Journal of Substance Abuse Treatment 64 (2016) 13–23

Contents lists available at ScienceDirect

Journal of Substance Abuse Treatment

Detrimental Effects of "Stretch" Goals in Specialty Substance Use Disorder Treatment Organizations

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ARTICLE INFO

Article history:
Received 19 August 2015
Received in revised form 5 February 2016
Accepted 10 February 2016

Keywords:
SUD
Goals
Stretch
Capacity
Performance
Efficiency

ABSTRACT

Background: "Stretch" goals, a rarely examined concept that represents seemingly impossible, highly ambitious organizational goals ostensibly established to fill performance gaps and motivate employees, are examined within a sample of substance use disorder (SUD) treatment centers in the United States in terms of their prevalence and effects on organizational behavior. Stretch goals are defined as "seemingly impossible" goals intended to motivate employees to achieve high performance. In light of the high level of environmental change and unpredictability faced by SUD treatment centers in recent decades, we theorize that stretch goals would be both common and often detrimental (in terms of capacity utilization rate and efficiency) in these settings.
Methods: In a temporally lagged analysis of data from leaders of a representative U. S. national sample of 219 SUD treatment centers characterized by entrepreneurial management structures, we examined the prevalence of stretch goals and their impact on key outcome variables of capacity utilization rate and efficiency.
Results: Widespread adoption of stretch goals was found, with 43% of our sample falling within the stretch category. Stretch goals had a negative main effect on capacity utilization rate as compared to less ambitious challenging goals. Stretch and prior performance interacted to further predict capacity utilization rate, whereas stretch and slack resource availability interacted to predict center efficiency.
Discussion: Although stretch goals are frequently used in the SUD treatment industry, we find them mostly detrimental to performance. Stretch goals may enhance the efficiency of treatment centers with prior limited resource availability, but they are negatively associated with capacity utilization, especially in centers with a record of already strong performance. Despite the high prevalence of such goals and positive values centered on aspirational behavior, these results strongly suggest caution in such goal setting in SUD treatment centers.
Published by Elsevier Inc.

1. Introduction

Among health services researchers, it is widely accepted that organizations engaged in treating substance use disorder (SUD) have for several decades been confronted with environmental challenges that pose substantial uncertainty (Roman, 2013, 2014). SUD treatment center managerial learning occurs and changes ensue as these organizations both thrive and fail to thrive along multiple internal dimensions (Levinthal, 1991). Aside from these internal ambiguities endemic to the growth process, the SUD specialty has experienced both expansion and compression in funding, due to political influence on public funding processes and the advent of managed care as a cost-reduction device adopted in both the public and private sectors (Galanter, Keller, Dermatis, & Egelko, 2000). Legislation affecting reimbursement, levels of care, and duration of care has been haphazardly implemented and enforced (Moran, 2013), causing meaningful environmental instability for SUD treatment providers. As a positive indicator of growing institutional support, SUD treatment is included in the federal Affordable Care Act (ACA), but despite this some vagaries remain in the Act's implementation. With a complex array of stakeholders to satisfy, ACA implementation will likely continue to have unforeseen impacts on the SUD industry's environmental ambiguity. In this context, leaders of organizations delivering SUD treatment are confronted with how to accurately anticipate and adjust to the reimbursement environment and other legislative requirements that challenge their managerial skills and may threaten employee morale (Scheid, 2003).

In the scenario of interest here, managers attempt to rapidly increase their competitive position by "rallying the troops" through adopting operational goals for impressive achievements that, while perhaps unrealistic, appear both exciting and heroic to staff and to stakeholders (Kerr & Landauer, 2004). Operational goals applicable to SUD treatment centers include high levels of growth, revenues, liquidity, and increased operating capacity, as well as expense minimization. Such goal statements are often accompanied by "we can do it" assertions intended to focus organizational culture on commitment and achievement (Denning, 2012).

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http://dx.doi.org/10.1016/j.jsat.2016.02.006
0740-5472/Published by Elsevier Inc.

Such approaches are not without empirical support. The association between aspirations and achievements at both the individual and organizational level, while bound to contingencies of particular settings, show that high aspirations have a greater likelihood of being linked with higher achievements (Locke & Latham, 2002). But while emotionally appealing and possibly practical, diffuse and ambitious goals calling for the organization to extraordinarily "stretch" its achievements may not be carefully integrated or embedded in a well-planned strategy (Sitkin, See, Miller, Lawless, & Carton, 2011).

"Stretch goals" (Sitkin et al., 2011) can be differentiated from the more commonly discussed "challenging goals" (Locke & Latham, 1990). Rather than being merely difficult, stretch goals are "seemingly impossible" in light of current organizational resources (Sitkin et al., 2011, p. 545; p. 545), often demanding accomplishment of goals across different (and sometimes competing) organizational priorities. This "impossibility" is however linked to the possibility that they might be achieved, in part through increased inputs by organizational members that are manifested in overall performance. Observers report that stretch goals have become increasingly common in the last two decades as organizational leaders have sought to inspire performance through improved learning, creativity, and motivation (Golovin, 1997; Kerr & Landauer, 2004; Thompson, Hochwarter, & Mathys, 1997). SUD treatment organizations' environments provide a definite fit with the conditions fostering adoption of such goals, as they are most commonly found in industries and environments marked by instability and uncertainty (Sitkin et al., 2011).

