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ABSTRACT

This text is of a series of three handbooks, each intended to provide busy educational executives with a brief, practical overview of one major issue or movement. This book aims at providing both the theoretical base of the management by objectives and results (MBO/R) system of management and suggestions for its practical application. The author first discusses the relation of MBO/R to the field of education, the MBO/R system as a personnel management system, and MBO/R as a comprehensive management system. He then explains how to generate and work with educational objectives. In an effort to assist administrators in managing for results and operations in the MBO/R mode, the author next considers programing to produce a work plan, allocating resources, monitoring to determine progress, and controlling to keep the organization on target; and sets out some strategies to implement an MBO/R system. A general change model is included, and the phases readiness, pilot testing, innovation management, followup, and institutionalization are discussed. Related documents are EA 005 233 and EA 005 282.
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Management by Objectives and Results

— a guidebook for
today's school executive

Prepared for
AASA National Academy
for School Executives

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All members of the American Association of School Administrators receive a copy of this book as part of their 1973 membership.

FOREWORD

There is a story often told about a man and his wife who are driving speedily through the countryside. The wife finally asks her husband whether or not he knows where he is. The husband replies that he is lost but that he is certainly making good time.

Management by objectives and results should help administrators differentiate between *movement* and *progress*, and in the process enable them to establish more clearly the goals toward which the school wants to move and their progress toward these goals.

The adoption of a system of management by objectives and results elevates purpose to a high order of priority in the activities of a school. It makes all of those who are in a school more conscious of why they are there and what they must do to achieve their purpose. Students, teachers, administrators, and support personnel are all involved.

This publication shows a way to those who would establish such a system of management. It gives not only the theoretical base but suggestions for practical application. It goes beyond the usual publication in that it talks not only about management by objectives but also about the results. This addition is very important, for the results become the motivating factors for further progress. Detractors of scientific management systems are often prone to state that such systems dehumanize a school and that they would rather be less systematic and more humane. A careful reading of this book will emphasize that management by objectives and results need not dehumanize a school; rather, it can be used to further humanize one.

This handbook was commissioned as one in a series of three produced under a grant from the U.S. Office of Education. It is

intended to provide busy educational executives a brief, practical overview of a major issue or movement.

Steve Knezevich, the author, has done a skillful job. It is certainly worthy of careful study by all who would seek a more effective way for administering schools.

AASA and its National Academy for School Executives take this occasion to recognize the many contributions of William H. Curtis in arranging for, overseeing, and reviewing the MBO/R manuscript prepared by S. J. Knezevich. Dr. Curtis' time and special efforts made it possible to meet the tight schedule for the dissemination project. Likewise, the many additional hours and pressures faced by Mrs. Cleo H. Coenen of Madison, Wisconsin, in the typing of the various drafts of this publication are worthy of recognition. AASA and its National Academy for School Executives appreciate Cleo's services to the project.

Paul B. Salmon
Executive Secretary, AASA

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CHAPTER 1

MBO/R and the Dynamic Profession

Administration is a function that is crucial to the success of every enterprise. Why? Because administration—

- Influences the direction and priorities of the enterprise.
- Decides what strategies will be used to reach objectives.
- Can make people within the enterprise more productive or less effective.
- Can influence results achieved.
- Is a unifying and coordinating force within the organization.
- Helps to ensure prudent use of scarce fiscal and material resources.
- Appraises the quality of services, products, or other outcomes.
- Shapes to a considerable degree the image and prestige of the enterprise.

Other contributions could be added to this list. The point is that complex educational institutions cannot operate effectively without administration. The type and quality of administrative services and personnel influence the relevance and very survival of schools. Administrators (managers) have been called a "basic resource," the "scarcest" and most precious resource in an enterprise.¹

Just a word about use of the term *management* as opposed to *administration*. The latter term is by far the more popular in educational literature. Until recently school executives viewed *management* as a demeaning term that emphasized the mechanical aspects and failed to recognize the leadership dimensions of their positions. Now, however, the term (which has long had a most

favorable connotation in other fields) is gaining rapid acceptance among educators. *Management* and *administration* will be used interchangeably in this book and will be considered to be synonymous. Administrative (managerial) personnel in education are those who support, stimulate, or in other ways work with and through other persons (e.g., teachers) who have more direct contact with and interact more frequently with learners. The learner and the needs of society are important focal points for both instructional and administrative personnel.

At one time the primary emphasis in educational administration was placed on issues unique to schools, such as educational finance, school plant design, school business management, legal aspects of education, curriculum and instruction. These issues remain important, but the horizons of educational administration have expanded. The new emphasis is on such issues as—

- Decision making.
- Leadership.
- Politics.
- Social systems.
- Management science.
- Process (e.g., planning, organizing, stimulating, coordinating, appraising).

Since MBO/R (management-by-objectives-and-results) is process oriented, a further review of what is meant by administration as a process is in order. Viewing administration in this way emphasizes those tasks that are shared by *all* administrators, regardless of the type of institution they administer: tasks involving finance, space, personnel, and other "universal" concerns. Even Socrates hinted strongly that there was a universal administrative process. But only around the turn of this century did there begin to be any real attempts to discover the essence of administration, to extract and define its common elements.

Henri Fayol started it all by calling attention to essentials that must be executed in every managed organization, such as planning, organizing, commanding, coordinating, and controlling. Later the term POSDCORB, developed by Gulick and Urwick, became rather popular. The letters stand for planning, organizing, staffing, directing, coordinating, reporting, and budgeting.

Levels of abstraction have often been used to describe the administrative process. A first order, or high level, of abstraction would include such activities as planning, decision making, executing, and appraising. These activities could also go on in the next

level of abstraction, which would include the administrator's involvement in goal orienting, organizing, assembling and allocating resources, leading, coordinating, controlling, and performing ceremonial functions. There are at least 10 other lists that attempt to describe things all administrators do or should be concerned with.

Educational administration has been enriched by the contributions of experts in many disciplines. Economists, behavioral scientists, anthropologists, and management scientists have done much to change the direction of the research and literature in our field. It is no longer unusual to find ideas that had their origins in other fields being modified and interwoven into first the literature and eventually the practice of educational administration.

Enter MBO/R

MBO/R (management-by-objectives-and-results) tends to put the focus on generalizable functions (processes) that must be performed by the administrators of any type of institution, regardless of its basic purpose or value orientation. MBO was developed first for business and industrial management but is now gaining acceptance, with some modifications, in educational administration. The 'R' for results was a later addition, to focus the efforts of administrators on results management and to minimize the possibility of stopping after identification of objectives. In all fairness to the originators of MBO, it must be said that the term *objective* implied knowing what should be done and accomplishing it. In this broad interpretation, adding the 'R' is redundant. The time frame is what makes the difference. Objectives-setting is the preliminary stage, and results the culmination stage. In this sense an objective may be interpreted to mean "results expected."

The name of the MBO/R game is achievement. The idea is to help managers throughout the system to win organizational objectives. It is much easier to set objectives than it is to manage with them. MBO/R is not so much an additional burden as it is another way of discharging the responsibilities assigned to the administrative team. To repeat, MBO/R is a set of processes, a generalizable approach that can be adapted to a variety of institutions, including education.

MBO/R is based on the notion that organizations are created to accomplish common purposes. In this sense all organizations are goal-seeking mechanisms, that is, agencies dedicated to the realization of stated objectives. Goals and objectives, therefore, become significant variables in the administrative process. They are important starting points and give direction and meaning to

subsequent activities. Formulating objectives, winning commitment of all personnel to them, clustering resources around objectives, and managing to obtain desired results are really the essence of MBO/R. These concerns should receive high priority in the crowded time schedules of executives at all levels seeking to operate in this mode.

MBO, at least as a formal term, is of fairly recent origin. MBO/R is even more recent. Some writers argue that successful administrators (managers) followed the spirit of management-by-objectives-and-for-results long before the term was coined. Credit is usually given to Peter Drucker and Douglas McGregor² for developing more fully the various dimensions of the MBO concept during the 1950's. Since then a number of books and articles on MBO and MBO/R in business and industry have been generated (see selected bibliography at the back of this book). Articles applying MBO to education began to appear in the early 1970's, but they were relatively few and far between.

MBO and MBO/R Definitions

Not everyone defining MBO and MBO/R stresses the same things. The most frequently used definition of MBO is the following, developed in 1965 by G. S. Odiorne:

The system of management by objectives can be described as a process whereby the superior and subordinate jointly identify goals, define individual major areas of responsibility in terms of results expected of him, and use these measures as guides for operating the unit and assessing the contribution of each of its members.³

This definition suggests how objectives are to be determined: jointly by the superior and subordinate. About five years later Odiorne offered a briefer definition of MBO as "a system in which the first step of management is the clarification of corporate objectives and the breaking down of all subordinate activity into logical subdivisions that contribute to the major objectives."⁴

Schreiber and Sloan viewed MBO as "a management process by which work is organized in terms of achieving specific objectives by set times."⁵ Ryan placed more emphasis on leadership, the team approach, and people:

Management by objectives is a method of leadership which successful executives have been using for generations. It requires the individual executive to develop his own managerial objectives as part of a team striving for a corporate objective agreed and understood by all. It allows the individual executive to accomplish the required results in his own way, so long as

this does not interfere with achievement of his own or corporate objectives. In short: you organize your subordinates to help you win your objectives.⁶

Morrisey saw MBO/R as a management approach that sought to determine—

1. What must be done (after careful analysis of why it must be done).
2. How it must be done (the program steps or plan of action required to accomplish it).
3. When it must be done.
4. How much it will cost.
5. What constitutes satisfactory performance.
6. How much progress is being achieved.
7. When and how to take corrective action.⁷

For the purposes of this volume, MBO/R is one side of education-by-objectives-and-results (EBO/R) and is a *system of operation that enables the organization and its personnel to identify, move toward, and lock onto objectives as well as to manage more effectively for desired results.*

It can be said that neither MBO nor MBO/R is a profound concept interwoven into a complex system. Many writers stressed the importance of objectives long before MBO became popular. It is the quality of the objectives, the manner in which objectives are set, and the management of the organization to achieve them that are somewhat new. The execution phase of MBO/R represents the real challenge to educational and nonprofit institutions with a service orientation. Such institutions will find MBO/R far more difficult to put into practice than business and industry have.

Why EBO/R?

MBO/R is an attitude or a manner in which administrators fulfill their present responsibilities. It will not be implemented in precisely the same way in all institutions. This guidebook seeks to adapt the management style called MBO/R to educational enterprises. One of the first steps will be to limit the term MBO/R to the management side of the educational institution. Teachers are the most numerous professional personnel in schools and resist any attempt to identify them with management. What teachers accept or reject will have a profound impact within the educational enterprise. If the total educational organization is to be committed to using objectives as aids to the achievement of results, then teachers, who outnumber

administrators almost twenty to one, must come to accept the new approach and be an integral part of the new mode of operation

Recognition that important instructional personnel may be turned off by terminology used and found acceptable in business and industry led to the search for a better way of identifying a system of operation that enables an organization and its personnel to identify, move toward, and lock onto objectives as well as to manage for desired results. The term EBO/R (education-by-objectives-and-results) was coined to meet the special needs of the total educational organization. It is submitted as a more accurate and comprehensive description of the system. MBO/R, therefore, becomes one of two components and can be defined as EBO/R from the management side of the enterprise. MBO/R could also be identified as EAO/R, that is, educational administration-by-objectives-and-results. IBO/R, instruction-by-objectives-and-results, is the other component; it is EBO/R from the instructional personnel side of the enterprise. To summarize, $EBO/R = MBO/R + IBO/R$. Because this guidebook is addressed to school administrators, its major emphasis will be on MBO/R.

What Can MBO/R Do?

MBO/R as a process may be the key to greater managerial effectiveness in schools, depending on the quality of the system design and its execution. Why? Various writers answer that question by pointing to administrative functions to which MBO/R can contribute, such as—

- *Giving direction* to the organization (MBO/R helps to identify and describe what must be done).
- *Determining priorities* for the organization (MBO/R facilitates the rank ordering of what must be done in multipurpose institutions such as schools).
- *Deciding* (MBO/R helps to provide a rational basis for taking one course of action as opposed to another).
- *Exercising leadership* (MBO/R suggests a style of motivating and working with personnel).
- *Allocating resources* (MBO/R provides a basis for allocating scarce resources among competing activities).
- *Controlling and monitoring operations* (MBO/R helps to identify what to look for in determining how well the organization is moving toward results).
- *Appraising managerial performance* (MBO/R suggests a way to evaluate the performance of administrative personnel).

- *Describing administrative positions* (MBO/R points to a new way of defining what is expected of administrators).
- *Selecting new personnel* (MBO/R suggests a new way to look for in identifying and selecting personnel for administrative positions).
- *Developing administrative personnel* (MBO/R provides a basis for planning career development programs for managerial personnel).
- *Identifying corrective action* that should be taken (MBO/R helps to spot problem areas where corrective action is necessary).
- *Determining an orderly growth sequence.*
- *Assessing what results have been achieved.*

To accomplish all of the above is a tall order. MBO/R may be a way of doing things, but it carries no guarantees. The basic strategy of MBO/R is to focus on objectives and results. How well this strategy is implemented will determine how many of the above administrative concerns are realized with success.

Two major and closely related interpretations of MBO/R appear in the growing literature in this field. They are not mutually exclusive; varying degrees of overlap will be evident. One interpretation stresses the impact of MBO/R on people. This personnel emphasis will be called the "human relations-oriented" concept of MBO/R and will be the subject of the next chapter. The second interpretation is more comprehensive in scope and looks at the impact of MBO/R on the total enterprise. It will be called the "systems management-oriented" concept of MBO/R and will be described more fully in Chapter 3.

SUMMARY

Administration is a crucial function influencing many dimensions of an institution. Complex educational institutions would find it difficult to operate, remain relevant, or survive for very long without administrators. In this guidebook the terms *management* and *administration* will be synonymous.

Educational administration has changed. More emphasis is being placed on issues other than such traditional substantive ones as school finance and school plant design. Administration is being perceived as a set of common processes important to the operation of all types of institutions. These processes include planning, making decisions, executing, and appraising, as well as setting goals, organizing, assembling and allocating resources, leading,

coordinating, controlling, and performing ceremonial functions. MBO/R is process oriented.

MBO came out of business administration. The 'R' was added to produce MBO/R, management-by-objectives-and-results, to minimize the possibility of stopping after objectives were identified and agreed upon. The name of the MBO/R game is achievement. Formulating of objectives, winning commitment to them, clustering resources around them, and managing to obtain desired results represent the essence of MBO/R. MBO and MBO/R are not profound concepts interwoven into a complex system. For purposes of this volume MBO/R is one side of EBO/R, education-by-objectives-and-results, a system of operation that enables an educational organization and its personnel to identify, move toward, and lock onto objectives as well as to manage more effectively for desired results. In essence, $EBO/R = MBO/R + IBO/R$, where MBO/R is EBO/R from the administrative side and IBO/R is EBO/R from the instructional side. This book is addressed to administrators and so will emphasize MBO/R.

NOTES

¹ Drucker, P. F. *The Practice of Management*. New York: Harper-Row, 1954. p. 111.

² McGregor, D. *The Human Side of Enterprise*. New York: McGraw-Hill, 1960.

³ Odiorne, G. S. *Management by Objectives*. New York: Pitman, 1965. p. 55.

⁴ ———. *Training by Objectives*. New York: The Macmillan Co., 1970. p. 97.

⁵ Schreiber, D. E., and Sloan, S. "Management by Objectives." *Personnel Administrator* 15: 20-26; May-June 1970.

⁶ Ryan, Joseph. "How To MBO." *Management Today*, April 1971. pp. 66-70.

⁷ Morrisey, G. I. *Management by Objectives and Results*. Reading, Mass.: Addison-Wesley Publishing Co., 1970. p. 3.

CHAPTER 2

MBO/R as a Personnel Management System

Administrators make things happen, for better or for worse, through other people. Most educational organizations today are far too complex for a single individual to execute all the many and varied tasks related to goal achievement. If it is true that people make things happen, then what motivates them, what helps them to grow in confidence, and what enhances their morale are important. Some suggest that an administrator is only as good as the people with whom he works. Administrators are called upon time and time again to increase the productivity of their staff.

This chapter is concerned with the human relations dimension of MBO/R and the leadership strategies that are consistent with it. MBO/R can have an impact on such significant concerns as staff appraisal, position description, professional development, and personnel motivation. The target population in business and industry is managerial personnel; MBO/R is concerned with the "managing of managers." The prime target for this volume will be educational administrators.

