

Goal-Setting Theory in Practice: When Specific, Challenging Goals Help — and When They Backfire

The best-replicated finding in management psychology comes with boundary conditions — and the disasters happen where the boundary conditions were ignored.

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The quarter closed green. Every rep on the team hit the new stretch target, the dashboard glowed, and leadership sent the congratulations email. Six weeks later, the churn report explained how the number got made: deals pulled forward that customers didn't want yet, discounts that gutted next year's renewals, and one contract that should never have been signed. Nobody on that team was a bad person. They were ordinary people inside a badly designed goal system — and the research saw them coming decades ago.

Goal setting is simultaneously one of the most effective tools in management science and one of the most misused. This article lays out both halves honestly: what 35+ years of evidence actually supports, the moderators that make goals work, when learning goals beat performance goals, the documented pathologies, the canonical real-world disaster, and the published academic fight about how worried you should be. It is part of Cadence's [People Science](#) research pillar, and it holds to that pillar's rule: characterize the evidence accurately, including the parts that complicate the sales pitch.

Key takeaways

1. Specific, challenging goals reliably produce higher performance than vague "do your best" instructions — a finding replicated across hundreds of studies in Locke and Latham's 35-year research program. ^[1]
2. The effect is conditional, not automatic: goal commitment, ability, feedback on progress, and manageable task complexity are the documented moderators, and goal effects weaken or reverse when they are absent. ^{[1] [2]}
3. On novel, complex tasks where people lack the knowledge to perform, specific challenging *performance* goals can reduce performance, while specific challenging *learning* goals improve it. ^[3]
4. Goal systems have documented pathologies — narrowed focus, short-termism, increased risk-taking, and unethical behavior — that concentrate where targets are rigid, narrowly measured, and tied to high-stakes rewards. ^{[4] [7]}

5. Consecutive high-performance goals deplete self-regulatory resources, and experimental work links that depletion to increased unethical behavior. ^[7]
6. Wells Fargo's cross-selling scandal is the canonical case: U.S. regulators found that sales targets and compensation incentives spurred employees to open more than two million accounts that may not have been authorized by customers, resulting in \$185 million in penalties in September 2016. ^{[9] [10]}
7. The academic dispute over goal-setting's dark side was fought in the open — Locke and Latham published a direct rebuttal to "Goals Gone Wild," and Ordóñez and colleagues published a counter-reply — and the practical synthesis is that goals are powerful interventions that require monitoring, feedback, and ethical guardrails. ^{[5] [6]}

What does goal-setting theory actually claim?

Goal-setting theory is arguably the most robust motivational finding in industrial-organizational psychology. Locke and Latham's 2002 summary of a 35-year research program — spanning hundreds of studies, thousands of participants, laboratory and field settings — establishes the core result: specific, difficult goals lead to higher task performance than easy goals, vague goals, or the instruction to "do your best." ^[1]

The mechanisms are well understood. Specific, challenging goals direct attention toward goal-relevant activity, energize effort, increase persistence, and prompt people to discover or deploy task-relevant strategies. ^[1] "Do your best" fails not because people are lazy but because it is uninformative: with no external referent, people define "best" idiosyncratically and usually conservatively.

Two things make this finding unusual in social science. First, its sheer replication depth — the effect has survived decades of testing across tasks, cultures, and settings. Second, its precision about *when it holds*, which is where most real-world implementations go wrong.

When do specific, challenging goals work — the moderators

Locke and Latham are explicit that the goal-performance relationship depends on moderators, and their later work extends the theory's boundary conditions rather than defending a universal law. ^{[1] [2]} The four that matter most in practice:

- **Goal commitment.** Goals only regulate behavior when people are committed to them, which depends on believing the goal matters and believing it is attainable. Assigned goals work when the assignment carries legitimacy and rationale; imposed numbers without explanation invite quiet abandonment.
- **Ability.** A goal cannot summon competence that does not exist. When the task exceeds current skill, difficult outcome goals produce pressure without progress.
- **Feedback.** People need to see progress relative to the goal to adjust effort and strategy. A goal without a feedback loop is a wish with a deadline. This interacts with a separate, sobering literature: feedback itself is not automatically good — Kluger and DeNisi's meta-analysis found over one-third of feedback interventions *reduced* performance — so the feedback must be task-relevant and specific, not merely frequent. ^[8]

- **Task complexity.** On complex tasks, goal effects are smaller because effort alone doesn't produce outcomes — strategy discovery does. This is the moderator that motivates the learning-goal research below.

