Range Goals As Dual Reference Points: Insights For Effective Goal-Setting and Pursuit

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Specific, challenging goals are widely considered the gold standard of goal-setting. We demonstrate that range goals can be more motivating than specific goals if individuals leverage both range endpoints as reference points. Individuals who strategically switch from the lower to the upper range endpoint outperform those with high specific goals.

[to cite]:

[url]:
http://www.acrwebsite.org/volumes/1024888/volumes/v45/NA-45

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EXTENDED ABSTRACT

Goal-setting is a crucial determinant of performance and well-being. But how should goals be set? The prevailing answer focuses on the specificity and difficulty of a goal’s objective (Locke and Latham 1990, 2002). Specific, challenging goals generally improve performance relative to non-specific “do-your-best” goals, and “moderately vague” goals like range goals (e.g., lose 10-15 pounds) fall in between. Specific goals are thus widely considered the “gold standard” of effective goal-setting.

We propose an alternative approach to understanding range goals. Drawing on the theory of goals-as-reference points (Heath, Larrick, and Wu 1999), we construe range goals as offering two possible reference points (vs. the single reference point of specific goals; Scott and Nowlis 2013), and posit that these dual reference points can be leveraged to improve performance. Extending prior work treating range goals as less precise (and thus less motivating) than specific goals (Locke and Latham 1990; Wright and Kacmar 1994), we demonstrate that range goals can sometimes be more motivating than specific goals.

When pursuing a range goal, people can adopt one of three reference-point strategies: focusing on just the lower endpoint, just the upper endpoint, or switching between the lower and upper endpoints. The lower endpoint of the range defines the outcome that avoids failure, so intuitively, some people may adopt it as their (sole) reference point. The upper endpoint, in contrast, demarcates a high level of performance, so more motivated individuals may adopt it as their (sole) reference point (treating it like a high specific goal). Alternatively, some people may use both range endpoints as reference points by, for example, initially focusing on the lower endpoint (e.g., lose 10 pounds) then switching to the upper endpoint (e.g., lose 15 pounds) after accumulating goal progress.

We propose that treating the dual endpoints of a range goal as sequential targets and switching from the lower to the upper endpoint produces the highest level of performance—even compared to a specific goal set at the top end of the range. A key tenet of goals-as-reference points theory is that motivation increases with proximity to a salient reference point (Heath et al. 1999; Kivetz, Urmsinsky, and Zheng 2006). Relative to focusing on one endpoint or setting an equivalent specific goal, switching from the lower to the upper endpoint should keep goal pursuers closer to their salient reference point for more of the goal pursuit process, improving motivation and performance. Thus while high specific goals may be the gold standard in the aggregate, range goals can match (‘select upper’) or even exceed (‘switching’) the performance of specific goals, depending on the reference-point strategy used.

Three experiments test these predictions in the context of an effortful proofreading task, identifying what strategies consumers naturally adopt when pursuing range goals (“find 8-12 errors”) and how those strategies affect performance. Study 1 identifies reference-point strategy using a funneled debrief and Study 2 measures reference point focus (lower or upper endpoint) repeatedly over the course of the task. In both cases, results show that the proposed ‘switching’ strategy (31% of participants in Study 1, 45% in Study 2) and the ‘select upper’ strategy (32% in Study 1, 26% in Study 2) are most common. Furthermore, as predicted, range goal pursuers who use the ‘select upper’ strategy perform no worse than those with a high specific goal (“find 12 errors”) and those who use the ‘switching’ strategy perform significantly better. Thus the lower aggregate performance of range (vs. specific) goal pursuers, as observed in our data and in prior research, is driven by a relatively small number of individuals who adopt an ineffective strategy for pursuing their range goal (i.e., ‘select lower,’ 18% in each study).

To test the causal effect of reference-point strategy on performance, Study 3 manipulates strategies using instructions to encourage either a ‘select upper’ or a ‘switching’ strategy. Range goal pursuers who received the ‘switching’ instructions performed significantly better than those who received the ‘select upper’ instructions. This demonstrates the causal effect of the proposed ‘switching’ strategy as a way to enhance motivation by leveraging both range endpoints as reference points. Furthermore, it indicates the possibility of improving range goal performance through simple instructions to encourage the adoption of more effective strategies.

From earning a promotion to losing weight to saving for retirement, effective goal-setting is crucial to obtaining desired outcomes. While the notion that specific goals improve performance is widely accepted, the current research shows that when the dual endpoints of a range goal are treated as sequential reference points, range goals can outperform specific goals set at the top of the range. This insight can help consumers succeed at a variety of personal goals, and can also help to enhance motivation and improve outcomes in group goal pursuits (e.g., charitable fundraising), marketing initiatives (e.g., loyalty reward programs), and organizational or educational settings.

Our findings contribute to understanding how multiple reference points influence judgment and decision-making. Although several disciplines have studied the effects of goals-as-reference points (Abeler, Falk, Goette, and Huffman 2011; Allen, Dechow, Pope, and Wu 2016; Dai, Milkman, and Riis 2014, 2015; Heath et al. 1999; Pope and Simonsohn 2011), how people choose (or switch) between multiple available reference points is less well understood. A few investigations have included both a specific goal and a baseline or starting point (Bonezzi, Brendl, and De Angelis 2011; Koo and Fishbach 2008; March and Shapira 1992), but none consider the dual endpoints of a range goal. By identifying strategies people adopt for range goals (and consequences for performance), the present investigation furthers understanding of this important question.

Why do some people focus on just one endpoint of the range rather than switch? Properties of the task (e.g., difficulty, enjoyment) or the range goal itself (e.g., width, incentives, being self-set vs. assigned) might influence what reference-point strategy people adopt, but this merits further investigation. Examining these and other factors that shape range goal pursuers’ strategies can allow for further refinement of the present findings, which offer valuable insights for effectively setting and pursuing range goals.

REFERENCES