Perceptions of MBO/R as a dehumanizing, mechanical approach are misguided. MBO/R recognizes the importance of administrators as people. More often than not, MBO/R is introduced first as an approach to personnel management or human relations. It is a way of putting leadership concepts into practice. In fact, MBO/R might well be interpreted as "leadership-by-objectives-and-results." It is leadership in the broadest sense of the term. Other interpretations of MBO/R in the literature and practice might more precisely be described as "personnel-management-by-objectives-and-results," PMBO/R.

Once again, not everyone adopting MBO/R interprets it the same way or emphasizes the same things. One interpretation may focus on what stimulates people to greater productivity, another on what can contribute to their growth in professional competence. Whatever the specific interpretation, MBO/R remains a people-oriented approach and attempts to integrate the needs and objectives of the individual administrator with the demands and goals of the organization (here, the school system).

Douglas McGregor, one of the early proponents of MBO, wrote about the human side of the enterprise.¹ He argued that one's perceptions or views of people will influence both one's style of administration and the design of the organizational structure. He popularized two sets of contrasting assumptions about human beings and their relation to work, popularly called Theory X and Theory Y.

According to Theory X, the typical individual has an inherent dislike of work and will avoid it if possible. He prefers to be told what to do, avoids responsibility, won't work any harder than is absolutely necessary (is lazy), possesses little ambition, seeks security above all, strives to get more money any way he can, and is inherently selfish, having little or no regard for his co-worker or organization. The chief administrator who holds this rather grim view of human nature "has no choice" but to structure a system of operation based on careful supervision of subordinates, close control of operations with frequent checks, detailed direction of all activities, and frequent use of threats of punishment such as firing or withholding salary increments to motivate (accompanied by the generous use of a kick in the right place). Theory X suggests that there is no point in wasting time getting people involved, because it is "human nature" to show little creativity and to avoid doing any more than one has to. Delegation of responsibilities is risky; if the manager wants anything done right, he'd better do it himself!

Theory Y stands in stark contrast to Theory X. According to Theory Y, the typical worker considers it natural to expend physical and mental effort in work as well as in play. Under the proper conditions an employee will not only accept greater responsibility but will seek to earn it. The typical worker has a relatively high degree of imagination, ingenuity, and creativity. Furthermore, he is forever seeking ways to express these talents in the solution of organizational problems. Ambition is a natural phenomenon, but it is fragile and can be destroyed by unfavorable circumstances. Economic rewards have some influence in stimulating work, but nonmonetary recognition and the personal satisfaction of achieving difficult assignments are the more powerful stimulants of human behavior. Man is by nature gregarious and is more productive in

groups than in isolation. Each person seeks to grow to his full potential and to achieve self-direction. He likes to be involved and identified with his work environment and the total organization. Left to himself he can, if the situation is right, contribute much to any organization.

A different type of organizational pattern is created by managers who hold to Theory Y. They provide less "snoopervision" and greater freedom for employees to perform their responsibilities; less direction and more involvement; less emphasis on centralized control and more on self-direction and self-control. They rely less on threats of punishment to motivate, and more on opportunities for creative expression and non-monetary rewards, such as recognition.

It can be assumed that the typical administrator will be more productive if he knows and accepts what he does as related to the objectives of the organization, if he has the resources necessary to reach the objectives, and if he is asked to accomplish things within his realm of competency. This sounds like Theory Y and also like MBO/R. MBO/R may be viewed as a mode of operation that seeks to produce an environment where creativity may be stimulated and the self-directed manager may emerge. The goal is to make the organization a more productive place of work suitable for the human beings within it. MBO/R can be viewed as a system for managing people better. As Schleh put it, "to accomplish his objectives a manager manages men." The aim of what he called "results management" was to "integrate the work of the individual toward the over-all objectives of the institution with his own personal interests and desires."²

The remainder of this chapter will consider the implications of MBO/R for four dimensions of personnel relations: performance appraisal, job descriptions, professional growth programs, and motivation.

MBO/R and Performance Appraisal

Personnel evaluation is an old but persistent concern in all organizations. Legislatures, school boards, and people in general want proof of the effectiveness of personnel. MBO in many industrial organizations came to be equated with a unique approach to the appraisal of managerial personnel. School systems were attracted to MBO by the need to design a system for evaluation of principals and others. What many school systems call MBO ends up in fact as an approach to appraisal of the administrative personnel.

Odiorne³ refers to this conception of MBO as a "results oriented appraisal system," where stated goals or objectives replace personality traits as appraisal criteria. Heier⁴ argues that MBO can be implemented without appraisal by results, even though such outcome-oriented evaluation systems call for the setting of objectives and/or tasks. He concludes that "because appraisal by results is a reinforcing extension of management by objectives, most organizations adopt both programs simultaneously." The basic idea behind this approach to performance appraisal is the development of "an agreement between a subordinate and his superior that the former will meet a certain objective, or series of objectives, within an agreed-upon length of time."⁵ In short, superior and subordinate not only set targets but also review in advance the possible ways of reaching them and the resources that will be necessary.

Evaluation by jointly determined job targets is not entirely new to education. Redfern and others have long espoused "cooperative appraisal" or the "job target" approach to performance appraisal in the field of education.⁶ This approach has been used primarily for instructional rather than administrative personnel, but it resembles what in business and industry is called appraisal by results or, more specifically, "management personnel-evaluation-by-objectives-and-results"—MPEBO/R. There are some subtle differences. In education a job target focuses on an individual professional goal, such as learning a new instructional strategy or subject matter content. In business and industry the focus is on the contributions the individual makes to the objectives of the *organization*, although personal development may not be ignored.

Although it is not necessarily the simplest aspect of MBO/R to put into practice, administrative personnel appraisal by results is perhaps the most frequently implemented dimension of MBO/R in schools and can be used as a starting point for working in this mode. Obviously, if it becomes a terminal point, MBO/R's inherent potential for education will not be realized. The emphasis on joint determination of, or agreement on, objectives is important. Hopefully, there will be no irreconcilable differences at this crucial stage. The objectives set should be challenging—that is, should stimulate the appraisee to higher levels of effectiveness, and, therefore, increased productivity in the organization. What work standards, if any, shall apply is a point of contention in implementing such a system. Zeroing in on and giving appropriate weight to the more important objectives is another of the many operational concerns.

McGregor suggested that the "God complex" of some evaluators in arriving at judgments about a person's worth may be the most important reason why most appraisal systems don't work

very well. With the individual appraisee helping to set his own goals, appraisal becomes more like a coaching or counseling session, minimizing the chances that the "God complex" will appear.

It is beyond the scope of this volume to outline in detail the results-oriented appraisal dimension of MBO/R, although it is perhaps the most popular interpretation of what MBO/R is all about in education.

Outcomes-Oriented Job Descriptions and "Management Contracts"

If appraisal is to be tied to results, which in turn call for the prior determination of objectives, it follows logically that job descriptions may likewise be based on results. Describing in detail the position of a principal, supervisor, superintendent, or other school executive is not a common practice. In the rare district where there are precise descriptions, they are traditionally "input-oriented," setting forth activities or functions to be performed rather than results to be achieved. There is an implicit faith that pursuit of a set of activities will contribute to the successful operation of an institution, even though there are no hard data to reveal the relationship between a given activity and hoped-for results. There is some comfort in the traditional pattern, for one can be very busy executing activities, and "busyness" may convey the image that something is being accomplished.

Operating in the MBO/R mode calls for job descriptions that emphasize results rather than activities to be performed. The activities come *after* objectives are specified. The focus is on managing for results, so activities may be expanded, eliminated, or reassigned as the need arises. In the MBO/R mode, the school principal is not told that his job is to turn in certain reports on a stated schedule, supervise teachers, handle discipline problems, or take tickets at all athletic events. Rather, the principal and his immediate superior jointly determine what can reasonably be anticipated as his contributions to total system goals. In the MBO/R mode the principal agrees that such outcomes as a given level of pupil learning, teacher morale, or community acceptance may be anticipated by the end of a certain period of time.

The MBO/R mode represents a fundamental shift in the way school administrators view their positions. It will call for a radical change in attitudes among school administrators for whom execution of a well-established set of activities has become a way of life. It is no easy matter to switch to output-oriented position descriptions. The typical administrator isn't quite sure what constitutes a

feasible set of outcomes for his position, much less how these might be articulated. Staff development is essential to facilitate the switch to thinking in terms of outputs and to help administrators become skilled in generating meaningful objectives for their positions. More will be said about this kind of staff development in Chapter 6.

The combination of results-oriented appraisal plus output-oriented position descriptions may lead to what some have identified as "management contracts" for administrators. These are informal, not legal, contracts, the products of joint deliberation and determination by an administrator and his immediate superior. They may specify the contributions of the unit administered by a subordinate manager to the overall goals of the system. To illustrate, a principal and an assistant superintendent for secondary education would agree on priority concerns for the principal's school, results expected for learners and staff, and time limits for the accomplishment of each objective. The emphasis would be on a set of achievable targets, that is, those within the principal's capability and previous history of success. The objectives should be feasible in terms of the state of knowledge or technology, the resources available, and the principal's skills and competencies.

Thus the management contract should describe how a given administrator expects to contribute to organizational and/or major division goals. If it merely describes functions to be performed, if it merely catalogs what the administrator is already doing or is unrelated to the overall objectives of the system, it has missed the whole spirit behind MBO/R.

The management contract also becomes an initial step in the administrator evaluation system. Again, it bears a striking similarity to what Redfern calls cooperative appraisal (as opposed to unilateral determination in the typical systems) and job target appraisal. At the end of a given period the subordinate and superior sit down to determine what in the management contract was achieved and what was not.

Levinson⁷ saw MBO as "closely related to performance appraisal and review." He viewed it as a practice intended to—

- Measure and judge performance.
- Relate individual performance to organizational goals.
- Clarify both the job to be done and expectations of accomplishment.
- Foster the increasing competence and growth of the subordinate.
- Enhance communications between superior and subordinate.

- Serve as a basis for judgments about salary and promotion.
- Motivate the subordinate.
- Serve as a device for organizational control and integration.⁸

Levinson recognized the shortcomings of what sounds rational when it is put on paper. "No matter how detailed a job description, it is essentially static, that is, a series of statements." He observed that "the higher a man rises in an organization and the more varied and subtle his work, the more difficult it is to pin down objectives that represent more than a fraction of his effort." In practice there may be a tendency in writing job descriptions to state what the individual does in his work rather than what is needed to accomplish goals.

One of the serious shortcomings of the so-called management contract is goal displacement, that is, the tendency to emphasize those things easiest to accomplish or to appraise rather than those that contribute most to overall organizational goals. Levinson pointed out the danger that the typical MBO effort may perpetuate and intensify "hostility, resentment, and distrust between a manager and subordinate."

The relationship of appraisal by results to salaries paid and increments awarded remains a controversial one. Some of the resistance encountered in implementing MBO/R may be related to the fear not only of appraisal per se but of the appraisal's economic effect on the appraisee. This fear among teachers may explain why some teacher organizations have gone on record as resisting the introduction of MBO/R. There may be a propensity for school board members and other lay persons to consider MBO/R as the solution to the merit pay problem, but there is little in the experience thus far to warrant this view. The reverse may occur—that is, MBO/R may lose its inherent potential if it receives too much emphasis as a tool for determining the compensation of administrators.

Professional Growth by Objectives and Results

Drucker⁹ identified "the making of a productive enterprise out of human and material resources" as a most important management function. He viewed the enterprise as something more than simply a mechanical assemblage of resources. Getting the most out of the available talent and related resources is a perpetual challenge to administrators. There are limitations to nonhuman resources, but as Drucker pointed out, "man, alone of all the resources available to man, can grow and develop."¹⁰

Many people have observed that the stock of education, that is, the skills and understanding acquired by an individual, represents a form of capital. Such capital may depreciate as much as physical capital. It becomes imperative, therefore, for the top level executive to maintain the effectiveness of all talent, but particularly that at managerial levels, by giving it opportunities to grow.

Often the allocation of funds for professional growth is considered somewhat of a luxury, to be indulged in only when a surplus of money is available. When funds are tight there is a common tendency to cut back on training in favor of other operational concerns. But, as Odiorne¹¹ has indicated, there are certain organizations that consider professional growth of managerial staff to be a normal productive expenditure. The military cauls training one of the four major management functions. In the private sector, Odiorne has pointed out,

The average employee and supervisor in the Bell Telephone Company, for example, spends an average of 20% of his time in training, according to one estimate. The typical General Motors manager spends approximately the same amount of time in training.¹²

MBO/R as a special kind of appraisal system, a new approach to job description, or even a set of "management contracts" may be considered means or inputs into MBO/R as a unique approach to professional managerial staff development. Appraisal by results, in particular, may reveal the kinds of special training needed to give the administrator an opportunity to know his position better than anyone else, to integrate system objectives with managerial efforts, and to become a self-starter within the organization. Of course, not all training programs are cast in the MBO/R mode. But MBO/R creates a work climate that encourages individual administrators to develop to their fullest while executing their responsibility for fulfilling the objectives of the system.

Again, the chief strategem is to obtain agreement on objectives so that the administrator has a clear idea of what is expected of him, what opportunities are available, and how well he is doing. In this sense MBO/R is operationalized through a set of training programs that are part of the human development system focusing primarily on managerial personnel as key individuals in the organization. This subset of MBO/R may be called "training-by-objectives-and-results" or "development-by-objectives-and-results."

Odiorne¹³ classified training needs or objectives into three major categories:

1. Regular training objectives
2. Problem-solving training objectives

3. Innovative or change-making training objectives.

He concluded, "the key to finding training objectives is uncovering organizational objectives."¹⁴ It is beyond the scope of this brief volume to describe in detail the development-by-objectives-and-results approach. It is obvious that if there is to be growth there must be a specification of "growth-toward-what." If it is to overcome functional obsolescence, the new level of competence must be specified. Objectives give a focus to all professional development activities, whether they involve human relations and sensitivity or computer systems. A more precise definition of the organizational or unit objectives and the capabilities of individual personnel to deliver or contribute to the achievement of these objectives is important to the design of an MBO/R development activity.

Motivation and Job Enrichment

MBO/R's concern with managerial performance appraisals, position descriptions, and development approaches are part of a larger concern with helping to create a cadre of self-directed employees. In MBO/R, motivating administrators to greater productivity relies more on inner or self-directed motivation than on the fear of appraisal. Motivation, according to MBO/R and Theory Y, is most meaningful when it comes from within. MBO/R can be interpreted as a leadership style that motivates individual administrators to higher performance levels by involving them in the setting of objectives at the unit, division, or organization level. This involvement gives meaning to their specific activities, a chance to demonstrate their ability to meet important challenges, and a way to know how well they are doing. Their motivation is based less on threats, job security, or promise of material rewards than on personal satisfaction from a job well done and the recognition that goes with it. This style of motivation may be hard to sell to a believer in the Theory X conception of workers and what turns them on.

A more precise title for MBO/R would be "managing leadership personnel motivation through specification of position objectives and results." Obviously this is too long; "leadership-by-objectives-and-results" or "motivation-by-objectives-and-results" may be better. "The greatest advantage of management by objectives," according to Drucker, "is that it makes it possible for a manager to control his own performance." He stressed the power of self-directed administrators: "Self control means stronger motivation: a desire to do the best rather than just enough to get by."¹⁵

Sensitivity training, that is, coming to understand and appreciate human behavior or motivations by knowing in an intimate way the hopes and fears of persons with whom one works, may be perceived as a dimension or extension of MBO/R. In the process of trying to understand others and how they function in the organization, the manager acquires a better understanding of himself. The administrator who seeks to motivate others (or to design professional development programs) needs to know what values others hold, what turns them off or on.