Stretch goals may not always have their desired effects. Impossible targets for achievement could precipitate negative outcomes for organizations as they can de-motivate groups and individuals who see themselves as being "set up" for failure (Earley, Connolly, & Ekegren, 1989; Markovitz, 2012; Sitkin et al., 2011). Unfocused growth goals without concomitant targeted strategy can make stretch goals appear seemingly impossible and result in unexpected and unintended negative consequences. Setting unusually high aspirations may be characterized by diffuseness, lack of strategic specificity, and internal conflict among goals: an example specific to SUD treatment, for instance, might be increasing treatment quality while simultaneously lowering treatment costs.

Empirical study of stretch goals remains to be developed. In a singular and comprehensive theoretical review, Sitkin et al. (2011) hypothesize that stretch goals are most likely to be implemented by the organizations least likely to actually overcome associated risks and achieve them: namely, organizations with poor prior performance and without slack resources, defined as resources in excess of those needed for normal organizational operation (Cyert & March, 1963). Without a strong past performance record to build on and without adequate slack resources with which to leverage opportunities, they propose that stretch initiatives are doomed to fail. To a degree, this conclusion goes in the face of the large numbers of organizations that have reported using stretch goals (Denning, 2012; Kerr & Landauer, 2004).

For SUD treatment organizations, the questions are whether such goal adoption actually occurs, and whether it is consequential in terms of better organizational performance. In this research, we therefore report a temporally lagged study of different types of goals and their effects across two time periods (2007–08 to 2010–11) using a representative sample of treatment centers. We draw on theoretical work to assess the prevalence of stretch goals, a latent class based on rated importance (in 2007–08) of five financial and operational goals (including generation of high growth, revenues, liquidity, and operating capacity, as well as expense minimization) and ten goals related to patient and treatment effectiveness (such as helping them to achieve complete abstinence from alcohol and drugs, staying out of legal trouble, and maintaining positive physical health). The process of attaining all of these performance goals simultaneously is very unlikely, perhaps impossible. Organizations which have explicit goals to improve treatment quality while reducing costs, growing revenues, and maintaining liquidity, all at high levels, are arguably engaging in goals with a very high degree of stretch. After identifying and measuring the amount of stretch prevalent in our sample of treatment centers, we then determine how they might impact two subsequently assessed managerial objectives relevant to SUD treatment centers' achievement of longer term performance: capacity utilization rate (CUR), defined as the extent to which the organization's operation, or number of patients, is at the organization's capacity to serve them; and resource efficiency, defined as the organization's payroll costs per patient (Cassel & Brennan, 2007; Hussey et al., 2009).

1.1. Organizational goals

Our first hypothesis is that these stretch goals exist within the SUD industry as a discernible, distinct category beyond challenging goals. The difficulty of an organization's goals (and their subsequent impact on performance) is typically considered along a linear continuum from less to more challenging (Galinsky, Mussweiler, & Medvec, 2002; Thompson et al., 1997). A stretch goal can be understood as a seemingly impossible target of this continuum, attempting to achieve too much simultaneously given extant organizational capabilities and methods (Sitkin et al., 2011).

Most research has treated goal difficulty as a dichotomy of goals which are either challenging or not (Locke & Latham, 1990; Rousseau, 1997; Sitkin et al., 2011). A meaningful third category of stretch goals should statistically emerge, especially within the complex and unsettled environment of SUD treatment (Ordónez, Schweitzer, Galinsky, & Bazerman, 2009; Roman, 2014; Sitkin et al., 2011). In addition to the elements of SUD treatment's turbulent environment already reviewed, public support for SUD treatment is ambivalent as both drug and alcohol use disorders are intermingled with the criminal justice system. This is exemplified by conviction of many addicted individuals whose crimes are linked to their involvement with illegal drug supply chains, delivery of treatment within correctional systems, and rapidly expanding drug courts and related "problem solving" courts which also combine treatment and corrections (Nolan, 2003, 2011). While it has succeeded in increasing treatment referrals from criminal justice systems, SUD treatment (via provisions in the ACA) is simultaneously under pressure to become increasingly integrated with primary medical care, an action potentially in conflict with integrated relationships with the criminal justice system, because primary medical care settings may not easily accept or assimilate new clientele whose identities are overwhelmed by their prior criminal activity (Roman, 2015).

We expect (H1) that three distinct classes of organizations will emerge in our SUD sample and fit the data better than solutions with other numbers of categories: those characterized by (1) diffuse **stretch** targets, by (2) traditional **challenging** goals, and by (3) **unambitious** goals (Baum, Locke, & Kirtpatrick, 1998).

1.2. Main effects on SUD center outcomes

In the face of shifting policies, political involvement, and multiple levels of governmental regulation and funding in their external environments, SUD treatment organizations are particularly challenged to sustain a consistent revenue from provided treatment services (Roman, 2014). Attraction of patients who are the consumers of these services is complicated by the variability in third party support for the services they receive, which often must be negotiated with agents representing these third parties by the treatment center for the patient on a frequent basis. Institutional theory suggests that under conditions of environmental uncertainty and challenge, an organization's agency is reduced as its leaders focus on and mimic peer organizations while acquiescing to environmental pressures (DiMaggio & Powell, 1983). In the difficult SUD industry, such mimicry may involve the choice of unrealistic role model organizations, or even imagined organizations, leading to stretch goal adoption in order to "catch up" with them. Organizational learning that should result from ongoing attention to organizational