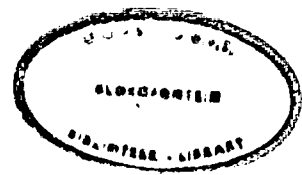


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MANAGEMENT BY OBJECTIVES
AS A MANAGEMENT TOOL IN THE
PUBLIC SECTOR

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BLOEMFONTEIN

— 9 MAY 2000

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**MANAGEMENT BY OBJECTIVES AS A
MANAGEMENT TOOL IN THE PUBLIC
SECTOR**

**BY
MPHO GRACE MOROKA**

**A dissertation presented partly in requirement
for the degree of**

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IN THE**

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The University of the Orange Free State

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TABLE OF CONTENTS

	PAGE
1. INTRODUCTION	1
2. MANAGEMENT BY OBJECTIVE DEFINED	9
3. MEANING OF MBO	13
3.1 <i>Involvement of functionaries on all levels of an institution</i>	13
3.1.1 <i>Teambuilding</i>	14
3.1.2 <i>Contribution(s) of every official</i>	17
3.1.3 <i>Quantifying objectives</i>	18
3.1.4 <i>Improving efficiency and effectiveness with MBO</i>	19
3.1.4.1 <i>Increased motivation to achieve objectives</i>	22
3.1.4.2 <i>Improving potential for self-control</i>	22
3.1.4.3 <i>Improving performance appraisal</i>	23
3.1.4.4 <i>Improving communication</i>	24
3.1.4.5 <i>Promotion of participation</i>	26
3.2 <i>Setting of objectives and sub-objectives</i>	27
3.3 <i>Programming of objectives</i>	30
3.4 <i>Developing programs to reach objectives and sub-objectives</i>	33
3.5 <i>Planning the implementation of programs</i>	34
3.5.1 <i>Determination of goal(s)</i>	34
3.5.2 <i>Obtaining commitment of staff</i>	35
3.5.3 <i>Provision of support</i>	36

3.5.4	<i>Provision of feedback mechanism</i>	36
3.5.5	<i>Promoting productivity</i>	37
3.6	<i>Promoting effective decision-making</i>	38
3.6.1	<i>Scientific approach</i>	39
3.6.2	<i>Implementing MBO and other administrative tools to plan and program</i>	40
3.6.3	<i>Political decision-making based on scientific developed information</i>	40
3.6.4	<i>Different solutions to exercise proper choice(s)</i>	41
3.7	<i>Promoting administrative leadership</i>	42
3.7.1	<i>Leader must have the skills</i>	43
3.7.2	<i>Develop skills to be a leader</i>	44
3.7.3	<i>Motivation</i>	45
3.8	<i>MBO to promote co-ordination of activities</i>	47
3.9	<i>Implementing of other administrative tools with MBO</i>	48
3.10	<i>Contribute to more effective scientific information</i>	51
3.11	<i>Regular analysis of results obtained with programs</i>	52
3.11.1	<i>Programs approved serve as control measures</i>	53
(a)	<i>Internal control</i>	54
(b)	<i>Measures for leading officials to control</i>	56
(c)	<i>External control</i>	58
(d)	<i>Contribution of MBO to accountability</i>	59
3.12	<i>Promoting effective priority determination</i>	59
3.13	<i>Linkages with the vision of an institution</i>	60

3.14	<i>Linkages with the mission of an institution</i>	62
3.15	<i>Determination of objectives</i>	63
4.	STEPS IN IMPLEMENTING MBO	64
4.1	<i>Formulation of objectives</i>	65
4.2	<i>Planning of strategies with MBO</i>	65
4.3	<i>Programming of objectives within MBO</i>	70
4.4	<i>Implementation of programmes</i>	73
4.5	<i>MBO as a tool for control and accountability</i>	74
5.	CONSULTATIVE MECHANISMS	79
5.1	<i>Levels of consultation</i>	80
5.1.1	<i>Members of the public</i>	80
5.1.2	<i>Political structures</i>	81
5.1.3	<i>Administrative structures</i>	81
5.2	<i>Period of consultation</i>	82
5.3	<i>Purpose of consultation</i>	83
5.4	<i>Agreements from consultations</i>	84
5.5	<i>Application of scenarios</i>	85
6.	FRAMEWORK OF OBJECTIVES	86
6.1	<i>Consolidate gathered information</i>	87
6.2	<i>Recommendation on devices</i>	88
7.	PITFALLS AND ADVANTAGES OF MBO	89
7.1	<i>Pitfalls of MBO</i>	89

7.2	<i>Advantages of MBO</i>	90
8.	CONCLUSION	92
	BIBLIOGRAPHY	95

MANAGEMENT BY OBJECTIVES AS A MANAGEMENT TOOL IN THE PUBLIC SECTOR

1. INTRODUCTION

The manner in which managers perform their tasks and the available basic knowledge that underpins their performance within an environment conducive to accommodate subordinates is the focus of this topic. Various administrative tools are applicable within the public sector but Management by Objectives (MBO) denotes collusion between strategically placed officials and those empowered from lower levels within such establishments.

MBO is a technique that has been in use in the private sector for some years. In as far as public sector or government is concerned, it has been used for more than 20 years in the limited states. This is evidenced by the accumulated literature. Yet, the history of MBO in the public sector has been uneven and it's role and importance in government are unclear. It is frequently criticized as being ineffective and it often seemed to be undervalued by a wide range of people and academics. In this context, the importance of MBO as an administrative tool to a successful usage for several purposes in the public sector will be discussed.

Various questions are usually posed on whether management within the public sector should be individually orient or group orient. It became clearer however that in individual orient, management disadvantages seems to override advantages of such management styles. Public sector is machinery that needs constant functioning without being held at ransom by absence of a key manager or relevant official. MBO necessarily became ideal and justifiable as such objectives are collective driven and based, thus providing for continuity in absence of key personnel.

MBO compels institutions within the public sector to operate coherently and in the interest of the community and not individuals. The advantages of MBO by far supersede its disadvantages and comparatively speaking seems to even challenge other available administrative tools which fail to operate without principles of MBO. The crux of the matter is that MBO evaluates responsiveness of public sector bodies to grounds of acceptability and effectiveness. MBO embodies efficiency to highest levels and its results are huge and reflect qualities of public institutions in a better position.

1.1 SELECTION OF TOPIC

Of all known administrative tools within the public sector, non of them can successfully be implemented without linkages with MBO. MBO easily addresses the following:

- ▲ It ensures commitment from personnel within an organisation and this is irrespective of rank or file.*
- ▲ It is target driven and sets in place group mechanisms to achieve such targets.*
- ▲ It automatically allows capacity building within the institution in that personnel occupying lower ranks knows precisely how those in senior positions plan and manage public institutions.*
- ▲ Institutions become objective driven in the true sense and those guilty of achieving such objectives are easily exposed. This necessarily ensures service delivery whilst at the same time the institution becomes qualitative and well programmed.*

1.2 **PROBLEM STATEMENT**

Government continues to be bombarded with criticism in its operational capabilities. In theory there are structures in place found but practices depict anger as portrayed by critics. MBO cannot be regarded as a mechanism that is planned today and will be implemented without regular visitations. It compels the powers that be to regularly check on it and achievements met and whether those occur within set time frames or otherwise. MBO can be an administrative tool challenging such problems head-on. This can occur even if problems are complex and inconsistent with administrative issues.

With MBO the intention is derived from its name that is, "management by objectives". This clearly cites a solution to a problem within the public but what is important is how all of this is turned into a sensible concept for implementation and control. Proper and timeous planning drives achievement and this is complemented by implementing programmes that will regularly depend on highly technical evaluatory and control mechanisms.

1.3 **HYPOTHESIS FORMULATION**

In most instances within the public sector individual indispensability is regularly noted and this affects service delivery in all kinds of formats. MBO can result in pro-activity and responsiveness of government to adapt with what is on offer. It presupposes that all persons present, at any given time, are ideal to address eminent or available challenges. It guarantees timeous actioning that is correct and focused. Information available within a public sector institution can be easily utilised to commensurate challenges and still achieve resounding success. MBO takes into consideration resourcefulness of the

institution, whether those are few or in abundance becomes immaterial. MBO mechanisms continues to improve if circumstances prevail and this limits pitfalls an institution may be subjected to.

1.4 OBJECTIVE

Public service delivery is characterised by public needs that will never diminish even if we all would wish. Regular objective setting and mechanisms of achieving such objectives must be people centred and people driven and this will ensure equity, quality, timeliness and strong code of ethics. MBO thrives well on this belief. It demands formal personnel, that without objectives in any known component, success cannot be achieved. Objectivity is seen parallel with accountability and the two only merge if clear objectives are set and implemented according to public needs.

1.5 METHODOLOGY

The research aspect of this study cannot be complete if it excludes the following important aspects:

- ▲ *Consulting books, journals and government documents.*
- ▲ *Consulting ideal components within public sector institutions.*
- ▲ *Drawing a comparative and analytical view with other administrative tools.*

- ▲ *Portray realities linked with MBO and eminent success clearly depicted from its understanding in theory.*

1.6 KEY-WORDS AND CONCEPTS

Objective-setting; target setting; timeliness; productivity; public needs; participation of employees; responsiveness; accountability; control mechanisms; evaluation; ethics; management; co-ordination; facilitation; transparency; communication; dissemination of information; use of information; productivity; efficiency and effectiveness.