Two refinements from the same research program are worth naming. Goal *distance* matters on uncertain work: Locke and Latham's synthesis discusses how proximal subgoals — near-term milestones on the way to a distal target — can aid performance in complex or dynamic situations by providing earlier feedback and strategy-correction points than a distant end-goal alone. ^[1] And the theory has kept moving: their 2006 "New Directions" paper extends it into goal framing, affect, group goals, and goals at the macro level, underscoring that this is a living research program rather than a fixed 1990 doctrine. ^[2]

A useful way to hold this: the theory's headline is not "set hard goals." It is "set hard goals *for committed, capable people who receive feedback, on tasks where effort translates into results.*" Every clause is load-bearing.

When should you use learning goals instead of performance goals?

This is the most practically underused finding in the goal literature. Seijts and Latham distinguish *performance goals* (attain a specific outcome level) from *learning goals* (discover or master a specific number of strategies, processes, or procedures), and their answer to "when should each be used?" is direct: it depends on whether the person already knows how to do the task. ^[3]

On tasks people have mastered, specific challenging performance goals work as the theory predicts. But on novel, complex tasks, a demanding outcome target focuses attention on the outcome gap — anxiety, scrambling, trying harder at what isn't working — precisely when attention should go to figuring out *how* the task works. In those conditions, performance goals can produce worse results than "do your best," while specific, challenging learning goals ("identify and test three viable strategies for X") restore the benefits of goal setting by aiming it at the actual bottleneck. ^[3]

The management translation: when you promote someone into a first leadership role, launch a team into a new market, or hand an engineer an unfamiliar domain, the evidence-based move is a learning goal first and a performance goal once capability exists. Organizations that set only outcome targets are implicitly assuming every task is a mastered task. Most interesting work isn't.

How do goals go wrong? The documented pathologies

In 2009, Ordóñez, Schweitzer, Galinsky, and Bazerman published "Goals Gone Wild: The Systematic Side Effects of Overprescribing Goal Setting," arguing that goal setting had been over-prescribed like a powerful medication handed out without warnings about dosage or side effects. ^[4] Their catalogue of harms:

- **Narrowed focus.** Goals concentrate attention on what is measured, at the expense of unmeasured dimensions — quality sacrificed for quantity, ethics for output, the customer relationship for the closed deal.
- **Short-termism.** Specific near-term targets can crowd out long-term value; people optimize the quarter the goal lives in.

- **Excessive risk-taking.** Challenging targets shift risk preferences; people gamble to close the gap between where they are and where the goal says they must be.
- **Unethical behavior.** When falling just short of a meaningful target, some people misreport, shade, or cheat rather than miss — especially when rewards are high-stakes and monitoring is thin.
- **Corrosion of intrinsic motivation and learning.** Goal pressure can reduce exploration, cooperation, and the willingness to help colleagues whose goals differ.

Later experimental work sharpened one mechanism: Welsh and Ordóñez showed that *consecutive* high-performance goals deplete self-regulatory resources, and that this depletion increases unethical behavior — the person facing their fourth aggressive target in a row has measurably less capacity to resist cutting corners than the person facing their first. ^[7] For any organization running back-to-back aggressive cycles — which describes most OKR implementations — that is an uncomfortable and directly relevant result.

The pattern across all of these: the pathologies are not random. They concentrate where goals are **rigid** (no revision when reality changes), **narrow** (one metric stands in for multidimensional work), **high-stakes** (pay, promotion, or survival rides on the number), and **unmonitored** (nobody inspects how the number is being made). That specific configuration is the danger zone.

What does a real goal disaster look like? The Wells Fargo case

The "Goals Gone Wild" paper predates it — which makes the case a validation of the mechanism, not its source. In September 2016, the Consumer Financial Protection Bureau fined Wells Fargo Bank \$100 million — then the largest penalty in the agency's history — for the widespread practice of secretly opening unauthorized deposit and credit-card accounts. Per the CFPB's findings, employees, "spurred by sales targets and compensation incentives," opened accounts and moved customer funds without knowledge or consent; the bank's own analysis identified more than two million deposit and credit-card accounts that may not have been authorized. Wells Fargo paid an additional \$35 million to the Office of the Comptroller of the Currency and \$50 million to the City and County of Los Angeles — \$185 million in total — and the OCC's action separately cited unsafe or unsound sales practices. ^[9] ^[10]

