

Organization Management

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Module No. # 02

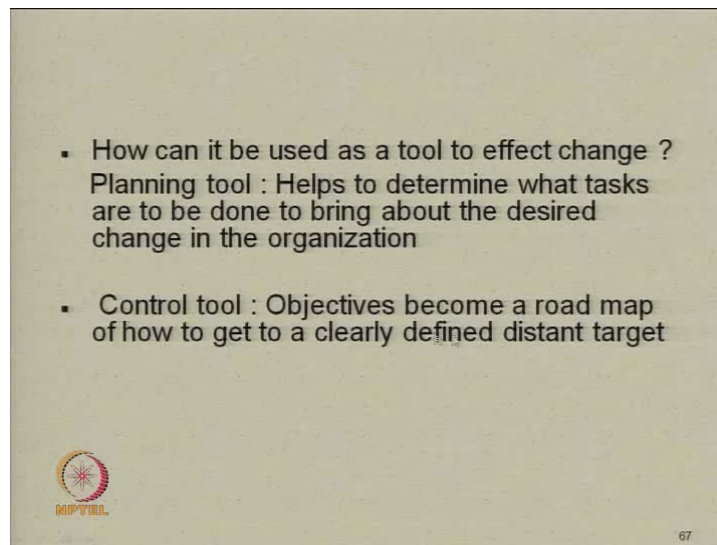
Lecture No. # 26

Total System Intervention and Stabilizing Change Management by Objectives

(Contd.)

We would discuss the concerns of management by objectives and to take the discussion forward. We would trying to understand what are the planning tools, which can be used to bring about change in an organization using the principles of management by objectives.

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I had spent some time with you trying to explain to you how the objective of an institution or an organization can vary within the same profession and I talked of education, I talked of corporate, I talked of individuals and usually giving an illustration of all three categories, try to explain to you what objectives have to do with going around once daily activities.

Now, once you objectives are clear then everything else falls into position and what is everything else is? It is the control tools, the systems, the structures and the processes. This is the great contribution of Rensis Likert. He said, there must be internal consistency within an organization. For example, if you have an authoritative model running an organization, you cannot practice open communication. It is like trying to drive a car in fourth gear without pressing the accelerator, the car will jump or trying to ride a scooter in fourth gear with not turning on the speed at all.

To run an organization smoothly, there must be internal systemic consistency which is what makes Rensis Likert such a celebrated person in organization management. We did a critique of Rensis Likert and the critique is valid too, But a critique does not mean running down a person, a critique means evaluating **a position a person** and then you give them credit, where its due you show how things have changed. Since, he worked and he made a contribution in the context of his times but the times have changed. This part of Rensis Likert's contribution has not been **approved improved** upon. He made a fundamental point at running of organizations, be it control, be it structure, be it processes, be it reward, be it punishment, be it communication whatever what are the different aspects of running an organization, there must be internally consistent of the organization is to work.

If you are managing by objectives that cascades down all dimension. Your control mechanisms will have to be consistent with the objectives. Why do you implement a rule? Very simple, take the most pedestrian example, it is all coming on time. You want to be philosophical and remind the preceding session, we also took a philosophical take on these issues. Why must you come in time? Why cannot I come when I want? For the simple reason that you are here to study. The control mechanism determines that you must put that as your first priority and you must be there in time because your quality of take away will be impaired, if you are not there for the full session.

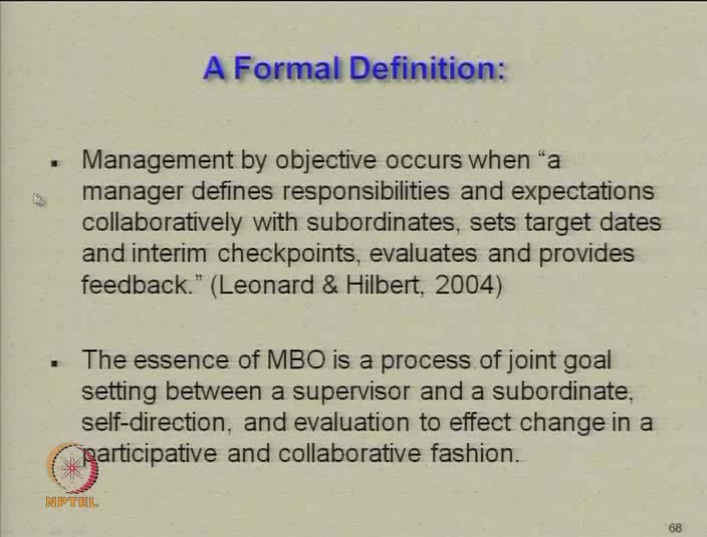
However, if you have a club and if you having a birthday party, what is discipline about and mind you discipline is needed even there, a different kind discipline. Is it common courtesy that if you go to a birthday party? You should be there, when the cake is cut or you are arrive like a VIP, a misplaced VIP of course, after the cake is cut and the first thing you says, "hey! Where is my cake? "And you pick up the cake, you gobble it up and say bye, Tata, see you. I had my cake, happy birthday, is that anyone does?

So, Peter Drucker was taking a very simple preposition, understand the objectives and then design your systems according to the objectives. Obviously, you do not run a birthday party, the way you run a class and you do not run a class, the way you run a birthday party. Get to a corporate example, you do not run a shop floor, the way you run an R and D institution and you do not run an R and D institutions, the way you run a shop floor.

A shop floor by design and by conscious choice must be very predictable, specific with everything falling in place. If you run an R and D division, which is by design specific predictable falling in place then why do you want an R and D division any out the begin with?

The second take away of the subject is that there must be internal consistency. Now, these are not the words Peter Drucker would ever use or he would say, if you are clear on the objectives then design your other systems of the organization, consistent with those objectives and I have just giving examples to show what it means.

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A Formal Definition:

- Management by objective occurs when “a manager defines responsibilities and expectations collaboratively with subordinates, sets target dates and interim checkpoints, evaluates and provides feedback.” (Leonard & Hilbert, 2004)
- The essence of MBO is a process of joint goal setting between a supervisor and a subordinate, self-direction, and evaluation to effect change in a participative and collaborative fashion.

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Management by objectives occurs when “a manager defines responsibilities and expectations collaboratively with subordinates, sets targets dates and interim checkpoints, evaluates and provides feedback.” Now, if you look at this definition, no matter how you read it, defining responsibilities, expectations, collaborations with all subordinates setting targets, interim, checkpoints. It is merely detailing, what has already

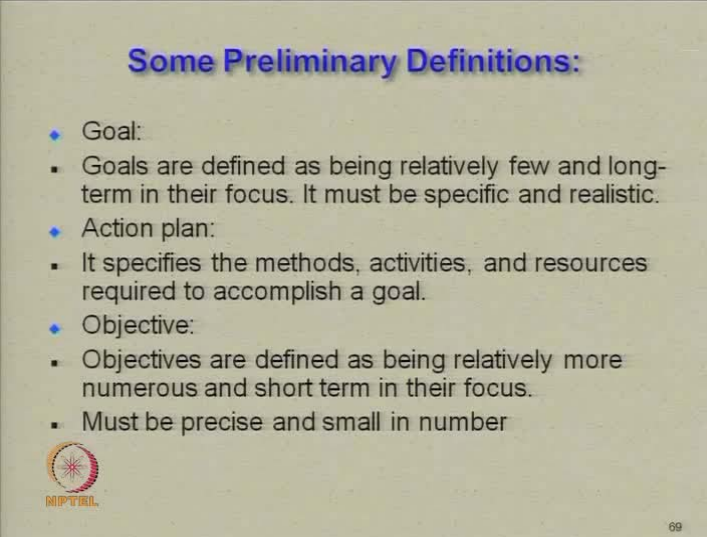
been said and was understood in other words Mr. Leonhard and Mr. Hilbert's in 2004 made really no contribution other than paraphrase.