1.7 EXPLANATION OF CONTENTS

On the initial stage, in this document, MBO will be defined. This part will deal with necessary breakdowns from the terminology of MBO. It is also shown as to how various authors across the globe define MBO. On the very same discussion, obvious similarities from definitions will be spelt out.

The difference of opinion is minimal as only few authors regard MBO as separation between superiors and sub-ordinates. MBO has been mostly attributed to joined effort functioning of superior or sub-ordinate officials. The same definitions must however begin to identify key aspects that develop a contextual organization. MBO basis consensus of superior and sub-ordinate officials. How to help understand the many different approaches and the way they fit within one definition, will finally be portrayed in this discussion. All the definitions will show emphasis on participation, self control, motivation and support.

After this concise exposition of MBO, the impact of MBO, which basically covers the broader gist of the topic, will be discussed. It is in this part that processes are elaborated. These processes will denote that the impact should include such issues that promote coherency or collusion amongst superiors and sub-ordinates. The ensuing discussion on the impact of MBO will enlighten the reader to such issues as the role of each official and narrower or broader relation to an institution, which is simply the contribution of the official to the institution. Emphasis will be placed on quantification of objectives, which will clearly show how objectives are verified and converted into specific objectives for accomplishment.

The improvement of efficiency and effectiveness in the institution through the use of MBO will also be highlighted. A clear distinction on effectiveness and efficiency is drawn. Following such will be a discussion on what MBO efficiency and effectiveness can lead to. The fruits within it, such as, increased motivation, improved potential for self control, improved performance appraisal, improved communication and promotion of participation, will be discussed.

Another discussion which will be part of this document will be on setting of objectives and programming and, developing programs to be able to realize productivity within the institution. Planning the implementation of programs will also be discussed which will outline aspects within it, such as, the determination of goals which will show that MBO is there to predict and influence the future through objectives; obtaining commitment, which puts emphasis on team work and participation by all to enable everyone to own up; provision of support which will show the subordinate that the managers give support to decisions he has taken to enable him to accomplish his goals;

provision of feedback mechanism which enables the institution to monitor its progress right until goals are attained; and promoting productivity and effective decision-making, which will indicate that through MBO there is actually productivity through mutual understanding which finally leads to effective decisions for attainment of goals.

Promoting administrative leadership will hereunder be discussed as a factor that grows from the application of MBO. This discussion will show that through MBO a manager will grow to be a leader who thinks about planning for results to be achieved. A leader would have and develop skills required to drive the process and finally be in a position to motivate his subordinates i.e. being able to boost their moral. Where they encounter problems, the leader should be able to come up with alternatives or solutions.

This text will also cover the function of MBO as a promoter of co-ordination of activities. The importance of co-ordination of activities will clearly show that it leads to good co-operation among individuals. From this it can be deduced that actions of individuals influence one another and as a result will certainly influence the objectives of the institution as a whole.

This paper would not suffice if the discussion excludes the implementation of other administrative tools with MBO. This will highlight how MBO correlate with other tools in the process of planning, co-ordinating, making alternatives and controlling activities for achievement of goals. In this discussion it will also become clear as to how MBO contributes to more effective scientific information which is basically compared with the one of earlier generations than today.

Regular analysis of results will be another concept that will be dealt with. This will come up with an indication that evaluation is a continuous process. It should be applied from the start up to the end of the program. Control will also be discussed as part of the evaluation. The importance of the measures of control are explained, that is both internal and external measures. This discussion will show that it is important to monitor and review in order to replace any program that has fallen in disuse in order to timely suit the objectives to be achieved.

How MBO contributes to accountability is one aspect that will also be explained in this context. It will be shown how the manager or subordinate answers to a responsibility conferred. Another aspect that has been touched is, promoting effective priority determination. This will concentrate extensively on the effectiveness of the manager and how this will enable him to reach improved standards of performance and be an outstanding manager.

How MBO links with the vision and mission of an institution in its application is also highlighted. With these the manager is able to distinguish his institution from others and his objectives and their attainment will be clear. Determining objectives has also been discussed, which maintains that proper determination should be done.

Certain steps have to be followed in implementing MBO. When implementing, each and every aspect becomes logical. In this paper, aspects such as formulation of objectives, planning of strategies with MBO, programming of objectives within MBO, implementation of programmes and MBO as a tool for control and accountability will be discussed. This will merely show the reader that implementing MBO is a process and cannot be done haphazardly.

Consultative mechanisms will also be discussed in this document. This part will dwell on consultative processes amongst relevant and various stakeholders. The pace of such consultation and the intention thereof will also be clarified.

Once the process is structured and acceptable within time constraints, the flow thereof create an ideal stepping stone to make MBO look ideal and user friendly.

Framework on objectives is also part of this document and will be discussed hereunder. The discussion on this issue will basically provide an insight on processes to be followed when implementing MBO. For obvious reasons a starting point has to be identified, and that means some formulating skills, processes and framework has to be initiated.

The part on pitfalls and advantages of MBO concludes this topic. The pitfalls would just indicate problems that may be encountered when using MBO. This part will also place the idealism of MBO as the best administrative tool to rely upon. It is in this context that other administrative tools merely compliment MBO. This part also singles-out MBO as unavoidable as ever. It is therefore proper to fully understand that MBO exists everywhere where goals are set and are to be achieved. It is fair enough to say that institutions without objectives or goals cannot survive longer than reasonable short periods. The same will be said that without MBO it is difficult for any institution to survive.

2. MANAGEMENT BY OBJECTIVE DEFINED

The manner in which various public institutions understand MBO warrants different exposition on its understanding and definition. It will be valuable to explain some of the explanations of authors in the following paragraphs.

According to *Gilles (1982:47)* MBO is a method of employee direction characterised by thoughtful deliberation and agreement on performance objectives by each superior-subordinate pair. It involves a process whereby staff members at several institutional levels are coached by their supervisors in setting their own goals, directing their activities towards attaining them, and measuring their own achievements using those goals as a frame of reference. With this explanation *Gilles* put emphasis on the role of supervisor in ensuring that subordinates are initiative-driven and are able to perform without future orientation or supervision. It however does not give details on pre-suppositions where such superior officers may lack directive mechanisms within acceptable MBO norms.

Carrell et al. (1992:250) refer to MBO as a performance appraisal method. Performance appraisal is a link between an effort and performance, and between performance and rewards of an employee. It serves as a communication channel between the employer and the employee through which clarity is obtained with regard to what exactly each party expects of the other.

One of the most elaborate definitions is by *Giegold (1978:2)*. He maintains that MBO is "... (a) management process whereby the superior and subordinate, operating under a clear definition of the common goals and priorities of the institution established by top management, jointly identify the individual's major areas of responsibility in terms of the results expected of him or her, and use these measures as guides for operating the unit and assessing the contributions of each of its' members." Here lines of joint efforts are determined. The superior officials play a leading role in laying the foundation for an environment resulting in joined goal setting and implementation. An institution is guided by this team effort and thus enhancing principles of MBO in full.

Odiorne (1965:55) explains MBO as a process whereby the superior and subordinate managers of an institution jointly identify its common goals, define each individual's major areas of responsibility in terms of results expected of him and use those measures as guides for operating the unit and assessing the contribution of each of its members. This averment compliments earlier references (see page 10) to principles of joined management with the sole purpose of achieving common goals.

As far as *Mali (1972:1)* is concerned, MBO, is a strategy of planning and getting results in the direction that management wishes and needs to take while meeting the goals and satisfaction of its participants. This denotes added elements of strategies but not losing sight of fundamental principles of steering such strategies to build a relationship within an institution that is objective driven.

McConkey (1965:15), define MBO as an approach to management planning and evaluation in which specific targets for certain length of time are established for each manager, on the basis of results which each unit must achieve if overall objectives of the institution are to be realized. This clearly states that MBO can be used during planning and extends right to a stage where there will be an evaluation of results obtained against those aimed by the institution.

Olsson (1968:12) explains that MBO is a system whereby the institution objectives are made directional guides for the entire activity. It is a method that provides a logical framework for achievement. Good ideas may be developed, debated but their purpose can only be met if guided by an implementable process. Such processes will only succeed if proper and/or user friendly guidelines are put in place. Should the same framework be questioned, a team

would address same to ensure consistencies with direction of a particular institution.

Drucker (1973:442) explains that MBO and self control are linked. He further explains that MBO rests on the concept of human action, behaviour and motivation. It applies to every manager, whatever his level and function and to any institution, whether large or small.

On the same note, *Albrecht (1978:20)* agrees with Drucker, and states that MBO is nothing more or less than an observable pattern of behaviour on the part of the manager, characterized by studying the anticipated future, determining what payoff conditions to bring about for that anticipated future and guiding the efforts of the people of the institution so that they accomplish these objectives while deriving personal and individual benefits in doing so.

These various definitions of MBO state that authors see MBO from different points of view. There appears to be a consensus of concept and a consensus on the value of objectives. The problem appears where the concept has to be put into play. Some authors, such as *Odiorne*, take the concept as distinctly separate from the methods, systems, and techniques used to implement it, while others for example *Olsson* see those tangible artifacts as synonymous with MBO.

