**DEVELOPING SUSTAINABLE MANAGEMENT THEORY:**

**GOAL-SETTING THEORY BASED IN VIRTUE[[1]](#footnote-1)**

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**ABSTRACT**

 This paper responds to ongoing calls to develop alternative management theory to guide management practice. In particular, the purpose of the paper is to demonstrate the merit of developing Sustainable management theory and organizational practices that parallel Conventional management theory and practices. Sustainable theory is based on a variation of virtue theory that seeks to achieve multiple forms of well-being for multiple stakeholders in the immediate as well as distant future. To illustrate our approach, we develop a Sustainable variation of goal setting theory. The paper includes three parts. First, we establish the need for developing Sustainable management theory (based on virtue theory) that parallels Conventional management theory. Second, we identify and briefly review the main tenets of goal setting theory and then describe a Sustainable variation of this theory. Finally, we discuss the implications of our paper for both management and organization theory and practice.

The charge of this special issue is to explore the state of the art of management theory and practices. Although there is truth to the concerns that existing theories and research do not consistently guide practice (Collingwood, 1993; Rynes, Brown, & Colbert, 2002), the theories that are selectively applied typically emphasize a materialist-individualist moral-point-of-view with a short-term focus (Bell & Dyck, 2012; Ferraro, Pfeffer & Sutton, 2005; Giacalone & Thompson, 2006). To its credit, this moral-point-of-view has contributed to unprecedented productivity and financial wealth. However, due to its intemperate application it also can have detrimental effects such as diminishing people’s work and non-work well-being and happiness (Deckop, Jurkiewicz, & Giacolone, 2010; Kasser, 2003), encouraging unethical behavior (Giacalone, Jurkiewicz, & Deckop, 2008; Giacalone & Thompson, 2006), and harming the environment (McCarty & Shrum, 2001). Thus, although the dominant materialist-individualist (i.e., Conventional) management theory may indeed maximize organizational productivity and financial well-being in the short-term, a notable number of scholars and practitioners have championed the development of alternative management theories and practices that also serve the interests of the future (e.g., Ferraro, Pfeffer & Sutton, 2005; Ghoshal, 2005; Giacalone & Thompson, 2006; Hamel, 2007; Mintzberg, Simons, & Basu, 2002; Neubert, 2011; Patriotta & Starkey, 2008).

A promising approach to developing an alternative to Conventional management draws upon virtue theory (e.g., Alford & Naughton, 2001; Beadle & Moore, 2006; Bell & Dyck, 2012; Cameron, 2006; Dyck & Schroeder, 2005; Melé, 2012; Moore, 2008; Neubert & Dyck, 2014; Weaver, 2006). In this paper we will develop what we will call a Sustainable approach to management, one which seeks to balance multiple forms of well-being (e.g., material, social, physical, intellectual, spiritual, ecological, etc.) for multiple stakeholders (e.g., owners, members, suppliers, competitors, neighbors, future generations, etc.). Although titling our approach Sustainable may connote an emphasis on environmental concerns, our use of the term is consistent with others who use sustainable to describe practices that contribute to the long-term well-being of people and the planet (e.g., Pfeffer, 2010).

The remainder of the paper proceeds in three parts. First, we review the literature that provides the two basic arguments that our paper builds upon and responds to: 1) there is merit in developing Sustainable management theory (based on virtue theory), and 2) there is merit in developing such theory in a way that parallels Conventional management theory. Second, we identify and briefly review one the most influential Conventional theories in the management literature—namely, goal setting theory—and then proceed to develop what a Sustainable variation of this theory would look like and provide practitioner exemplars. Finally, we discuss the implications of our paper for both management and organization theory and practice.

**DEVELOPING SUSTAINABLE MANAGEMENT THEORY THAT PARALLELS ITS CONVENTIONAL COUNTERPART**

**The Need for Alternative Management Theory**

 Growing concern about focusing on only one approach to management—and in particular about the materialist-individualist self-fulfilling prophecies that underpin Conventional management theory and practice—has prompted calls for scholars to develop theories about alternative approaches to management. Over a century ago, Max Weber (1958; orig. 1904) argued that Conventional management is characterized by its materialist-individualist emphasis, and called for the development of alternative theories to overcome its shortcomings. Using Weberian language, a materialist-individualist “substantive rationality” has given rise to a specific “formal rationality” evident in Conventional management theories that has ensnared society in an “iron cage.” Weber argued that escape from the iron cage could come if scholars were to develop what we call Sustainable theory that is “formally rational” according to a different (i.e., non-Conventional) “substantive rationality.”