The dangers and limitations of this motivation strategy were described by Levinson. He cautioned, "Obviously, no objectives will have significant incentive power if they are forced choices unrelated to a man's underlying dreams, wishes, and personal aspirations."¹⁶ To Levinson an important question is "management by whose objectives?" Ineptly done, the so-called jointly determined objectives could be seen as a facade for manipulating employees. There must be a genuine feeling of partnership in the goal-setting process, or the entire framework for manager motivation will be seriously undermined. Motivational strategies may encounter difficulties if the manager sees himself, or considers the objectives-setting experience, as only an instrument for reaching a goal. The ideal integration between individual and organizational objectives requires an understanding of the individual's needs and then an assessment of how well these needs can be met in the particular organization. As Levinson put it,

If the two sets of needs do not mesh, then a man has to fight himself and his organization, in addition to the work which must be done and the targets which have been defined. . . . Every management by objectives program and its accompanying performance appraisals system should be examined as to the extent to which it (1) expresses the conviction that people are patsies to be driven, urged, and manipulated, and (2) fosters a genuine partnership between men and organization.¹⁷

Levinson was very direct in his criticism of the motivation potential in MBO: "MBO as a process is one of the greatest managerial illusions because it fails to take adequately into account the deeper emotional components of motivation."¹⁸ He asserted that MBO is "self-defeating," "serves simply to increase pressure on the individual," "is not working well despite what some companies think about their program," "misses the whole human point," and "is based on a reward-punishment psychology that serves to intensify the pressure on the individual while really giving him a very limited choice of objectives." This sweeping indictment is not shared by all, or the MBO/R movement would have died

aborning. But such criticism can be valuable if it alerts us to misapplications, misinterpretations, and misconceptions within an approach.

Herzberg¹⁹ observed that "the psychology of motivation is tremendously complex and what has been unraveled with any degree of assurance is small indeed." Efforts to motivate employees by improving work conditions, raising salaries, or simply reshuffling tasks have not been enough. Herzberg reviewed some of the approaches to motivation that result at best in short-term benefits. These included reduced time at work, increased wages and fringe benefits, human relations training, sensitivity training, and employee counseling. Findings from many of his studies led Herzberg to suggest that the factors that produce job satisfaction (and motivation) "are separate and distinct from the factors that lead to job dissatisfaction." In other words, job satisfaction is not the opposite of job dissatisfaction.

Herzberg postulated two basic kinds of human needs: the basic biological needs derived from our animal nature, and the needs derived from that "unique human characteristic, the ability to achieve and, through achievement, to experience psychological growth." He saw motivation as influenced by "achievement, recognition for achievement, the work itself, responsibility, and growth or advancement."²⁰

One large company, Texas Instruments, conducted research on motivation and reported conclusions that paralleled Herzberg's theory of motivation.²¹ The company identified "four fundamental requirements for motivation":

1. A feeling of achievement and opportunity for self-actualization
2. Interpersonal competence
3. The opportunity to work toward meaningful goals
4. The existence of appropriate management systems.²²

The importance of meaningful involvement in significant goal setting was stressed. Integrating personal with organizational goals was found to be the best way to make such goals meaningful to an individual. "Objectives have to be narrowed to the point that employees can relate them to their everyday work." This company reorganized its managerial approaches to encourage high degrees of individual involvement, considerable use of task forces for problem-solving and goal-oriented action programs, job enrichment, and the formation of natural work groups. The last two factors appear to be interrelated, for jobs can be enriched by giving individuals opportunities to plan and control tasks as well as to do them.

Some argue that nothing motivates like success. The emphasis should be on the setting of achievable targets, that is, objectives that while within the competencies of the individual are still challenging and contribute to the achievement of organization goals. The success should be based more on developing talent than on applying external pressure alone.

More could be written about the exciting topic of motivation, but it is beyond the scope of the present volume to delve into greater detail. The point is that MBO/R may be perceived as a "motivation-by-objectives" system that seeks to stimulate individual administrators to be self-starting and, therefore, more productive personnel. This may be the most important of the many MBO/R interpretations and may contribute the most to the improvement of educational administration.

A word of caution is necessary to place what has been said about motivation in context. There is a danger that a complex issue may be oversimplified. Obviously, not every administrator fits in the Theory Y category (or Theory X, for that matter). But even those who are creative and work-oriented need a little push in the right direction every now and then. An excessive reliance on pressure, however, may be counterproductive.

MBO/R and Accountability

Accountability, like MBO/R, is a goal-referenced term. Its meaning remains obscure unless we specify accountability for what and to whom. MBO/R is one way to make educational accountability more meaningful. It may be a part of the design and development of an accountability system.

People have a right to know for what they will be held accountable. Expectations for a position may reveal its essence and provide the basis for individual performance evaluation. PMBO/R, personnel-management-by-objectives-and-results, is an interpretation of MBO/R that seeks to hold managerial personnel accountable for results rather than simply for the execution of a set of processes. Progress, or the lack of it, is best measured by outcomes achieved.

The issue of joint vs. individual accountability for achieving results in an organization is a controversial one. It is not always realistic to hold one person accountable for results when his or her effectiveness depends on what others do. It may be easier to hold a team of managers, or those within a particular unit, accountable for some kinds of achievements. Some argue that staff personnel should be held accountable for the effectiveness of line officers, on the assumption that staff personnel justify their existence by the

contributions made to line officers. But whether joint or individual accountability prevails, MBO/R focuses on holding personnel accountable for results rather than for the execution of processes or the utilization of inputs.

SUMMARY

MBO/R generates a particular kind of organization climate, one which puts greater stress on outputs and results than on inputs and activities. MBO/R may be seen as a way to discharge personnel leadership responsibilities. More than appraisal by results or position description by outcomes is involved. MBO/R may also be a way of approaching staff development and staff motivation.

The MBO/R target population in a school system is all administrative personnel in the system: principals, supervisors, directors, business managers, assistant superintendents, associate superintendents, and the superintendent himself. MBO/R seeks to determine how much each contributes to the achievement of the results of the total system. There is an assumption in MBO/R that people will accomplish more if they have a better notion of what they are supposed to accomplish.

NOTES

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Schleh, E. C. *Management by Results*. New York: McGraw-Hill, 1961.

² Schleh, *op. cit.*, p. 1.

³ Odiome, George S. "Management by Objectives." *College and University* 10: 13-15; March 1971.

⁴ Heier, W. D. "Implementing an Appraisal by Results Program." *Personnel*, November-December 1970. pp. 24-32.

⁵ *Ibid.*

⁶ Redfern, George S. Based on oral presentations made at various AASA National Academy for School Executives Seminars on Staff Evaluation.

⁷ Levinson, H. P. "Management By Whose Objectives?" *Harvard Business Review* 48: 125-34; July-August 1970.

⁸ *Ibid.*, p. 126.

⁹ Drucker, *op. cit.*, p. 12.

¹⁰ *Loc. cit.*

¹¹ Odiome, George S. *Training by Objectives*. New York: The Macmillan Co., 1970.

¹² *Ibid.*, p. 96.

¹³ *Ibid.*, p. 106.

¹⁴ *Ibid.*, p. 129.

¹⁵ *Ibid.*, p. 130.

¹⁶ Levinson, *op. cit.*

¹⁷ *Ibid.*

¹⁸ *Ibid.*

¹⁹ Herzberg, Frederick. "One More Time: How Do You Motivate Employees?" *Harvard Business Review* 46: 53-62; January-February 1968.

²⁰ *Ibid.*

²¹ Rush, H. M. F. "Texas Instruments Incorporated—Case Study 9." *A Practical Approach to Organizational Development Through MBO*. (Edited by A. C. Beck, Jr., and E. D. Hillmar.) Reading, Mass.: Addison-Wesley Publishing Co., 1972. pp. 18-44.

²² *Ibid.*, p. 21.

CHAPTER 3

MBO/R as a Comprehensive Management System

Administration has an impact on the entire organization, not simply on its personnel. The question arises, Is MBO/R a limited-range technique designed primarily for personnel management, or a general system with application to many dimensions of administration? Odiorne is one of many theorists who argue for the more comprehensive concept. To use his terminology, MBO/R is "a system of management by objectives" that "goes beyond being a set of rules, a series of procedures or even a set method of managing."¹

Both Drucker and Schleh, as early pioneers of the concept, treated MBO as a management system dedicated to making a productive enterprise out of human and material resources. Nevertheless, during much of the 1950's and the early 1960's, MBO's application in business and industry was limited; it was implemented chiefly by personnel departments interested in establishing a results-oriented appraisal system for managers. There was acquiescence from top levels, but complete commitment throughout the organization to the MBO/R approach was lacking. This may help to explain why the approach didn't always work as well as it was supposed to. Leadership from top management, rather than from a single department alone, was required if MBO/R was to reach its full potential as a comprehensive system.

The reduction in the number of school systems in the U.S. from almost 200,000 to about 17,000 has made each one more complex. Time no longer permits any single school executive to directly administer or control in detail the many activities of his large and complex organization. But, as Odiorne pointed out, the executive who can control results can manage the largest of orga-

nizations.² MBO/R, with its focus on outcomes, is an approach that enables the chief school administrator to stay on top of all dimensions of the school system and not simply the personnel department. In short, in the systems-oriented concept of MBO/R, the term *management* means management of the total organization, not just of its personnel.

Evolution of a Concept

Howell³ identified three stages through which most organizations pass as they evolve an MBO/R system. The typical evolution re-creates the historical development of the MBO/R concept. The first stage is an improved approach to performance appraisal of managerial personnel. Performance appraisal was the dominant interpretation of MBO during the 1950's and early 1960's. It represented reaction to the trait-oriented evaluative approach, which "tended to measure a manager on how he approached his job rather than on the results which he achieved," according to Howell.⁴

The second stage traces its origins to the mid-1960's, when the MBO concept broadened to become "a total approach to managing a business, aimed at integrating the objectives of the business with the objectives of the individual managers in it."⁵ In an organization where MBO/R has reached this integration stage, leadership emerges from among line managers and especially at the chief executive level; it is not confined to a staff executive such as the top personnel official. As a consequence, the objectives-setting process begins in the office of the chief executive, with the participation of managers in charge of operations, rather than just the personnel administrator. Objectives at this stage in development are prepared as part of the total organizational operation, not outside the operations planning-budgeting cycle and time period. As a result of better integration between the objectives of the organization and those of the individual managers, communications channels become more open, with improved coordination between activities and identification of overlapping responsibilities and marginal activities. The organization can be modified to reflect the structure of objectives.

One of the disadvantages of the integration stage of MBO is its short-term orientation. The focus is primarily on the following year; longer-term commitments are lacking. Historically, this disadvantage led to the third stage in the evolution of the concept, about 1970. The focus shifted to the long-range consequences of objectives and the longer time framework for action plans affecting both the organization and the individual administrator. Efforts to under-

take such comprehensive long-range planning, focused on the whole organization, could well lead to questioning the organization's fundamental underpinnings.

In general, then, MBO/R is applied first to one dimension of the organization (performance appraisal); then personal and organizational goals are integrated in the short range; finally organizational planning becomes strategic or long-range. It is too early to tell whether MBO/R history is repeating itself in educational institutions. Most school systems implementing MBO/R start with evaluation of administrative personnel and then go on to other personnel matters such as motivation and continuing professional development for administrators. Some, however, relate MBO/R more to PPB or general accountability systems, to which we now turn.

Systems Management

MBO/R is one of several systems management approaches. A very brief review of the fundamental characteristics of systems management in general may help us better comprehend the systems orientation of MBO/R. Systems management—

- Is goal oriented (stresses the need for objectives).
- Emphasizes planning.
- Sees change as normal and stresses the need for introducing and managing innovation.
- Perceives the organization as a delivery system or input conversion mechanism.
- Uses models in problem solving.
- Calls for the identification and use of alternatives.
- Encourages use of interdisciplinary problem-solving teams.
- Employs quantitative analysis techniques.
- Emphasizes rational decision-making tools.

Odiorne perceived MBO in systems terms as a system that "begins by defining outputs and applies these (outputs statements) as criteria to judge the quality of activity (behavior) and to govern the release and effectiveness of the inputs."⁶ He defined the three key system terms: *inputs* ("resources committed to an idea to make it a tangible going concern"), *activities* ("behaviors of people, designing, making, selling, keeping books, engineering, bargaining and the like which *add value* . . . to the inputs"), and *outputs* ("the goods and services, hardware and software, which come out of the system").⁷

In other words, he perceived MBO as a managerial system under which—

. . . the manager and subordinate sit down at the beginning of each period and talk until agreement upon the job goals is achieved. During the period, the subordinate is given wide latitude in choice of method. At the end of the period the active results are jointly reviewed against agreed goals, and an assessment of the degree of success made.⁸

Odiorne warned of traps, such as becoming "input obsessed," an "output fanatic," or, more likely, an "activity obsessed person."⁹

General Systems MBO/R Model

An idealized model of the systems-oriented concept of MBO/R appears in Figures 3-1. The reader is cautioned against inferring that the general system implies unilateral directives. Although not indicated in the general model, involvement of the total staff is preferred.

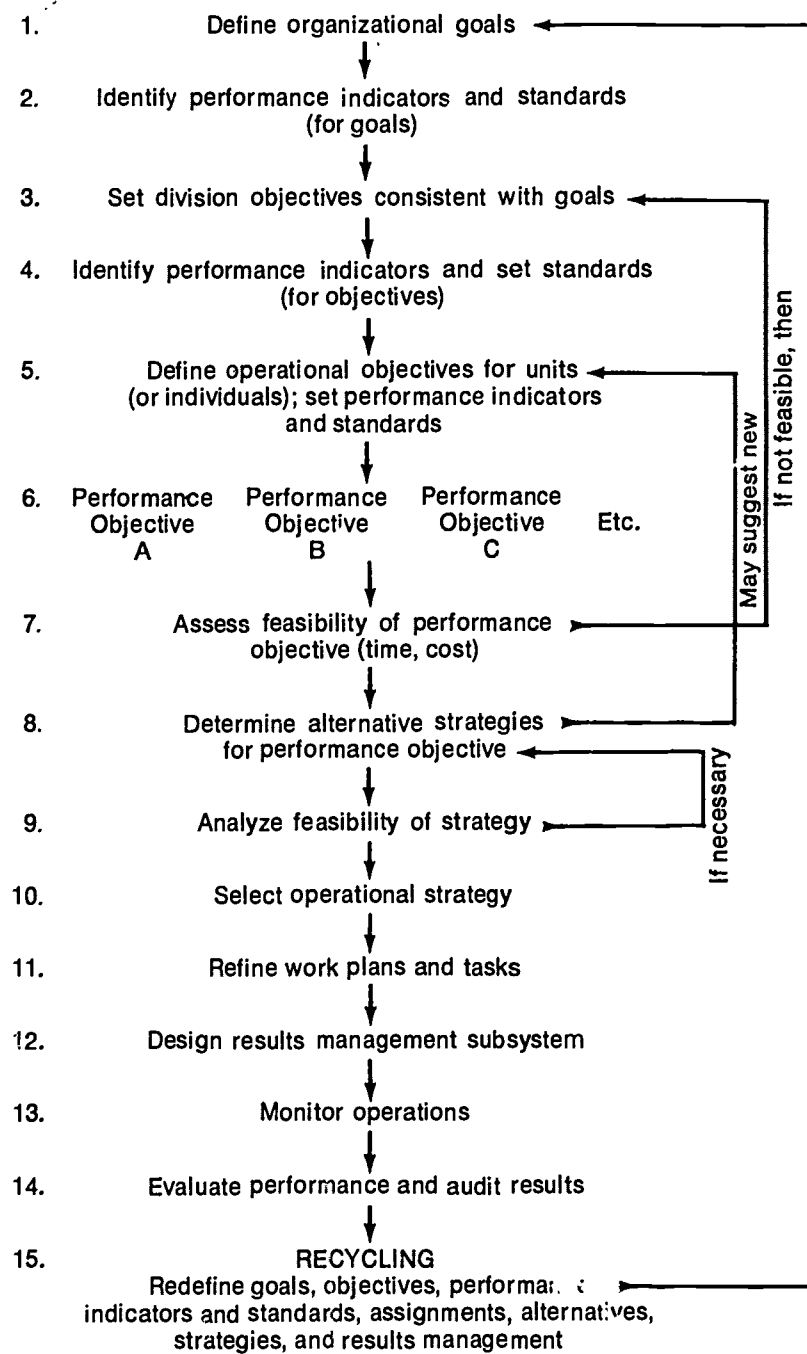
The general systems MBO/R model starts with the defining of *organizational goals*. Next, performance indicators and standards must be set so that the degree of achievement can be assessed. Then *objectives* consistent with the organization goals are set for each major division or top-echelon executive. Again, performance indicators and standards must be set to determine the degrees of achievement.

The next step is to assign specific responsibilities (*performance objectives*) to units, departments, or individuals, and once more to set performance standards. Each performance objective is then assessed to determine its feasibility in view of constraints within the organization. E.g., is the objective realistic in light of the time available and the manpower that can be allocated to it? Is the state of technology far enough advanced to achieve the objective? Are enough fiscal resources available to reach the standards stipulated?