In simple explanatory process MBO can never augur well within an individualistic approach which many managers tend to relate to and forget their purpose within an institution structure. It is quite evident that group effort is a necessity to ensure that management by objective is an ideal administrative tool to use in government.

3. MEANING OF MBO

The meaning or impact of MBO rests solely on various interpretation of MBO. It is important to identify the meaning of MBO in the following paragraphs:

3.1 Involvement of functionaries on all levels of an institution

The involvement of functionaries on all levels of a institution will highlight responsibilities of each sector or relevant stakeholder. Involvement of functionaries on all levels of an institution will have the following results:

- 3.1.1 Teambuilding
- 3.1.2 Contribution(s) of every official
- 3.1.3 Quantifying objectives
- 3.1.4 Efficient and effective delivery of goods and/or services
- 3.1.5 Setting objectives and sub-objectives
- 3.1.6 Programming of objectives
- 3.1.7 Planning and implementation of programs
- 3.1.8 Promoting productivity
- 3.1.9 Promoting effective decision-making
- 3.1.10 Promoting administrative leadership
- 3.1.11 To promote co-ordination of activities.
- 3.1.12 Implementing of other administrative tools such as outcome- based management with MBO.
- 3.1.13 Regular analysis of results obtained with programs
- 3.1.14 Promoting effective priority determination

3.1.1 Teambuilding

Albrecht (1978:47) defines teambuilding as a technique aimed at improving the communication atmosphere within the group and increases the sense of personal reward available to each of the members. This statement is supported by *Muller (1998:7)* when he indicates that teamwork requires good communication. In essence this means that teamwork involving participation of colleagues and other stakeholders requires a working environment that enables all concerned to feel confident and comfortable about their contributions and to identify themselves with the values of the project. It is the setting of norms or values for operation that promotes successful team work because this eliminates insecurities, uncertainties and confusion about the working process (*Gerber et al. 1996:86*).

According to *Pearce & Robinson (1989:167-168)* objectives:

- provide guidelines in directing the efforts of individuals in institutions;
- reduce uncertainty by setting forth what they believe can be made to work out;
- motivate people by making them have ever-present standards by which to measure the outcomes of their behaviour;
- facilitate learning by understanding where one wants to go, why, and how one makes the process of getting there more effectively and efficiently;
- allow co-ordination of diverse institutional activities; and

- the process of setting them provide a mechanism for communication among individuals within the institution whose tasks and responsibilities are quite different but who depend on each other.

Certain processes must be facilitated by managers to enhance teambuilding within an institution. It is from this premise that clear efforts or steps must help guide and thus lead to such owner's institution. MBO, propagates teambuilding, it further fosters achievement of such objectives as planned within a collective.

According to *Armstrong (1986:355)* teambuilding is a matter of establishing mutual confidence and trust among any group of people working for an institution. The aim is to create a feeling of interdependence. A good team feels shared responsibility for getting results. All team members would like to feel appreciated and respected when working with others. Each one needs to have a strong sense of trust for the other in the group as well as a sense of being trusted (*Muller 1998:4*).

It is imperative to look at the importance of teamwork. According to *Lowry (1998:17)* teamwork can avoid duplication of work. This happens because everyone in the institution knows his or her objective. Teamwork also ensure uniformity horizontally. A team is able to be more objective than an individual worker because each member is able to evaluate the work of other members. In a way, teamwork creates a sense of belonging on a person, and as a result, there will be development of self confidence on a person (*Illib:17*).

On the same note, there might be some difficulties that may be encountered in a workplace caused by teamwork. According to *Zenger et al. (1994:106)* especially in teamwork where you'll encourage people to bring more creativity to their work, different people perceive and perform the same job in different

ways. Differences in background often go hand in hand with radically different work styles and points of view. When teammembers cannot resolve issues, these differences can give rise to full blown conflicts, and the team would fail to preserve good working relationships. These would only be overcome if the team could acknowledge their differences and resolve their issues openly and positively.

Zenger (1994:107) acknowledges that people of different backgrounds bring different perspectives and ability to any task. If the team can focus these differences on a shared goal, then a diverse team is much more likely to generate and implement creative, workable ideas. Once there is a group of diverse people working harmoniously, team members will often piggyback on one another's ideas to build a shared plan, with each other's contribution reflecting his or her unique background and experiences.

To make the most of team differences, there are certain issues that have to be considered. *Hackett & Martin (1993:111)* states that the issues to be considered are age, experience, gender, race, culture, way of expressing concerns, ability to work out problems, assertiveness, way of interpreting data, personal goals, values, job responsibilities and sense of humor. In addressing these differences, there are principles, which are a foundation for building trust in a group of diverse people. They address issues vital to everyone, regardless of the differences that make each person unique.

Zenger et al. (1994:112) outlines the principles as follows:

- Focus on the issue, behaviour or problem and not on the person.
- Maintain the self-confidence and self-esteem of others.
- Maintain constructive relationships.

- Take initiative to make things better.
- Head by example.
- Encourage every team member to participate fully.
- Be frank, as a manager, when addressing issues.

A manager must find out, by either personal observation or use of objective standards, whether subordinates are following plans. Obviously, good objective standards, revealing with ease any deviations from plans, enable managers to avoid many time consuming relationships and to direct attention to exceptions at points critical to the successful execution of plans.

Top management must have the responsibility of focusing and enforcing changes within institutions in order to address the needs of communities as a team.

3.1.2 Contribution(s) of every official

The essence of MBO necessitates contribution of every official within an institution. Such contribution must however promote the well-being of an institution and not simply to render such an institution ineffective.

According to *Tosi et al. (1994:277)*, when a person experiences the objective environment, the way it is perceived and interpreted may be different from how the others would react, when exposed to the same situation. This judgement occurs through a process called cognitive appraisal – the way the person assesses the significance of various aspects of environment.

An illustration hereunder (see figure 1) paints the picture.

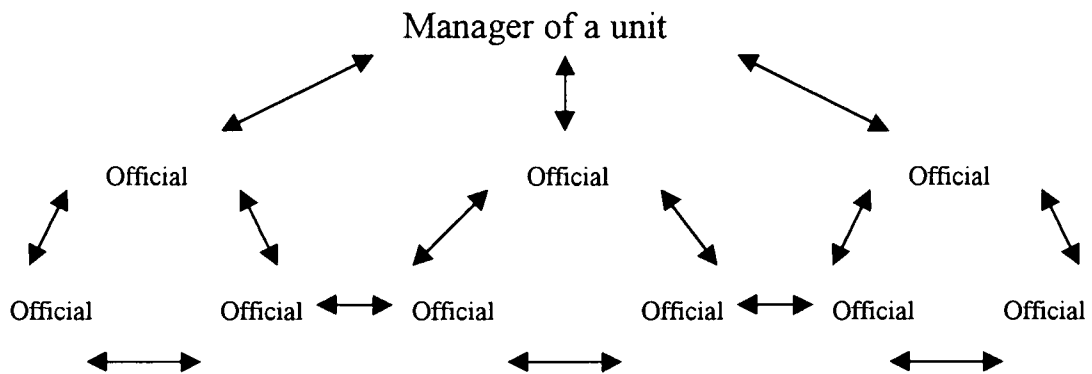


FIGURE 1

The practice above denotes a circular process enhancing management practices that promotes contribution by all relevant parties within various structures of an institution.

3.1.3 Quantifying objectives

According to *Van Straaten (1984:92)* management by objective is aimed to facilitate the drawing together, the summation of all institutional efforts to meet particular objectives, so that the validity of each programme may be assessed in terms of the overall approach, dimension and costs and may be compared with competing programs, potential or existing.

Koontz et al. (1982:96) maintains that to be meaningful, objectives must be verifiable. The easiest way to get verifiability, is to put goals in quantitative terms. A system of managing, or of appraising managers by verifiable objectives is a reflection of the purpose of managing itself. Without clear objectives, managing is haphazard and no individual and no group can expect to perform effectively or efficiently unless a clear goal is known and sought. *Koontz et al. (1982:97)* goes on to state that with quantified objectives, the

manager is able to know how subordinates will know and when to do it in order to accomplish the objectives.

Robbins (1979:253) also maintains that MBO's appeal undoubtedly lies in its emphasis on converting overall objectives into specific objectives for institutional units and individual members. MBO operationalizes the concepts of objectives by devising a process by which objectives cascade down through the institution. The institution's overall objectives are translated into specific objectives for each succeeding level (that is divisional, departmental, individual) in an institution, but because lower unit managers jointly participate in setting their own goals, MBO works from top to bottom. For every individual employee, MBO provides specific personal performance objectives. Each person therefore has an identified specific contribution to make to his or her unit performance. If all the individuals achieve their goals, then, their unit goals will be attained and the institution's overall objectives become a reality. Objectives in MBO are concise statements of expected accomplishments (*Robbins 1979:254*).

It has to be emphasised that line managers must quantify objectives with an open mind that all plans are more flexible than those of line executives. This promotes being sensitive to supportive climates within an institution and quantifying according to suitability of an environment.

