by this quote: “I did find them motivating, but it’s taken so long I’m beginning to find them demotivating.” (RS 3)

With regards to what specifically the business goals provide the participants, it seems that a sense of purpose, clarity of direction and how a person’s role contributes were all relatively strong but clarity for the role and a clear connection between the business goals and their objectives was much weaker.
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Q17 Do the business goals provide you with any of the following:

Figure 5-31 Q17 Business Goals Provide

The relatively low number of positive responses against the prompts (42 out of 69 responses was the maximum scored, and that was against clarity of direction) gives a clear indication that the elements of purpose, direction, role clarity, contribution and connection were all not being assisted by the goals though of course management actions and behaviour in communicating the goals had an effect. The comments however once again reflect a variety of positions from those that see where the goals were going but cannot connect to them to those that were just getting on with their work and in some way check that what they were doing aligns with the goals. Many mentioned that they would be doing the same with or without the goals. The topic of under-resourcing was often mentioned as was the difficulty some respondents had being asked to make their own connections to the goals. There were, however, some very positive comments.

An interesting observation and suggestion came as follows: “There should be a checkbox for partially. Point by point: My sense of purpose is not inspired by the business goals. The business goals at the highest level give a sense of direction for the business, but at lower levels, clarity is lost, and it is sometimes unclear how we are going to deliver the high-level goals. They do not provide clarity for my role, but I can see how my role could contribute to the business goals. There is sometimes a clear connection between my objectives and the business goals, but it is difficult to make the connection at times.” (RS 31)

As an overall observation, there seems to be those that were inside the loop and those outside with some in-between. By this, it means there were those that were involved with the areas that the goals were addressing or introducing in terms of, for instance, the pursuit of new technologies and new business opportunities while perhaps the traditional services were threatened and isolated such as field personnel and the older services. This was exemplified by several comments in the survey, where respondents were aware that they were going to be replaced by technology. It may well be that the resources were
directed to the *sexy new stuff* while the old stuff was just being operationally squeezed. What is very clear was that there was a wide spectrum of responses and that this was probably contributing to many blockages, barriers and non-productive behaviours in the organisation. It seems the goals (and the strategy) were *Marmite*.

Q19 *Are there any aspects or elements of the business goals or the way they have been communicated to you that you feel are missing or need improvement?*

![Figure 5-32 Q19 Improvements](image)

With over half the respondents saying there were improvements needed, the accompanying comments reflect that there were a lot of suggestions being made. However, it is interesting to see that the response rate dropped dramatically for this question with possible concerns over anonymity as there were comments from the respondents highlighting that there were questions around the intended purpose of the analysis suggesting that there were real concerns about how the company might use the information.

There were, however, very constructive suggestions. A particular quote that illustrates this is: *“Clarity - clear and engaging use of language, please. Repetition - say it lots and loud and in different ways. Make sure that the metrics and messaging is easily accessible to all and highly visible. Consistency - don’t let the message get lost through translation. Simple messages/wording helps this. Also, don’t change goals/targets lightly.”* (RS 76) Several mentioned the issue that there have been too many words used without meaning: *“Glossy presentation that was well choreographed by the senior team but followed by a vacuum in information/action that has diluted the original message.”* (RS 47) Simplification and reducing complexity was cited.

The suggestions call for more clarity and repeatedly ask for more of the *how*. However, the way the *how* was mentioned can also be interpreted and associated with the missing context of the goals that was perceived, the lack of clarity as to how the goals were derived and what information was used and, therefore, inability for staff to see the goals in the context of the market. Others also mentioned they do not see how the goals connect to them personally and where their value is. Additionally, it was clear that participants did
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not understand the metrics or how to see progress towards the goals, nor did they see a path in which to achieve these goals. Finally, issues with resources to match the goals were mentioned several times.