The point is that objectives set should be realistic and feasible if they are to be translated into action, that is, are to influence operations. As indicated in Figure 3-1, if any objective is appraised as being beyond the capabilities of a unit, then there is a return to Step 3 to generate one or more objectives that are equally consistent with organizational goals but more realistic and attainable.

If the objectives stipulated for a unit are judged to be feasible, the next step, shown as Step 8 in Figure 3-1, is determination of alternative *strategies* for the attainment of each objective. If analysis of identified strategies reveals that the objective was not assigned to the appropriate unit or individual, there is a recycling back to

FIGURE 3-1.—GENERAL SYSTEMS MBO/R MODEL



Step 5 to determine a more appropriate assignment. Note the continuing, built-in process of refining objectives and related strategies to influence operation and administration of the system.

Each alternative strategy, in turn, is reviewed for its feasibility. A strategy is more than a mere speculation or a descriptive statement of a vague idea. It must make sense in actual operation and must meet the standards set for cost-effectiveness. If none of the strategies are feasible, there is a recycling back to Step 8 to identify still other replacement strategies.

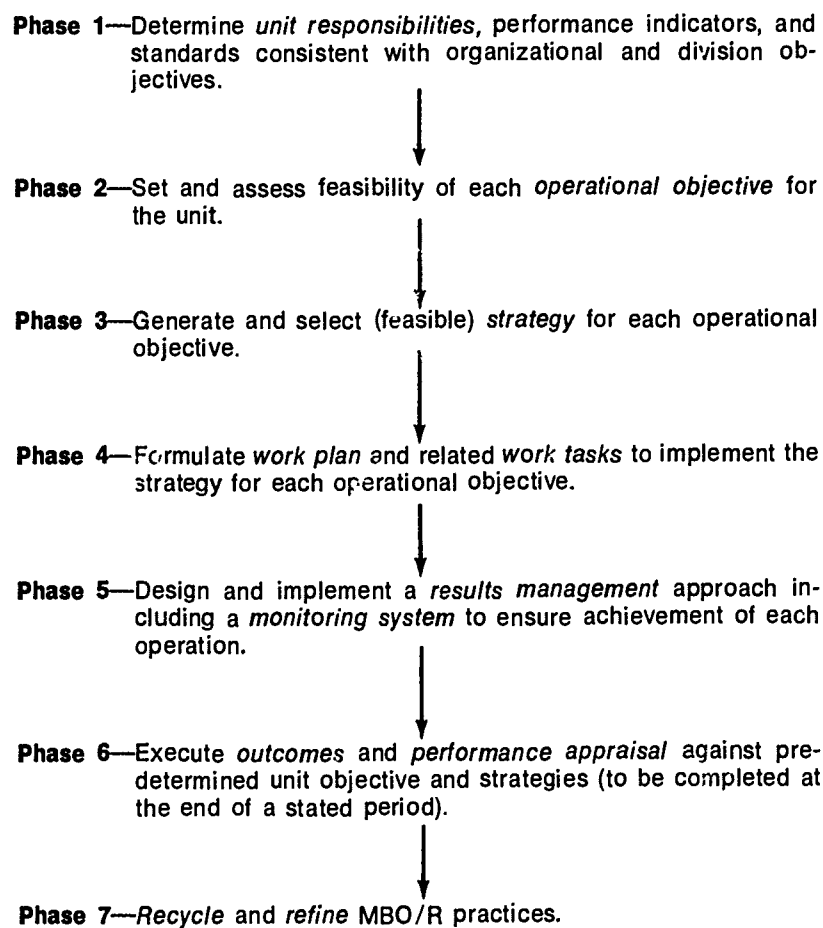
If analysis indicates that more than one strategy is feasible, then the decision maker uses his or her judgment to select one as the operational approach, as shown in Step 10. The selected strategy is then translated into a *work plan* and related work tasks, to direct the utilization of resources. Next, a results management system must be designed, to ensure that the efforts and resources of the organization are locked onto a meaningful objective. Part of that results management dimension is a monitoring system that includes supervision, checkpoints, reporting, etc., to supply decision makers with information on progress toward objectives. At the end of a stated period of time there is a more complete performance evaluation and an auditing of results.

Rational approaches to administration may include a built-in, self-correcting mechanism. A high degree of effectiveness is not likely to be achieved the first time around, that is, immediately upon completion of the initial cycle. Step 15 is the beginning of the recycling process. On a periodic basis there is a redefinition of objectives, performance indicators and standards, assignments, strategies, etc. Recycling is a means of refining the MBO/R system of management.

The general systems model of MBO/R may be applied to all types of organizations, including education. It is a disciplined, rational, and outcomes-oriented approach to administration. An abbreviated form of the general model, starting with unit assignments, is presented in Figure 3-2. It indicates the *major operational phases* for MBO/R that are consistent with the general model.

More will be said about work plans, work tasks, and results management in Chapters 5 and 6. The term *results management* is synonymous with *managing for results*. Suffice it to say at this point that MBO/R is more than an exercise in writing statements of objectives. One of the biggest challenges of this approach to administration is the translation of objectives into strategies, then into work tasks, and then into results management techniques.

FIGURE 3-2.—MAJOR OPERATIONAL PHASES FOR MBO/R



Planning and Controlling

MBO/R as a systems approach may be applied to any and all dimensions of administration. One can speak in terms of planning-by-objectives-and-results, supervising-by-objectives-and-results, budgeting-by-objectives-and-results, as well as personnel-management-by-objectives-and-results. What makes MBO/R more than just "a logical extension of the normal management functions of planning and control," according to Wikstrom, is "the rigor with which the planning and control is carried out."¹⁰ MBO/R gives direction to planning by emphasizing end results rather than activity per se, that

is, by setting objectives for operational activity. Executives like MBO, according to Wikstrom, because "once managers get the hang of it, they can plan far better than anyone believed possible before. . . ." ¹¹

There is a very close relationship between planning and objectives, whether objectives are viewed as the end product of the planning process or as a mechanism that gives direction to planning efforts. There are other functions for both planning and objectives. MBO/R represents a rebirth of well established ideas on the importance of objectives in management in general.

Controlling, in the sense of appraising programs at periodic intervals to permit adjustments that are necessary to keep the organization moving toward objectives, is an important part of the managing-for-results strategy of MBO/R. When the future state desired is expressed in written objectives, it is easier to spot difficulties before the critical or disruptive stage is reached. Drucker emphasized, however, that the ultimate to be sought in controlling is self-control. To achieve it, managers at the unit level need a reference point to help them assess where they stand in relation to organizational objectives. Drucker felt that "the greatest advantage of management by objectives is perhaps that it makes it possible for a manager to control his own performance." ¹² He saw *control* as an ambiguous word; it could mean either "ability to direct oneself and one's work" or "domination of one person by another." ¹³ The word has the first meaning, never the second, in MBO/R.

Planning and controlling by objectives make it feasible for each unit and individual, rather than positions and persons at top echelons alone, to participate in the total sweep of work. This is real job enrichment, for it gives individuals and units a feeling of controlling their own destinies and contributing to the destiny of the organization rather than simply implementing what someone else plans or being "controlled" by top-echelon personnel. "Management by objectives tells a manager what he ought to do." ¹⁴

MBO/R is team oriented, stressing the importance of an effective management team. As Drucker pointed out,

Each manager, from the "big boss" down to the production foreman or the chief clerk, needs clearly spelled-out objectives. These objectives should lay out what performance the man's own managerial unit is supposed to produce. They should lay out what contribution he and his unit are expected to make to help other units to obtain their objectives. Finally, they should spell out what contribution the manager can expect from other units to the obtainment of his own objectives. Right from the start, in other words, emphasis should be on teamwork and team results. ¹⁵

PPBS and MBO/R

What exactly is the relationship between management-by-objectives-and-results and program budgeting? The relationship is tenuous at best if MBO/R is interpreted to be appraisal-by-results, motivation-by-objectives, or any other primarily personnel-oriented approach. PPBS (a term used interchangeably with program budgeting) has relatively little to offer to personnel management. But where the systems-oriented interpretation of MBO/R prevails, PPBS and MBO/R come closer together. The steps evident in the general systems MBO/R model in Figure 3-1 have a familiar ring to anyone acquainted with the operational dimensions of PPBS.

Program budgeting may be interpreted to be budgeting-by-objectives, that is, a system of classifying anticipated expenditures around a set of objectives, or related programs for the achievement of objectives. This is clearly one dimension, but it is not all that is involved in PPBS. The program budget document presents receipt and expenditure data in a programmatic format. PPBS can be defined as a resource allocation decision system¹⁶ in which the functions are planning, programming, budgeting, analyzing, deciding, evaluating, and recycling (PPBADERS).

PPBS and MBO/R both start with and stress the importance of objectives. Both call for objectives of a given quality. But the fiscal dimension (budgeting), prominent in PPBS, is much less so in the general MBO/R model. Likewise, cost-effectiveness analysis, a significant aspect of the program budgeting process, is less crucial to the successful operation of MBO/R. Although the argument goes on, the conclusion seems clear: there is one common concern in PPBS and MBO/R (identification and utilization of objectives), but there are many differences as well. The complex decision system known as PPBS contains many processes that are not part of, or at least not crucial to, the success of MBO/R, and vice versa. Each system is an outcomes-oriented management approach, but the end products of the two are different. In PPBS, the end product is a decision about how resources are to be allocated and used. In MBO/R the end product can be many things: appraisal of the productivity of staff members, more effective motivation of managers, a generalized management planning and control system. It can be argued that operating in the MBO/R mode facilitates the operation of PPBS. Perhaps, then, MBO/R really is a subset of PPBS, as some people say. But it is probably best to view the two systems as complementary and compatible ones that can and should be intermixed to achieve a more effective, more productive organization.

SUMMARY

MBO/R need not be confined to the activities traditionally associated with personnel management. It has application to all administrative concerns for the entire organization. This broader view is the systems-oriented interpretation of MBO/R. Odiorne put it well when he described MBO as a "direct attempt to build into management systems an unremitting attention to purpose."¹⁷ In fact, the early pioneers of MBO considered it a general system of management; only later was its application confined to personnel departments.

Howell indicated that MBO began as a performance appraisal technique. In Stage 2, during the mid-1960's, the focus shifted to integration of the objectives of the organization with those of individual managers. In Stage 3 MBO became a long-range planning system. Howell argued that most organizations seeking to implement MBO will repeat these stages of evolution.

In systems terms, "MBO is a system which begins by the finding of outputs and applies these (output statements) as criteria to judge the quality of activity (behavior) and to govern the release and effectiveness of the inputs."¹⁸ Most organizations are too large and complex for a single individual to directly influence results through individual efforts alone. But if the executive can control outputs he may develop the capability to manage even the largest of organizations. In this sense the word *management* in MBO/R means management of the total organization, not just of its personnel.

The general systems MBO/R model starts with a definition of organizational goals and a setting of performance indicators and standards and continues to filter downward to the setting of operational objectives for each unit and person. The operational objectives are assessed to determine their feasibility. For each objective there must be a set of alternative strategies for its attainment. The operational strategy is then translated into work plans and tasks. Managing for results usually includes a monitoring subsystem to check progress toward achievement of objectives. At the end of a stated period, there is further control of results through performance evaluation and auditing of results. Finally, recycling leads to further refinement of MBO/R.

MBO/R can be subdivided further into such components as planning-by-objectives-and-results, supervision-by-objectives-and-results, and budgeting-by-objectives-and-results, as well as the previously described personnel-management-by-objectives-and-results. Planning may be seen as a process given direction through

stipulation of objectives or a process that produces a statement of objectives. Some argue that planning may be improved through MBO. The close relationship between planning and objectives was observed many years before MBO/R placed renewed emphasis upon it.

The greatest contribution of MBO, according to Drucker, may be that it gives the manager a means to direct his own work and energies. It can lead to self-control. Controlling is part of the results management phase of MBO/R. Controlling in this sense is not to be interpreted as domination of one person by another.

PPBS and MBO/R both start with and place stress on the setting of objectives. There is considerable controversy about whether MBO/R (as a general systems approach) and PPBS are the same thing, or whether one is a subset of the other. PPBS attaches more importance to fiscal dimensions and cost-effectiveness analysis than does MBO/R. By the same token, MBO/R calls for certain operations that are of less importance to PPBS. Operation in the MBO/R mode can facilitate operation in the PPBS mode.

For the purposes of this volume MBO/R and PPBS will be viewed as complementary and compatible outcomes-oriented management systems. PPBS is a resource allocation decision system; MBO/R stresses other outcomes.

NOTES

- ¹ Odiorne, G. S. *Management by Objectives*. New York: Pitman, 1965. p. 54.
- ² _____. "Management by Objectives." *College and University Journal* 10: 13-15; March 1971.
- ³ Howell, R. A. "A Fresh Look at Management by Objectives." *Business Horizons*, Fall 1967. pp. 51-58.
- ⁴ *Ibid.*
- ⁵ *Ibid.*
- ⁶ Odiorne, G. S. "Management by Objectives." *College and University Journal* 10: 13-15; March 1971.
- ⁷ *Ibid.*
- ⁸ *Ibid.*
- ⁹ *Ibid.*
- ¹⁰ Wikstrom, Walter S. "Management by Objectives - Appraised." *A Practical Approach to Organization Development Through MBO*. (Edited by A. C. Beck, Jr., and E. D. Hillmar.) Reading, Mass.: Addison-Wesley Publishing Co., 1972. pp. 210-11.
- ¹¹ *Ibid.*, p. 212.
- ¹² Drucker, P. F. *The Practice of Management*. New York: Harper-Row, 1954. p. 138.
- ¹³ *Ibid.*
- ¹⁴ *Ibid.*, p. 131.
- ¹⁵ *Ibid.*, p. 126.
- ¹⁶ Knezevich, Stephen P. *Program Budgeting (PPBS), A Resource Allocation Decision System for Education*. Berkeley, Calif.: McCutchan Publishing Co., 1973.
- ¹⁷ Odiorne, *op. cit.*
- ¹⁸ *Ibid.*

CHAPTER 4

Generating and Working with Objectives

"Know thyself," Socrates admonished. "Know thyself and thine organization better by knowing the objectives of both," the proponents of MBO/R urge. Objectives are the base upon which the entire MBO/R system is built. You never really know an organization or what it might do until you know its objectives. The all-pervasive impact of objectives was pointed out by Drucker: "Objectives are needed in every area where performance and results directly and vitally affect the survival and prosperity of the business."¹

MBO/R is not an abstruse management system. On the contrary, it rests on the rather simple idea of determining where you want to go before you start out on a venture. MBO/R is not the first management system to stress the importance of specifying outcomes before allocating and spending resources. Practitioners and theorists in organizational management disagree on many things, but they have long concurred on the importance of knowing your objectives and those of your organization. They agree that every soundly administered enterprise must begin with an identification and enunciation of objectives. Some theorists even argue that the organization exists for the attainment of objectives—that is, that an organization is by definition a goal-seeking mechanism.

Planning ahead so as to face and cope with future demands is one of the very important functions of an executive. This kind of planning is facilitated by clearly defined goals. The importance of MBO/R is that it can make management by objectives and for desired results a reality.

It is crucial to recognize that MBO/R does not translate into "management-by-any-kind-of-objectives-and-results." Poorly stated objectives formulated through questionable procedures may

hamper, if not doom, operations of the system. Drucker very early condemned the search for "the one right objective," calling it "unproductive as the quest for the philosopher's stone" and "certain to do harm and misdirect."² On the other hand, Schleh warned, having too many objectives tends to "take the drive out of an objectives program." He offered the guideline that "no position should have more than . . . five objectives."³

But it is easier to talk about objectives than it is to design and operate a managerial system based on the generation of meaningful and functional ones. While most people feel they know what an objective is and agree that it is a fairly simple concept, they consider the setting, or generating, of objectives a time-consuming and almost painful chore. One sure way to embarrass the average school administrator is to ask, "What are your objectives?" If able to respond at all, he will probably come up with a statement of educational outcomes that would fail to meet the tests of adequacy demanded by MBO/R. From the time management first emerged as a field of scientific study, theorists have noted that most administrators tend to be vague about what they hope to accomplish, where they want their organization to go, and why.

Why is something as simple as an objective so difficult to generate and put into practice? It is necessary to take a closer and deeper look at the concept.

A Hierarchy for Outcome Statements

We need first to specify what we mean by such terms as *mission*, *goal*, and *objective*. *Outcome statement* will be used as the base or universal term for a statement of intent, direction, or anticipated results. Missions, goals, and objectives are viewed as indicators of outcomes and are subsets of that universal term. In all cases an outcome statement describes a future state or anticipated event. To illustrate, "What are your objectives?" may be translated as "What anticipated results or future state of affairs do you have in mind?"