3.1.4 Improving efficiency and effectiveness of MBO

In any institution it is always important to improve efficiency in how an institution operates and thus boosting effectiveness of such an institution. Effectiveness implies that the correct task is to be performed in order to achieve a chosen goal (*Schemerhorn et al. 1991:224*). An effective group is one that

achieves high levels of both task performance and human resource maintenance over time. Members of an effective group are sufficiently satisfied with their tasks, accomplishments and interpersonal relationships to work well together on an ongoing basis. According to *Mullins (1993:180)* the characteristics of an effective group in setting objectives are:

- a belief in shared objectives
- a sense of commitment to the group
- acceptance of group values and norms
- a feeling of mutual trust and dependency
- full participation by all members and decision-making by consensus
- a free flow of information and communication
- open expression of feelings and disagreements
- resolution of conflict by members themselves

The underlying feature is a spirit of co-operation in which members work well together as a committed team with harmonious and supportive relationships.

Effective control is brought about since each individual can evaluate and if necessary correct his own performance (*Kroon 1995:178*). MBO can promote efficiency and this must be facilitated by managers who are rather optimistic on issues at hand. Efficiency refers to the ability to perform a task as well as possible with the minimum input (*Kroon 1995:178*). Efficiency is promoted in that activities and resources are aimed at a predetermined performance. This makes work aimed at the achievement of the objectives meaningful (*Illib 178*).

Tosi et al. (1994:307) states that what constituted group effectiveness on activities identified are productivity, satisfaction and attitudes, attendance,

retention, learning and adaptation and physical and mental well-being. Measures of group effectiveness can be illustrated as follows in figure 2:

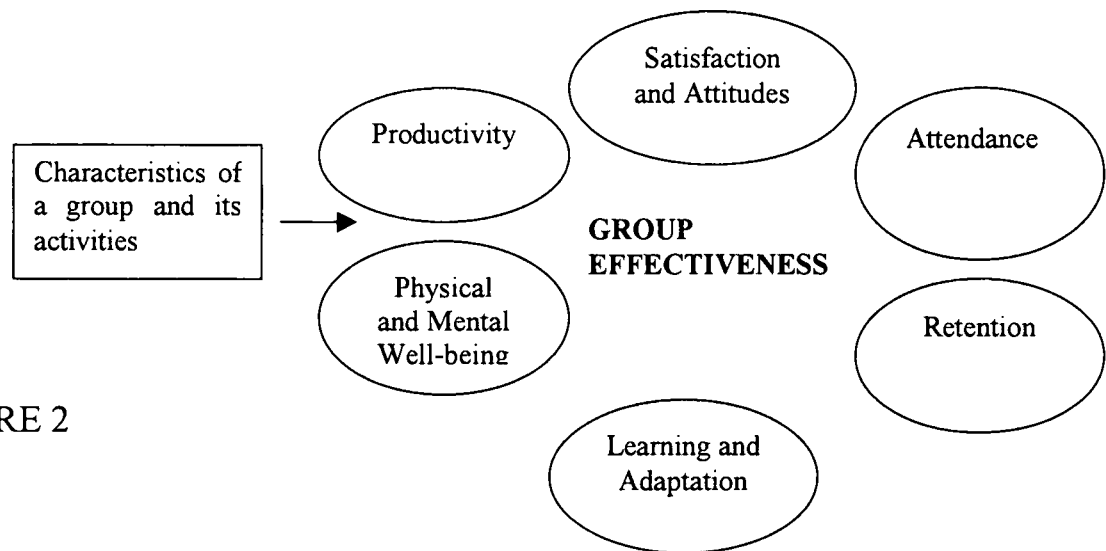


FIGURE 2

Wherever management is strongly committed to building an objective oriented approach into its institutional culture and philosophy, the payoffs can be very high. This method ensures a strong support amongst managers for use of MBO as an applied managerial motivation strategy.

According to *Larwood (1984:7)* the concept of efficiency is generally expressed as a ratio. Depending on the institution's needs, most managers examine a variety of measures of efficiency for instance, unemployed per available work force, publications per faculty member, accidents per workday, production per machine-day following selected meaningful indices, managers can strive to alter either the numerator or the division to obtain a higher ratio and greater efficiency.

MBO seeks to merge efficiency and effectiveness of an institution. If an operation meets its goals or objectives, it is effective; if it fails to meet them, it is ineffective. A policy is effective if it achieves what was intended, but it may

be efficient whether or not the goal is eventually reached. Both notions are indispensable to successful management (*Kroon: 1995:178*).

One of the principles of MBO is that the institutional goals should be verifiable, and that goals must be capable of measurement. At the heart of MBO lie careful and co-ordinated planning at all levels of an enterprise (*Illib: 178*).

MBO efficiency and effectiveness leads to the following:

3.1.4.1 *Increased motivation to achieve objectives*

The individual member of an enterprise develops an increased motivation and an interest in his or her activities to achieve the set goals of an institution by simply participating in the goal-setting process of the enterprise. Participation may not only bring increased motivation and commitment to individuals, but it may also result in setting better alternative goals or objectives (*Hicks & Gullett, 1976:52-53*).

3.1.4.2 *Improving potential for self-control*

Control plays an important role in any form of institution, and in order to attain that, one shall have to practice or exercise self-control. According to *Hicks et al. (1976:53)* the individual is given an improved chance of controlling his or her own performance by firstly setting a clear-cut and verifiable goals or objectives. It is essential for an individual to evaluate his activities and be able to measure their usefulness and successfulness against the set goals.

3.1.4.3 *Improving performance appraisal*

MBO offers an individual improvement by appraising his or her performance. The results achieved are measured against the present verifiable objectives. This system of management encourages more co-operation between managers and subordinates at all levels of an institution. Performance appraisal can be seen as a systematic method of determining the present and future effectiveness of an employee in an institution (*Kroon 1995:173*).

According to *Koontz et al (1982:346)* appraisal must be looked upon as an essential element in the whole system of managing and in the subsystem of managerial staffing. To ensure capable management, managers must know the quality of their sub-ordinate managers.

MBO is a very popular form of performance appraisal. It is often part of a comprehensive evaluation and can help tailor a general review form to a particular position. In this method of performance appraisal the supervisor and employee jointly set performance goals. After a specified time, usually about six months, the employee is rated in terms of how close he or she has come to attaining those goals (*Glover et al. 1989:43*). In reality, the institution must have a management development and selection program and appropriate structuring of institutional and managerial roles and it must provide a fair means of rewarding successful managers. Truly effective appraisals are tied to an institution's reward system, prompt recognition of demonstrated achievement is the most powerful motivating force.

MBO should not only be used for or as an appraisal technique, it must be used as a way of planning, as the key of organising, leading and controlling. Appraisal in MBO boils down to whether or not managers have established

adequate but reasonably attainable objectives and how they have performed against them in a certain period.

3.1.4.4 *Improving communication*

MBO improves communication in the whole enterprise especially between supervisors and their subordinates in a working situation. The responsibilities of both managers and subordinates as well as their standards of performance are clearly defined. According to *Dunham (1984:276)* communication serves several purposes in institutions. It provides information to be used by individuals or groups who work together for decision making, to be able to achieve certain goals. Through communications, motivation is addressed by encouraging commitment to institutional objectives. Communication in MBO clarifies duties, authority and responsibilities. Emotive uses of communication allow for the expression of feelings and satisfaction of social needs (*Kroon 1995:177*).

Communication also helps the managers in the public sector to value diversity. Differences in the composition of the staff can broaden the range of information and viewpoints brought to the discussions of important issues and can stimulate the kind of direct and revealing conversation that is often essential to achieving objectives. Seeking diversity in such areas as race and gender is desirable, especially as it brings new experiences and new perspectives to the institution. As the diverse groups communicate, members of the institution are able to understand diversity in the population with which they work (*Denhardt 1993:117*).

Koontz et al. (1982:190) states that the effectiveness with which communication techniques are used also influence the span of management. Objective

standards of control are a kind of communication device but many other techniques reduce the time spent with subordinates. *Koontz (1982:190)* goes further to state that in MBO, managers use assistants or administrative staff personnel as a communication device in helping to solve problems with key subordinates. Written recommendations by subordinates, summarising important considerations, frequently speed decision making. Some communications techniques which are oral may also be used. In MBO one of the pleasures of being a subordinate, is to have superiors who can express themselves well. A manager may find it stimulating subordinates to meet and discuss problems in the give and take of a conference (*Illib:190*).

An ability to communicate plans and instructions clearly and concisely also tends to increase a manager's span. Preference is obviously on written communication, as this will frequently speed decision-making. This is true in the sense that if every plan, instruction, order or direction has to be communicated by personal contact and every institution change or staffing problem handled orally, a manager's time will be heavily burdened. Subordinates, when managing by objectives, would come up with carefully reasoned and presented recommendations that will help a manager to reach a considered decision in minutes. This is why *Humble (1973:13)* mentions that MBO should never be introduced horizontally at a single level of management. The attempt to apply MBO at superior level alone is certain to fail.

The managers cannot make decisions in isolation and the ideas and perceptions of these managers must be tapped and communicated to subordinates. When this dialogue is carried out sincerely, both parties learn from one another. Clearly MBO work is not complete until it has embraced the full range of objectives from top to bottom of the institution. The manager of the institution has to make sure that clear goals, premises and policies are communicated to

those who should have them. Managers must make sure that they communicate the right things that subordinates need for the planning to be able to reach their goals. If the opposite is done, that is, inadequate information is furnished, or the manager does not know the importance of communication and because of internal secrecy that is often necessary, the institution will develop a communication gap or breakdown (*Koontz 1982:195*).

