What are employee performance objectives?

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Employee performance objectives, also widely referred to as performance goals, are one of the biggest determining factors for employee performance success. Performance objectives are designed to provide employees and teams with a clear and structured understanding of what they need to achieve, whether the goal be performance-based or development-led, and they serve as an essential measure of performance outcomes. Typically, the goal-setting process involves assigning short-term objectives to clearly defined deliverables, which crucially, must be achieved within a specified time period. Setting performance objectives in this way enables managers – and indeed, employees themselves – to continually track progress against goals and optimise performance outcomes.

The art of good goal setting for performance objectives

Not every goal is a good one. A great many miss the mark because they're vague or unattainable – and it's a point that emphasises the importance of good goal setting and "effective" performance objectives.

Good performance objectives help employees to focus on achieving their outlined deliverables in a way that supports wider business outcomes. In contrast, bad goals – those that are non-specific and/or poorly understood by the employee – can actually serve to impede performance rather than improve it.

Unfortunately, research from Gallup suggests that poor performance goal setting is a widespread practice, with only half of employees saying they strongly agree when asked whether they know what's expected of them at

work. The biggest problem associated with obscure goal setting is reduced productivity. When an employee doesn't know what's expected of them, they're more likely to waste precious time and energy on peripheral tasks that don't directly support the achievement of their objective. Over time, and at scale, that presents significant losses in terms of productivity, performance and profit.

We've established that clarity is key when it comes to employee performance objectives, but what else supports best-practice goal setting? In our view, taking a people-centric approach to performance management is the best way to inspire high performance. A people centric approach puts the employee in the driving seat and gets them involved in the goal setting process from the outset.

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Connecting employee goals to business goals

Tracking and measuring employee performance has long been thought of as the primary purpose of goal setting. But, while this certainly provides value, the benefits don't stop there. The beauty of performance objectives is that, when done well, they can also act as a driver for engagement and motivation. The trick to this is making sure individual employee goals and performance objectives are closely tied with business goals.

So how does good goal setting help to engage and motivate employees?

An employee who understands the purpose behind what they're doing will be more able to understand how they're contributing to the 'bigger picture'. This context provides a vital connection – as Dan Pink explains in his three–step motivation model Drive – that is key to creating intrinsic motivation. When you apply Pink's model to goal setting, you can see how the combined impact of autonomy, mastery and purpose can tap into an individual's intrinsic motivation and drive employee engagement and high performance.

With that in mind, the importance of tying employee goals and performance objectives to organisational goals cannot be overstated. Learning how to do this is a process in and of itself, but it's one that can be supported by effective performance management software. In fact, a study by McKinsey showed that 91% of companies with an effective performance management system are linking employee goals to established business objectives.

The 3–step motivation model
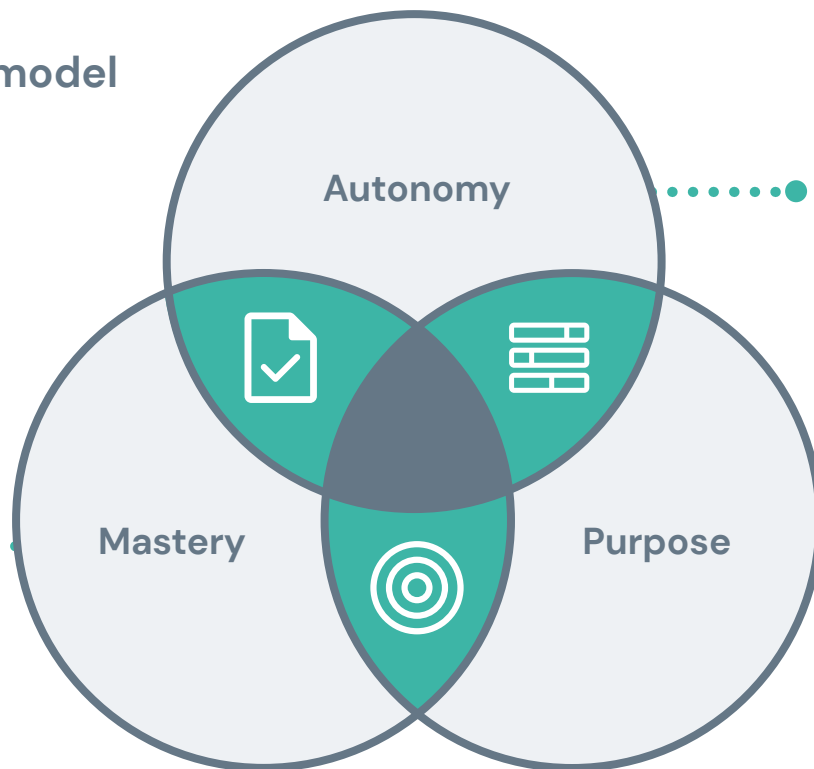
Provide employees with a sense of autonomy by involving them in the goal–setting process. Instead of simply dictating goals, allow employees to have a say in determining their objectives.