 Alasdair MacIntyre (1981) revived these concerns in asserting that commercial organizations tend to pursue in excess the external goods of profitability and power by means of managerial theories and practices that are regarded by many as morally neutral. In his critique, he identifies managers as the central *characters* in the pursuit of external goods and asserts that managers pursue these ends without engaging in moral contemplation because the ends are viewed as given, and the only legitimate concern of managers is the efficient application of knowledge and practices toward those ends (MacIntyre, 1981). An obfuscation of the morality of management theory has resulted such that managers either do not or cannot bring themselves to question the morality of their practices, which in reality are value-laden (Moore, 2008).

 Ferraro, Pfeffer and Sutton (2005) note with concern that the assumptions of economic self-interest have become a self-fulfilling prophecy. They lament that we have become a society where altruistic acts, in order to be deemed morally legitimate, must be justified in self-interested terms. Other leading scholars call for change in the form of developing and teaching alternative approaches to management theory and practice (e.g., Donaldson, 2005; Ghosal, 2005; Kanter, 2005; Mintzberg, 2005; Pfeffer, 2005; Podolny, 2009). Specifically, Giacalone and Thompson (2006: 267) call for the development of management theory based on a different moral-point-of-view than “materialism and self-interest.”

**Conceptual Basis for Sustainable Theory and Practice**

E.F. Schumacher (1973: 248-249) argued that there are many classic moral-points-of-view that could be used to underpin an alternative to the Conventional approach, but “there is perhaps no body of teaching which is more relevant and appropriate to the modern predicament than the marvelously subtle and realistic doctrines of the Four Cardinal Virtues – *prudential* [practical wisdom], *justitia* [justice], *fortitudo* [courage], and *temperentia* [self-control].” Our Sustainable perspective is a meta-theory in that it is rooted in a moral-point-of-view consistent with virtue theory while integrating aspects of stakeholder theory and other theories associated with corporate social responsibility and citizenship, ethical and servant leadership, and positive organizational behavior.

 We will demonstrate how goal setting theory and practices that are based on a virtue-based moral-point-of-view differ from or expand upon Conventional goal setting theory and practices. Unlike most research, which tries to make existing “theory better by increasing its internal consistency, often at the expense of limiting its scope” (Van de Ven, 1989: 487), we seek to improve theory by embracing paradox and expanding scope. In our case, that paradox comes from observing that the way to optimize performance from a Conventional perspective may be qualitatively different than its Sustainable counterpart. Juxtaposing a Sustainable perspective with the dominant Conventional paradigm constructively “breaks down the prejudices inherent within any set of truth claims” (Elsbach et al., 1999: 629) and reveals “the impact of theorists’ underlying, often taken-for-granted, assumptions on their understandings of organizational phenomena” and “offers tremendous yet unrealized theory-building potential” (Lewis & Grimes, 1999: 672-673). In this paper we draw from and build on several recent examples of this juxtapositional approach, including the distinction between Management 1.0 versus Management 2.0 (Hamel, 2009), between Economistic versus Humanistic management (von Kimakowitz et al., 2010) and between Mainstream versus Multistream management (Dyck & Neubert, 2010; Neubert & Dyck, 2014).

**GOAL SETTING AS AN EXEMPLAR THEORY**

 We contend that a virtue-theory based Sustainable management theory will be qualitatively different than parallel Conventional management theory. This applies to a broad range of theories, but for the purposes of this paper we will illustrate how a Sustainable approach compares to and informs one of the most influential and popularized theories in management and organization behavior research. Goal setting theory as developed by Edwin Locke and colleagues (cf. Locke & Latham, 1990), has been rated by organizational behaviorists as the “most important” among 73 different theories (Miner, 2003).

Of course, it is beyond the scope of this paper to review the extensive literature in goal setting. Rather, for reasons of parsimony our focus will be on the central tenants of goal setting theory, noting that it is supported by robust research findings (e.g., Locke & Latham, 2013), and that it is not necessary analytically to review the full scope of the theory in order to demonstrate our point that a different set of underpinning assumptions can generate alternative theories and novel explanations for current research findings. It also is important to note that our intention is not to refute existing goal setting theory and research, but instead to offer an alternative perspective of goal setting theory. Our efforts are intended to stimulate new virtue-based management theorizing, which may also serve to refine and extend existing theory. In any case, our specific Sustainable variation of goal setting theory is exploratory and intended to demonstrate how a different substantive rationality gives rise to different formally rational management theory and practice.