3.1.4.5 *Promotion of participation*

MBO promotes participation and co-operation between individual workers and different sections of department to work together as a unit in order to achieve a common objective. According to *Kroon (1995:164)* MBO is a process whereby top management formulates goals for the institution and the lower management levels and workers participate in the development of departmental and individual goals and objectives within the framework of institutional goals. *Kroon (1995:164)* further explains that the crux of the philosophy of MBO lies in the participatory process whereby managers and subordinates can determine measurable expected results or objectives, in terms of the overall goals and each employee's responsibility against which progress and final performance can be measured. The emphasis is on participation and self control and this is represented in figure 3 below.

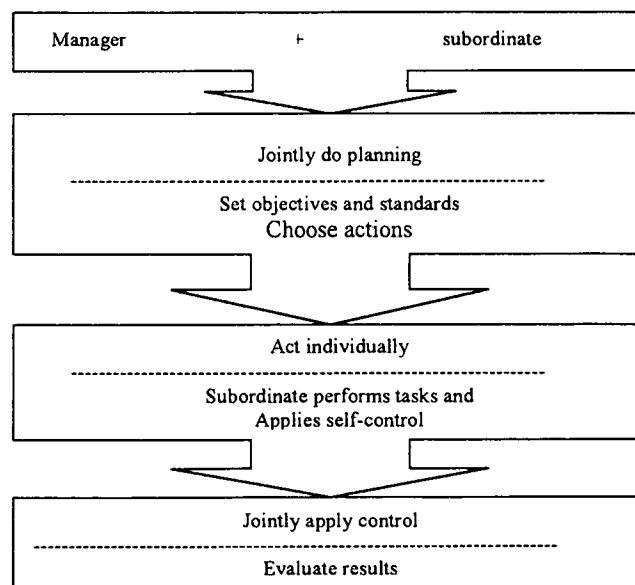


FIGURE 3

Subordinates should have adequate opportunity to make contributions. The choice of methods to achieve objectives must be left to the initiative of the subordinates. Efficiency is promoted in that activities and resources are geared to predetermine performance by making work meaningful in the achievement of the objectives. Effective control is brought about since each individual can evaluate and correct his or her own performance timelessly (*Kroon 1990: 164-165*).

3.2 Setting of objectives and sub-objectives

Morrissey (1970:39) states that an objective is simply a statement of results to be achieved. According to *Odiorne (1969:20)* objectives should be set with their subsequent use as criteria in mind, and should meet the requirements of good criteria. Criteria is a mechanism that provides proper guidance based on either discussions or debates or prevailing circumstances within the public sector (*Ordione 1969:21*). What is important though, according to *Odiorne (1969:21)* are the requirements to ensure that criteria exist and these are:

- * Identification of needs.
- * Setting of objectives.
- * Monitoring achievements on objectives.
- * Evaluating systems in place to achieve objectives.

Without objectives nobody knows where he is going. The common questions like, "How am I doing? What is expected of me? What's wrong here? How could we do better?" have meaning only within a context of known objectives.

The managers at different levels in the institutional hierarchy are concerned with setting objectives. The cascading process of setting objectives is

continuous throughout each department of an institution. The first step is that key results are identified. Second step is that these are broken down for assignment to lower level units, and eventually to an individual. In this manner, objectives for one level of the institution become action plans for another (*Scalan & Keys 1983:598*).

MBO is also important for improving the performance of staff personnel and public administrators. This means that the individual can continually determine and correct his own performance in order to achieve the performance he has committed himself to (*Kroon 1995:179*). MBO extends the hierarchy of goals by formulating individual objectives by means of participative decision making process deciding on methods to achieve them (*Illib:179*).

Setting objectives in the implementation of MBO has various benefits for an institution, which are:

- Objectives give an institution a higher degree of purpose. They also give the institution more specific direction and as a result, there is less tendency to operate on a day to day or week to week basis and or drift aimlessly. *Weichrich & Koontz (1993:159)* state that objectives lead to improvement of managing as managers cannot manage effectively and efficiently without planning, and the results oriented planning is the only kind of management that makes sense. MBO forces managers to think about planning for results, rather than merely planning activities at work (*Kroon 1995:178*). MBO also requires that managers think of the way they will accomplish results as well as the resources and assistance they will require. There is also no better incentive for control and no better way to know the standards for control than having a set of clear goals.

- As for *Pearce and Robinson (1989:167)* objectives give managers guidance in directing the efforts of individuals in an institution. The most important point is that objectives provide the basis for guiding the efforts of quite different individuals and spelled higher performance all around.
- According to *Weichrich & Koontz (1993:159)* one of the most important advantage of MBO is that it encourages people to commit themselves to their goals. No longer are people just doing work, following instructions and waiting for guidance and decisions, they are now individuals with clearly defined purposes. The people have had a part in actually setting their objectives, they have had an opportunity to put their ideas into planning programs. They understand their area of discretion, their authority and they have been able to get help from their superiors to ensure that they accomplish goals. These are the elements that make for a feeling of commitment.
- *Scalan and Keys (1983:61)* explains that objectives channel the efforts and energy of individual managers. As he or she begins to experience the successes associated with the achievement of objectives, continued motivation becomes a self generating process. According to *Kreitner (1995:175)* objectives represent a challenge and as such, they have a motivational aspect. People usually feel good about themselves and what they do when they successfully achieve a challenging objective. It is clear that when people know their objectives, they become self-motivated because they have ever-present standards by which to measure the outcomes of their behaviour. It also boils down to the fact that when individual as well as institutional objectives are clearly intertwined, a strong sense of involvement and commitment usually results and this

further motivates high performance from both managers and their subordinates.

- Objectives allow co-ordination. Co-ordination can be seen as a process whereby management harmonizes the work performed by individuals and sections thus obtaining good co-operation in order to achieve the institutional objectives in the most efficient way (*Stone & Freeman 1989:275*). From this it can be deduced that actions of individuals and sections influence one another and will as a result influence objectives of the institution as a whole. Objectives and the process of setting them provide a mechanism for communication among individuals within the institution whose tasks and responsibilities are quite different but who depend on each other (*Pearce & Robinson 1989:168*).

3.3 Programming of objectives

Programming an objective is in effect laying out the route the manager is going to follow in order to ensure its accomplishment. This procedure allows the manager to evaluate the various methods by which he might work towards an objective before he commits himself to an action. Programming entails the scheduling and execution as efficiently as possible of the specific objectives required to implement programmes to show accomplishment of goals (*Nigro & Nigro 1984:293*). A program, according to *Van Straaten (1984:8)*, is therefore the end objective and is developed or budgeted in terms of all elements necessary to its execution. Government objectives are attained on a short and long term periods respectively. It is important to plan cautiously for the effective achievements of set goals in the delivery of goods and services. All forms of planning are involved in programme budgeting, but programme planning is the predominant orientation. The purpose is to plan within a system's framework and budget in such a way that desired programme results

will be achieved (*Van Straaten 1984:10*). While it will not guarantee that the best solution will be selected, the batting average will in general, be substantially higher than if the manager went ahead without thinking about the alternatives that are available. The act of programming may reveal the manager's original estimate that what would be required to accomplish the objective was wrong, and if so, whether it will still be possible to reconsider the objective before committing the resources (*Nigro & Nigro 1984:293*).

Programming helps substantially in making the best use of the resources, especially the manpower and in providing the kind of visibility necessary to ensure that the manager remains on target. By programming, according to *Fox (1995:103)*, a manager refers to an organized set of activities directed towards a common purpose on goals or proposed by an institution in order to carry out its responsibilities. For any programming to take place, there should have been a need identified and thoroughly researched. Programming attempts to answer the questions of Who? What? When? Where? How? and Why? This thus places the decision makers on operationalisation of objectives established after identification of a problem or a need. Programming objectives is done by analysing and selecting methods, gaining agreement and support, developing plans, testing and reviewing plans, as well as implementing plans and making follow-up (*Morrissey 1970:71*).

According to *Downey (1977:293)* programs have different forms in which they can be categorised. These programs usually refer to specific objectives that have to be accomplished, such as:

- Programs that superficially refer to the need for some sort of collaborative effort during MBO process.

- Programs that provide some formal means for collaboration. With this kind of program the managers present their tentative goals, check the impact of these goals on one another and make adjustments before finalising the goals.
- MBO programs that include systematic collaboration as an integral part of the entire process. In this program each team, superior and his immediate subordinates concentrate on such matters as team meeting improvements, team effectiveness evaluation and team member effectiveness. Such collaborative approaches appear to have many features congruent with contemporary institutional development and are qualitatively quite different from one to one approaches.

Objectives determine a path to be followed by an institution. Certain principles must be determined and should be structured to enable achievements with set time frames (*Illib:293*).