Who needs a paraphrase? It is like a saying, when you are in love, you cool, small little nothings in the year. Never bite them, you carry flowers, you take the person out for dinners and drinks. You say the nicest things that is being in love, if you have to be explain what is being in love and cool into the year and not bite them, then you never understood what is love is about.

The long and short of it is forget the prevail lessness of the example but ultimately life is a testament that frivolities record seriousness is forgotten. So, I do not think this much contribution in this but then it is very important in the given the day and age in which we living to go Mr. Leonhard to go Mr. Hilbert's and especially if you are going to face an interview and say, "Sir, you know we learnt a lot of things in organization management. We were also told what Mr. Hilbert's say really, what did Mr. Hilbert's say? Mr. Hilbert's said that the responsibilities expectations collaboration with I understand he understands nothing."


Again jokes apart. Learn of the different explanations given by people but use only, which are relevant that the more serious point I am trying to make. The essence of the MBO is a process of joint goal setting between a supervisor and a subordinate self-direction evaluation to effect change in participative and of collaborative fashion. This is MBO at work, you cannot have an objective as a secret and objective must be shared widely.

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Some Preliminary Definitions:

- Goal:
 - Goals are defined as being relatively few and long-term in their focus. It must be specific and realistic.
- Action plan:
 - It specifies the methods, activities, and resources required to accomplish a goal.
- Objective:
 - Objectives are defined as being relatively more numerous and short term in their focus.
 - Must be precise and small in number

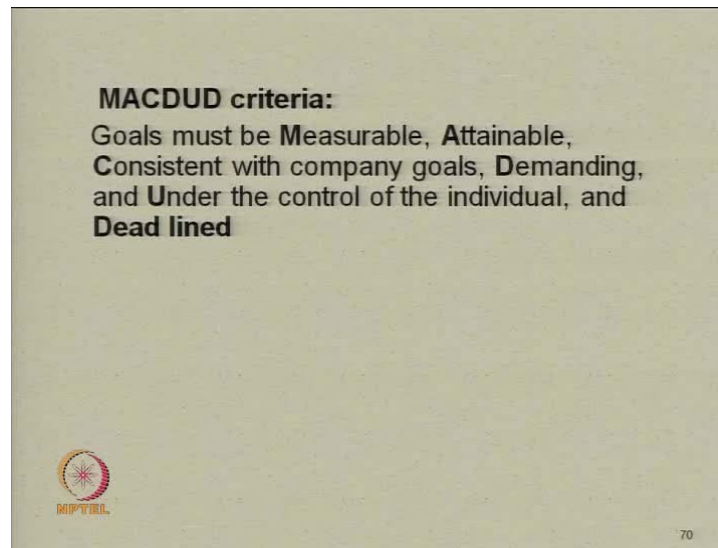
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Now, some preliminary definitions what is a goal? Goals are defined as being relatively few and long term and there focus it must be specific and realistic. What is an action plan? It specifies the methods, activities and resources required to accomplish a goal. The keywords are methods, activities and resources.

The objectives are defined as being relatively more numerous and short term in their focus. Again questions ask is what is the difference between goal and objectives? So, do not come back to questions, which have been already answered there. FQA means follow-up questions, which have arisen out of the text. Get the difference between goals and objectives and if you read this you will get the difference between goals and objectives. There must be precise and small in number.

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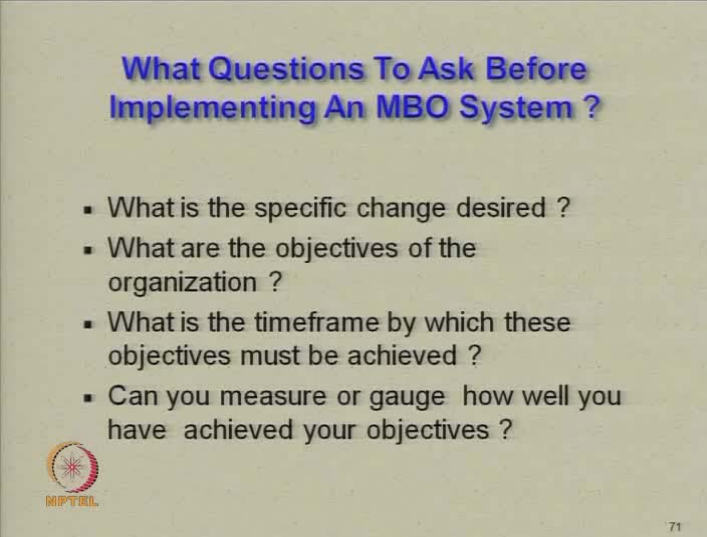


Then, there are the MACDUD criteria. Goals must be measurable, attainable, consistency with company goals. Demanding, under the control of the individual and dead lined. There is for you to see, there is for you to understand, there is for you to note and there is for you to use to confuse others.

By all means use it and confuse others. Do not use it to confuse yourself and not to confuse yourself, it is important for you to understand. Again, I hope you get the lighthearted vein in which I am talking. Otherwise, you would say my god, why does he confuse me. I do not want to confuse you.


What I am trying to tell you is, these acronyms are not standard acronyms. Now, this is putting it seriously. These acronyms are not standard acronyms; these are memories which are measurable, attainable, consistency, demanding under the control of individual and deadline.

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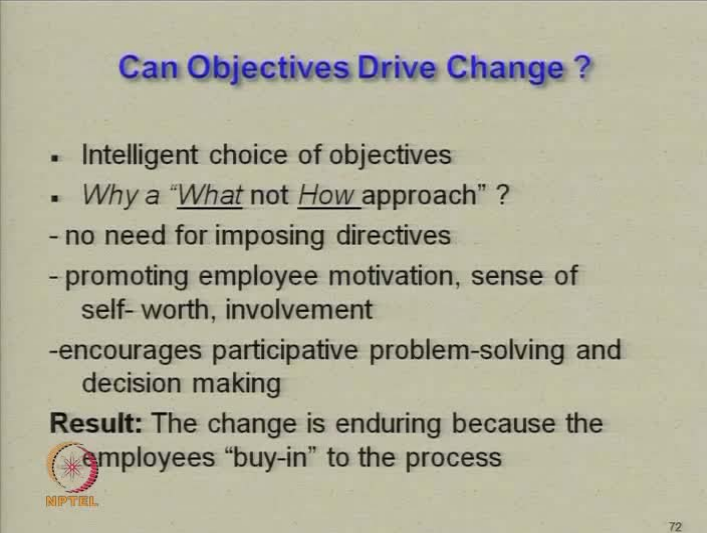
What Questions To Ask Before Implementing An MBO System ?