Connecting goals to a broader purpose or mission helps employees to understand how their individual goals contribute to the overall success of the team or organisation.

Encourage employees to continuously develop and improve their skills related to their goals. Provide opportunities for growth, learning, and skill development through training, feedback, and coaching.

A collaborative (and engaging) process!

Performance goal setting can support improved engagement and motivation in other ways, too. At OpenBlend, we advocate for a collaborative approach to goal setting. One in which the employee or team takes an active role, together with their manager, in helping to define their own objectives. This approach presents a myriad of benefits, but perhaps the greatest win is this: employees who participate in setting their own goals are more likely to take accountability for their performance, and more likely to feel an engagement-building sense of ownership.

Crucially, collaborative goal setting also promotes increased communication and transparency. It prompts employees and managers to openly discuss potential goals, raise concerns, ask questions, put forward suggestions, and listen to one another before an objective is set. Needless to say, that makes for a much better end result.

How to set effective performance objectives

As we outline above, effective performance objectives help to foster a sense of connection between employees and your organisational purpose. They also help to prioritise employee development, feedback, accountability and clear expectations, which all help to improve performance delivery. While the concept of effective goal setting is clear in theory, the challenge often lies in putting it into practice.

91%

of companies with an effective performance management system are linking employee goals to established business objectives

McKinsey

Frameworks for successful goal setting

There are a number of different methodologies that can be applied to support employee performance goal setting and the SMART framework is arguably the most well-known and widely used.

First developed in the early 1980s, it cites five key criteria that goals need to adhere to in order to be considered 'SMART':

S M A R T

Specific **Measurable** **Achievable** **Relevant** **Timebound**
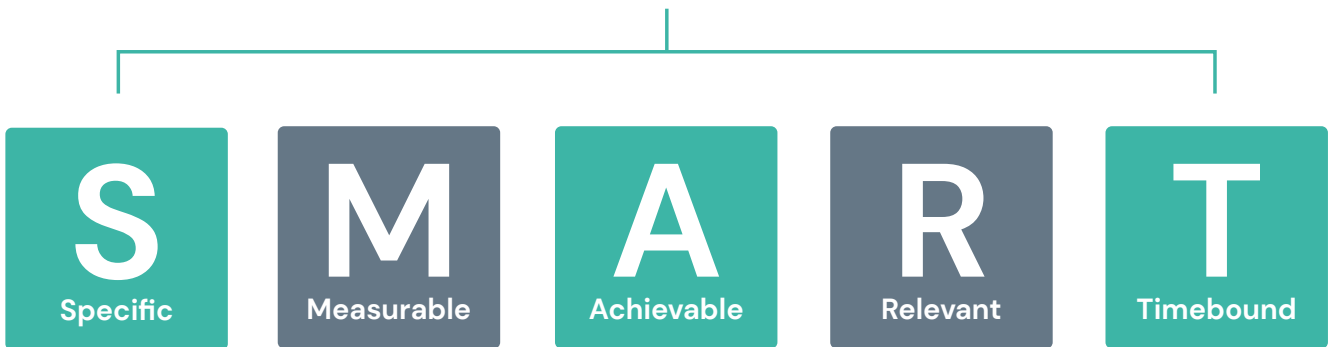
What makes a good
SMART objective?