There was, however, reticence in making suggestions. One participant says, “We still do not feel secure in asking the difficult questions and pointing out the awkward truths.” (RS 66) Another participant mentioned, “there is a real problem with hiding away information - trying asking for the business plan or the ten-year vision... also I think there is a lack of a roadmap - what we're doing this year and why; what we'll do next year because we've done [X] this year...” (RS 22). Finally, “I would like to see an honest and open review of how we are doing against goals acknowledging mistakes and successes.” (RS 3) This seems to summarise the sentiments.
Appendix D Online Survey – Screen Shots

Figure 5-33 Recipient Survey, Page 1

Figure 5-34 Recipient Survey, Page 2
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Figure 5-35 Recipient Survey, Page 3
Please answer all multiple choice questions. The blank spaces however are for your comment and thoughts and are not obligatory to complete but all this information you are happy to provide helps my research.

9. Are you aware of how the business goals were arrived at, e.g. how they were derived?
   ○ Yes ○ No

10. If so, please briefly explain:

11. How have XXX’s business goals influenced you?

<table>
<thead>
<tr>
<th>Negatively</th>
<th>Neutral</th>
<th>Positively</th>
</tr>
</thead>
</table>

12. Please briefly explain in what way?

13. Do you perceive the business goals as credible and achievable?

<table>
<thead>
<tr>
<th>No, not at all</th>
<th>Yes, very</th>
</tr>
</thead>
</table>

14. Please briefly explain in what way?

15. Do you feel the business goals are compelling and motivating in any way?

<table>
<thead>
<tr>
<th>No, not at all</th>
<th>Yes, very</th>
</tr>
</thead>
</table>

16. Please briefly explain in what way?

Figure 5-36 Recipient Survey, Page 4
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Figure 5-37 Recipient Survey, Page 5

Figure 5-38 Recipient Survey, Page 6
Thank you so much for participating in this research. Your participation was very valuable. I understand that you are very busy and very much appreciate the time you devoted to participating in this research. There is some information about the research that could not be discussed with you prior to you completing the questionnaire, because doing so may have impacted your views and thus skewed the research results. I can however explain a bit to you now.

What is the research about?
As you will remember from the start of this questionnaire, I am a candidate for a DBA (Doctorate of Business Administration) and this research is contributing towards my research. I am studying goal setting at a business level and its effects on employee engagement as a proxy for business performance and therefore to understand this I am involving several companies and their staff in the research. For each company, I will have examined the company’s overarching business goals and asked senior management how they arrived at, and have communicated, the business goals. I will have subsequently both interviewed some and surveyed all staff to see what is their perceived effect of the business goals on their engagement. For clarity, for the purpose of this research, the business goals are what the company is seeking to achieve within a given period of time and may be referred to in a number of ways such as business goals, business objectives, strategic objectives, visión, etc.

What is known is that the quality of goals set specifically for individuals and small groups and how they are communicated affects engagement and personal performance (Locke & Latham 1990, 2013). There is also some research to support the way high level visions and missions affect businesses (Mintzberg, Eisenhardt, Krieger, Loun, etc.) but they exclude clarity about the derivation, content and communication used. What hasn’t been studied is how specifically a company’s overarching business goals, how they are derived and communicated, affects employee engagement and that is what this research is trying to do. Hopefully, the results of this research will contribute to better management education and practices and consequently better employee engagement. Please note, there were no right or wrong answers and no deception techniques are being used or seeking to mislead in this research.

It is very important that you do not discuss your input into this research with anyone else until the research is complete. My efforts might be pretty compromised if participants come into this research having discussed the topic with colleagues which might skew their views. Once again, if you have participated either in the staff interviews or this questionnaire, results of this study will not include your name or any other identifying characteristics.

If you have any questions or concerns, you may contact me: my contact details are: mob 07785304889, email c33611@ecst.hc.ac.uk.
Appendices

Appendix E  Coding Examples

Examples of both the coding process and the coding material itself are contained here in the appendices. The material has been anonymised but will provide the reader with more context with regards to how the data was gathered and processes.

E.1  1st Order Coding of Individual Interviews - Example

The following is an example of coding from one of the transcripts under the coding headings of Understanding, Process, Information, Communication and Effect.