- What is the specific change desired ?
- What are the objectives of the organization ?
- What is the timeframe by which these objectives must be achieved ?
- Can you measure or gauge how well you have achieved your objectives ?

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What questions to ask before implementing an MBO system? What is the specific change desired? Always be clear on what your objective is supposed to fulfill. Why do I want to intervene? What are the objectives of the organization? What is the timeframe by which these objectives can be achieved? Can you measure or gauge how well you have achieved your objectives?


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Can Objectives Drive Change ?

- Intelligent choice of objectives
- *Why a "What not How approach" ?*
- no need for imposing directives
- promoting employee motivation, sense of self- worth, involvement
- encourages participative problem-solving and decision making

Result: The change is enduring because the employees "buy-in" to the process

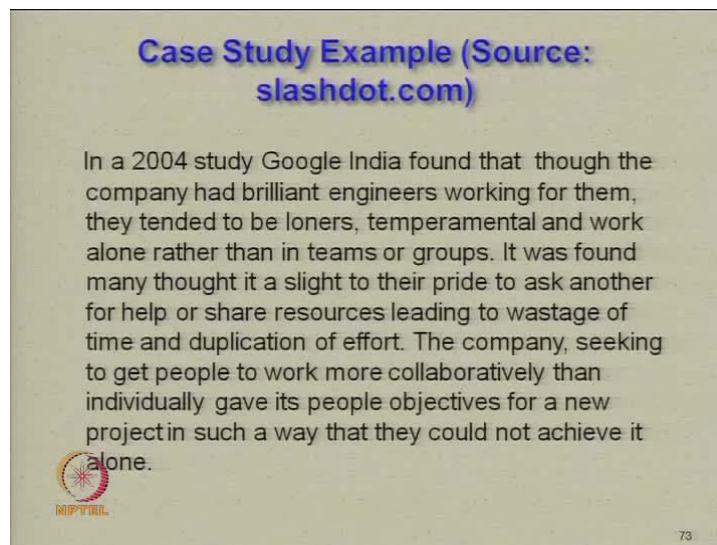
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Can objectives drive change? The answer is intelligent choice of objectives does drive change. In other words, you can bring about a change by getting an organization back to

the objectives or which it was created. That is how management by objectives again becomes an actionable viewpoint. Why a “What and not a How approach”? No need for imposing directives promoting employee motivation, sense of self-worth and involvement encourages participative problem-solving and decision-making.

What is a result? The change is enduring because the employees “buy-in” to the process. Now, this is true. If you want to make an impact, which is enduring, if you want to make an impact, which stays it is important to get people to believe it. It is important to get people to develop ownership, which they will not unless they have tried it, tested it and found it to work.

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Case Study Example (Source: slashdot.com)

In a 2004 study Google India found that though the company had brilliant engineers working for them, they tended to be loners, temperamental and work alone rather than in teams or groups. It was found many thought it a slight to their pride to ask another for help or share resources leading to wastage of time and duplication of effort. The company, seeking to get people to work more collaboratively than individually gave its people objectives for a new project in such a way that they could not achieve it alone.

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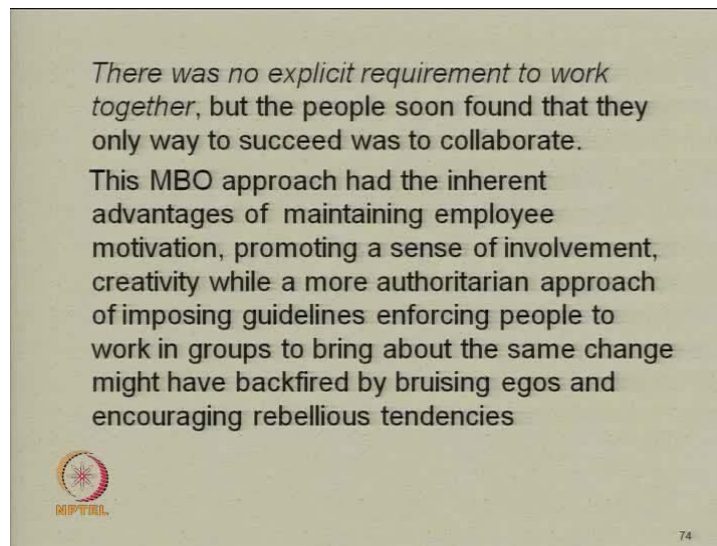
The company, seeking to get people to work more collaboratively than individually give its people objectives for new project. In such a way that they could not achieve it alone.

An illustration of how you design a system, where it becomes inherent deal with others. Your throughput processes are so intensely dependent upon inputs that you get that you need information from someplace, you need the materials from someplace, you need the

energy from another place, you need a certain degree of information on the volumes, which you want to produce that you are constantly need of somebody.

So, where people are hypersensitive and loners, who believe their great achievers. It is best to design a system, where mutual dependency becomes inherent and for doing that management by objectives is a good way of doing it.

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There are no explicit requirements to work together but people soon found that they only way to succeed was to collaborate. This MBO approach had the inherent advantage of maintaining employee motivation, promoting a sense of involvement, creativity while a more authoritative approach of imposing guidelines enforcing people to work in groups to bring about the same change might have backfired by bruising egos and encouraging the rebellious tendency.

Now, do not ask you for a checklist of all conditions under which MBO will work and MBO will not work that are not how diagnosis is done. You have to use your clinical sense but management by objectives helps to personalize the situation and create a situation, which is best suited for team work.

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Studies and implementation of the MBO system: These slight talks of 6 steps formulate the long-term goals of the organization and believe me this is more complicated than it sounds. For those of few, who are field oriented and all of you should be field oriented merely check out in any organization, how many of them know the objectives their organization that will be the process of education.

You work into any organization and ask them what the objectives of your organization are? I do not know, I come here, I do, I work and I go home. The funny thing is, he will be proud of it is. I do not know and he said know in a way, in which how he will you can be what the objectives, why should I know the objectives? And then if he saw a Hi-Fi school, he was I do not care, you do not care you never learnt how to care sweet heart. You never learnt and dammit man I come to add do my job, correct my salary and I go home.

So, you should turn around say good luck that is not what it is about. What it is about is involvement and you cannot have an involvement unless you believe in the objectives that you there. If you do not care that you do not worry about quality. Develop specific and measurable organizational objectives, this is very important. People flake of objectives because they do not understand it is not measurable. You know, what kind of objectives is this? We believe in being the best in the world. Now, please define what is the best in the world?

These days everyone is spawning world-class institutions. Nobody wants less than world-class institutions. What is World-class? World-class means also always post-industrial west. We are not talking of a small nation of 34000 people; whose names also you do not know that is not world class. Again my repeated origins to you move away from stereo typed statements. They will prevent you from learning management.