**Conventional Goal Setting Theory**

The practical reason that prompted the development of Conventional goal setting theory was “to explain why some people worked harder than others or performed better than others on a task independently of their ability and knowledge” (Locke & Latham, 1990: 10). Edwin Locke believed, based on his own introspection, that the then-dominant behaviorist approach to understanding motivation offered a dubious and limited view of human action (Locke & Latham, 2005). In contrast, goals provided a cognitive explanation for motivation. “A goal is the object or aim of an action, for example to attain a specific standard of proficiency, usually within a specified time limit” (Locke & Latham, 2002: 705). Philosophically, goal setting theory is founded upon Objectivism (see Rand, 1964, 1969),and “especially the premises that people are rational beings who survive by the use of their minds, that they possess volition (the power to think or not to think), and that their actions are regulated by their thinking and their conscious and subconscious ideas” (Locke & Latham, 1990: xv).

Desirable outcomes. As shown in Table 1, Conventional goal setting theory and research focuses primarily on *task performance* (e.g., optimal efficiency, productivity) that lends itself to being measured in quantifiable terms. Although goal setting theory focuses primarily on *individual* task performance, the theory has been applied at multiple levels of the organization (Locke & Latham, 1990).

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Insert Table 1 about here

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Attributes of effective goals. A core assertion of Conventional goal setting theory is that performance is optimized when goals are: 1) *difficult* (rather than easy), and 2) *specific-and-measurable.* Theoretically, these attributes focus cognitive resources and stimulate motivation to decrease the dissonance created from the explicit gap between current and expected (goal) performance (Klein, 1989). From this perspective an ambiguous goal—such as “Do your best”—will lead to suboptimal performance because it fails the test of motivating a specific and difficult level of performance (Locke, 1968), and because it allows people to rationalize lower levels of performance as acceptable (Latham & Locke, 2006). The effects of these two main goal attributes are *mediated* by: 1) avoiding distraction by other goal-irrelevant behavior, 2) motivating effort toward the goal, 3) persisting in pursuit of achievement, and 4) utilizing appropriate task knowledge. Put somewhat differently, goals affect task performance because they: 1) “serve a directive function,” 2) “have an energizing function,” 3) “prolong effort,” and 4) lead “to the arousal, discovery, and/or use of task-relevant knowledge and strategies” (Locke & Latham, 2002: 706-707).

**Sustainable Goal Setting Theory**

 Consistent with Locke’s own approach and his counsel that management scholars who seek to build new theory should start “with a simple, core idea” (Locke, 2007: 884), our variation of goal setting theory is based on the core idea that Conventional goal setting theory places too much attention on the measurable task performance of individuals, and thus overlooks many important goals that are not task-based and do not lend themselves to easy measurement. Philosophically, rather than being based in Objectivism (which has been called “an ethics of ‘rational selfishness’”, Stoker, 1992: 372), Sustainable goal setting theory is grounded in Aristotelian (1962, orig. ca 350 BCE) virtue theory, particularly the cardinal virtues of prudence, temperance, justice, and courage (Aquinas, 1948, orig.ca 1273), and the idea that the purpose of life is to maximize overall well-being (happiness, *eudaemonia*) in community.

 Practically, the reason to develop Sustainable goal setting theory is to explain why some people in comparison to others are more engaged in and satisfied with their work, excel in contextual performance as well as task performance, and contribute to the short-term and long-term viability of organizations and society.

 Desired outcomes. In contrast to a Conventional focus on immediate task performance (e.g., productivity, efficiency), Sustainable goal setting theory focuses on performance that encompasses multiple forms of well-being for multiple stakeholders in the present as well as the future.

The first assertion or insight of the Sustainable approach is this: people prefer and prosper with balance (i.e., temperance). Not only do they want to be productive and efficient in organizations (the focus of the Conventional approach), but they also want to have satisfying relationships, enhance their communities, promote social justice and ecological well-being, and leave the world a better place than they found it (e.g., Giacalone, 2004). For example, instead of exclusively seeking task-based achievements at work for themselves or the organizations in which they participate, people have relational needs and significance needs that extend beyond task achievement, which points to the relevance of non-task goals such as those directed toward benefiting others (Wentzel, 1994) or the environment (Costanza, 2000). Awareness of the importance of non-task goals and behavior is evident in organizational research. For example, at work people voluntary engage in behavior not prescribed by the organization but that supports the social and psychological aspects of the work environment; this behavior has been labeled as contextual performance (Borman & Motowidlo, 1993; Christian, Garza, & Slaughter, 2011). Contextual performance is distinct from task performance in being constructive and cooperative behavior that creatively and spontaneously goes beyond role expectations for the benefit of the organization and its members (Motowidlo & Van Scotter, 1994). Attention to task goals exclusively may not extinguish these behaviors, but adding goals directed toward contextual behaviors may legitimate and possibly increase time and energy spent on these behaviors that contribute to a healthy work environment.