<table>
<thead>
<tr>
<th>INT: Before we really kick off is what is your understanding of business goals, I see the use of objectives in some of the documentation, of course, we talked about on the phone you use the word ‘vision’ as well, and my understanding of our agreement was that you’re basing it upon the stuff that you’ve got in here. So, if we use that as the premise, what is our understanding of business goals and their purpose?</th>
<th>RES: So... well the business goals are striving a) for improvement in areas that warrant improvement in terms of day to day performance, plus any strategic goals we want to set ourselves in relation to elements such as adding new services, growth in certain areas, increase in profit margins, number of clients, diversity of clients etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>INT: And would you refer to these internally, would people view these as that word ‘business goals’, or as I mentioned before I noticed in the plan it says actually ‘objectives’ and then ‘strategic objectives’; are they all part and partial or do you see them differently?</td>
<td>RES: No, I think they’re all part and parcel, I think one area we need to improve next year is actually, and you and I have talked about already, is what different terms mean to different people, and actually defining those terms. So, the plan that we currently have is a format that the group board have been very drawn to date on the format that they like; when I arrived, it was a three-year strategy, and you reviewed every three years, so</td>
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<td></td>
<td>RES:</td>
</tr>
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</table>
that’s something we changed immediately. Broadly speaking the terminology, the objectives, the vision was fit for purpose for what I saw for my first two years here, and the overall main goal of the first two years if you like, was not to grow, would you believe? It was not to grow, and take the first two years to have a good look at the operation in general; where we sat in the marketplace, how we were performing internally, where we saw our competitors, all the sorts of things that you would expect in a bedding-in period, but the strategy I inherited was to grow at ten per cent, that pretty much was it, and given the marketplace, the commodity market had dived, we had planned for that growth if you like and appointed staff for that growth, and the marketplace went south without...to be fair, without too much anticipation of it, but nonetheless to have that as a strategy and not to review it for three years seems wrong to me.

INT: Then we go back to the purpose, so you’ve taken the view that they’re obviously not having a strategy for three years, they’re not reviewing it for three years, how has that changed what you see as to how the business goals should be set and when, where etc.?

RES: So, I don’t see that the business goals should be set in a different way, they should be reviewed more frequently, and don’t be frightened to change them on an annual basis subject to prevailing conditions. So a big significant shift I think, between last year and this year is that last year we anticipated no growth, we looked at replacing staff, we looked at recruiting six graduates, but overall in terms of overall numbers we weren’t looking to grow per se, this year we are starting to look at growing but not just looking at growing in the UK, but where we grow next, and that’s a strategic aim, to grow more internationally; not by much, by possibly ten people next year, and that’s partly internationally, and where we recruit in the UK we’ll be much more strategic about how we recruit, so, for example, one of our targets is to become better known internationally, so we set up this regional manager initiative to split the job world up into five,

grow at ten per cent

I: the marketplace went south without...to be fair, without too much anticipation of it

P: they should be reviewed more frequently, and don’t be frightened to change them on an annual basis subject to prevailing conditions

U: where we grow next, and that’s a strategic aim, to grow more internationally

U: targets is to become better known internationally
they’re essentially marketing posts so how do we become better known, how do we increase our footprint internationally? Ultimately that may mean placing people in our own offices in more places in more places than we’ve got at the moment. If we’re going to do that, then do we recruit somebody, if we see that as an opportunity in three years’ time, do we recruit somebody from there now and have them here when we have need for somebody here, technically, instead of recruiting from the UK per se for somebody, do we actually strategically target somebody from a country who we can train up here and send them back to an open office in three years’ time?

INT: Well I guess that comes back to your previous growth model which was ‘grow by ten per cent’ regardless of what the market’s doing, now we’re talking about growing, but we’re talking about linking that growth to these specific targets, is that the idea?

RES: We haven’t set specific targets for growth yet for next year; we are in the process of doing that and the way that that’s working is...no I haven’t sent you this because I’ve only sent you stuff that we’ve done before, and I’m not sure if you want me to tell you now what we’re doing...

INT: It’s not going to bias me in that sense.