A mission statement is defined as an expression of general intent, usually in the form of a policy; it applies to the system as a whole over a long time period. It may reflect the hopes, values, and aspirations of the organization and, therefore, be similar to what others call broad aims or general purpose statements. A mission may also be described as a broad generalization or a global concern that justifies the continued existence of an organization and gives it a basic orientation.

A goal statement is one step more precise than a mission statement. Many goal statements may come out of one mission declaration. Each describes a desired terminal point to be reached sometime in the future to fulfill the mission, and general directions to pursue the mission. A goal statement, likewise, remains too broad to be useful in identifying specific operational activities. A goal is seen by some as a "broad objective." It must be broken down further if its declarations of outcomes are to serve as guides to action.

An objective is an outcome statement that is consistent with and grows out of a related goal statement. It is a more specific expression of a position, behavior, process, or product to be achieved by a major operational division of an organization over a shorter time period. It is a desired outcome that is capable of being measured with specificity.

Performance objectives are more sharply focused or more specific objective statements. Usually they describe outcomes that are measurable and achievable during a relatively short time period. They are likely to be set primarily for categories, departments, or units within an organization or for specific administrators.

Targeted performance objectives are even more refined and specific. They are outcome statements focused on a stated product, process, or population within the organization.

Table 4-1 presents an illustrative school administration hierarchy to show where each level of outcome statement is generated. Here the responsibility for mission statements is delegated to the people, acting through their representatives, the local board of education. The setting of goals is assigned to the chief school executive and his administrative team. Objectives, in turn, are generated by associate and assistant superintendents for each major school division. School principals and directors of school support services have responsibility for identifying the performance objectives for their units; members of the administrative teams at these levels are also involved. Finally, the targeted performance objectives are produced by teachers and department heads in school buildings or operational personnel in support departments.

Another look at the breakdown of work tasks in setting outcome statements is presented in Figure 4-1. It should be apparent that the number of outcome statements increases as one moves from general to specific description of anticipated results, or from higher to lower administrative levels. In the illustration, a single mission statement has three goals. Each goal has three objectives. Each objective yields three performance objectives, each of which in turn has three targeted performance objectives. (There is no magic in the number three; there could be one, five, or whatever.)

TABLE 4-1.—HIERARCHY OF OUTCOME STATEMENTS

| Type | Responsibility Level |
|------------------------------------|---|
| 1. Missions | set by The people and the board of education |
| ↓ | |
| 2. Goals | set by The chief school executive and his team |
| ↓ | |
| 3. Objectives | set by Associate and assistant superintendents (administrators of each major division) |
| ↓ | |
| 4. Performance Objectives | set by Principals and directors, and their administrative teams (administrators at each unit or building level) |
| ↓ | |
| 5. Targeted Performance Objectives | set by Other professional personnel—department heads, teachers, etc. |

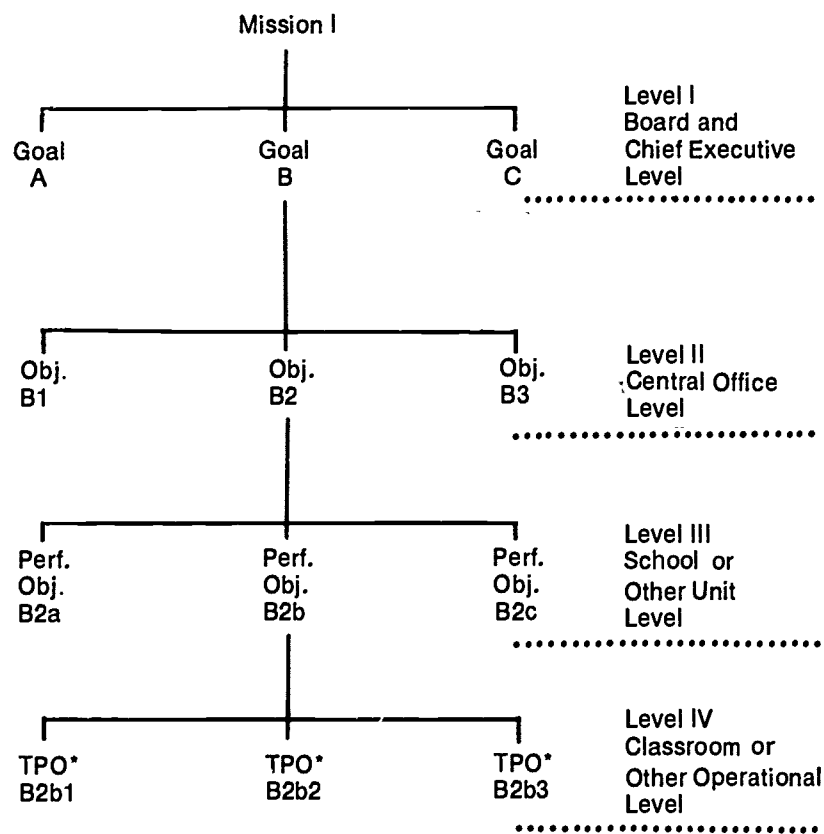
The reader is cautioned that not all writers differentiate outcome descriptors on the same basis. For example, some consider a goal to be a measurable objective. To avoid the semantic pitfalls, it is important to recognize the implicit or explicit definition the writer is using.

Functions of Outcome Statements

An outcome statement may serve a variety of functions, such as the following:

1. *Rhetoric.* An outcome statement's value may lie chiefly in its psychological impact on others who are served by the organization, work within it, or relate to it in some way. Mission and goal statements are usually rhetorical, because they are broad and vague declarations of intent. "I promise to do my very best" and "Our goal is to be the best possible school system in the United States," for example, are rhetorical outcome

FIGURE 4-1.—THE OUTCOMES TREE



* TPO = Targeted Performance Objective

statements. What is called an "objective" may actually be a rhetorical credo whose impact is chiefly psychological ("We believe that every individual is important and, therefore, will work toward greater individualization in our schools"). Such statements are difficult to translate into operations. Their value is derived from their impact on those not immediately concerned with operational problems.

2. *Direction.* An outcome statement may be used to orient the organization, that is, to suggest how efforts and resources should be pointed.
3. *Production.* An outcome statement may be used to identify work tasks, that is, actions or activities that are consistent with achievement. The statement may suggest a way of clustering

resources as well as knowing what to monitor. "Objectives" in this sense may also facilitate the execution of necessary operations to keep the organization on target. They could include the determination of appropriate checkpoints during the course of operation.

4. *Evaluation.* An outcome statement may be used as a standard or base for appraisal of efforts and results. It is part of the controlling dimension of management: not controlling of operation, but controlling of results at the end of the stated period. It may also provide data for the determination of future courses of action.
5. *Motivation.* An outcome statement may be used to stimulate or challenge individuals or groups to achieve at a given level by specifying expectations. The assumption is that a person who knows what is expected of him is more likely to strive for the desired outcome or derive enjoyment from its achievement. Obviously, the objective must be within the realm of feasibility for the individual or it will lose much of its motivational force. As was noted in Chapter 2, motivation is given particular stress in one interpretation of MBO/R.
6. *Unification.* An outcome statement may be used as a basis for coordinating the efforts of many and providing a focus for contributing groups. In this sense, an objective may be a point around which to rally departments with diverse professional interests.
7. *Analysis.* An outcome statement may be used to make comparisons, to ascertain the impact of objectives as constraints or controls in a process.

Some degree of overlap should be evident, as in functions 4 and 7. The point is that objective statements may serve a variety of functions. As far as MBO/R is concerned, the rhetorical function has relatively little to contribute. The primary functions of objectives in MBO/R are to give direction, to facilitate operations (the production function), to motivate personnel, and to provide the basis for subsequent evaluation. All of this is a way of saying that a statement of objectives is a means to more prudent management of complex organizations. Once again, it will be effective only if it is generated in a particular way and articulated in a precise manner.

Types of Objectives

There is no universal objective that is satisfactory for all levels of operation within a complex organization. Objectives for admin-
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istrators at different levels differ greatly in specificity. The specificity rightly demanded at the classroom level would drown executives at the systemwide level in a flood of detail and reports.

Objectives also differ in focus. Some focus on a product, others on the process used in the production of outputs. Process objectives may also be seen as support objectives. They are common in education.

Outcome statements may be further classified on the basis of the time period in which they are expected to be achieved: immediate ("right now"), short-range (a single fiscal period), intermediate-range, long-range (three to five years), and very long-range (10 or more years). Objectives may cover a period up to and including the intermediate time range. Goals and missions cover the intermediate to the very long range.

Objectives for educational institutions may also be divided into those serving the instructional and those serving the managerial (administrative) dimensions. A rather extensive body of literature has arisen, independent of MBO/R, on the writing and use of instructional objectives. A large battery of performance or behavioral objectives has been developed. A special instructional objective exchange (IOX) enables school systems to benefit from the work of others in the generation of performance objectives for instruction in a given subject field. The well-known taxonomies of educational objectives stimulated by the American Educational Research Association likewise focus on instructional outcomes.

Much less has been written on the setting and use of performance or behavioral objectives for school management. The "Seven Cardinal Principles," "Objectives of Education in an American Democracy," and "Ten Imperative Needs" are much too broad and vague to serve anything but rhetorical functions. The MBO/R system demands more precise statements of performance objectives for administrators. Previous declarations of general educational intent may serve a useful function in conveying an image but do relatively little to influence the dynamics of instruction and administration in educational institutions. It is hoped that the past decade's revolution in educational objectives writing will bring a much needed change.

Behavioral or performance objectives, as applied to learning, must be expressed in terms of behavior to be exhibited by the learner or evidence of attainment of a measured level of performance. Peter Pipe⁵ defined a behavioral objective as follows:

1. It describes the observable action that is to be evidence of competence.

2. When necessary it describes the conditions under which the action is to be performed.
3. When necessary it describes criteria by which to judge acceptable performance.

Traditionally, statements of instructional objectives began with such phrases as "to understand," "to know," and "to learn." These terms are much too vague to permit observation or measurement of results. Experts in writing objectives are unanimous in recommending that words open to many interpretations be abandoned. They favor beginning behavioral objectives with more specific terms ("to identify," "to construct," "to demonstrate," "to order").

Individuals seeking to manage school systems in the MBO/R mode need to be able to differentiate between performance objectives and those not written in this format. They must be able to prepare meaningful performance objectives for themselves or their unit.

Assessment Criteria

MBO/R as an effective system of management depends upon the quality of the objectives generated. The best objectives are—

1. *Understandable*. (Objectives should be written in clear, precise, unambiguous language. There should be no confusion or misunderstanding among superiors and subordinates about what is meant and what should be done. Words chosen should facilitate rather than obfuscate meaning and should not be open to more than one interpretation. Terms with unclear antecedents should be avoided.)
2. *Performance-Oriented*. (Each objective should indicate the desired level of performance, behavior, or other end product to be achieved. It should suggest what a person or division will be able to do when the objective is satisfied at some future point in time.)
3. *Measurable*. (The outcome to be achieved should be so expressed as to facilitate assessment. The assumption in MBO/R is that if an outcome can't be measured, the degree of achievement may never be known. Thus, if time is a factor, the precise period should be stipulated in hours, weeks, months, or years. If the magnitude of production is a factor, the actual number should be indicated. The means and units of measure should be stipulated beforehand as well.)

4. *Challenging.* (An objective should never describe what is already being achieved by an administrator. Rather it should be a means of raising his sights, of motivating him to move on to new levels of accomplishment. An objective that has already been met no longer motivates.)
5. *Realistic and achievable.* (There is a difference between a challenge and an impossible demand. The latter generates frustration rather than motivation. An objective should be achievable in terms of resources, constraints, the presently developed technology, and the capabilities of the individual or team.)
6. *Significant.* (The outcome statement should define a condition that is important to the organization, i.e., contributes to achievement of the significant concerns assigned it by society. One pair of writers observed that "being candid about objectives may be embarrassing or offensive and . . . may . . . alert opponents and give them something specific to attack."⁶ However, unless an objective expresses the fundamental and desired concerns of an organization it has little value.)
7. *Accurate.* (The stated objectives should reflect the true intent of the organization. They should not be a flowery mask that disguises the organization's real intentions.)
8. *Brief.* (Objectives should be expressed in as few words as possible without sacrificing understandability.)

Other criteria for effective objectives can be found in the literature.

Schools are multipurpose institutions. This is one reason why MBO/R is harder to implement in education than in industry, where purposes are more limited in number and range. It would be wrong to assume that all objectives are homogeneous, of equal value, and never in conflict. Where many objectives are pursued, there is a distinct possibility that not all may be satisfied with the resources at hand. Trade-offs, bargaining, and other devices may be used to obtain a statement of priorities. As Drucker noted, "in addition to balancing the immediate and the long range future, management also has to balance objectives."⁷

General Matthew B. Ridgway once wrote,

There come times when the cost of seeking to obtain an objective promises to exceed by far any value which could accrue from its attainment. At that point wisdom dictates abandonment of pursuit of that objective, whether it be a government's political, or an individual's personal, objective.⁸

Once again the judgment of the administrator comes into play in assessing the value of objectives and deciding whether a shift in

priorities is necessary. Objectives are not eternal verities. Revision rather than rigidity is the rule. The need for continual revision was implied in our discussion of the recycling dimension of MBO/R and deserves repeating at this point. It is unrealistic to believe that a perfect set of objectives will be created at any one point in time. Refinement is inevitable.

Managers must be aware of the dangers of goal displacement. There is a tendency to select the objectives that are easiest to execute or to measure, to sacrifice quality to ease of quantification. Judgment will have to be exercised in the selection, ranking, and changing of objectives to be pursued at each level of the organization's operation.

Generation of Objectives

According to one set of writers,

One purpose of MBO is to facilitate the derivation of specific from general objectives, seeing to it that objectives at all levels in the organization are meaningfully located structurally and linked to each other.⁹

Another purpose is to integrate the objectives of the individual and the organization. Frequent reference has been made to the importance of having subordinates participate in the determination of objectives. The manner in which objectives are generated is of no less importance to MBO/R than their quality. MBO/R demands that administrators at all levels be able to accept the set of objectives, identify with them, and relate what they do on an everyday basis to them. In this sense, MBO/R may be seen as one form of participative management or, to use the term more popular in education, one form of democratic school administration.

MBO/R will be less effective where there is unilateral determination of organizational objectives, that is, where a directive from the top about what should be done replaces involvement of the staff in the setting of goals. Objectives may originate at any point in the organizational structure. Making the system work involves reducing the probability of goal conflict and increasing the possibility of shared or common goals. Sharing is important if objectives are to be a unifying element in the administration of education.

One test of the leadership capabilities of the administrator is whether he can stimulate the development of significant and measurable objectives through involvement of his subordinates. The need to generate statements of objectives for school systems has been stressed in many calls to action, but these have usually met with an unenthusiastic response from school administrators ("Not

again!"). Where the functions of objectives are obscure, where the relationship between objectives and mode of operation is not clear, and where the impact on individual behavior is not readily apparent, generating objectives naturally appears to be an exercise in futility. From the positive side, when administrators at all levels have acquired the skills needed to prepare meaningful, measurable, challenging, and performance-based objectives, and when they have been convinced that the setting of objectives opens the door to a new style of management, their resistance may give way to enthusiasm.

Obviously, it takes time to produce high-quality objectives. Years could be spent on the task. But recycling and the possibility of subsequent refinement permit establishing a time limit (three to six months at most) for the generation of a statement of outcomes, so that operations in the MBO/R mode may begin.

The *problems, pressures, and aspirations* approach can help keep objective setters from feeling overwhelmed by the magnitude of their task. It is not imperative that all objectives be identified at any one time. A starting point may be *problems* recognized by teachers, students, and administrators; or the *pressures* felt from the community, legislature, or federal agencies. Then attention can be turned to *aspirations* of the professional staff and people of the community. The list of problems, pressures, and aspirations should be screened to identify those of greatest and most common concern. The trick in getting started is to translate only the highest priority concerns into goals.