A second assertion inherent in a Sustainable approach to determining desired outcomes is that deliberately pursuing a balance of goals is just in extending consideration to a broader range of stakeholders and forms of well-being. Sustainable goals such as helping others, contributing to the learning and growth of organizational members, improving the ecological sustainability of business practices, or enhancing the well-being of members of the community acknowledge the contributions of these stakeholders to the success and viability of the organization. Although stakeholders to varying degrees have instrumental influence on the success of an organization and, therefore, are due consideration (according to distributive justice), extending goals to multiple stakeholders and multiple forms of well-being also is just in respecting the non-instrumental or intrinsic value and rights of these stakeholders (Phillips, Freeman, Wicks, 2003). Further, a Sustainable approach to determining desired outcomes would include being procedurally just in inviting a diversity of relevant stakeholders to have a say in setting goals that affect them (Phillips et al., 2003).

Evidence of pursuing a balance of multiple kinds of goals is already evident among vanguard practitioners. For example, office furniture manufacturer Herman Miller has embarked upon the pursuit of a challenging set of environmental goals. Their commitment to being good stewards of the environment emerged in the 1950s and has grown to include ecologically-friendly” or “green” buildings, the preservation of green spaces, and progress in adopting “cradle-to-cradle” product designs in which no waste exists and the materials can be continuously recycled (Rossi, Charon, Wing, & Ewell, 2006). At the beginning of the 21st century, the company embarked on goals for 2020 of completely relying on green sources of energy for their buildings and eliminating landfill waste, manufacturing emissions, and hazardous waste (Akresh-Gonzales, 2009). Herman Miller’s goals not only reflect temperance but also prudent thinking about the wise stewardship of natural resources and the long-term implications of today’s actions.

Virtue is also evident in their commitment to prudently pursuing goals for innovation to ensure that their company continues to produce novel, functional, and environmentally-progressive office furniture for the workplaces of today and the future. Acting prudently often requires courage. One particularly bold decision was to persist in pursuing research and development goals that required investing several millions during an economic downturn in 2002-2003 when sales had plummeted, cash was in short supply, some employees had been laid off, and investors were concerned about the state of the company (Manz, Manz, Adams & Shipper, 2011). While this decision may not be perceived as fair in the short-term it was intended to be just in securing the viability of the company for current and future employees. In the spirit of Herman Miller’s values, this innovation initiative involved broad participation from employees and stakeholders outside of the organization. This virtuous application of goals has coincided with Herman Miller outperforming its competitors during the first decade of the 21st century on measures of Return on Assets, gains in stock price, and in the frequency of sustainability and corporate social responsibility awards (Manz et al., 2011).

Whereas seeking to balance a set of goals that go beyond task performance adds complexity and may indeed lower task performance in the short-term, we posit that it will increase *overall* organizational performance and societal well-being especially in the long-term. As such, it requires the courage to be patient and resist the allure of establishing a narrow range of short-term goals.

Attributes of effective goals. A Sustainable approach is premised on the assumption that people have desired outcomes that go beyond a narrow range of short-term task performance goals. This has implications on the attributes of effective goals and, in particular, whether it is always optimal for goals to be difficult and specific. Inherent in the practice of virtues is the idea that, over time, moderation has benefits over emphasizing extremes. In offering Sustainable attributes of goals we are seeking to moderate the extreme focus on goals always or often being difficult and specific.

Research results from within the Conventional goal setting literature already suggest that “Do your best” may sometimes be better than setting difficult goals: “When people are confronted with a task that is complex for them, urging them to do their best sometimes leads to better strategies … than setting a specific difficult performance goal” (Locke & Latham, 2002: 707). Difficult goals can evoke a performance orientation that is concerned with the most efficient or quickest route to achievement instead of a learning orientation that searches for the most effective route (Locke & Latham, 2002). Prudence suggests that learning and exploring new approaches are essential for maintaining performance, even for short-term focused goal-oriented sales organizations (Paparoidamis, 2005). Sustainable goal setting emphasizes learning, given its contributions to personal well-being and long-term sustainable performance, more than it emphasizes a narrowly efficient performance orientation such as is cued by difficult goals.