RES: Okay, so let me just take a step back, so in my first year here, so the way we approach strategy has been modified each year that I’ve been here, this is the third year that I’ve done it; in my first year my predecessor stepped down in October, the strategy review was in December, so we didn’t have very much time to do anything radically different for that first year, and there was no intention to do so anyway because we were just consolidating, that was always going to be the plan based on any research I’d done before I got here, nonetheless we involved...what had happened previously was that the...it was just the group Board Directors that got involved, so they had a strategy day each year, the Managing Director, yes I think she

U: targets is to become better known internationally

I: questions about recruitment reflect indecision as to what is required in the market? (ED)

P:...it was just the group Board Directors that got involved, so they had a strategy day each year

C: then 1st year (ED) … to involve the board, I then sat down with all the different groups in the company and presented this
had a few initiatives to say ‘give me some ideas to take into it’, but what I did the first year was **to involve the board** of HR Wallingford Limited, not the group board of HR Wallingford Limited, I just remembered there is the technical bit and there is the site in relation to the strategy, and we came up with this between us, so these were the initiatives that came back from that exercise, and then what we did, or I did, because that was in December, and then the financial year starts in April, so around about March time **I then sat down with all the different groups in the company and presented this** if you like, in the annual updates to the campaign.

**INT:** Sorry just to be clear, because this is useful to me, is we now have a new piece of terminology here, so we’ve got ‘initiative’, you refer to those as initiatives, how does that...I’m just being pedantic...

**RES:** So what you see on this table **here are the goals**, so the presentation was really, the strategy was to deliver if you like a presentation of these goals to the staff, this went up on the company intranet so the company has got access to that any time, that’s step one, that had never happened before so it’ll be interesting to see what you get back from the staff, what they see and how often they’ve looked at it, if at all, so that first year we did it, it was up on the intranet and we did it again, and what I was...what we did the second year around about this time, so this time last year it wasn’t just the group Directors that got involved, sorry the HR Wallingford Directors that got involved, **all trading groups had their own workshops to look at strategy**, now they were very much focused around business development but nevertheless it was to give them an opportunity to feed into the company strategy through the system, okay so we have...we also set up a good ideas box that we’ve encouraged, so my first year on the presentation, you’ll see in that presentation there was group, there was HR Wallingford and there were individuals, so you know right down to the individual ‘what can I do? What ideas have I got?’ and what are the mechanisms for doing that? **One mechanism is a**
| **good ideas box** on the intranet which people are encouraged to upload any ideas to, not just about strategy, the next is **through line management system, so feeding it through the system and getting ideas in that way**, and the third one, the more formal one is actually through these strategy meetings, and any feedback that comes through that, and then that will get put together for the annual update, the group board then get; I **produce a draft of the strategy by mid-December, that gets sent to the group board mid-December, and the group board then meets for a strategy** | so feeding it through the system and getting ideas in that way

P: I produce a draft of the strategy by mid-December, that gets sent to the group board mid-December, and the group board then meets for a strategy |
E.2 1st Order Coding Summary - Example

The following is a collection summary, e.g. from the interviews and survey, of the data under the coding heading of Understanding. Initials, in this case from the Originators, and figures have been replaced with Xs to preserve anonymity. Areas highlighted are quotes taken from the interviews and used to develop the first level analysis (see case studies in Appendices A, B, C for Companies A-C) which was then subsequently group between all three companies for 2nd Order coding.

Code Heading: Understanding

Source: Originators - Interviews

The Originators seemed a bit muddled over the purpose of the business goals with considerable difference in terms of what the business goals are and should achieve.