Next, to translate each goal into measurable objectives it is necessary to prepare the "base case." The base case is a quantitative and descriptive summary of what exists, what conditions prevail. To illustrate, one community pressure felt in the schools is to reduce the number of dropouts. The base case would yield data on the percentage of secondary school students dropping out during past years in the school district, the reasons, and the possible future trends. The next step is to specify what new performance levels may be attainable and by what target date. If the dropout rate is 25 percent, is it realistic to expect to reduce this to 10 percent within five years? Or, in view of the pressures, the resources available, and the state of the art, is it more realistic to try to reduce the dropout rate to 15 percent within five years? This is a judgment decision made jointly by the professional staff, perhaps with the involvement of some community representatives. The third step in the process is to assess what resources and staff capabilities are available to satisfy the specified new performance level. The performance objective is derived from an expression of a concern, the

gathering of pertinent facts called the base case, and the judgments of informed persons as to what can realistically be done within certain constraints.

The pertinent issues of judgment are,

- How important is it to satisfy an objective?
- Who ultimately determines the value or worth of an objective?
- What procedures shall be used to assess the worth of an objective (consensus, unilateral action, majority vote)?

Setting objectives in the desired manner is a crucial beginning step in MBO/R. But a statement of objectives is not an end in itself. How to use objectives in managing for results is the subject of the next chapter.

SUMMARY

People generally feel that they know what an objective is and that it is a fairly simple concept. But most administrators would be hard pressed to answer the question, "What are your objectives?" The seeming simplicity of objectives is deceiving. A closer and deeper analysis is necessary to better understand objectives as the base upon which MBO/R is built. An MBO/R system is only as good as the objectives it rests on and the manner in which they were generated.

MBO/R is not the first management system to call for specification of outcomes. For the purposes of this publication, the word *outcomes* is a general one meaning anticipated results. *Mission*, *goal objective*, *performance objective*, and *targeted performance objective* are subsets of this general term. A mission (sometimes called a broad aim or general purpose) is the broadest statement of intent. Goal statements are derived from it and give a more specific, but still rather general, direction. Objectives, in turn, are derived from goals and begin to specify more precisely the accomplishments demanded. Performance objectives emphasize operations, behavior, and products; they should be expressed in measurable terms. Targeted performance objectives focus on a given population, product, or process.

Mission statements for school systems are usually produced by boards of education. Goals are set by the chief school executive and his administrative team. Associate and assistant superintendents for major divisions focus on objectives. Principals and directors have responsibilities for performance objectives. Targeted performance objectives are prepared by other operational personnel. The "outcomes tree" shows a proliferation in numbers as one moves from general to more specific descriptions of anticipated results.

Outcome statements can perform many functions. For the purposes of MBO/R they help most in setting direction, suggesting operations, motivating individuals and groups, and facilitating evaluation. Some outcome statements are an exercise in rhetoric and seek to convey an image or to impress others. These have less importance in MBO/R.

Educational objectives may be classified by time frame (short-range vs. long-range), by focus (product- vs. process-oriented), and by target (instruction vs. administration). Relatively little has been written about performance objectives for administration, in contrast to the volumes on curriculum and instruction.

The quality of objectives is important in MBO/R and may be assessed according to many criteria. To cite a few, objectives should be written in terms that are understandable, performance-based, measurable, challenging, realistic, significant, accurate, and brief. In multipurpose institutions it is important that objectives be balanced. It is unrealistic to expect outcomes statements to be homogeneous and never in conflict.

The manner in which objectives are generated is almost as crucial as their quality. The involvement of others who will be affected by the objectives is important. In this sense MBO/R may be looked upon as a system of participative management or democratic school administration. The key to effective operation may be the feeling of employees that they can accept and identify with the objectives of the organization and relate their everyday work tasks to them.

The valuing of objectives calls for judgment. Values may change and with them the willingness to incur the costs in resources and sacrifice necessary to fulfill an objective. Experience may call for the revision if not abandonment of an objective. Revision of objectives through recycling should be an ongoing activity.

The call to prepare a statement of objectives for an organization is seldom greeted with enthusiasm. Resistance may be reduced by indicating how the objectives are to be used and how they may affect everyday operations. A *problems, pressures, and aspirations* approach is recommended for the generation of objectives. It is based on the assumption that it is not imperative to identify all objectives at once. The trick is to focus on those considered to be most important. For each objective, establishing the *base case* facilitates the specification of desired performance levels. The last step is to assess the availability of resources and personnel to meet the objectives.

The setting of objectives in a desired manner is only the beginning point of MBO/R.

NOTES

¹ Drucker, P. F. *The Practice of Management*. New York: Harper-Row, 1954. p. 63.

² *Ibid.*, p. 62.

³ Schleh, E. C. *Management by Results*. New York: McGraw-Hill Book Co., 1961. p. 22.

⁴ Knezevich, S. J. *Program Budgeting (PPBS), A Resource Allocation Decision System for Education*. Berkeley, Calif.: McCutchan Publishing Co., 1973. Chapter 4.

⁵ Pipe, Peter. "Putting the Behavioral Objective To Work: Some Definitions." Mimeographed (AASA

National Academy for School Executives Clinic, 1970).

⁶ Merewitz, L., and Sosnick, S. H. *The Budget's New Clothes*. Chicago, Ill.: Markham Publishing Co., 1971. p. 56.

⁷ Drucker, *op. cit.*, p. 86.

⁸ Ridgway, Matthew B. "Leadership." *The New York Times*, November 14, 1972. p. 45.

⁹ Tosi, H. L.; Rizzo, J. R.; and Carroll, S. J. "Setting Goals and Management by Objectives." *California Management Review* 12: 78; Summer 1970.

CHAPTER 5

Managing for Results and Operations in the MBO/R Mode

Objectives focus on a desired state or condition to be reached at some future point in time. They are not self-executing. A commitment in writing to attain a certain level of accomplishment within certain constraints is the foundation of the MBO/R system, but much more is involved in managing *with* objectives.

Objectives help to explain why an institution pursues specific activities and how it allocates its resources. Managerial talents and structures are needed to translate outcome statements into relevant operations. Managing for results is concerned with the "how to," "with what," and "when."

Programming and the Work Plan

Objectives setting is followed by programming—specifying the viable alternative strategies for reaching each objective, analyzing each alternative in terms of its costs and effectiveness, and finally selecting the most prudent or appropriate one. A strategy is a plan of action, that is, a contemplated course of processes to follow in order to meet the objective. It becomes an *operational* strategy when translated into work plans and work tasks. Work tasks specify administrator roles and responsibilities for each step of the way toward the objective.

Typically in MBO/R, the superior and subordinate administrators jointly determine feasible objectives to be satisfied by the subordinate. The subordinate administrator has the added responsibility of identifying alternative strategies, analyzing each, selecting the appropriate one, and translating it into more detailed work plans and work tasks for operational personnel within his or her unit.

Thus the "why," as expressed in an objective, involves both levels of administrators, but the "how" rests primarily with the subordinate administrator and personnel closer to operational levels. To repeat, the focus of administrators at every level should be on the results of their work, rather than on simply executing some kind of activity or "keeping busy."

The work plan sequences and schedules events to produce the desired outcomes, establishing checkpoints along the way by spelling out when each step is supposed to be completed. It may be based on network analysis models such as PERT or less sophisticated time lines for major events. The work plan spells out the people involved, differentiates among them in terms of roles and responsibilities, establishes the timing of their efforts, and indicates the resources required. The strategy for selecting, assigning, training, motivating, and appraising performance is also part of the comprehensive work plan. The closer one comes to where the work is actually performed, the more important it is to develop a detailed specification of work tasks related to the MBO/R plan of action.

Allocating Resources for the Work Plan

Each objective that is "programmed" must have resources allocated to it. The more dynamic an organization the more voracious its appetite for resources. Sooner or later everything that is to be done must be translated into its resource equivalent.

A work plan should specify not only the human, physical, and fiscal resources needed, but also checkpoints and monitoring procedures for the rate and manner in which the resources will be used to reach the objective. People with specialized skills to contribute to goal achievement must be identified and assigned given roles and responsibilities in the productive process. Of no less significance are the facilities, equipment, and monies allocated to support work tasks and the work plan.

It would be unusual if a work plan were formulated without any limitations on the personnel to be employed, space to be utilized, or money to be expended. The various phases of managing for results are not mutually exclusive. The selection of one alternative strategy over another may well be based on the time or resources constraints within the organization. Prudent program planning rejects the notion that unlimited resources are available to accomplish any and all objectives.

The design and subsequent monitoring of plans for resource allocation are part of the results management subsystem for MBO/R. Some writers prefer to think of resource allocation as budgeting.

But the development of a budget document is only one phase of a resource management plan. Budgeting, more often than not, is interpreted to mean planning for fiscal resource utilization; it may include other dimensions such as accounting, unit cost analysis, and auditing. However, the quality of human resources is seldom revealed in the budget document. There is, therefore, a preference in this volume for the term *allocating resources over budgeting*.

Monitoring

The process of monitoring is important to managing by objectives or, more specifically, managing for results. Monitoring—gathering data on progress toward achieving results—calls for the establishment of checkpoints, stated in terms of time intervals as well as work process at a given place or a known point in production. The monitoring process may rest on the generation of periodic reports for key supervisory and administrative personnel. The reporting mechanism is part of the communication system that informs key personnel of progress and facilitates decision making about whether or not the organization is locked onto objectives or straying off course.

Deciding on types and frequency of reports and reviews is a major challenge in the results management phase of MBO/R. If care is not exercised, the information feedback loop, or communication system, can generate a multiplicity of reports that can drown managers and others in details, paperwork, and red tape. It takes time to process and complete forms as well as to revise them. Data from studies in business and industry indicate that the flood of paperwork generated in the results management phase of MBO/R is a major irritant. It can lead to confusion and become dysfunctional within the system.

Monitoring usually calls for the establishment of work standards for measuring (a) progress toward achievement of objectives and (b) the quality of performance of personnel. Some argue that work standards are not appropriate to MBO/R and that the emphasis should be on self-control and self-management. They imply that work standards may reduce the motivational impact of MBO/R or produce mere compliance with minimum demands.

Controlling To Remain on Target

The word *controlling* is often misinterpreted. As used herein, it denotes that dimension of the results management phase which

helps the organization maintain progress toward its objectives by sensing major deviations from the intended course and instituting corrective action. In this sense, monitoring, or gathering data on progress toward objectives, is the initial step in controlling. At what point corrective action appears to be necessary will depend on what degree of variance from the desired goal will be tolerated. The response to variations beyond the allowable norms may be simply an increased allocation of resources or closer supervision. Or it may be a more drastic measure, that is, a significant departure from the intended game plan, when the organization has strayed too far off course. Crisis action with new strategies or a drastic downward revision of expectations may be necessary in extreme cases. The point is that a realistic effort at managing for results must anticipate the possibility of veering off target. An executive in one position, or a central control staff, must assume major responsibility for determining when the organization is missing its goals and must be prepared to institute the strategy changes, major or minor, that constitute corrective action.

Evaluation of programs or personnel at the *end* of a stated operational period is yet another dimension of controlling to ensure hitting targets. In this sense, the appraisal-by-results approach for the managerial staff, discussed in Chapter 2, becomes an integral part of the controlling phase of managing for results. Appraisal by results, rather than being just another way to pin a label on an administrator stating that he is effective, ineffective, or somewhere in between, takes on a wider meaning when it is related to organizational activities. It suggests that individuals as well as strategies must change if the objectives are to be achieved.

Managing for results is quite similar to the general management principles or processes that were in vogue for years prior to the advent of MBO/R. But MBO/R sharpens the focus, for it places the emphasis on results. Without a results management design and operation, MBO/R would degenerate into a meaningless exercise of spinning objectives without any real and practical way of attaining them.

There is ample evidence that despite the apparent logic and simplicity of the MBO/R management style and system, it demands very hard work. An extended period of learning how to manage with objectives and for results is necessary in most organizations. Wikstrom noted that the consensus of those who had actually tried MBO/R in practice was that "it usually takes a man a couple of years before he is truly proficient at determining what he needs to do and how to do it, and using these goals and plans as his controls over what he does."¹ Because of the propensity of administrators in

schools, as elsewhere, to think in terms of the work itself rather than its results, "learning to state an objective in terms of results rather than activities is usually a process of gradual improvement."² Based on interviews with companies implementing MBO, Wikstrom concluded, "not all managers learn to manage with objectives equally well."³ Some never learn to operate in the MBO/R mode, even after considerable efforts to promote it.

It is easier for an administrator to articulate some kind of an outcome statement than to live with his objectives in day-by-day operations supported by a results management subsystem. The formalization of MBO/R into a system of management calls for a number of adjustments in organizational structure as well as new competencies among managerial personnel. More will be said about the relationship between MBO/R and "organization development" near the end of this chapter. How to help the professional acquire new administrative competencies will be dealt with in Chapter 6.

Operating with MBO/R in Education

What does MBO/R look like in an educational institution? It depends in part on where you look. At this early point in the history of MBO/R in education, it is difficult to describe with precision a "typical" system, for MBO/R practices among the pioneers are widely divergent.

The number of school districts interested in or trying to implement MBO, with or without the 'R' for results, is fairly small. The pooling of information and the best informed opinion suggests that less than 1 percent of local school districts and about ten state education agencies are at various stages in implementing what they have identified as "management by objectives." This "guesstimate" was derived from personal informal inquiries; consultation with the AASA Educational Research Service, Dr. William H. Curtis of the AASA National Academy, and Professor Fred Schwarz of the Extension Division of the University of Wisconsin-Madison Extension; and an informal national search using national contacts. There are no hard data as yet that would stand up under critical analysis.

As indicated in earlier chapters, not everyone talking about MBO describes the same thing. Very few, if any, refer to what they are doing as MBO/R or EBO/R. The failure to add the 'R' does not in itself mean that managing for results is ignored. But a review of existing practices does suggest that while there are school systems making significant efforts to prepare objectives and demonstrating

an interest in or claiming to operate in the MBO mode, relatively little effort (if any) is being expended in managing for results. The MBO/R concept is a new one in education, and much remains to be done.

Growing interest in MBO among school executives of all ranks is evidenced by the increasing popularity of two- to five-day MBO workshops and seminars sponsored by the AASA National Academy for School Executives, the management institutes of the University of Wisconsin Extension Division, and other national, state, and regional agencies. Departments of educational administration in universities are just beginning to offer formal course work in MBO/R as applied to education.

What are the "early innovators" doing under the name of MBO or MBO/R? It would be inappropriate to name specific school systems or to describe actual operations. Some five years ago there were premature descriptions of how PPBS was implemented in specified districts. More recent articles on PPBS in schools make more modest claims. Premature releases on MBO/R in specific districts may be inaccurate if for no other reason than that practices are changing rapidly.

Nonetheless, a brief analysis of the kinds of practices in educational administration that go under the name of MBO or MBO/R may be of some value to those seeking to move in this direction. Almost all practitioners recognize the importance of generating objectives for the school system as a whole and for administrators at various levels in the hierarchy. Often a management team will assume responsibility for leading the planning of long-term and short-term goals. In some cases teachers are involved with principals in developing instructional and administrative objectives for a school building. The outcome statements are more often than not reduced to writing. Some of these written declarations of intent and direction are lengthy and detailed; others are briefer and more general. The most common practice among the early educational pioneers in MBO/R is clearly the development and enunciation of statements of educational objectives.

To repeat, MBO is not management-by-any-kind-of-objectives. The quality and therefore the usefulness of outcomes statements vary considerably among school systems today. Likewise, how these declarations of objectives influence administrative procedures and operations is rather vague. Relatively few systems have as yet designed and operated with a results management subsystem to follow through on objectives generated. Writers on the use of MBO in business and industry indicate that a period of four to five years is necessary for a fully operational system. Most of the early pioneers

of MBO in education have less than three years of experience behind them.

More school systems use MBO/R as an appraisal-by-results approach for the performance evaluation of principals than for any other single purpose. Thus MBO/R in practice often looks like a special kind of performance appraisal system. It appears easiest to begin at this point. The approach includes what some call a "hard-nosed" dialogue between a principal and his immediate superior, who may be the assistant superintendent or director of elementary or secondary education. The end result of this dialogue may be an agreement upon what priorities will prevail and what evidence of productivity the principal will show during a stated period of time. More often than not the dialogue will be reduced to writing; if the description of accomplishments is rather detailed, the agreement may take the form of a management contract. The agreement, which provides the basis for reviews of progress at stated intervals, may be revised at appropriate times by mutual consent.

The use of appraisal by results for appraisal of superintendents by boards of education so far remains relatively rare. A similar approach, which does not carry the name of MBO, is referred to as "evaluation by objectives." Three to five objectives are set for the administrator, and activities consistent with them are described in outline form. The assessment of the degree to which the performance objectives have been satisfied is a cooperative or dual responsibility of appraisee and appraiser. "Appraisal by results" and "evaluation by objectives" are very similar in spirit and are consistent with MBO/R, whether the name is used or not.