Difficult goals also can diminish the quality of interpersonal relationships and contribute to tension or anxiety that ultimately hinders performance, particularly following negative feedback on performance (Cianci, Klein, & Seijts, 2010). For example, setting difficult goals can contribute to a culture of competition throughout an organization in which a focus on individual or unit performance goals trumps helping other members of the organization (Poortvliet & Darnon, 2010; Wright, George, Farnsworth, & McMahan, 1993). Difficult goals also can contribute to goal recipients taking excessive risks, lying, or engaging in unethical behavior in order to achieve the difficult performance standards (Barsky, 2008; Larrick, Heath, & Wu, 2009; Ordòñez et al., 2009; Schweitzer, Ordòñez, & Douma, 2004; Welsh & Ordóñez, 2014). Finally, a goal recipient’s comparisons of his or her performance capabilities to difficult standards of performance can have a negative influence on subjective self-evaluations (Mussweiler & Strack, 2000). Further, when the pursuit of difficult goals results in failure, it lowers self-efficacy and leads to self-doubt that can have a debilitating effect on performance (Bandura & Locke, 2003).

Alternatively, by adopting a Sustainable perspective that moderates the focus on difficult goals, organizational members can balance attentional resources among various goals that can enhance the quality of work relationships and decrease the pressure and stress associated with goal pursuit. For example, Poortvliet and Darnon (2010) review research showing that, compared to difficult performance-based goals, mastery goals like “Improve yourself” are associated with higher-quality leader-follower relationships, greater likelihood of perceiving others as helpers (vs threats), and less exploitative (and more honest) information sharing. Additionally, a “Do your best” goal, versus a goal designed to be difficult, “allows people to give themselves the benefit of the doubt in evaluating their performance” (Locke & Latham, 1990: 30-31). While this is seen as undesirable from a Conventional perspective, this self-evaluation is desirable from a holistic Sustainable view in that it preserves personal well-being as well has holding promise for contributing to task performance in the future by lowering stress and limiting negative self-evaluations in the present.

The Conventional emphasis on *specific goals* lends itself to ease of measuring performance (which partly explains its appeal and pervasiveness), but in so doing also narrows attention to a limited set of outcomes. Broad Sustainable goals—like enhanced ecological, social, spiritual, and aesthetic well-being—often do not lend themselves to easy measurement. And because many important goals like these are difficult to measure, they tend to get overlooked in a Conventional approach. “An axiom in psychology is that which gets measured, gets done. Measurement conveys loudly and clearly what organizational decision makers believe is important, versus what they say is important” (Latham, 2003: 316). In other words, specific goals direct attention and behavior, but they also seem to blind people to other non-specified goals that are meaningful to individuals and important to the long-term performance of the organization. Sustainable goal setting theory accepts the idea that many important goals are not easy, and may even be impossible, to measure. This approach reflects the truth evident in a maxim attributed to Einstein: “Not everything that counts can be counted, and not everything that can be counted counts” (Cunningham & Scott, 2004). Except for very simple tasks, specific goals may limit engagement in holistic “counter goal behaviors” that benefit the organization through increased adaptation, innovation, and collaboration (Borman & Motowidlo, 1993; Katz & Kahn, 1966; Staw & Boettger, 1990).

Sustainable goal setting that allows for more general and intangible goals also may enhance performance through allowing for holistic processing and enhanced flexibility. For example, Staw and Boettger (1990) demonstrated that overall performance on a proofreading task may be enhanced by a lack of specificity. Participants who were instructed to proofread and correct text that was to be used in a promotional brochure attended primarily to either grammatical or content errors, depending on which specific goal they were assigned, but in general goal conditions participants attended to and corrected both types of errors. Whereas specific goals elicited focused processing of information that yielded specified behaviors, a general goal elicited holistic processing of information that yielded the necessary behaviors to enhance the overall quality of the text. Holistic processing seems to be particularly relevant for ensuring overall quality in the performance of a complex task, creating a novel product, or guiding interpersonal interactions. General or intangible goals also allow for flexibility or adaptation in behaviors that otherwise may be restricted by goal specificity (Warner & Havens, 1968). Whereas the ambiguity of general goals may detract from efficiency, in dynamic situations that are increasingly prevalent in today’s rapidly changing workplaces general goals provide the freedom to quickly adapt behavioral strategies and make adjustments that can enhance long-term performance.