The X states, “The business goals are striving a) for improvement in areas that warrant improvement in terms of day-to-day performance, plus any strategic goals we want to set ourselves in relation to elements such as adding new services, growth in certain areas, increase in profit margins, number of clients, diversity of clients, etc. Where we grow next, and that’s a strategic aim, to grow more internationally – the target is to become better known internationally. (X)

X – it was just the group Board Directors that got involved, so they had a strategy day each year

X – nothing about the commercial goals? (ED)

X (ED) If I look at this shopping list, and of course one of the first ones that you were talking about which applies to that is getting targets, setting the targets, getting more commerciality in it. What purpose have these lists served, as you as a Director and part of the board?- focused our mind-set on what we really need

However, one of the other senior leaders states, “I don’t think they (the slides) clearly define it, our strategy - we need to trade profitably because with that money we can invest far more, we have no shareholders, so anything we make is invested back in the company, we can pay staff more, we can build new facilities, we can fund more research; all of these things, so if we earn the money there’s a direct benefit to all of us, so we have to be as profitable as we can be, and as clever as we need to be in order to achieve that profitability … we have to take them (staff) with us; we have to ensure that they wish to stay with us on that journey, that they’re challenged, they’re excited, that they get up in the morning and want to come and work here. We need to describe it in two or three paragraphs, what is it that makes us so special, what are we going to do about it - I don’t think it does describe the distinctiveness - whether we are as coordinated in our overall view of where we want to go, I don’t know." (X)

However, most of the Originators did comment that business goals include financial goals
notwithstanding a confusion around terminology. “Business goals to me tends to mean financial goals (as different from) strategic initiatives taking us forward over a period of time - It depends on what level you talk - group manager or a team leader, I’m fairly sure that they, certainly the financial goals that will be on slightly more nebulous goals about whatever we’re trying to achieve as a whole. They would call that the strategy.” (X) Within the documentation that has not been circulated, there are various financial goals mentioned, including a figure of £ X million that is often mentioned in the interviews but not shown within the presentation of the goals used. This figure is a rough estimate and varies depending on the year (2015-16: £ X m , 2016-17: £ X m, 2017-18: £ X m and 2018-19: £ X m) and appears to have been verbally communicated to the Recipients but it is not entirely clear how and there is no evidence that it was an organised and consistent communication. The X as do the other Originators do say that they have used the figure when talking with staff.

X – my team are a sector-based or regional based team, goals for this year will be based on how much work we’ve won in their area; goals will be the one that people have - people will see this as the high-level company strategy into which they need to fit what they’re doing. (but no clarity on whether there are goals for the strategy – ED)

There is an impression, once the Originators had time to consider the questions, that perhaps what has been communicated was not very clear even to themselves. “I think that's an issue of how we’re not joined up because that doesn’t match that so there's something wrong isn’t there?" (X)

This is also expressed in the disconnect that they, the Originators, perceive exists within the staff, particularly in terms of time frames.

X – where there’s more of a disconnect is the communication of the longer-term strategic plan over the next years, not encapsulated in the plan for them in the next twelve months or the two years, but where the company could go. “So next year what does the company want to achieve, what do the groups want to achieve, what do the sectors want to achieve down to what an individual wants to achieve in their own career.” (AB)

X – I think where we can go in the next few years and what the growth potential is and the higher-level strategic view of the size of the company and the footprint of the company and all the rest of it. “I think that as a board we have an idea about that, I’m not even necessarily completely convinced of that particularly. I think that longer-term vision, whatever it is and however, I don’t think that’s communicated down, and if you look at this, particularly this, it doesn’t communicate that; but there’s nowhere in this particular document that it actually says what the entity should look like in three years’ time /five years’ time. There are aspirations at board level, but I don’t think they’re communicated through this.” (X)

Other Originators are certainly more nebulous about the concept of goals and their purpose. One admitted that commercial awareness is not instilled within the organisation and that it needed to be. The same individual commented that it would, however, be difficult to be precise as “because some of the things that it should now focus on wouldn’t have been clear”. (X) For instance, he cites their need now to move from “research to the applicability of research”. “So, there is a change in the
emphasis we’ve given to the companies if we’re spending time doing these things let’s make sure that they are worthwhile to us. However, it is unclear that the goals as presented have the information to connect or assess whether doing these things is worthwhile.

X – (commercial awareness – ED) I think there is some but not as much as there should be (leveraging external factors – ED) Umm to some extent, yes… I think they have been excluded to some extent

X – it couldn’t have been too precise, too focused because some of the things that it should now focus on wouldn’t have been clear that was what was going to

All of the Originators note that the organisation is historically and continues to be focused on budgets which have not formed part of the presentation of the business goals. The issue is then what is perceived as the difficulties with this heritage.