There is some evidence that a few school systems are using MBO/R as a way to motivate administrators to become self-starters. This has been hard to translate in operation beyond special administrator inservice workshops stressing human relations, sensitivity training, or motivation in general. If extensive training-by-objectives programs exist for school administrators, the writer is not aware of them.

A few local schools tend to equate MBO with program budgeting, or vice versa, perhaps because of the reliance of both outcomes-oriented management systems on statements of objectives. The two systems can be distinguished on the basis of major emphases and end products.

Many variations of MBO are practiced by state departments of education. In some cases the term MBO is used to introduce accountability and to mandate the use of PPBS in all local districts. In other instances it may be an internal management system to increase the productivity of state supervisors and others by calling

for a clearer definition of the objectives of each unit within the state agency. Here the professional staff members of each state education agency unit become involved in the production and clarification of objectives.

Judging from the information at hand, it seems that relatively few local school districts, state education agencies, or institutions of higher learning are considering or actually implementing a comprehensive MBO/R system of management. The few brave pioneers are mostly in the rudimentary stages of development. In short, educational institutions are about ten to fifteen years behind industry in the development and practice of MBO/R.

Operational Problems and Pitfalls

It should not be assumed that what's happening with MBO/R in industry and business is one big success story. Perusal of the literature indicates many difficulties and even suggests that for every success there is a mess. Implementing MBO in business and industry has resulted in confusion and failure in several instances. MBO is not as simple to put into practice as some would think. Identification of operational problems and pitfalls may help educators know what to expect and perhaps avoid some of the difficulties.

One major problem area about which much has been written is the type of objectives or goals set and the way they are arrived at. Odiorne⁴ did an especially perceptive job of identifying 20 of the most common errors in goal setting for MBO:

1. The manager doesn't clarify *common objectives* for the whole unit.
2. He sets goals *too low* to challenge the individual subordinate.
3. He doesn't use prior results as a basis for using *intrinsic creativity* to find new and unusual combinations.
4. He doesn't clearly shape his unit's common objectives to fit those of the *larger* unit of which he is a part.
5. He *overloads* individuals with patently inappropriate or impossible goals.
6. He fails to *cluster responsibilities* in the most appropriate positions.
7. He allows *two or more individuals* to believe *themselves responsible* for doing exactly the same thing when he knows that having one responsible party is better.
8. He stresses *methods of working* rather than clarifying individual areas of responsibility.

9. He tacitly implies that *pleasing him* is what really counts, rather than achieving the job objective.
10. He *makes no policies* as guides to action, but waits for results, and issues *ad hoc* judgments in correction.
11. He doesn't probe to discover what his subordinate's *program* for goal achievement will be. He accepts every goal uncritically without seeing a plan for successful achievement.
12. He is too reluctant to add his own (or higher management's) known *needs* to the program of subordinates.
13. He ignores the very real *obstacles* the subordinate will face in achieving his goals, including many emergency or routine duties that consume time.
14. He *ignores* the proposed goals or ideas of subordinates and imposes only those he deems suitable.
15. He doesn't think through and act upon *what he must do* to help his subordinate succeed.
16. He fails to set *intermediate target dates* (milestones) by which to measure progress of subordinates.
17. He doesn't introduce *new ideas* from outside the organization or encourage subordinates to do so, thereby freezing the status quo.
18. He fails to permit *targets of opportunity* to be seized in lieu of objectives that are less important.
19. He is *rigid* in forbidding the abandonment of goals that prove unfeasible or irrelevant.
20. He doesn't *reinforce* successful behavior or investigate unsuccessful behavior when goals are achieved or missed.

Another problem is the boredom that sets in when managers and others are assigned the tasks of generating outcomes statements. This will remain a painful task until such time as they develop special competencies in the development of performance-based objectives.

Other pitfalls include the paperwork overload previously discussed and the goal conflict and role conflict that may emerge when... personal objectives are not integrated with those of the team and the organization.

The tendency to stress one objective at the expense of others is still another problem in operating in the MBO/R mode. For example, an objective to reduce the incidence of high school drop-outs by a given percentage within a stated period of time may so preoccupy an administrator that faculty morale or instructional objectives get slighted if not ignored. So much stress may be placed

on quantitative factors that qualitative factors within an objective may suffer. Drucker, using business and industry as his frame of reference, recognized the harm and misdirection that could come from preoccupation with a single objective:

To emphasize only profit, for instance, misdirects managers to the point where they may endanger the survival of the business. To obtain profit today they tend to undermine the future. They may push the most easily saleable product lines and slight those that are the market of tomorrow. They tend to short-change research, promotion, and other postponable investments. Above all, they shy away from any capital expenditure that may increase the invested-capital base against which profits are measured; and the result is dangerous obsolescence of equipment. In other words, they are directed into the worst practices of management.⁵

Another group of writers declared that "research and experience strongly support the relationship between the degree of a subordinate's acceptance of the objectives approach and his perception of its support and reinforcement from top management."⁶ Ryan stated:

Anyone who has sincerely tried to establish realistic long-range objectives for his corporation knows how easy it is to get agreement on a set of pious and vague goals which look good in the annual reports and in the Christmas message to the employees. However, getting managers of functional departments to work together to establish realistic, practical company goals is roughly equivalent to getting four tenors to sing together in one opera.⁷

Many school systems begin with the wrong kind of objectives statements. Vaguely stated and often pompous outcomes that approach pure rhetoric may be accepted by school administrators just because agreement is easily reached on them. These statements are seldom subjected to analysis for their feasibility of attainment.

Lahti summarized reasons other writers have given for MBO's failures: "lack of commitment; top managers not involved; poor implementation methods; little coaching and assistance; no follow-up (monitoring); objectives handed to subordinates; creative goals stifled; fuzzy top policy; overemphasized appraisal; and mechanical approach."⁸ To these he added his own observations on why MBO doesn't always work:

- The individuals affected by the system are not allowed to participate fully in strategies of implementation and decision making.
- Individuals within an organization do not exchange information in an "open" climate.

- Individuals are evaluated in terms of personality rather than achievement.
- Individuals are not encouraged to develop self-control, and there is little emphasis placed upon self-appraisal of results.
- Supervision is found to be nonsupportive of both the organization and its system, as well as of human development.
- Individuals are more "blame"-oriented than problem- or results-oriented.
- Individuals are not engaged in self-evaluation.⁹

There are many other reasons why MBO/R may fail to live up to expectations. There is no intent here to denigrate the system. But careful analysis should be given to past failures by anyone seeking to introduce MBO/R.

MBO/R failures in education don't exist as yet for the same reason that MBO/R models don't exist: there aren't enough school systems trying MBO/R. Educational administrators are just beginning to translate and adapt MBO/R concepts from business and industry. Although a handful of school systems have done exceptional work in pioneering MBO/R, and their experimental efforts deserve high praise, the temptation to identify them by names and practices will be resisted. At this point the MBO/R scene is changing so rapidly that no list can remain accurate for very long. Creativity and experimentation must be the order of the day, rather than emulation of what other school systems are doing in MBO/R. Experience alone over the next five years will determine which of the adaptations of MBO/R in education will survive. Perhaps five years from now another edition of this publication may have something more definitive to say on experiences with MBO/R in education.

Organization Development (OD)

Organizations in the private sector appear to be entering a possible fourth stage in operating in the MBO/R mode. This new phase is being referred to as *organization development*, "a re-orientation of man's thinking and behavior toward his work organization."¹⁰ It is related to what others have called the human relations emphasis in management and is based on the notion that managing by objectives and for results may reveal questionable organizational patterns, personnel relationships, or administrative practices. In a sense MBO/R becomes a mechanism for spotlighting needed innovations in the organization's operations and

development. Through a program of objectives setting and management for results, a new set of conditions for the organization may be created. The restructuring of the organization may be one outcome of OD.

An organization is sometimes viewed as a person in the eyes of the law. It must grow and change or it may die. An organization's growth toward higher levels of effectiveness is related to its development through restructuring components, improving human relations, or sharpening management practices. Whatever the present resource alignments and strategies, they are not intended to be ends in themselves, but only mechanisms for getting things done.

There is an emerging literature in other fields addressing itself to the reorientation of thinking and behavior in organizations to bring about more productive and more dynamic mechanisms. This reorientation may be facilitated by the use of objectives of appropriate quality and the design and implementation of a system of managing for results. The idea behind MBO/R is simple; putting it into practice is a tremendous challenge. Chapter 6 will address itself to strategies for implementing MBO/R in education.

SUMMARY

Setting objectives is not the same as managing by objectives. Statements of objectives, no matter how good, are not self-executing. A subsystem for managing for results provides the "how-to," "with what," and "when" to facilitate working with the "why" to round out an operational MBO/R system.

Managing for results includes programming to produce a work plan, allocating resources to make the work plan go, monitoring to determine progress, and controlling to keep the organization on target. Programming is defined as relating activities to objectives. It also includes identification of alternative strategies, selection of the most appropriate ones, and translation of these into detailed work plans and work tasks.

Programs require resources. Allocating resources means dedicating specific amounts of time, space, human resources, physical equipment, and fiscal resources to the pursuit of each objective. The more dynamic the organization, as evidenced by its multiplicity of objectives and its propensity to innovate, the more voracious its appetite for resources. It would be wrong to assume that resources are unlimited. They, like the time frame and the technology available, represent constraints within which goals must be pursued.

Monitoring (gathering data on progress toward goals) helps to ascertain whether the organization is locked onto objectives or

whether it is deviating from predetermined targets. It calls for a set of standards specifying what levels of deviation from predetermined objectives are allowable without serious consequences. It incorporates a feedback loop from checkpoints in time and at specified production events. Unfortunately it may involve a reporting system that deluges supervisors with a multiplicity of reports that still fail to provide the data needed to make judgments about progress toward attainment of goals. Measuring the performance of personnel may be a part of ongoing monitoring activity as well.

Monitoring is very closely related to controlling. The difference is that controlling includes instituting corrective action and making a final evaluation at a given point in time. Control in this sense does not mean domination of one individual by another; rather it implies assuring that the organization stays on target. Strategies for controlling should anticipate problems and generate crisis management plans to cope with them. Controlling is concerned with keeping the organization moving toward its objectives and assuring more prudent use of the limited resources.

Managing for results incorporates general management principles and processes that were in vogue many years before MBO/R. The new wrinkle is the emphasis on outcomes rather than inputs. MBO/R is not a self-teaching system. It requires hard work. Most managers find it very difficult at first to switch their concern from activities per se to results. Some resist learning how to generate appropriate objectives and how to manage by them. Some never accept the system.

It is difficult to describe what MBO/R looks like in educational institutions because fewer than one percent of the local school districts and only about ten state education agencies claim to be operating in the MBO/R mode. Practices vary widely, but a common feature is the generation of statements of objectives.

Results management systems are rarities. Most managers view MBO/R as an appraisal-by-results approach for the performance evaluation of administrators, particularly principals. Some equate MBO with PPBS in education. School systems are about 10 or 15 years behind business and industry in the development of MBO/R, but there is evidence of growing interest in it among educators.

What's happening in business and industry is not one big success story. It takes time to translate MBO/R into an operational reality, and many problems are encountered along the way. Often these problems are related to the type of objectives set and the way they are generated. Sometimes problems are caused by emphasizing a single objective to the detriment of others. Other reasons for the occasional failure of MBO/R range from lack of commitment

at the top echelons, to failure to refine operational procedures, to inadequate allocation of resources to implement the new system.

MBO/R is so new in education that it would be imprudent to list precise numbers, names, and practices. This is a time to be creative and experimental in implementing MBO/R, rather than a time to copy partially developed procedures. Experience is necessary to determine which adaptations will stand the test of time and prove to be productive.

MBO/R may reveal questionable organizational patterns, personnel relations, and administrative practices. It may be part of an overall organization development strategy. This appears to be a new dimension or a fourth phase in the evolution of MBO/R in business and industry. It seems likely that a similar evolution will occur in education.

NOTES

¹ Wikstrom, Walter S. "Management by Objectives Appraised." *A Practical Approach to Organization Development Through MBO—Selected Readings*. (Edited by A. C. Beck, Jr., and E. D. Hillmar.) Reading, Mass.: Addison-Wesley, 1972. p. 216.

² *Ibid.*, p. 217.

³ *Loc. cit.*

⁴ Odiorne, G. S. *Management by Objectives*. New York: Pitman Publishing Corp., 1965.

⁵ Drucker, P. F. *The Practice of Management*. New York: Harper & Row, 1954. p. 62.

⁶ Tosi, H. L.; Rizzo, J. R.; and Carroll, S. J. "Setting Goals in Management by Objectives." *California*

Management Review 12: 70-78; Summer 1970.

⁷ Ryan, J. "How To MBO." *Management Today*, April 1971. pp. 66-69, 126.

⁸ Lahti, R. E. "Implementing the System Means Learning To Manage Your Objectives." *College and University Business*, February 1972. pp. 43-46.

⁹ *Ibid.*

¹⁰ Randall, L. K. "Common Questions and Tentative Answers Regarding Organization Development." *A Practical Approach to Organization Development Through MBO—Selected Readings*. (Edited by A. C. Beck, Jr., and E. D. Hillmar.) Reading, Mass.: Addison-Wesley, 1972. p. 4.

CHAPTER 6

MBO/R Implementation Strategies

MBO has generated considerable interest, discussion, and publication in business and industry for almost 20 years. However, successful implementation of MBO and achievement of its full potential are still rare, according to many observers of the business and industrial management scene. One major institution of higher learning that has been providing MBO training programs for business and industrial leaders for many years has indicated that about half these leaders come to find out what MBO is all about; the other half come to learn why their efforts to implement MBO haven't worked.

Talking about innovation or possible great changes is fun. Preparing to do something about it can be exciting. But making it work after the excitement dies down may be a difficult challenge. The merit of a new management system will be revealed by the new capabilities gained by the management team and its impact upon operations in the long and short runs.

MBO/R has not yet been implemented in enough educational institutions for long enough periods of time to permit any judgment about its success or failure. For all practical purposes, implementation began only about 1970. Fewer than one percent of the school districts in the United States appear to be involved in any form of MBO/R.

A General Change Strategy

Change is a neutral term. It may lead to improvement or it may be dysfunctional, with nothing to show for its dissipation of resources. Rational approaches to introducing significant change enhance the

probability of successful implementation and minimize disruptions in productivity.

Several general change strategies that have been developed in education can be adapted to the introduction of MBO/R. A general change model with five major phases—readiness, pilot or experimental activity, innovation management, follow-up, and institutionalization—can provide the general guidelines for introducing MBO/R into a school system. A summary of the general change model appears in Table 6-1.

TABLE 6-1.—SUMMARY OF THE GENERAL CHANGE MODEL

Phase I: *Readiness*

- Stage 1. Awareness and Identification
- Stage 2. Expansion of the Knowledge Base
- Stage 3. Design of Development Strategies
- Stage 4. Acquisition of Commitments and Resources
- Stage 5. Staff Training and Recruitment (Concept and Skill Acquisition)

Phase II: *Pilot Testing* (Experimentation with Limited-Scale Operations)

- Stage 1. Selection of Innovation Parts To Be Tested
- Stage 2. Test Bed Selection
- Stage 3. Trial Period for Field Tests
- Stage 4. Evaluation of Field Tests
- Stage 5. Redesign of Innovation Parts (as necessary)

Phase III: *Innovation Management* (Full-Scale Operations)

- Stage 1. Pre-Startup
- Stage 2. Full-Scale Operations
- Stage 3. Monitoring Operations

Phase IV: *Follow-Up*

- Stage 1. Interpretation of Data from Monitoring
- Stage 2. Corrective Action Programs
- Stage 3. Appraisal of Full-Scale Operation

Phase V: *Institutionalization*

- Stage 1. Refinement of Skills and Operations
- Stage 2. Incorporation of Innovation into Standard Operating Procedures

The *readiness phase* should create an environment favorable to the search for, consideration of, and preparation for needed change. This phase comprises five major stages. The awareness stage is the initial one. Members of the community, school board, and staff must be aware of the existence of a set of ideas or a management system (e.g., MBO/R) that represents a departure from current practices. Awareness may be generated by reading about

the new system, hearing about it from a colleague, or attending a program or seminar where the ideas are formally presented. Awareness may be stimulated, in part, in response to the felt need for a significant change in operating complex educational institutions.