You must develop departmental objectives. This is very important. Not most only the organization has objectives but also the department must have objectives. The departmental objectives cannot be different from the organizational objectives. There must be again a relationship and the relationship between the objectives of a smaller unit and a larger organization will be the smaller unit would be a subset of the larger set of objectives.

Set group and individual goals and responsibilities by mutual agreement and collaboration. This can always to be done. Formulate and implement action plans performance reviews and feedbacks. Now, this is again where hierarchy comes stains and debate starts and there is a lot of agreement and much disagreement. How do you provide performance review? Whose job is it to provide performance review? 360 degrees? 90 degrees? No degrees?

Why the superior must always evaluate the subordinates? Why not the subordinate the superior and if they can evaluate each other? Then, why cannot evaluate each other at the pure level for heaven sake can we do anything else but evaluation all the time?

So, there are no standard answers to this. **Sometimes supervisor should be supervising what then there must be areas in which the supervisor must evaluate.** It is natural for the supervisor to evaluate the competence of the subordinate at the task because presumably is senior, presumably he knows better, presumably he has better awareness of the profession but the subordinate to evaluate whether the instructions for clear. It too says 360 degrees or whatever degree you want or whatever be the colorful language you want to use ultimately performance evaluation is as important as performance feedback and it is a factor of which aspect of performance you are looking at get the principal right.

Therefore, again management by objectives becomes a very important concept. You assess with a reference to the objectives and you assess not only with the reference to the objectives, the content of the assessment will be decided by what purpose it is supposed

to remember the purpose. The word purpose is same as objectives again management by objectives.

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Can Individual Needs Be An Obstacle To Organisational Change?

Why does this happen ?

- Many incorrectly implemented MBO programs focus on the demands of the organizations *only* and do not pay sufficient attention to the needs of individuals and their careers.

Potential Conflicts Between the Organization and the Individual	
Organizational Needs and Demands	Individual Needs and Career Goals
1. Concern for effective and efficient operation, profit and productivity	1. Concern for self-fulfillment and self-actualization
2. Concern for all members of the organization	2. Concern for self
3. Need to fill the rates in the organization structure	3. Need self-fulfillment and self-actualization
4. Need for skills to fill all positions	4. Interest in challenging work only
5. Need for some specific, well-developed skills	5. Bored by routine work using specific skills
6. Best utilization of all talents within the organization	6. How to utilize own potential within or outside the enterprise
7. Manager to work in geographic location best for the organization	7. Location must suitable for self and family

Source:
International Handbook on Management by Objectives © Heinz Wehrich

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Now, can individual needs be obstacles to organizational change? Well, let me take you to international handbook of management by objectives by Wilhelm Reich. That is a name, which sounds very scholarly, very profound, much respected. Therefore, you must read organizational needs and demands individual needs and career goals. There is a potential conflict between the organization and the individual and his ideas are listed here.

May I argued to take couple of minutes off to read through this, why does this happen more incorrectly implement MBO programs focus on demands of the organizations only and do not pay sufficient attention to the needs of individuals and careers. This chart shows how focusing on organizational needs and demands is important and side-by-side focusing on individual needs and career goals is important. Please read through the 7 carefully.

Whether you are going through the left hand column or the right hand column, please understand that a smoothly working organization will integrate the organizational goals with the individual goals. That is why you must choose your organization very carefully. If you are earning an organization just because of its brand name or just because of the perks or just because it will get you abroad or whatever you are choosing. These are not

professional reasons. These are important reasons but come lower down in through the hierarchy.

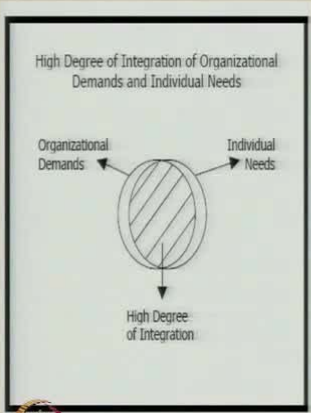
First of all you must see a competency fit. Some people simply cannot work in a manufacturing organization. Some people cannot work in a trading organization. Some people cannot work in an educational institution. Some people cannot work in an R and D institution. It is not just a question of salary, in the ultimate analysis when we have cross 40 you will realize life satisfaction does not come just out of money, which is does. It does not just come out of brand names, which it does but it comes out of job satisfaction, ability and opportunity to do a job well.

The same caution has to be excised by the organization, when they recruit people they must recruit people with a very clear-cut objective of assessing whether their personal objectives meet the objectives of the organization. One of the biggest problems you see performed after joining an organization are the working hours.

What is the great advantage of collect you all that huge salary, when you have no time to enjoy it and both you and your wife great achievers you met in Singapore while you know going around that to giant wheel, you know she was great you are great what was working for one multinational another working for another multinational in a life sounded so cool till you got married and you discovered one was coming home at 11 o'clock the other was coming home at 2 o'clock in the morning

Then, one was flying on away on Monday's Wednesday's and Thursday's and the other one was flying around on Tuesday's Friday's and Saturday's. Great, one was going to China and the other was going to Adelaide and it came back from Adelaide, you are going to Chicago. What you get out going to Chicago, I do not understand quite frankly. You know the just the sheer thrill of hoping into an aircraft and hopping out of an aircraft if that is what he think life is about then become cabin crew that is the best. You will forever hoping into an aircraft and hoping out of an aircraft. God bless, everyone I have no problems said to I just I get very confuse that times by the kind of every choices people exercise to which one of my friend said that entirely is your problem.

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The diagram is enclosed in a black rectangular border. At the top, it reads "High Degree of Integration of Organizational Demands and Individual Needs". In the center, there is a circle with diagonal hatching. An arrow points from the left side of the circle to the text "Organizational Demands". Another arrow points from the right side of the circle to the text "Individual Needs". A third arrow points downwards from the bottom of the circle to the text "High Degree of Integration".

Result: A low degree of integration of individual needs and organizational demands leads to employees performing at the minimum acceptable level.

Learning: For the change process to be effective MBO objectives must be carefully chosen to ensure organizational needs are met but not by totally ignoring employee needs

Source: International Handbook on Management by Objectives © Heinz Wehrich

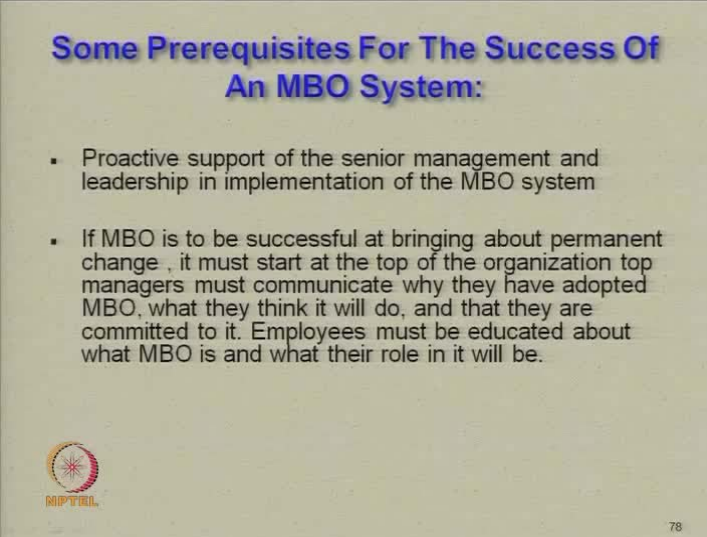
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Now, high degree of integration of organizational demands and individual needs the same thing is put down in a diagrammatic form. Organization demands, individual needs, high degree of integration and this is the domain of tranquility. What is a result? A low degree of integration of individual needs and organizational demands leads to employ performing at the minimum acceptable level.