X – the organisation then is still focused on the budget as opposed to necessarily focused on where the business is going, would that be correct?

“Planning is what falls out of the strategy, it’s got the link into actually how we can deliver it, and then it’s pretty easy for people to understand how it’s working; without that, you’ve got this plan, you’ve said you’re going to do this, but actually I can’t do it because you haven’t told me how I can implement it, so I mean I think we have to be more streamlined. Although there’s talk in here about project management, efficiency and various things, there’s no blunt word that says we need to get a grip on our finances” (ED - there’s nothing mentioned about customer service levels or specified customers) (X)

X – we’ve got to be balancing very different types of opportunity and trying to choose which of those we should be investing in.

As mentioned earlier, it is worth noting early on that there was considerable confusion in terminology notwithstanding the clarification of the difference between goals and strategies. Consequently, the term strategy is often used interchangeably with goals. This in itself, may offer insight into the thinking of the Originators and their perceptions of the understanding and purpose of both business goals and strategy.
E.3 2\textsuperscript{nd} Order Coding – Example

The following is an example of coding from one of the transcripts under the coding headings of Definitions, Business Model, Purpose, Big Picture, Measurement, Trust and Conflict, Links, Culture, Structure and Communication.

<table>
<thead>
<tr>
<th>UNDERSTANDING of the concept of business goals and their purpose</th>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Originators - Interviews</strong></td>
<td></td>
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<tr>
<td>As described in the “Selection of the goals used” section, there is a predefined definition of goals available in the organisation though perhaps not familiar to many where the definition was adopted from the enterprise architect consultants in their second stage and defined thus: “goals define the Ends you wish to accomplish: GOALS are ‘WHAT successful outcomes look like’ once the drivers have been addressed.” This was paraphrased back by one of the Originators as: “The vision is ultimately what we’re striving to achieve, and these would be goals which are going to enable us to achieve our overall vision.” That said, there was a large inconsistency within the Originators with the same one referring to them as also “establishing a purpose”. Several acknowledge that perhaps it will not necessarily mean a lot to a portion of the staff as they see many “…just come in and collect their pay and they are very happy with their quality of life.” This would seem there is some doubt about the purpose of the goals.</td>
<td>D</td>
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<tr>
<td>As for the understanding about the difference between vision and goals, it is perceived to be the level of detail notwithstanding that the goals as stated in “Selection of the goals used” section are themselves brief. The term aspirational is used by the Originators to distinguish vision from goals. Yet then the idea of the strategies is confused with “strategic pillars” and then “strategic ambitions”, thereby at once being fixed elements and at the same time aspirational as well. One of the Originators declared with regards to the strategies: “You know, and you are right, you know, you could say they are all goals, but this is how it came to me”, this in terms of the instructions for the design of “Our Guide”. So, then it becomes unclear as to whether the Originators themselves had an idea of what was being devised and this is perhaps a result of the involvement of external consultants who perhaps had it clear in their mind but failed to ensure there was clarity in the SLT; “so whether or not it is termed a goal from a pedantic standpoint, a lot of these are goals”. What they all agreed upon in general is that the goals should provide direction.</td>
<td>D S</td>
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<td>One of the participants did have a broader view about the purpose of the goals: “I would hope we had; ideally, we had goals that were taking the business in the direction that is needed to remain profitable and sustainable and that those goals were able to be, it was clear who was accountable for those goals, and it was clear what each individual needed to do to contribute to those goals for the achievement and delivery of those goals and that we would be celebrating success as we would along the way and that celebration of success would help us feel good and help our motivation that we continue to be productive, engaged, enjoy what we do. Be able</td>
<td>D</td>
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to smash it. That, that it can be translated into action.” Further to this, they state: “So I don’t think a goal is not necessarily there to excite and inspire, that’s the job of the kind of, the thing that sits above the goal, the vision. So I think the goal when we are talking about goals, you need to be able to make it specific that it turns into action but generic enough that everybody in the organisation shall be able to see how they can contribute because I think that line-of-sight between, you know, I, in my job, can see my relevance to those and I can see ways of how I can improve what I do in my day job to improve those goals, or I can challenge why am I doing this? Because it doesn’t link up to those goals.”