 Mediators of goal effects. With regard to mediators, both critics and champions of Conventional goal setting theory recognize that in addition to its positive effects, a number of deleterious effects of goal setting arise when goals evoke effort that is narrowly focused, energized toward achievement, persistent, and restricted by a limited knowledge domain (Locke & Latham, 2009; Ordòñez, Schweitzer, Galinsky, & Bazerman, 2009). It is beyond the scope of this paper to present a fully-developed Sustainable variation of its four mediators, but we do offer the following: 1) rather than emphasize how the directive function of goals enables people to avoid “distractions” (Conventional), a Sustainable approach recognizes that these “distractions” may be temperate endeavors (e.g., helping out co-workers, or exploring a novel approach) that are prudent in offering benefits to the organization and its stakeholders, and should be integrated into or allowed for in an organization’s goals regardless of perceived short-term competing interests (Borman & Motowidlo, 1993); 2) rather than being energized by the existence of a task performance goal *per se—*regardless of its meaning (Latham, 2003)—Sustainable energy and engagement is drawn from the courageous pursuit of meaningful goals, such as those associated with serving others or preserving the environments resources, that are important to individuals, the organization, and to society (Jones, Willness, & Madey, 2014); 3) rather than engendering prolonged effort to attaining a goal simply by its existence, in a Sustainable approach a willingness to persist is based on goals that have benefits for others as well as for oneself and formulated and implemented in ways that are informationally, interpersonally, and procedurally just (Colquitt, Conlon, Wesson, Porter, & Ng, 2001; Colquitt & Rodell, 2011), such as is evident at Herman Miller where corporate and community goals are accompanied by information about the organization’s performance and decisions are openly discussed and employees’ input is respected and invited in a range of work activities (Manz et al., 2011); and 4) rather than focus on the development of task-relevant knowledge for oneself that primarily has immediate application, Sustainable goal setting theory favors a balanced approach to acquiring knowledge that has benefit for oneself and others and also emphasizes exploration and discovery rather than the pursuit of immediate task performance (Seijts & Latham, 2005).

Sustainable goal setting theory—including the attributes of goals and the mechanisms that explain their effect —are evident at Semco (Semler, 1989, 2004; Vogl, 2004). This was not always the case. Consistent with the directives of Conventional goal setting theory, when 21 year-old Ricardo Semler took over the 100-employee company from his father, Semco had well-developed measurable operating standards and detailed and specific job descriptions that indicated the scope of tasks performed by each position. However, Ricardo Semler was not fond of this conventional approach: “How can I spend the rest of my life doing this? How can I stomach years of babysitting people to make sure they clock in on time? Why is this worth doing?” So, he transformed his management approach to be more consistent with Sustainable goal setting theory, where he insists that members “find equilibrium in their professional, personal, and spiritual lives” (cited in Tucker, 2004).

Consistent with a Sustainable emphasis on having an on-going calibration of the balance between multiple forms of well-being for multiple stakeholders, Semco deliberately allows its goals to evolve based on input from a variety of stakeholders.

“After all, the goal is to exchange [Conventional] revenue-based evaluations for something much more complex and revealing. By evaluating success from everyone’s point of view, we believe we’ll land on the new list of companies that unite sustainability with all-around satisfaction. Let’s call this list the *Fortunate 500*” (Semler, 2004: 98).

Whereas Conventional goal setting theory places primary emphasis on difficult and specific goals for increasing productivity and profitability, at Semco workers’ personal satisfaction is a primary goal (Largacha-Martínez, 2011). If he can manage Semco towards this overarching goal, then Semler is confident that other sub-goals—like growth and financial profitability—will follow. Even though Semco has since grown to over 3000 employees and $200 million in annual revenues, Semler is also very clear that growth and profits are not his primary goals:

“I can honestly say that our growth, profit, and the number of people we employ are secondary concerns. Outsiders clamor to know these things because *they want to quantify our business*. These are the yardsticks they turn to first. That’s one reason we’re still privately held. I don’t want Semco to be burdened with the ninety-day mind-set of most stock market analysts. It would undermine our solidity and force us to dance to the tune we don’t really want to hear—a Wall Street waltz that starts each day with an opening bell and ends with the thump of the closing gavel” (Semler, 2004: 12; emphasis added).

**DISCUSSION**

 This paper develops a Sustainable approach to goal setting that is based on virtue theory. This Sustainable approach is developed and presented in a way that parallels the influential Conventional approach to goal setting. By doing so our paper responds to two calls in the literature. The first argues that there is a need to develop alternative management theory that is not based on primarily a materialist-individualist moral-point-of-view (e.g., Ferraro et al., 2005; Ghoshal, 2005; Giacalone & Thompson, 2006; von Kimakowitz et al,. 2011; Mintzberg et al., 2002; Weber, 1958). The second points to the merit in developing management theory via paralleling differing approaches or paradigms (Calas & Smircich, 1999; Lewis & Grimes, 1999; Poole & Van de Ven, 1989). In short, Sustainable goal setting theory serves as a welcome counterpoint for some of the underpinning values and self-fulfilling prophecies that characterize Conventional goal setting theory specifically, and Conventional management more generally.