According to *Tosi et al (1994:260)* a positive reinforcement program components can be illustrated as follows:

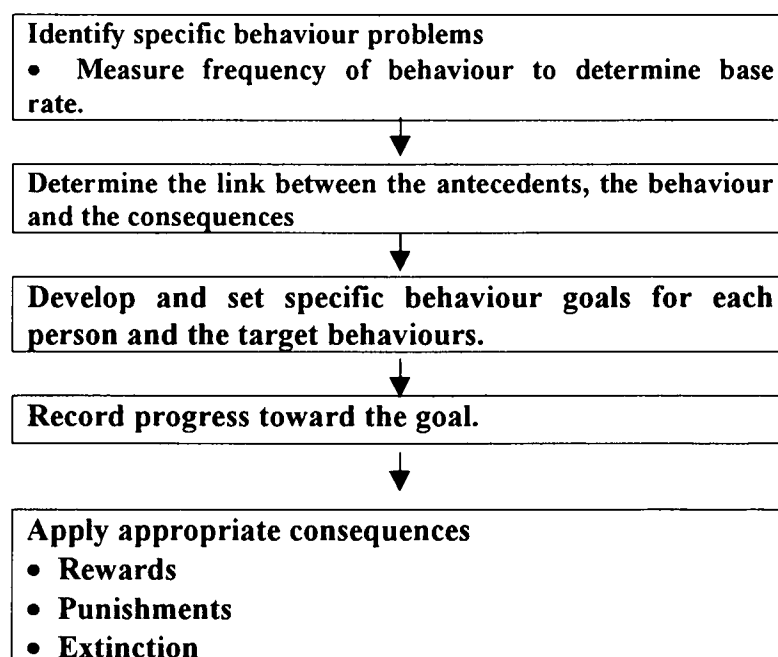


FIGURE 4

The system above therefore emphasise a process advising on how a program is developed to reach objectives. Programming becomes a system once steps are followed as captured in *Tosi et al.* (1994:261)

3.4 Developing programs to reach objectives and sub-objectives

According to *Newman et al.* (1967:511) programming is often crucial to smooth and efficient operations. Programming can be done by following six basic steps:

- * Divide the activities necessary to achieve the objective into dividing work into steps. Dividing work into steps is useful for planning, organising and controlling. Planning is improved because concentrated attention can be given to one step at a time (*Koontz 1982:62*).
- * Relations between each of the steps, especially any necessary sequences must be noted. Usually the parts of the program are closely dependent on one another (*Stoner 1982:281*).
- * The manager has to decide who is to be responsible for doing each step. If what is programmed is an institution's normal operations, the matter of who is to perform each activity will already be settled by the existing institution structure (*Newman et al. 1967:511*).
- * Resources that will be needed for each step should be determined. For realistic programming a manager must recognise the need for facilities, materials, supplies and personnel (*Illib:511*).
- * The time required for each step must be estimated. This act really breaks down into two aspects (*Illib:511*):

- the date when a step can begin and the time required to complete an operation once it is started.
- assign definite dates for each part an overall schedule is, of course, based on the sequences and the timing information. The resulting schedule should show both the starting date and the completion date for each part of the program.

3.5 Planning the implementation of programs

Planning the implementation of programs can be done as follows:

3.5.1 *Determination of goal(s)*

Managers are expected to obtain clear and challenging, but reachable goals. Managers use techniques such as time, job satisfaction and negotiation with employees to be able to achieve goals. This determination of a goal would be done immediately after the MBO philosophy has been adopted. *Robbins (1980: 172)* states that it is a philosophy which reflect a practiced rather than a reactive way of managing. The emphasis is on trying to predict and influence the future rather than on responding by the seat of the pants. It is a result-oriented philosophy which emphasises accomplishments and results as well as increased participation in the management of affairs of the institution at all levels.

It might probably be done as part of the institution's normal planning process. According to *Griffin (1990:243)* goals and plans are developed by top management and flow from the institution's basic mission and strategy. Some of the goals and plans will coincide with the institution's budgeting cycle, others

will involve a longer time. The idea is that goals set at the top will cascade down throughout the institution in a systematic way.

Harrison (1976:16) writes that a central idea is that any person occupying a position and filling a role behaves similarly to anyone else who could be in that position. According to *Kreitner (1995:181)* MBO encourages self-management and personal commitment through employee participation in setting objectives.

Griffin (1990:244) explains that MBO also focuses attention on appropriate goals and plans, helps identify superior managerial talent for future promotion and provides a systematic management philosophy that can have a positive effect on the overall institution.

3.5.2 *Obtaining commitment of staff*

Employees are encouraged to be committed to their work and toward achieving set objectives in several ways. In all instances, participation of such employees can be acknowledged and essence thereof be appreciated in a proper manner. Participation allows one to bring to bear more points of view, and it is therefore a useful approach to obtain advice or to solve a problem where several points of view might be useful. Participation is generally recognized as an effective way for gaining employees' acceptance of, and commitment to goals and for motivating them to discipline themselves to accomplish these goals. Employees who participate in decision making become "ego-involved" with the resulting decisions and develop a sense of ownership of these decisions. In other words, participation can increase the degree to which group members "own" their work practices with the likelihood that the individual and the work group will develop a norm of support for these practices (*Kimberly & Neilsen 1975:203*).

A favourable climate for MBO includes top-management commitment, openness to change, theory and management, and employees who are willing and able to shoulder greater responsibility (*Babeock & Torensen 1979:59*). Participation has been widely used in the implementation of institutional changes; participants feel they have a sense of ownership of the changes, and are therefore motivated to see these changes put into effect (*Dessler 1981:290*).

3.5.3 *Provision of support*

The institution must certainly make it possible for a motivated individual to reach the intended goal or objective.

The common denominator that has made MBO programs so popular in both management theory and practice, is the emphasis on objectives that are both measurable and participatively set (*Bologna 1980:32*). When subordinates participate in developing the standards and goals by which they are to be measured, this ensures that the goals set are attainable (*Dessler 1981:172*). Specific goals increase performance, and that goals, if attainable, result in better performance. Related to this, goals should be observable and measurable (*Kimberly & Nielsen 1975:191*).

3.5.4 *Provision of feedback mechanism*

Managers should be duty-bound to pay special attention to performance feedback. MBO facilitates control – the process of monitoring progress toward goal attainment. The periodic development and subsequent evaluation of individual goals and plans helps keep the institution on course towards its long-run goals and plans (*Griffin 1990:245*).

3.5.5 Promoting productivity

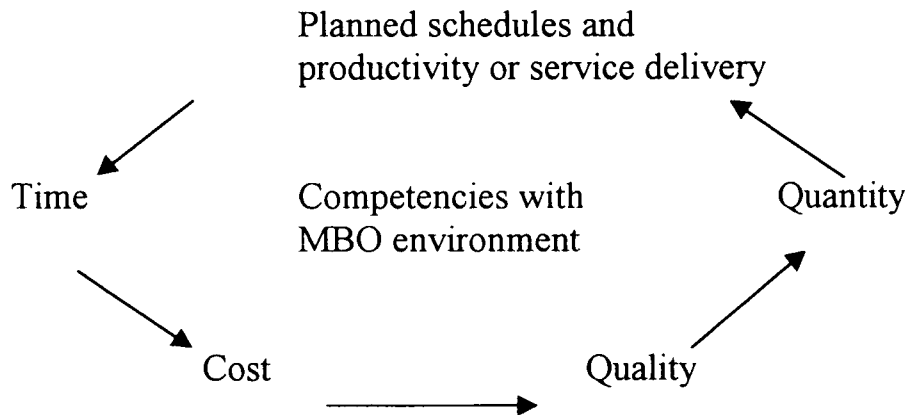
Kreitner (1995:567) states that productivity centres around a process of creating a set of product specifications appropriate to demands of the situation. Generally a good product increases but does not guarantee the probability of institutional survival.

Managers are therefore tasked or expected to put in place a production planning system which *Kreitner (1995:269)* contrives to explain as a process of formulating a resource transformation system that will effectively meet the forecasted demand goods and services. Productive resource include facilities and space, equipment, skilled and unskilled employees.

Within the process of MBO there must at all times be a dynamic relationship between production planning and the productive process. This notion heralds the birth of a process that will enhance promotion of all-time productivity or service delivery in an institution. Productivity objectives are consistent with missions, statements and other objectives of an institution (*Mali 1986:304*).

It becomes imperative therefore to set standards acceptable to all concerned. Standards set must have an effect of setting a fair pace for performance. Performance standards are clearly defined, attainable, accurate and measurable. In this case, individuals are aware of the amount of resources they are to use in completing performance standards, and they have control on the amount of resources they are to use. Productivity is measured with resources used and performance results (*Illib 1986:304*).

A schematic representation hereunder can illustrate lead to optimal use of complete resources to produce goods or provide services at a higher rate.



3.6 Promoting effective decision-making

Cameron (1986:539) maintains that effectiveness is doing the right things. Given the interactions between institutions and their environments, it follows that effectiveness is related to how well an institution understands, reacts to and influences its environments. Effectiveness compares present achievements with what could be done if resources were managed more effectively. Effectiveness includes an output target to be reached, achieving a new standard of performance or a more idealistic potential which would be possible if all constraints were removed (*Lawlor 1985:39*). *Lawlor (1985:39)* goes on further to state that there are two levels of institutional effectiveness, that is, reaching improved standards of performance through better institution and the use of management techniques, the aim being to make use of full capability of resources. The second level is to aim for an ideal potential if constraints, both internal and external were removed.

MBO has the necessary ability, if applied effectively, to foster relations within an institution that will promote proper and effective decision-making.