Take it from me. It does not take too much to keep a job but it takes hell of a lot to keep happy. Remember, that has another take away from this session. It does not take too much to keep a job but he takes hell of a lot to stay happy. After all, what you do have to do to keep a job, the minimal level of performance and yes man ship to the boss. You will even get a promotion and you are not interested in the boss. What you are interested is the lollis that he gives you.


Just as your subordinate is not interested in you, he is interested in the lollis that you give him. So, it is an endless chain. What is the learning for the change processes to be effective? MBO objectives must carefully choose to ensure organizational needs are met but not by totally ignoring the employee needs. This is where the IR concept of employee welfare comes in and all in lightened organizations have a singular concept of employee welfare. It covers everything from a crash, a day care center to providing workout facilities on premises.

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Some Prerequisites For The Success Of An MBO System:

- Proactive support of the senior management and leadership in implementation of the MBO system
- If MBO is to be successful at bringing about permanent change, it must start at the top of the organization top managers must communicate why they have adopted MBO, what they think it will do, and that they are committed to it. Employees must be educated about what MBO is and what their role in it will be.

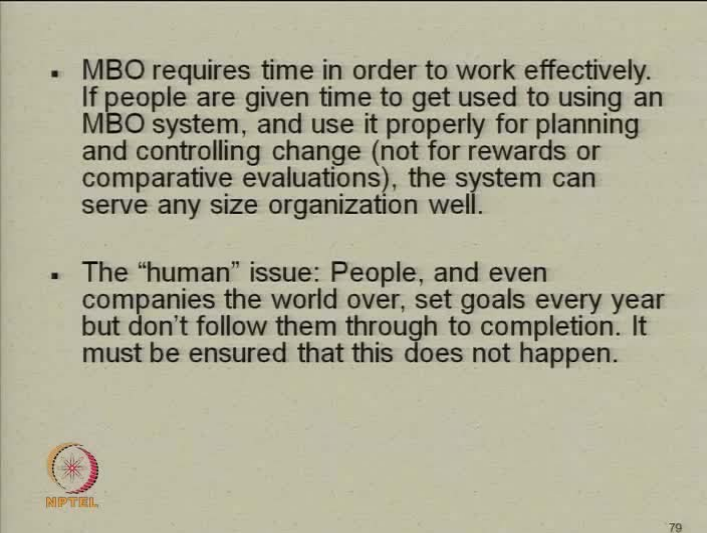
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Some prerequisites for success of an MBO system: Proactive support of the senior management and leadership implementation of the MBO system. Remember, in management nothing gets done without the support of your superior.

If MBO is to be successful at bringing about the permanent change, it must start at the top of the organization top managers must communicate why they have adopted an MBO and what they think it will do and that they are committed to it. Employees must be educated about what MBO is and what the role in it will be.

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- MBO requires time in order to work effectively. If people are given time to get used to using an MBO system, and use it properly for planning and controlling change (not for rewards or comparative evaluations), the system can serve any size organization well.
- The “human” issue: People, and even companies the world over, set goals every year but don’t follow them through to completion. It must be ensured that this does not happen.

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To put it briefly, an MBO becomes a framework of reference for people positioning themselves in an organization. Let me repeat that just in case you lost memory the first draft. The MBO becomes a frame of reference, which can be used by people for positioning themselves in the organization. MBO requires time in order to work effectively if people are given time to get used to using an MBO system and use it properly for planning and controlling change not for rewards or comparative evaluation the system can serve any size organization well.

In other words, MBO is an effectiveness intervention. It is not a tool for reward and punishment. Now, it does not follow that reward and punishment is irrelevant. Reward and punishment is also relevant but the indicators of deciding what to reward and what to punish will be different from the instruments of an MBO.

Then, there are the human side issues people can even and even companies the world over set goals every year but do not follow them through to completion. It must be ensured that this does not happen. This is easier said than done. It must be ensured, you must ensure and how do you ensure anything in life? I do not know. After you have made all the promises, you will forget to take it from me. You will forget her birthday and she will set you on fire, happens to everyone. People even forget their marriage anniversaries not because they marry many times but because you can forget what is there. How do you ensure? You can only attempt to ensure and the other side is while judging somebody for nonconformity, please realize it can also happen to you.

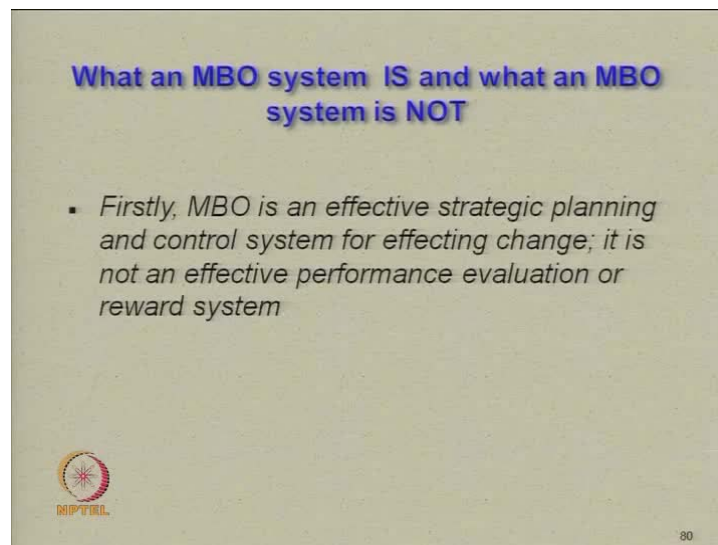
So, you should never punish on the first round. If you punish on the first round, you are a fool. Do not even punish on the second round because there is always the yellow light between the green light and the red light, caution. But, if you do not penalize on the third mistake, you are an idiot. You should be there; you do not know how to run an organization. You punish one person for one mistake, you have close the door of 10 other mistakes and you condone the third time, the same mistaken any one person the message goes throughout the organization. Does not matter, that is the way it is here and sounds so much better in English than in English. You know, India sink they speak English nobody else what they are understand their own English with due apologies.