Recipients – Interviews

Recipients had a much clearer though diverse understanding of what goals are and their purpose. But repeated themes were clarity of direction and line-of-sight in terms of their contributions. Importantly it was confidence that the business knows where it is going. They talked about achievements, time and timing. Many if not most mention something of knowing where they are going, a guide of what is expected. Some have expanded their understanding to include the goals are to provide a purpose for the organisation. What is commented on is how the goals also need to be clear and concise in “words people can understand” with detail that links to the “how”. This also links to the “why”, e.g. the “big picture” so that contributions are clear and that there is thought gone into the goals. Further to this, goals should be something you can align your activities to. “Believable”, as is “achievable”, are mentioned. One person mentions, however, that they have to be more than “achievable” otherwise, the business will have mediocre results and therefore they need to be stretching; Also, that it should make the job easier (this can be related to having direction and therefore clarity of purpose) and include general improvements to the business’ capabilities.

Several of those interviewed caution that goals can easily become “too fluffy” with a few saying that they have little effect on their day-to-day jobs. There is also an issue about strategy versus goals and that this is a point of confusion. Overall, however, the Recipient interviewees were clearer and more consistent in their views on the issue of understanding and purpose than the Originators.

Recipients - Survey

The respondents show a similar trend in referencing that goals provide common direction and alignment towards a shared end. The direction is the single most used term. This combined with aim, focus and achieve covers over 2/3rds of the responses showing a high degree of consistency of view. Other terms used include:

What the business is aiming to achieve, same outcome, alignment, clarity, target, focus, progress towards the vision, coordination, collective support, context for decisions, customer expectations, priorities, link to their role, awareness, to inspire and motivate, backdrop for decisions, provide purpose, the long-term plan of the business, drivers, unite, clarity, time or speed of journey.

Only three individuals said they were not sure (at least they were candid).
When asked to describe the key elements, there is a lot of repeats, but some were very clear, identifying simplicity and ease of understanding, consistent with the vision, measurable and achievable within a time frame including milestones and a description of the journey and also “visible” which can be interpreted as tangible. One person described the need to show impact. They expressed a need to be relatable and relevant to the organisation. As a process, they need to be communicated and often repeated. Many mentioned they should state turnover or profit while someone actually mentioned that “these kind of numbers” were boring and not inspirational. Some were very prescriptive: “What we should focus on ... at the top level, operational excellence, product leadership or customer intimacy. Also, target markets, expansion plans, maintenance of revenues, etc.”. “Customers” is mentioned many times, and some accompanied by “behaviour” or “attitude”. Several mentioned the “why” and the need for context. The word “agreed” is also used. Many mention the need for them to be SMART which is interesting in the context of SMART goals at an individual level and raises the question of whether they should be SMART at a business level. One mentions the need for the goals to indicate what the business is not going to do.

What is clear is that there is not one single definition in the organisation and that, notwithstanding many similar uses of words, the views can be considered disparate, which would, in turn, imply great variations. As several have mentioned that the goals should enable breaking down into contributing elements, they allude to the need to enable line-of-sight for their roles.

Two individuals both made reference to a more formulaic approach to goals in that they should cover finance, growth and employees and related aspects to those three areas. Another just mentions “why, what and when”.