 Scholars like Edwin Locke are certainly aware of the values and self-fulfilling prophecies inherent in their work (e.g., that when people focus on measurable goals, then other kinds of goals will tend to get overlooked; that the content of conceptual frameworks serve to influence people’s thoughts and actions). By our developing a virtue-based Sustainable theory of goal setting, and contrasting it with its Conventional counterpart, we draw attention to how (often-unstated) ethical and moral philosophies underpin and influence management theory and, subsequently, behavior (e.g., Bacharach, 1989; Calas & Smircich, 1999).

“When theories produce self-fulfilling beliefs, [then] societies, organizations, and leaders can become trapped in unproductive or harmful cycles of behavior that are almost impossible to change. Inconsistent evidence is unlikely to emerge because people don’t try, or even contemplate, acting in any manner that clashes with accepted truths” (Ferraro et al., 2005: 21).

 In this regard, our proposed theory raises many questions and has important implications for management theory and practice. First, with regard to *theory*, how might a virtue-based Sustainable approach to goal setting be introduced into the work environment and what might explain its effects on the organization and individual workers? Further, can similar alternative theories be developed for other aspects of management? What would they look like, and how would we go about developing them? Or does the materialist-individualist institutionalized order have such an “irresistible force” that it will dominate management theories (Weber, 1958: 181)? Second, with regard to *practice*, is a Sustainable approach even possible for organizations in the contemporary marketplace? How viable is a virtue-based Sustainable approach in a world dominated by Conventional thinking? For example, can organizational members be trusted to achieve adequate task performance if they are also charged with doing their best to balance multiple forms of well-being for multiple stakeholders?

**Theory**

As depicted in Table 1, it is clear that the virtue-based Sustainable goal setting theory we have described here is qualitatively different from its Conventional counterpart. For example, whereas Conventional goal setting theory focuses primarily on task performance, Sustainable theory takes the *temperate* approach of encouraging a set of goals that holistically address multiple forms of well-being. In relation to goal attributes, whereas Conventional goal setting theory suggests that effective goals are difficult and specific, Sustainable theory emphasizes how *prudence* suggests including “Do your best” and inherently meaningful goals and considering alternative goal mechanisms to ensure long-term performance and viability. Further, we indicated that applications of temperance and prudence to goal setting theory and practice will require *courage* given potential negative effects on short-term task performance and suggested that *justice* should guide the development and implementation of Sustainable goals. Of course, as with many theoretical speculations we recognize our assertions require further development and critical evaluation.

We also invite future research that examines how Sustainable goal setting may be best introduced in workplaces and how Sustainable goals may interact with the characteristics of those who pursue the goals. For example, should a Sustainable goal orientation be implemented gradually and, if so, which sorts of changes are the most important to implement first? To ensure procedural justice, workers should be made aware of the changes, have opportunities to ask questions, and have some say in the shaping the introduction of Sustainable goal setting. However, are there other key factors that may influence the receptivity of workers to such changes and will the response vary by person? For example, how might rewards and recognition systems affect commitment to Sustainable goals? Additionally, how might responses to different types of goals differ by person? Conscientious individuals given negative feedback on their task performance perform better on a subsequent task when given a learning goal in comparison to a performance goal (Cianci et al., 2010); how might personality or other individual difference characteristics affect responses to Sustainable goal setting? Further, who will be energized by social goals such as helping; will everyone be energized or only those high in agreeableness who already contribute positively to teamwork (Barrick, Mount, Neubert, & Stewart, 1998)? There are many theoretical ideas that need to be explored to extent Sustainable goal setting theory.

We also believe that the implications for theory building go beyond goal setting theory. The approach we describe here can be applied to a range of different management theories (e.g., motivation theory, organization learning, leadership theory, communication theory) and across a range of different management philosophies. The idea is to use moral philosophy as a starting point for theory development, and then apply it to the theoretical domain of choice. Indeed, some of this sort of thinking is already evident in Dyck and Neubert (2010) and Neubert and Dyck (2014), who develop and present both Sustainable and Conventional approaches to topics covered in typical management and organizational behavior textbooks. Of course, future researchers will also want to empirically test the new theories being developed in this way. For one example of how this might be done, see the work of Dyck and Weber (2006) who empirically tested and found support for the propositions about Conventional versus Radical organizing developed by Dyck and Schroeder (2005).