Where in the world, you say thank you for congratulations? In India, we want to congratulate we say thank you. Thank you for becoming the cheap was but why do you

say thank you sir well done well done even congratulation congratulations we have strange of vocabulary but then of course things for and give a lot of status in India and where very status bound society

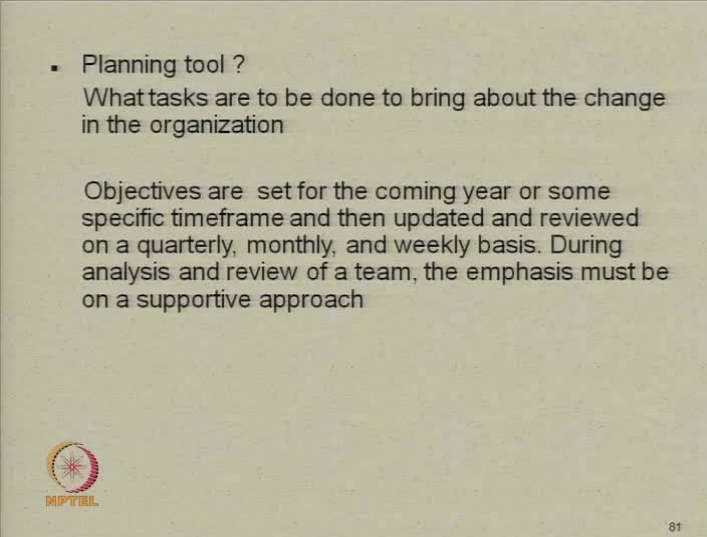
Remember, our discussion on culture. It also affects MBO. If you talk too seriously about MBO, another person who is there just making a living with what is your problem? You run this organization, what it is you; go do your own job. Any number of times people go through training programs not always and they go back to report your superior. He will say, "oh yeah! Come back from a training program, very good what did you like?" Sir, lot of effectiveness tools. Good, now get back to work was always.

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Then, why did you go to a training program? Let get me, I know matter you carry on. Now, this is not MBO by objectives. In other words, management by objectives is a dynamic concept. It is in matters big and small and it is always open to accept new inputs. What an MBO system is? And what an MBO system is not? Firstly an MBO is an effective strategic planning and control system for effective change. It is not an effective performance, evaluation or rewards system. I have already explained this.

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▪ Planning tool ?
What tasks are to be done to bring about the change in the organization

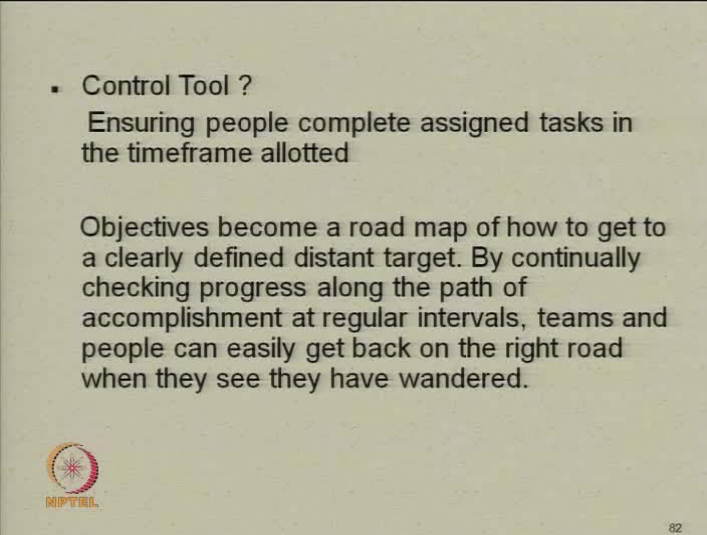
Objectives are set for the coming year or some specific timeframe and then updated and reviewed on a quarterly, monthly, and weekly basis. During analysis and review of a team, the emphasis must be on a supportive approach



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Planning tool, what tasks are to be done to bring about the change in an organization can be worked out in the framework of reference of management by objectives. Objectives are set for coming year or some specific timeframe and then updated and reviewed on a quarterly, monthly and weekly basis.

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▪ Control Tool ?
Ensuring people complete assigned tasks in the timeframe allotted

Objectives become a road map of how to get to a clearly defined distant target. By continually checking progress along the path of accomplishment at regular intervals, teams and people can easily get back on the right road when they see they have wandered.



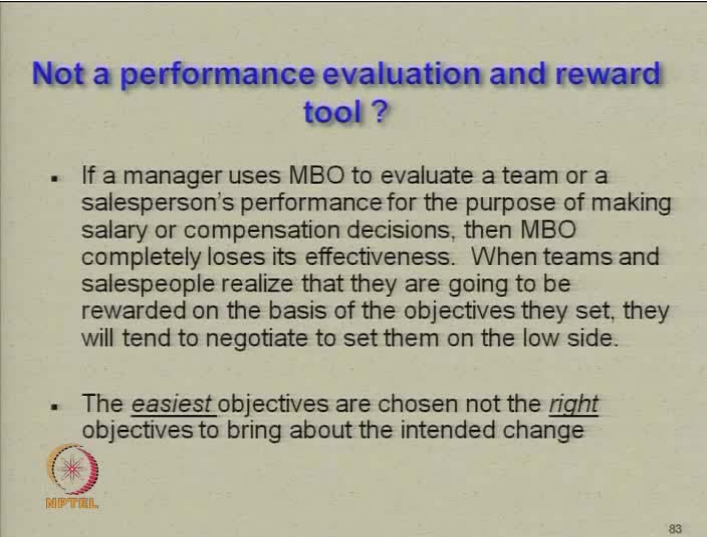
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During analysis and review of a team, the emphasis must be on a supportive approach. In other words, MBO by design develops team work. Can it be a control tool? By ensuring people complete assigned task and time frame allotted. Yes, objectives become a

roadmap on how to get to clearly defined distant target. By continually checking progress about the path of accomplishments at regular intervals, this is the monitoring system.


Teams and people can easily get back on the right road when they see that they have wandered. In other words, search for objectives keeps the issues a life. It becomes like a compass. You lose your way, you find out by how much you have strayed and you get back to where you are supposed to be.

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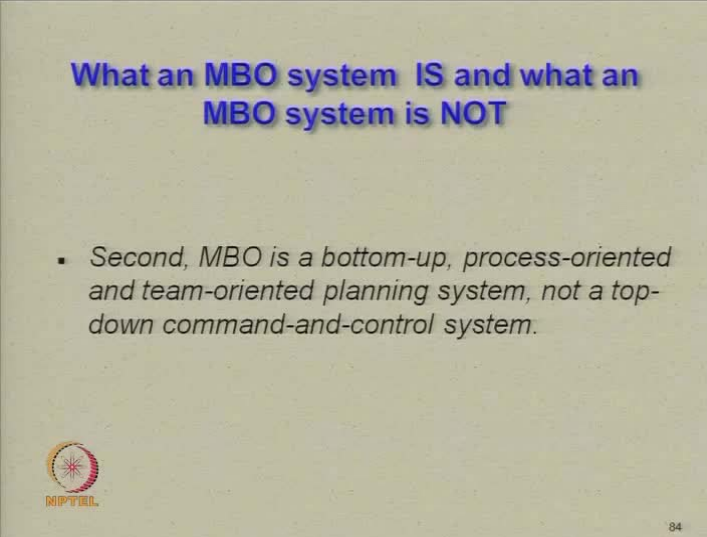
Not a performance evaluation and reward tool ?