The CFPB's director drew the general lesson explicitly: financial incentive programs, if not monitored carefully, carry serious risks. ^[9] Read against the research, the case is almost a checklist of the danger-zone configuration: aggressive cross-selling targets (narrow metric), tied to compensation (high stakes), sustained over years (consecutive goals), with the regulator's core finding being that the bank *failed to monitor the implementation of its incentive programs with adequate care* (no inspection of how the number was made). ^[4] ^[7] ^[9]

The honest reading is not "goals caused fraud." Thousands of organizations run sales targets without scandal. The reading is that goal systems fail the way bridges fail — under a specific, describable combination of loads — and that the combination was describable in the peer-reviewed literature seven years before the consent orders were signed.

Did the researchers accept the critique? Both sides of the exchange

This pillar's standard is to show its work, so here is the academic fight in full. Locke and Latham responded to "Goals Gone Wild" with a direct rebuttal — "Has Goal Setting Gone Wild, or Have Its Attackers Abandoned Good Scholarship?" — arguing that the critique leaned on anecdotes and selected laboratory results, overgeneralized rare harms into systematic ones, and ignored the thousands of studies and decades of practical benefit behind the theory. ^[5] In their view, goal-setting side effects arise from poorly designed incentive systems, dishonest cultures, and bad leadership, not from goals as such — blaming goal setting for Wells Fargo-style behavior is, on this account, like blaming the scalpel for the malpractice.

Ordóñez, Schweitzer, Galinsky, and Bazerman answered with "On Good Scholarship, Goal Setting, and Scholars Gone Wild," defending the experimental and field evidence for systematic side effects and arguing that the burden of proof runs the other way: an intervention prescribed as universally beneficial should have to demonstrate its safety profile, not just its efficacy. ^[6]

Strip the rhetorical heat and the operational disagreement is smaller than the exchange's titles suggest. Both camps agree that specific, challenging goals powerfully shape behavior. Both agree the effects depend on context — commitment, feedback, incentive design, ethical climate. The live dispute is about base rates (how often goals go wrong) and framing (side effect of the tool vs. failure of the surrounding system). A practitioner does not need to adjudicate that to act on what both sides jointly imply: **treat goal setting as a powerful intervention with a real safety profile — prescribe it deliberately, monitor how the numbers get made, and keep a feedback loop that can catch distortion early.**

The strongest objection: won't any measured goal just get gamed?

Steelman the deepest skeptic — the one who has read this far and concluded goals are unsalvageable:

Goodhart's law says any measure that becomes a target ceases to be a good measure. You've just documented narrowing, short-termism, gaming, and fraud. The moderators are nice in a lab, but no company can guarantee commitment, ability, feedback, and low complexity for every goal. Why not drop numeric targets entirely and manage by judgment and conversation?

Three honest responses. First, the alternative has its own evidence problem: "do your best" management is not neutral — it reliably underperforms specific goals when the moderators are in place, and it removes the shared reference that makes coaching, priorities, and fairness discussable at all. ^[1] Abandoning goals doesn't eliminate targets; it drives them underground into managers' unstated expectations, which are harder to inspect for bias or distortion than a written goal. Second, Goodhart's law is an argument against *unattended* metrics, not against measurement — the documented disasters share a failure to inspect how numbers were made, which is a monitoring failure a management rhythm can address. ^[4] ^[9] Third, the theory itself tells you what to do when its conditions fail: on novel complex work, switch to learning goals; when commitment is absent, fix the why before the what; when feedback is missing, build the loop before raising the bar. ^[1] ^[3] A theory that specifies its own boundary conditions is not refuted by them.

What would change our mind: field evidence that well-moderated goal systems — revisable goals, regular review, learning-goal substitution, decoupled from high-stakes rewards — still produce the pathology

profile at meaningful rates. That study would be worth taking seriously, and we have not seen it.

Do OKRs escape these problems?