The next stage of the readiness phase is comprehension of the basic concepts, or knowing in sufficient detail what it is you hope to change to. Rhetoric may be satisfactory in the awareness stage, concerned primarily with identifying new practices, but a greater depth of understanding and some skills are needed if anything is actually to be done.

The expansion of the knowledge base about the new administrative practice may lead to the generation of plans or strategies for introducing into the system what is thus far simply a good idea. Stage three is the design of development strategy. At this point consideration may be given to employing a consultant who knows MBO/R, can help with the design of the development strategy, and can contribute later to the MBO/R training programs. Obviously the quality of the person selected is important. He or she must not only know the substance of the ideas surrounding MBO/R, but also understand how it may best be introduced and what modifications are needed to make it work in a particular educational institution. The development strategy must consider the fact that it is people who are being changed as well as things. There must be a strategy for obtaining commitments from those in positions of authority and those who will be affected by MBO/R. Innovations demand resources above and beyond those required for regular operations. The magnitude of resources allocated to the implementation of MBO/R is one indicator of sincerity or depth of commitment.

The fourth stage of the readiness phase is the obtaining of actual commitment or support for MBO/R from key personnel, as evidenced by a written policy statement or other declaration and the budgeting of resources for introducing and operating with MBO/R. Commitments in writing are needed from the legislative body or school board, key staff members, and community leaders. Without support from the top echelons, MBO/R may be abandoned at the first sign of problems. At this stage an "MBO/R task force" may be organized to execute the strategies and to follow through on commitments to introduce MBO/R.

The final stage in the readiness phase is training and recruitment of the specialized staff members needed to make MBO/R work. This phase is based on the assumption that there will be less resistance to MBO/R and greater probability of successful operation if people are provided an opportunity to gain the concepts and skills needed to operate in the new mode. MBO/R is not likely to be

successful unless staff members have the entry-level competencies to make it work. What the objectives and substance of a training program should be, when it should be offered, and by whom all require definition. The school system may design and operate its own MBO/R training program or it may use the resources of its state department of education, a university, or the AASA National Academy for School Executives. The training may involve workshops and seminars, visits to schools experimenting with MBO/R, and/or individualized MBO/R reading programs. The special training program carries the implicit assumption that the school system will develop its own cadre of MBO/R talent. It may be supplemented by an effort to recruit individuals outside the system with unique competencies in MBO/R.

The setting of realistic objectives for the introduction of MBO/R in light of conditions existing within the school system is vital. In other words, one should follow MBO/R principles in implementing MBO/R, to allow the staff to see it in action and so gain a practical understanding of its operational implications. The district needs to know its "base case" (where it is now in terms of operational procedures and staff skills) before it can determine how far it must go to establish MBO/R.

The readiness phase can be said to be completed when something to change has been identified, when those to be affected by the change are willing to try it, when resources and other commitments to implement the change have been obtained, and when the personnel who will operate the innovation have acquired the necessary entry-level skills to engage at least in pilot testing. This level of readiness may take as little as three months or as long as a year to achieve.

The second phase of the general change model is *pilot testing*—experimentation in the real world. MBO/R should not be introduced in all operating departments of an education system until it has been tried out, and "debugged" if necessary. In pilot testing, one or more pieces of MBO/R may be tried in the total system, or all of MBO/R may be tried in one or more parts of the system. In addition to eliminating the "bugs" from an MBO/R approach that looks good on paper, the pilot testing phase is a means of developing a cadre of experienced leaders for further extension of MBO/R through the entire system. It is like establishing a beachhead. The goal is to identify the divisions with the kinds of personnel that make successful operation with MBO/R most probable.

Stage one of the pilot testing phase is the selection of the part or dimension of MBO/R to be field tested: appraisal-by-results, management contracts or position descriptions by objectives, moti-

vation by objectives, the systems interpretation, or some other dimension. Field testing of these aspects of MBO/R may be carried on simultaneously or sequentially in different parts of the school system. Another approach is for one division or department to focus on procedures and skills needed to generate effective objectives, while another focuses on the design and operation of the system of managing for results; these two halves of MBO/R are then put together at the end of the trial period. Designing the precise strategy to be followed can be the responsibility of a task force or other agency specifically charged with introducing MBO/R into the educational institution.

Stage two of pilot testing is selection of the test bed, that is, the particular division or department that will try out a part of MBO/R. Criteria for selection must be developed. Stage three is the actual trial period for the field test. The pilot testing may cover a period of a year or more. Stage four is the evaluation of test results at the termination of the initial field test. The objective should not be to produce a perfect operating system at the end of pilot testing, but rather to identify the sources of resistance and the kinds of problems that must be overcome in operating with a new management system. The final stage of phase two is redesign of the tested dimension(s) of MBO/R to better fit the needs of the institution.

Phase three of the general change model is *implementation of the innovation* (here the MBO/R mode) in the total system. In this phase it is assumed that staff members have acquired the necessary skills and understandings to make the system work and that most of the bugs have been identified and eliminated during the pilot testing. Phase three has three stages. In the first ("pre-startup"), staff development is completed and schedules and materials are rearranged as necessary to operate in MBO/R. The second stage is actual full-scale operations; the third is monitoring operations.

Phase four, the *follow-up*, could be considered an extension of phase three. It would be unrealistic to expect trouble-free operations during the first full year, even though considerable care was exercised in both the readiness and the pilot testing phases. Problems will emerge, and a built-in mechanism must be designed to overcome them. This is the primary contribution of the follow-up phase. This fourth phase also comprises three stages. The first is interpretation of data gathered during the monitoring stage of phase three. The second stage is the institution of corrective action programs to maintain skills at a high level or to develop new ones. The third stage is final appraisal of the full-scale operation.

Howell has estimated that it takes four to five years for a business or industry to operate successfully in a given mode such as

MBO/R.¹ This is a realistic time estimate for school systems as well. Assuming a year spent on readiness and another on pilot testing, the follow-up phase for operations would cover at least a two-year period.

Phase five of the general change model is institutionalization. At this point the innovation becomes a part of standard operating procedures. MBO/R emerges as the established pattern accepted by all personnel. Usually institutionalization occurs four or five years following readiness. Relatively fewer special resources or safeguards are necessary to make the system go once it is institutionalized, because it has become an integral part of operations and operational personnel. Institutionalization can come only from considerable experience and operation in the MBO/R mode.

Resource Demands

It is unrealistic to expect MBO/R to be introduced without more and different resources. How much more and how different will vary from district to district. It is better to think in terms of why additional resources are needed than to prescribe a given sum of money, amount of space, or number of personnel.

To illustrate, a certain number of people and amount of time must be dedicated to MBO/R introduction and operation. There are reports to be made on the progress of introducing this system. The design of a training program, employment of necessary training experts, and employment of temporary replacements for staff members engaged in special training will call for the expenditure of funds. Resources are needed to employ one or more consultants to work in the system for a period of one or more years. The professional library may have to be expanded to include the necessary books and periodicals related to the use and introduction of MBO/R. Resources may need to be allocated to informing members of the community as to what MBO/R is all about.

The point is that the budgeting of resources needed to make MBO/R a reality should be related to objectives to be satisfied during each phase of the changeover. The magnitude of resources consumed in any given year will vary with the speed with which the system is introduced. Rather sizable resource allocations must be made in a given fiscal year for crash programs.

MBO/R Entry into Business and Industry

Beck and Hillmar² suggest two possible beginning points for implementing MBO/R in business and industry: individual goal

setting and team goal setting. Their other suggestions for the early stages of MBO/R could likewise be adapted to education:

1. "Don't insist on perfection at first." Crude objectives or measurements, even if not completely accurate, can help you get started.
2. Concentrate on one or two major results (such as cost reduction, or waste reduction, or better scheduled performance).
3. Use MBO/R on one project at a time, preferably with a limited number of individuals involved.
4. Set objectives for only part of a job in the first year if this is all that can be expected.
5. Start working with problems that are easily measurable and have standards that are not too difficult to determine or agree upon.
6. Encourage supervisors to provide early feedback and recognition in the beginning stages.
7. Put MBO/R into effect on an individual basis if there are subordinates who are not ready for it.
8. Start MBO/R in only one department or part of the organization.
9. Follow the recommended objective-setting process, and make sure objectives agreed upon are "understandable, achievable, measurable, and feasible."
10. Make sure managers follow through until their objectives are achieved or it is agreed that they are not attainable.
11. Use formal and informal methods to teach MBO/R concepts: in-house training programs, consulting services, and perhaps even a printed manual.
12. Don't be afraid to "change certain management systems, procedures, or organizational elements that may be barriers to successful implementation of the MBO/R concept."³

What Makes It Go?

Leadership is one of the prime requisites for successful implementation of MBO/R. Leadership has many dimensions, such as knowing what changes are needed, stimulating movement toward desired objectives, and facilitating their attainment. A positive attitude toward MBO/R also helps to make it go. This must be combined with patience when confronted with resistance by certain personnel who find it uncomfortable to operate in the MBO/R mode or feel frustrated when problems emerge.

Another requisite is planning—having a set of *strategies* for the introduction of the MBO/R mode. The strategies are made more effective by *commitments* from the top as well as the operational levels. These commitments must be accompanied by *dedication* to making the system work. Without basic changes in attitude, all the resources and training programs may well come to naught.

It would be hard to overemphasize the importance of the *experience* factor in MBO/R. It takes time and involvement in an operation to perfect it. You never reach perfection the first time around in MBO/R or anything else.

Where To Begin in Education

MBO/R is easier to implement in business and industry than in service-oriented organizations. Multipurpose institutions pose problems in the identification and measurement of outcomes. Obviously, MBO/R will not be easy to implement in education.

Reference was made earlier to the problem of semantics: "management-by-objectives" turns off some educators, particularly instructional personnel. EBO/R, education-by-objectives-and-results, was recommended as a more generally acceptable term that better indicates the application of the system to the instructional as well as management dimensions of education. The relationships of MBO/R, management-by-objectives-and-results, and IBO/R, instruction-by-objectives-and-results, are shown in Figure 6-1.

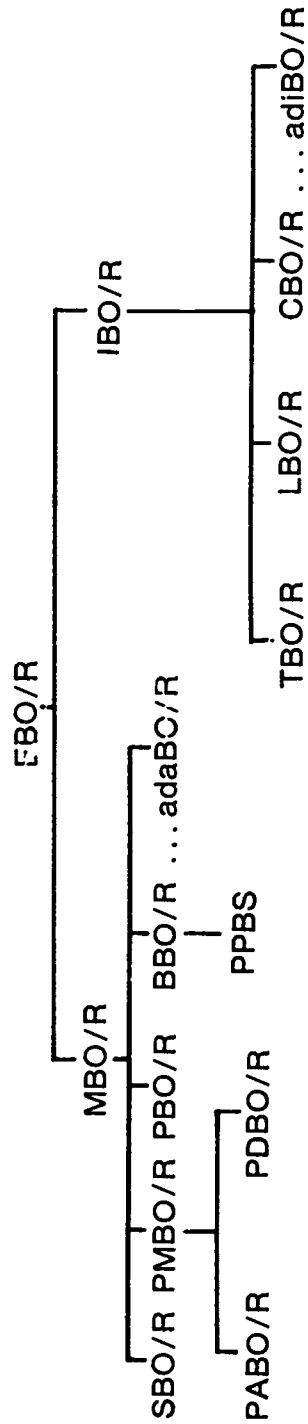
One dimension of MBO/R or IBO/R may be used as a starting point for implementing EBO/R. The close relationship between PPBS and BBO/R may suggest BBO/R as a point of departure to those so inclined. It is seldom prudent or possible to change all dimensions of a school system in the first year.

Benefits

The benefits that can accrue to schools operating in the MBO/R mode are similar to those that accrue to other organizations. The following four are drawn from Odiorne:⁴

1. "MBO from the top management perspective is a direct attempt to build into management systems an unremitting attention to purpose." EBO could prevent or alleviate the natural tendency "to start out toward momentarily clear goals, but shortly to become so enmeshed with activity that the goal is lost."
2. "MBO attacks directly the gap of expectations and directly defines 'success' in specific output terms." The typical princi-

**FIGURE 6-1.—EDUCATION-BY-OBJECTIVES-AND-RESULTS
(EBO/R): MANAGERIAL AND INSTRUCTIONAL COMPONENTS**



EBO/R = MBO/R + IBO/R
 MBO/R = SBO/R + PMBO/R + PBO/R + BBO/R + ... adaBO/R
 IBO/R = TBO/R + LBO/R + CBO/R + ... adiBO/R

Where:

EBO/R = Education-by-Objectives-and-Results
 MBO/R = Management-by-Objectives-and-Results
 SBO/R = Supervision-by-Objectives-and-Results
 PMBO/R = Personnel Management-by-Objectives-and-Results
 PABO/R = Personnel Appraisal-by-Objectives-and-Results
 PDBO/R = Position Description-by-Objectives-and-Results
 PBO/R = Planning-by-Objectives-and-Results
 BBO/R = Budgeting-by-Objectives-and-Results

PPBS = Planning-Programming-Budgeting System
 adaBO/R = "Any dimension of administration"-by-Objectives-and-Results
 IBO/R = Instruction-by-Objectives-and-Results
 TBO/R = Teaching-by-Objectives-and-Results
 LBO/R = Learning-by-Objectives-and-Results
 CBO/R = Curriculum-by-Objectives-and-Results
 adiBO/R = "Any dimension of instruction"-by-Objectives-and-Results

pal and superintendent, or any other pair of subordinate and superordinate school executives, are not apt to reach agreement on the output expectations for the subordinate when left to themselves or without a special mechanism to do so. EBO/R could reduce role and goal conflicts between teachers and administrators as well as among administrators at various levels in the hierarchy.

3. "MBO should improve overall organization performance and increase the level of participation." Prolonged observations of leading firms led Odiorne to declare that "in the more successful firms (which achieve charted goals) more people are aware of their goals than in less successful organizations." The effectiveness of a school system should improve when objectives and expectations are known and accepted by everyone in it.
4. "MBO should achieve . . . individual improvement and growth." A principal's (or any other school executive's) performance should improve where his objectives and expectations are known and accepted by him and his immediate superior.

SUMMARY

Evidence from efforts in business and industry over the past 10 to 15 years suggests that it is easier to talk about MBO/R than it is to implement it. A general change strategy can provide the basic guidelines for introducing MBO/R into a school system. It has five major phases: readiness, pilot testing, innovation management, follow-up, and institutionalization. The readiness phase can be subdivided into five stages. The first is awareness of MBO/R on the part of staff members, the school board, and the community. The second calls for expansion of the knowledge base about MBO/R. The design of development strategy for bringing about the necessary changes in people, obtaining commitments, scheduling resources, etc., is the third stage of the readiness phase. Actual acquisition of the commitments and necessary resources signals the completion of the fourth stage. The fifth stage is staff training and recruitment. The readiness phase is completed when the entry-level skills necessary to operate in the MBO/R mode have been acquired.

The second phase, pilot testing, seeks to debug operations. Subdivisions of this experimental phase range from selection of the part of the innovation to be tested, through identification of the test bed, field testing, and evaluation, to redesigning of the innovation. The readiness phase may take as long as a year, and pilot testing should continue for at least another year.

The third phase is management of the innovation during full-scale operations. The follow-up phase is related to it and seeks to cope with any problems and special needs as they emerge. The institutionalization phase starts with refinement of skills and culminates with incorporation of the innovation as part of the standard operating procedures.

The many suggestions to be found in the literature about implementation of MBO in business and industry can be adapted to education. They emphasize that perfection should not be demanded in any dimension of MBO/R when first starting. Leadership, a positive attitude toward MBO/R, patience, planning, key commitments, adequate resources, and training are needed to make the system go.

MBO/R will not be easy to implement in education; it is difficult to implement in any service-oriented organization where objectives are many and outcomes are difficult to identify and measure. EBO/R is recommended as a term that overcomes some semantic problems in applying MB to education. Whatever the problems of introducing any dimension of EBO/R, the system offers many benefits to any organization that adopts it.

NOTES

¹ Howell, R. A. "A Fresh Look at Management by Objectives." *Business Horizons*, Fall 1967. p. 58.

² Beck, A. C., Jr., and Hillmar, E. D., editors. *A Practical Approach to Organization Development Through MBO—Selected Readings*. Reading,

Mass.: Addison-Wesley, 1972 pp. 274-78.

³ *Ibid.*, pp. 277-78.

⁴ Odiorne, G. S. "Management by Objectives." *College and University Journal* 10: 13-15; March 1971.

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