Essentially we are pointing to a parallel universe of theories, where Sustainable theories contrast with Conventional theories, or perhaps expand Conventional theories by suggesting important contingencies or caveats. Either way, our approach is consistent with those who argue that paradox and competing assumptions are an excellent way to develop new theory (e.g., Elsbach et al, 1999; Lewis & Grimes, 1999; Poole & Van de Ven, 1989) and to develop a more holistic understanding of management.

**Practice**

 Virtue-based Sustainable practices may already be more evident than Conventional theory and research would suggest. This is apparent not only in firms like Herman Miller and Semco described in this paper, but in an increasing number of successful popular organizations such as Google, Interface, Zappos, and Hobby Lobby. Von Kimakowitz (2011) and his colleagues provide 19 case studies from a variety of industries where aspects of Sustainable goal setting and management practices are evident. Evidence of Sustainable practices also can be found in long-standing observations that practicing managers consider it to be unethical to focus solely on shareholder’s interests (e.g., Donaldson & Preston, 1995), and that they regularly make strategic choices that value other goals more highly than the goal of maximizing financial performance (e.g., Child, 1972).

Moreover, research on practicing managers suggests that not only is virtue-based Sustainable management possible, but its practice may offer important advantages over a Conventional approach. For example, research suggests that, compared to a more (Conventional) narrow task-based directive management approach, a more (Sustainable) approach by managers of being sensitive to employee growth and the needs of the larger community contributes to increased creativity and collaboration (e.g., Neubert, Kacmar, Carlson, Chonko, & Roberts, 2008). Another study by Ramus and Steger (2000) found that employees were more likely to initiate environmental innovations if they worked for managers who set environmental goals and encouraged their achievement through clear communication, support for employee development, and positive reinforcement. These are precisely the sorts of behaviors that “are the most difficult measure” and “will be most essential” for management practice in an increasingly complex and inter-related world (Hamel, 2007: 99).

Finally, we note that there is increasing recognition of the importance of Sustainable management, and that there is increasing interest among managers to implement Sustainable management practices. First, society at large is increasingly recognizing that Conventional *status quo* business is not sustainable, neither socially or ecologically (e.g., Costanza, 2000; Hamel, 2007). These issues are not escaping the notice of businesses. For example, recent estimates suggest that the world’s 3000 largest corporation cause about $7 trillion of negative socio-ecological externalities per year (Hohensee, 2013). Managers are recognizing the need to become more sustainable: two-thirds of respondents in a large-scale study of executives in 100 countries rated social sustainability issues as significant for their firm (30% as “very significant,” 36% as “significant”) (Kiron et al. 2013). The research direction promoted in this paper is timely, relevant and in demand.

Altogether, there is increasing sentiment that Conventional theory and its resulting practices may not be viable for addressing the issues of today and tomorrow. Indeed, a compelling “who’s who” list of practitioners and scholars agree that (Conventional) Management 1.0 practices are becoming obsolete, and need to be replaced with (more Sustainable) Management 2.0 practices (e.g., Hamel, 2007). In this article, we have taken the position that change is needed and presented a Sustainable alternative theory of goal setting based in virtue that provides a viable, and perhaps vital, foundation for future management practice.

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**TABLE 1**

**Comparing Conventional and Sustainable Goal Setting Theory**

|  |  |  |
| --- | --- | --- |
| **Basic components of theory** | **Conventional approach** | **Sustainable approach** |
| **Desired Performance** | Enhancing task performance (as evident in assessments of efficiency, productivity, and profitability) in primarily the short-term  | Enhancing task and non-task performance (as evident in multiple forms of well-being for multiple stakeholders) in the present as well as the future |
| **Attributes of Effective Goals** | Difficult andSpecific  | “Do your best” or “Be your best” and Meaningful |
| **Mediators (Goal Mechanisms)*****- Avoiding distractions*** ***- Motivating effort*** ***- Persisting in pursuit******- Utilizing knowledge***  | Having a narrow focus enables distractions to be avoidedPursuing achievement of goals is energizingHaving goals to pursue contributes to persistenceDeveloping/applying knowledge that has immediate value to perform tasks  | Having a holistic focus invites worthwhile distractions to considerPursuing meaningful goals is energizingHaving mutually beneficial goals set and implemented through participatory processes contributes to persistenceDeveloping/applying knowledge that has value now or in the future to perform one’s tasks or assist others |

1. Neubert, M., and B. Dyck (2016). “Developing sustainable management theory: Goal-setting theory based in virtue.” Management Decision, 54(2): 304-320. [↑](#footnote-ref-1)