Increase revenue
by 5% on Q4
by hosting two
prospect events
in London

Increase sales
by making more
telemarketing
calls

Another objective setting framework – and one that we live by at OpenBlend, is GROW. Here's how it works:

G
Goal

Set a clearly defined deliverable with a specified end point.

R
Reality

Factor in regular status checks to discuss any issues and monitor progress.

O
Obstacles

Identify and communicate any obstacles preventing the employee from achieving their goal, and collectively agree how to manage these in order to stay on track.

W
Way forward

Collaboratively determine the necessary steps to overcome existing obstacles, empowering employees to visualise a clear path forward and effectively accomplish their goals.

When applied in the right way, goal–setting frameworks such as these will support the creation of clearly defined and measurable objectives.

That's a big win, but there are some potential drawbacks, too. For example, SMART is sometimes criticised for its lack of flexibility – something that, if not carefully managed, can cause serious detriment to productivity and performance. Let's take a deeper dive into this need for agility and flexibility...

Agility beats rigidity

Agile performance goals, sometimes referred to as adaptable goals, can be easily adjusted in line with changing micro and macro events. So rather than forging ahead with a goal that has been rendered irrelevant by the shift to remote work, for example, an agile goal can be easily realigned before employee engagement and productivity begin to decline. In his book, 'Measure what Matters', John Doerr introduces Objectives & Key Results (OKRs) – a goal-setting methodology that is especially popular for its amenity to change. OKRs are designed to be regularly revisited and realigned in accordance with evolving employee and organisational needs. For this reason, they're particularly well suited to high growth companies, as well as organisations that operate in fast-changing industries.

At OpenBlend, we believe goal realignment should be a continual process underpinned by meaningful 1:1 conversations and ongoing collaboration through effective performance management software. We reference the importance of communication and collaboration here because as humans, we are inherently resistant to change. The key to overcoming this lies in facilitating lots of open and honest discussion so that the employee understands why their goal needs to be changed and can become re-invested in achieving their new goal.

Performance management tech: creating clarity and conversation

In the new world of work, where goals are increasingly discussed and agreed upon using virtual communication platforms and performance management software, the importance of meaningful performance conversations and clear goal setting becomes even more apparent. Without effective conversation and goal setting, these crucial aspects can easily fall by the wayside.

When relying on performance management technology, it is essential to ensure that employees have 24/7 access to a record of their goals and performance objectives, as well as visibility of company objectives. This way, they can understand the company's vision and how their work contributes to its achievement. By combining the right methodology and technology, good performance goal setting can actively support business growth.

The critical role of effective 1:1 conversations in setting employee performance objectives

Effective 1:1 conversations are often the missing piece of the puzzle when it comes to setting effective performance objectives. Not only is conversation key to making sure both the SMART objective and GROW model frameworks are properly implemented, but it also allows for a deeper understanding of individual employee needs, aspirations, and potential obstacles. Through effective 1:1 conversations, managers can provide guidance, support, and timely feedback, ultimately enhancing employee engagement, motivation, and overall goal achievement.

Meaningful and regular 1:1s also allow managers to build trust and align individual goals with organisational objectives, ensuring they are tailored to the unique needs and challenges of every employee.

By discussing goals in a personalised manner, managers ensure employees have a clear understanding of what needs to be accomplished and why it holds significance, it also ensures managers are holding employees to account when it comes to meeting their objectives and motivating them to take action when they're not.

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DOWNLOAD OUR WORKSHEET

To learn more about OpenBlend and how we optimise employee goal setting through effective 1:1 conversations, book a demo with us today.

BOOK A DISCOVERY CALL

Discover how great 1:1 conversations drive great performance.

OpenBlend