The essentials of the process are the statements of goals prepared in advance and to which commitments are made. The performance of the subordinates against these statements of objectives is an on-going process. The manager and his superior sit down at the beginning of each period and conduct a dialogue on three areas of responsibility, that is, regular or routine responsibilities; problems to be solved and innovations to be programmed or attempted (*Odiorne 1969:114*).

3.6.1 *Scientific approach*

MBO is mostly scientifically oriented and the basis thereof seems to lessen manual processing that mostly exist but in public sectors. Public administration places emphasis on scientific approaches and impact thereof on management and administration as a whole (*Koontz et al. 1982:9*). According to *Koontz et al. (1982:7)* scientific method involves to determine facts through observation of events and verifying these facts through continued observation. After classifying and analysing these facts, scientists look for relationships which they believe to be true.

It is therefore important to elaborate further that scientific approach in MBO requires certainty on words and terms used. It must explain relevance to things that are being analysed and mostly informative to scientists and practitioners alike. This approach becomes paramount in establishing structured mechanisms of successfully implementing MBO (*Illib 1992:7*).

3.6.2 *Implementing MBO and other administrative tools to plan and program*

It is always proper to pose direct questions such as: For what activities should standing plans be established? More specifically, what aspects of such activities? With what type of standing plan-policy, standard method, or standing procedure? In how much detail? According to *Newman et al. (1967:503)* a manager is then on the spot. His plans will probably be too detailed enough for others. And he is unlikely to find an ideal solution. Nevertheless, he must plan as best as he can. If he is sensitive to the basic nature of problem he faces, he is more likely to choose a wise choice between free-wheeling and regulated action.

Wehrich and Koontz (1993:146) continues by saying that managers must make sure that the components of the network “fit” one another. Fitting is a matter not only of having the various programs carried out but also of timing their completion, since undertaking one program often depends on first completing another.

It can therefore be elaborated that MBO blend these ideas of fitting objectives into one mechanism enabling necessary plans to be properly and timely programmed. Its implementation therefore becomes a primary basis for success and timeous implementation of relevant administrative tools.

3.6.3 *Political decision-making based on scientific developed information*

Malek (1978:156) provides that if the executive branch of government is to be managed effectively, it clearly needs a system for setting priorities, pinpointing responsibility for their achievement, requiring follow-through and generating

enough feedback that programs can be monitored and evaluated from the top. Thus, the setting of objectives, as in MBO programs, not only is essential for making line managers in institutions more effective but also equally important for improving the performance of staff personnel and public administrators.

Information has in many instances being labelled as a key to power base (be it political or administrative). Of essence though is how scientifically mechanisms are put in place to harness this notion. Authors like *Mali* indicate the importance of information sessions within government to realise set objectives. The same information paves relations within the institution itself and streamlines responsibilities of both managers and subordinates.

3.6.4 *Different solutions to exercise proper choice(s)*

MBO must still be viewed as a comprehensive managerial system that integrates many key managerial activities (allowing a broader choice) in a systematic manner and that is consciously directed towards the effective and efficient achievement of institutional and individual objectives (*Wehrich & Koontz 1993:149*).

Different solutions echoed by relevant officials and at the right frame of mind produces wider choice making. Some may view it as delaying normal functioning of a system, but the truth is the more the choices, the better decision-making process is heralded. In most instances the superior will ask what goals subordinates believe they can accomplish, in what period and with what resources. These questions broaden the horizon and wishful thinking (*Illib 1993:149*).

3.7 *Promoting administrative leadership*

Jacobs (1989:25) holds the opinion that leadership shows skills in directing group activity, has natural authority and gains respect of others capable of building an effective team, involves all team members and gives help where required. *Levine & Crom (1994:73)* state that leadership is about listening to people, supporting and encouraging them and involving them in the decision making and problem solving processes. It is about building teams and developing their ability to make skilful decisions.

Leadership is enabling a manager the ability to get the best out of subordinates individually and collectively achieving objectives in the most efficient way.

The core functions of any administrative official(s) is(are) to optimise use of its resources to enhance promotion of its own leadership style. MBO lays both the foundation and structural arrangement thus ensuring any administration to have necessary upper hand in its own domain. In this way, as *Kakabadse et al. (1987:102)* state, leadership is an influencing process and it occurs in situations of attempting to achieve specific objectives, either explicit or implied goals.

According to *Wehrich and Koontz (1993:159)* objectives cannot be established without planning and results-oriented planning is the only kind that makes sense. MBO forces managers to think about planning for results, rather than merely planning activities or work. To ensure that objectives are realistic, MBO also requires that managers think of the way they will accomplish results, the institution and personnel they will need to do so and the resources and assistance they will require.

Leadership always comes with planning and such planning must always be near defectless and thus inculcating unacceptable leadership styles within an administrative body. That is why *Clemmer and Mc Neil (1990:29)* suggest that leadership is not a role or a position, but the ability to initiate action and move others to a shared goal. For them, leadership is the foundation stone upon which other vital components of institutional high performance, management systems and technology rest. All three of these elements need to be in balance in order to produce peak achievement and avoid producing an excess of any, producing for example, management madness (*Illib 1990:29*).

3.7.1 *Leaders must have the skills*

Any leader in any institution should have the ability to build effective teams, to listen, and have the capacity to make decisions on his own and be able to retain good people and surround himself with such people. There is no other right way to launch a program of MBO, however the experience suggests that the following are of special importance (*Humble 1973:58*):

- Secure the support, understanding and positive commitment of the chief executive and his senior colleagues.
- Make a careful study of the institution to determine the best starting point.
- Select and train one or more advisers who will help to launch the work.
- Brief all managers thoroughly so that the purpose, benefits and stages of the program are fully understood.

- Critically examine the total company objectives before or at least in parallel with the analysis of individual jobs.
- Work in complete units or sub-units from top to bottom so that all managers are included.
- Working simultaneously from the top of the business down from the lowest level of management up.
- Avoid rushing the program merely to produce a collection quickly. Patience, thoroughness and perseverance are essential if real problems are to be exposed.

In institutions that have effective leaders, people feel significant. They feel that there is a meaning to what they do, and that they make a difference to the institution. Mistakes are seen as feedback to enable employees to do better. It shows that if leaders are effective, there will be a good team spirit and a feeling of belongingness (*Ratin 1983:140*).

3.7.2 *Develop skills to be a leader*

It is the manager's responsibility to reach agreement with his immediate subordinate managers on analysis of their key-results and short-term improvement plans. In turn, as explained by *Humble (1973:87)* (see p. 43), these are reviewed and approved by the manager's own boss. Where there are problems, incompatible standards, or opportunities which impinge on more than one man, groups will meet to thrash out together the best solutions. Thus, there is as *Humble (1973:87)* states:

- Available opportunity for three levels of management to make a constructive contribution.
- Less danger of low or unrealistic standards being developed or prejudiced creeping in.
- Teamwork in solving common problems.

It is *Holbeche's (1988:86)* contention that the ability to provide direction, inspiration and co-ordination to a work group, institution's unit or the entire institution is likely to continue to be the core role of leaders.

According to *Ratin (1983:139)* skills of an effective leader include amongst others, being able to observe and listen, be willing to experiment and take risks, be actively involved within others, able to learn intuitively and empirically from the immediate situation.

3.7.3 *Motivation*

Robbins (1996:212) describes motivation as the willingness to exert high levels of effort towards institutional goals, conditioned by the effort's ability to satisfy some individual needs.

On the other hand, *Kaster (1987:21)* purports that motivation is the amount of energy and effort a person is prepared to spend in satisfying his needs. Motivation can also be described as internal invisible forces (motives or urges) which originate in a person consciously or unconsciously and activate him to achieve certain objectives in order to satisfy his unfulfilled needs to avoid that which he dislikes and from this it is clear that he will often behave in a

particular way because he is motivated by fulfillment of his needs or the prevention of that which he fears (*Van Niekerk 1993:133*).

Evans (1986:218) states that to improve performance, the manager must be a diagnostician. The manager needs to discover what aspects of motivation are missing and then replace them. Replacements could include the following (*Illib 1986:218*):

- setting difficult goals;
- setting comprehensive goals;
- helping people reach their goals;
- bolstering self confidence;
- rewarding high performance;
- punishing sustained poor performance;
- coaching to improve performance;
- reinforcing the belief and attributions that one's efforts contribute directly to both good and poor performance; and
- removing barriers to achievement; and seeking small wins.

Dubrin et al. (1989:383) states that work motivation is the process by which behaviour is mobilized and sustained in the interest of meeting individuals' needs and achieving institutional objectives. Further to this, they state that motivation contributes to performance, but ability and other factors are also critical. The most persistent theme in motivation theory is that the purpose of behaviour is to satisfy needs such as affiliation with others and recognition (*Martin 1995:22*).

3.8 *MBO to promote co-ordination of activities*

Co-ordination involves the manager's purposeful effort to establish harmony and co-operation where work is done by different individuals and departments in order to best achieve the stated goals (*Du Toit and Mary 1980:257*). The manager should pay attention to co-ordination at all stages of planning, organising, activating and control to ensure that the institution, section of the institution, functions as much as possible as a unit (*Kroon 1995:12*).