OKRs deserve their own honest paragraph, because much of the market treats the framework as if it had independently solved the pathologies above. It hasn't — and its best-known design conventions are recognizable as folk implementations of the research's safeguards:

- **"Aspirational" OKRs scored around 0.7 rather than 1.0** are an informal decoupling of goals from pass/fail stakes — a hedge against the risk-taking and gaming that rigid, binary targets produce. ^[4]
- **Separating OKRs from compensation**, a convention most OKR practitioners preach and many companies quietly violate, is exactly the goal-to-reward loosening the pathology research recommends where measurement is thin. ^{[4] [9]}
- **Quarterly cadence with regular check-ins** is the feedback moderator — when the check-ins actually happen. ^[1]

The failure mode is equally recognizable: organizations adopt the vocabulary, then re-couple OKRs to ratings and pay, treat 0.7 as failure, skip the check-ins, and roll maximum-stretch objectives quarter after consecutive quarter — reconstructing the danger-zone configuration with better branding, plus the depletion cost of back-to-back stretch cycles. ^[7] The framework's name on the door protects nothing; the operating discipline behind it is what the evidence supports. Whether a goal is called an OKR, a KPI, or a target matters far less than whether commitment, feedback, revisability, and monitoring are actually present.

What does this mean for how you actually run goals?

The research consolidates into a small set of design rules:

1. **Specific and challenging, not vague and safe** — but only after checking the moderators. ^[1]
2. **Learning goals for novel or complex work; performance goals for mastered work.** Ask "does this person know how to do this yet?" before setting the target type. ^[3]
3. **Build the feedback loop before raising the bar.** A goal reviewed only at cycle-end is a surprise generator, and feedback must be task-relevant to help. ^{[1] [8]}
4. **Keep goals revisable.** Rigid targets in changed circumstances are where risk-taking and gaming begin. ^[4]
5. **Watch the dosage across cycles.** Consecutive maximum-stretch goals deplete; sequence recovery and consolidation deliberately. ^[7]
6. **Inspect how the number is being made, not just whether.** This is the single lesson regulators drew from Wells Fargo, and the cheapest place to do it is the recurring 1:1. ^[9]
7. **Loosen the goal-to-reward coupling where measurement is thin.** High stakes plus narrow metrics is the fraud recipe; the goal can direct attention without every dollar riding on it. ^{[4] [9]}

Most of these rules are conversational disciplines, not policies — which is why the recurring 1:1 is where they live or die. For the practice of that conversation itself, see [How to Run Effective 1:1s](#).

How Cadence keeps goals inside their boundary conditions

Cadence's goals module — live today for goal and OKR tracking, key-result updates, check-ins, goal tree and alignment views, and at-risk flagging — is built around a specific thesis: goals fail in the gap between the planning document and the working week, so the product's job is to close that gap. Surfacing goal context directly inside the 1:1 workspace is in preview.

Mapped to the research:

- **The feedback moderator, operationalized.** Goals live in a recurring review rhythm with check-ins and trend views, not in a quarterly artifact — so progress feedback is structural, not optional. ^[1]
- **Revision is normal.** Goals are working objects with visible history; changing a target when reality changes is an edit with an audit trail, not an admission of failure. That directly counters the rigidity that the pathology research flags. ^[4]
- **At-risk views prompt conversations, not consequences.** A stalling goal routes to a manager as a coaching prompt — is this an ability gap, a commitment gap, a wrong goal? — rather than triggering anything automatic. AI develops managers, not replaces them: preview AI features prepare the manager for that conversation; they do not rate people or fire anyone.
- **The number and the story travel together.** Because goals sit alongside 1:1 records, recognition, and role expectations in one plane, "how is this number being made?" is an inspectable question rather than an archaeology project — the monitoring discipline whose absence regulators cited at Wells Fargo. ^[9]

What Cadence does not do matters equally: it does not enforce goal-to-compensation coupling, it does not auto-score people against targets, and it does not pretend software can supply goal commitment or ethical culture. Those remain management work. For how goals connect to the rest of the management signal, see [Connecting Goals, Feedback, and Recognition and AI in Performance Management](#).

What Cadence should not claim

- Do not claim "Cadence prevents goal gaming or unethical behavior." No tool can; Cadence makes the warning signs more visible to humans.
- Do not claim "Cadence customers hit N% more of their goals." Cadence has no customer outcome data and says so plainly.
- Do not claim Wells Fargo would have been prevented by any software product, Cadence included. The failure there was incentive design and monitoring culture; tooling is at most an aid to the monitoring.
- Do not present goal-setting theory as unconditional. The moderators and the pathologies are part of the science, and this page cites both sides of the published dispute on purpose.

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