- If a manager uses MBO to evaluate a team or a salesperson's performance for the purpose of making salary or compensation decisions, then MBO completely loses its effectiveness. When teams and salespeople realize that they are going to be rewarded on the basis of the objectives they set, they will tend to negotiate to set them on the low side.
- The *easiest* objectives are chosen not the *right* objectives to bring about the intended change

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If a manager uses to MBO to evaluated team or salesperson's performance for the purpose of making the salary or compensation decision than MBO completely lose its effectiveness because it is meant to decide action in aid of effectiveness. It cannot be a system, which differentiates between people. It should be a system, which integrates people. When teams and salespersons realize they are going to be rewarded on the basis of objectives, then they set tend to negotiate to set them aside. You should not set them on the low side. This is another reason, why it cannot be a process of reward and punishment.

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What an MBO system IS and what an MBO system is NOT

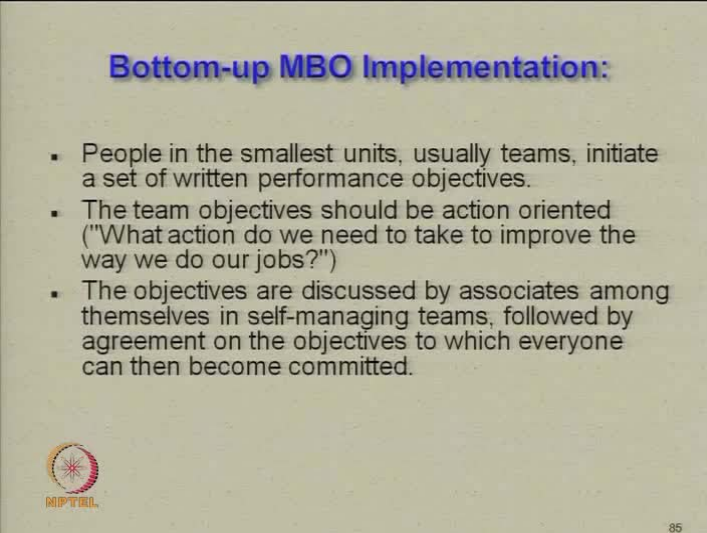
- *Second, MBO is a bottom-up, process-oriented and team-oriented planning system, not a top-down command-and-control system.*

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Then you are not encouraging them to set high targets. They know that lollis will come when those targets are met. The easiest objectives are chosen not the right objectives to bring about the intended change. Please, note this very carefully.


The easiest objectives are chosen not the right objectives. What an MBO system is? And what is an MBO is not? Can be brought to a conclusion by saying second MBO is a bottom-up process-oriented, team oriented planning system not at top-down come on and control system.

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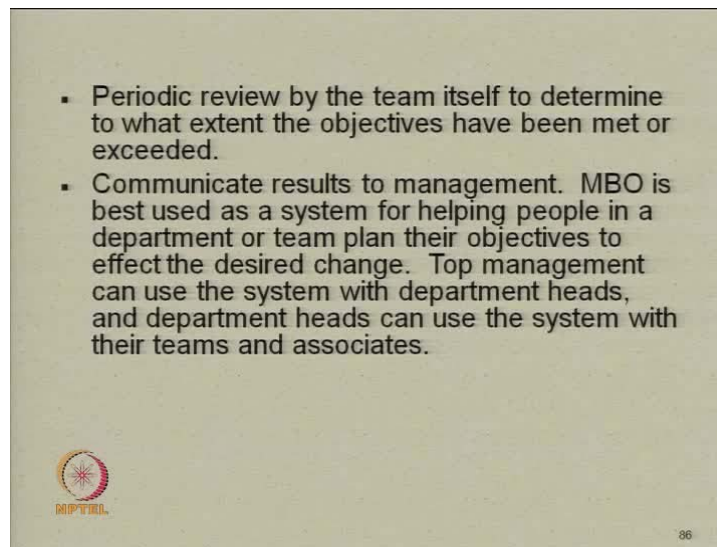
Bottom-up MBO Implementation:

- People in the smallest units, usually teams, initiate a set of written performance objectives.
- The team objectives should be action oriented ("What action do we need to take to improve the way we do our jobs?")
- The objectives are discussed by associates among themselves in self-managing teams, followed by agreement on the objectives to which everyone can then become committed.

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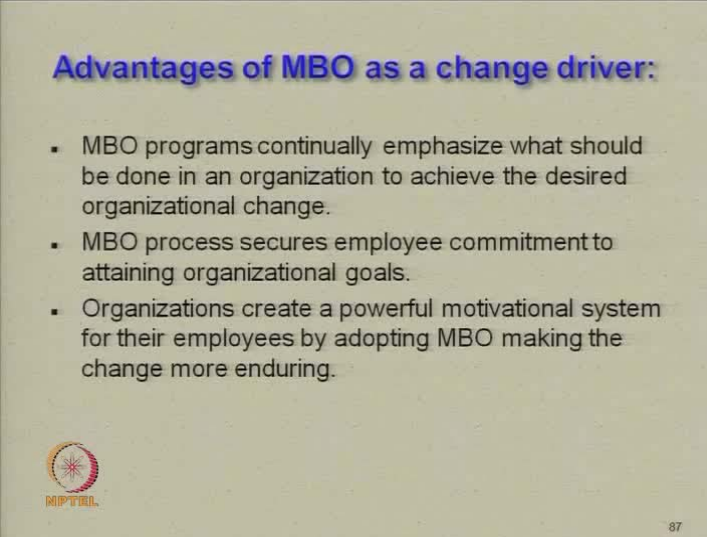
Therefore, the key words are it is a bottom up process oriented, team oriented, planning system not a top-down command model. People in the smallest units, usually teams initiate a set of written performance objectives, the team objectives should be action oriented, what action do we need to take to improve the what we would do our jobs. The objectives are discussed by associates among themselves are in managing teams followed by agreements on objectives to which everyone becomes committed. Therefore, discussion is a way of ensuring collective acceptance of the objectives and that is a great strength of an MBO.

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Periodic review by teams itself to determine to what extent the objectives have been met are exceeded. It communicates results to management, MBO is best used as a system for helping people in department or team plan their objectives to effect the desired change. Top management and use a system with department heads and department heads can use a system with the teams and associates. So, this is what I called the cascading effect.

