



## The features of a good objective

A good objective should be:

- **Specific** – this means it must be clear what the firm is trying to achieve. For example, managers may want to increase sales, increase profit or increase customer satisfaction.
- **Measurable** – this means that all objectives should include a quantifiable element. For example, the firm might aim to increase profit by 30 %. This means that the managers can easily check whether the target has been achieved.
- **Agreed** – targets need to be agreed by the different people who are involved in the process. There is no point imposing a target on someone.
- **Realistic** – a target should always be achievable. If you set an objective which cannot be achieved people will not be motivated by it. It may even discourage them, because they know the target can never be reached anyway. To work well employees must believe that their efforts can be successful.
- **Time specific** – all objectives should state quite clearly when they should be achieved. Managers need to know exactly how long they have so that they can plan accordingly.



## Advantages of MBO

- Each manager **knows exactly what he has to do**
- MBO-System acts as a **motivator**. Herzberg said that responsibility is a vital motivator.
- Peter Drucker believed that the most effective way to give people a sense of **responsibility** for their working lives was to make them decide for themselves how to achieve their objectives.
- The targets act as a **control mechanism** for the organisation. Everyone's performance can be judged against the targets.
- MBO ensures that employees in every department are all working towards **common goals**. MBO allows **delegation** to be achieved in a coordinated way.