A few mentioned that the elements should be those that attract and inspire both employees and customers, also what the company should be “known for”. To this end, it again should support the line-of-sight not just for employees but also customers. Some say it should identify what success “looks like”. The survey validates and adds to the interviews in as much as the answers were more descriptive.
## E.4 Proof Quotes Table

<table>
<thead>
<tr>
<th>Initial Themes</th>
<th>1&lt;sup&gt;st&lt;/sup&gt; Order Codes</th>
<th>Revised Themes</th>
<th>2&lt;sup&gt;nd&lt;/sup&gt; Order Codes</th>
<th>Illustrative Quotations</th>
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</thead>
<tbody>
<tr>
<td><strong>Understanding</strong></td>
<td>Definitions</td>
<td>Mission</td>
<td>Vision</td>
<td>Goals</td>
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<td></td>
<td>Definitions</td>
<td>Business model</td>
<td>The effects of different models</td>
<td><strong>“I think that as a Board we have an idea about that, I’m not even necessarily completely convinced of that particularly.”</strong></td>
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<tr>
<td></td>
<td>Purpose</td>
<td>Provision of clarity and motivation</td>
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<td><strong>“Without (the) strategy, I would probably do the same.”</strong></td>
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<td></td>
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<td></td>
<td><strong>“I don’t think it interferes with me at all.”</strong></td>
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<td>… good recall of the strapline of “being the best as judged by you.”</td>
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<td>“… we’ve always had surveys, but we never strived to be in the top 100 best companies.”</td>
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<tr>
<td><strong>Process</strong></td>
<td>Actual goals</td>
<td>Context (merged from Big picture and Links)</td>
<td>Market Knowledge Externalisation Strategies Line-of-Sight</td>
<td><strong>“...but there’s nowhere in this particular document that it actually says what the entity should look like in three years’ time, five years’ time.”</strong></td>
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<tr>
<td></td>
<td>Process</td>
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<td></td>
<td><strong>“The business goals should set the strategy…”</strong></td>
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<tr>
<td></td>
<td>Steps</td>
<td></td>
<td></td>
<td>“how to map the strategy to the budget.”</td>
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<tr>
<td></td>
<td>Sequence</td>
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<td>There is “no link of personal goals to business goals.”</td>
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<td></td>
<td>Involvement</td>
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</table>
| **Information** | Sources | Measurement | Quantification | **“I haven’t got any formal stats**
### Data gathering

Resources Validation

Analysis

Rigour

Data

that said we looked at ten companies, ten competitor companies, and on average they spend this amount of money.”

“People number 1, customer top in retail customer service – targets for now and in the future.”

“… it didn’t necessarily have values.”

“There’s no calculations there. No, calculations haven’t been done to sort of say, well, you know, to go to increase our position from, say, quartile two to quartile one, it’ll cost £X…”

### Communication

Methods

Content

Involvement

Documents

Frequency

Reactions

Communicatio

Methods

Language

Documents

Feedback loops

“Words people can understand” with detail that links to the “how”.

“Sometimes, too much information.”

“We explain everything, including shareholder expectations.”

“They’re clear. That they’re relevant and they’re fairly in tune with my world.”

“We’ve been focused for the last year or so is getting people to be 1) understanding, 2) being excited about our organisational purpose again, so I think that’s been the kind of the core element of our employee engagement driver; what are we doing, why are we doing it and what does that mean for you.”

### Engagement

Expectations

Buy-in

Measurement

Verification

Variation

Trust (merged from Trust and conflict, Culture, Structure)

Facts

Transparency

History

Capabilities

Management

It is just the Board’s aspirations at that time, and one even stated that they “were made up, dreamt up, devised such that they would be achieved”. “I’ve had to go to people and say actually this model is now broken we cannot do this, this proposal you’re asking me to do I cannot do it because this model does not work, it is now broken.” “It’s quite difficult to engage with a smart bunch if you haven’t got the full story to explain where we’re going.”

“Well, you get the usual that it’s all fairly meaningless, it doesn’t make much difference, it’s just words; that generally arises from the same sources within the company, the cynics within the company.”
Variations on S.M.A.R.T.

VARIATIONS ON S.M.A.R.T.

S - specific, significant, stretching

M - measurable, meaningful, motivational

A - agreed upon, attainable, achievable, acceptable, action-oriented

R - realistic, relevant, reasonable, rewarding, results-oriented

T - time-based, time-bound, timely, tangible, trackable
List of References


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List of References


List of References


List of References


List of References


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