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Advantages of MBO as a change driver:

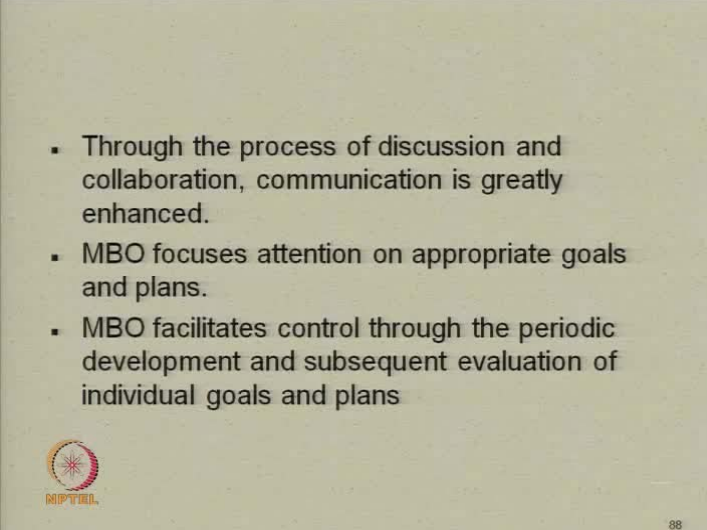
- MBO programs continually emphasize what should be done in an organization to achieve the desired organizational change.
- MBO process secures employee commitment to attaining organizational goals.
- Organizations create a powerful motivational system for their employees by adopting MBO making the change more enduring.

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I would like to conclude this discussion by a brief reference to advantages of MBO as a change driver. MBO programs continuously emphasize what should be done in an organization to achieve the desired organization change. So, what should be done becomes the objective, where you want to get is the process. MBO process secures employee commitment to attaining organizational goals. Organization creates powerful motivational system for the employees by adopting MBO making change more enduring.

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- Through the process of discussion and collaboration, communication is greatly enhanced.
- MBO focuses attention on appropriate goals and plans.
- MBO facilitates control through the periodic development and subsequent evaluation of individual goals and plans

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Remember, we are talking of refreezing change. We began the study by unfreezing. We are concluding the sequence by talking of refreezing and that is where we bring it to an end with the reference to the fact that process of discussion and collaboration communication has greatly enhanced. It focuses attention on appropriate goals and MBO facilitates control through periodic development and subsequent evaluation of individual goals and plans. So, just as your organization grows, so must also the individual.

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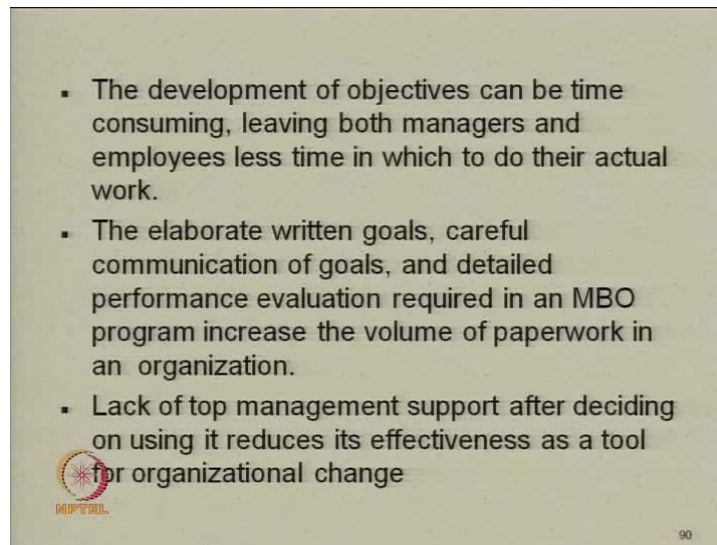
Limitations of MBO as a change driver:

- An MBO system can have detrimental effects in implemented badly or improperly
- Individual managers may become too focused on their own objectives rather than those of the organization, and the organization may become inflexible and unresponsive to change

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What are the limitations of MBO as change driver? An MBO system can have detrimental effects in implemented badly. Individual managers may become too focused on their own objectives, with these are most dangerous to avoid.

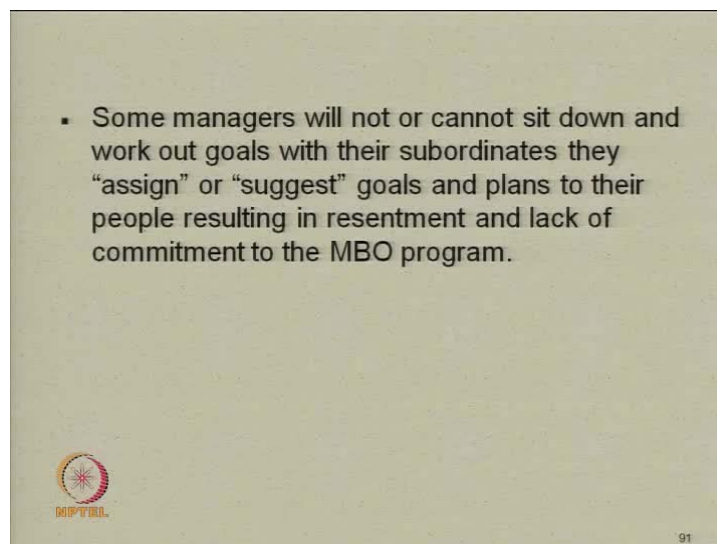
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- The development of objectives can be time consuming, leaving both managers and employees less time in which to do their actual work.
- The elaborate written goals, careful communication of goals, and detailed performance evaluation required in an MBO program increase the volume of paperwork in an organization.
- Lack of top management support after deciding on using it reduces its effectiveness as a tool for organizational change

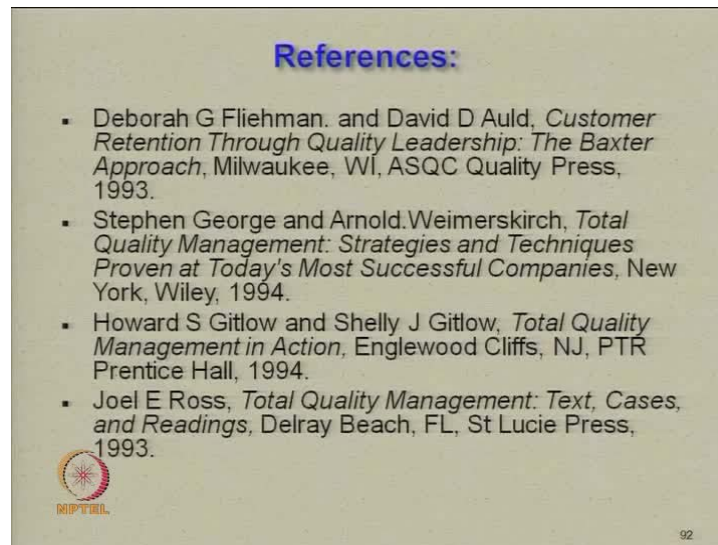
The development of objectives can be time-consuming leaving both managers and employees less time, in which they do their actual work. Elaborate written goals can be counterparty. In other words, to put it very simply if you want to pursue management by objectives carefully, you better follow the middle path. Lack of top management support after deciding on using it reduces its effectiveness as a tool for organizational change.

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- Some managers will not or cannot sit down and work out goals with their subordinates they “assign” or “suggest” goals and plans to their people resulting in resentment and lack of commitment to the MBO program.

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Some managers will not and cannot sit down and work out goals with their subordinates and they will assign and suggest goals. That is to be avoided because this will result in resentment. In other words, like any other system MBO has its strengths, have its weaknesses and has to be carefully implemented if it is to work at all.