This is in simple terms a desirable benefit. It must be recognized that on one to one, MBO places the responsibility for such co-ordination entirely upon the superior, since he is the only person in the MBO process to have formal contact with all subordinate managers. In essence, the superior is required to function as a control processing center of objectives (*Illib 1995:12*).

One of the highly touted advantages of MBO is that it results in effective co-ordination of objectives, and this means that there is better integration including minimization of gaps and duplication of objectives of all managers in the work unit (*Downey 1977:293*). MBO provides an alternative for getting individuals co-ordinated into unity of action. This is accomplished by aligning and interlocking individual manager's plans within an institution without too much concern over personality assessment and trait evaluation. Essentially this means that teamwork on each institutional level and between levels is achieved by blending individual plans and pursuits.

This is also supported by *Likert (1967:123)*, when he states that information transmitted informally and sporadically between peers in or on the job interaction, subordinate managers have little knowledge or understanding of each other's objectives. This is why it is usually mentioned that work division

contribute to separation. With MBO, managers are able to identify the role of every official so that it can be co-ordinated. On the other hand, if these subordinates were provided with the opportunity for dynamic interactive processes in which their objectives are systematically communicated and adjusted, final objectives would probably be more effectively co-ordinated (*Downey 1977:294*).

3.9 *Implementing of other administrative tools with MBO*

Work tools, systems analysis, according to *Wengert (1961:104)* are used to describe techniques of administrative analysis and control. Tools such as network analysis are used to aid the complexity of the decision-making process and administrative needs. Management tools provide a systematic perspective of management problems. These tools support the function and activities of public managers, and serve as a guide and corrective measure during project management. They are regulated measures during the planning, controlling and co-ordination of the complex and diverse activities (*Van der Walt 1997:353*).

According to *Giegold (1978:3)* MBO is a continuing activity not a campaign, a “program” or a one time installation project which when completed can produce results on its own. It is an endless cyclical group of interrelated management activities embodying all the conventional management functions of planning, organising, directing and controlling.

Tools like systems analysis can be implemented with MBO. Steps in the execution of systems analysis, as described by *Ströh (1995:34)* are formulation of an objective, gathering and analysing of factual information, feasibility study, constructing models and testing alternative solutions, possible alternative solutions testing models, implementing new systems as well as evaluation of the

system. Finally it will be control to the newly implemented system. This basically go hand in hand with MBO and as described by *Kroon (1995:169)*, can be used in planning, implementation and evaluation stages to get results to be able to achieve institution's goals.

Cost benefit analysis can also be implemented with MBO as it is a technique which allows public managers to compare the various decision alternatives on the basis of the cost/benefit ratio, which is assessed in monetary value (*Fox 1971:288*). Cost benefit analysis is a method which enables the manager to select projects for development so as to secure the optimum (best) benefit to the community and therefore achieving institutional goals set (*MacRae 1967:39*).

The other tool which may be implemented with MBO is work study. According to *Kanawaty (1992:9)* work study is seen as the systematic examination of methods for carrying on activities so as to improve the effect use of resources and to set up standards of performance for activities being carried out. It is directed towards the improvement of work methods and effective management, to be able to accomplish goals set.

Network analysis is an administrative tool for analysing and controlling tasks or activities in a project or programme which consists of multitude of activities. Network analysis makes it possible to study a project from start to finish (*Craythorne 1990:488*). *Iverson (1985:121)* on the other hand describes network analysis as a tool that aids decision-making administrators in the planning, scheduling and managing of projects. The networks are to designed to establish order in which separate operations must be implemented and controlled, to be able to achieve set goals.

Tools, like the ones mentioned above can easily be used with MBO to program, quantify, plan and develop alternatives.

MBO has already suffered too much from the naïve notion that everything worthwhile must be capable of being expressed in numbers. This had the unintended effect of downgrading the importance of judgement in the decision-making process. In fact judgement must play a major role even in the most quantifiable decisions. For example, ranking the value of a series of investment proposals may be based on a very precisely calculated discounted rate of return for each project proposed (*Mali 1986:126*).

Giegold (1978:129) states that, however the decision about which proposal should have top priority, must be based on the judgement of relative risks of failure, uncertainties in cost and investment assumptions and the magnitudes of cash flows involved, as well as discounted return rate itself.

According to *Boone and Kurtz (1992:474)* quantifiable standards must be developed against which individual performance can be measured and compared. Management typically attempts to control individual performance by placing a properly selected, oriented and trained person in the right job and by evaluating performance in accordance with predetermined standards.

Quantified objectives define and clarify the elements of expected results better. They provide a better configuration of what is expected. These objectives also measure effectiveness. They offer a means of keeping unknowns and uncertainties at a given level, and making unknowns more knowable (*Mali 1986:126*).

3.10 *Contribute to more effective scientific information*

Lawless (1979:29) states that with a summary of scientific methodology tucked under his hat, the modern manager is in a far better position to be effective than the generation of managers before him. When added, this is a grasp of the basic principles of psychology which will be including some insight into how people tick as individuals and how groups of people interact to accomplish their goals. The manager can observe the dynamics of the institution more objectively and can pinpoint some of its weaknesses and strengths.

Management by Expectation (MBE) integrates the expectancy theory of motivation into the MBO process. It requires a new style of leadership where the manager sets the example by adapting a positive attitude and a commitment to objectives. The philosophy of management by expectation is that a person achieves what he expects to achieve. In the MBO process cognisance is taken of the person's expectations. These are linked to challenging objectives and the person is held accountable for the results. Expectations or, in other words, challenging objectives, are determined and attained by utilising a person's strong points. The crux of control is self-control by dedicated people. Recognition for good performance is an important form of reward (*Kroon 1995:171*).

According to *Mali (1986:140)* supervisor and subordinate jointly identify common objectives to be achieved in a coming period. Members of an existing team, through interaction and participation collaborate in concerns and develop common objective to be achieved in the coming period.

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All management personnel of the institution, through a process of participation, interaction, and optimisation by levels, collaboratively arrive at common objectives to be achieved in a coming period.

3.11 *Regular analysis of results obtained with programs*

It is important to guard against personnel thinking that a program is being imposed upon them. They may merely go the motions of completing the forms and then ignore them. Control measures must therefore complement programs put in place to obtain desired results through MBO (*Kroon 1995:164*).

Detailed description of program activities are needed together with the analysis of the preferred program and the alternative method for realising the same objective. This helps managers to seek less expensive alternatives to replace programs that exceed standards (*Gillies 1994:88*). Results obtained by programs is a system in which every result is classified by program in relation to objectives which are accurate enough to permit planning and allow achievement thereof. Comparing alternatives as applied in this system, allows a certain degree of flexibility or alternatives to be implemented to realise the desired objective (*Gildenhuys 1993:522*).

Evaluation should be a continuous process and not only take place at implementation of the program. *Miser and Quade (1985:255)* state "... for the manager to do an effective analysis and to play his appropriate role in the decision-making process he must concern himself with implementation issues early in his work and throughout the entire analysis." After implementation, evaluation should take place for at least six months to determine the efficiency of the new system. Consideration must be given to the fact that staff also will need time to adjust to the new programme so it cannot be evaluated immediately

(De Necker 1993:54). This is why Jamieson (1973:496) purports that MBO is sometimes imposed by an authoritarian top executive who becomes aware of her or his unsatisfactory behaviour and endeavours to reform the institutional climate in this way. In such a case a paradox exists, a non-directive system being implemented by authoritarian means. It just does not work.

3.11.1 *Programs approved serve as control measures*

Andrew (1982:145) describes control as the task of ensuring that activities are providing the desired results. The control function is to analyse results to determine whether all actions were always carried out according to an acceptable plan. Control requires that targets, standards, or goals be set. Performance is thus measured and compared to the set standards, and, should there be significant deviations, corrective actions should be instituted.

One purpose of MBO is to create sub-ordinate's autonomy. This means that the subordinate must be left alone to achieve objectives and does not have to explain what he or she is doing as frequently as under traditional management. Too frequent checks by an anxious superior will destroy the collaborative nature of MBO. Ideally, the subordinate should initiate conversations to keep the superior informed and to obtain advice. Perhaps the key is spontaneity and casualness, where both sides utilise frequent opportunities to discuss progress on their mutually agreed upon objectives (Webber 1985:351).

Even though this is the case, Giegold (1978:3) maintains that without control, MBO cannot be used successfully as an administrative tool. Control, amongst other functions determines whether the expected results have been obtained, whether the objectives have been attained cost-effectively, whether the continuation of programmes is justified to reach the set objectives and whether

functionaries have developed an alternative solution methods and whether these methods will be more effective. Minor officials should be answerable for their activities to their respective leading officials, and the leading officials in turn to their superiors up to the highest tiers of government. Political office-bearers are accountable to the public at large.

(a) ***Internal control***

Internal control can be divided into two measures, namely, formal and informal (*Cloete 1994:207*). Formal control measures are applied by executive institutions in order to exercise control. Control measures which are for example, utilised by state departments are written reports, inspection and investigation, auditing, cost accounting, cost comparison and cost analysis, statistical returns and prescriptions of the standard of quality and quantity which should be maintained in the delivery of goods and services, as well as the program of activities to be followed (*Bahlman 1982:5*).

According to *Cloete (1994:207)* "... the written report is probably the best known traditional control measure in the public sector." This type of control measure provides tangible documentary evidence of whatever is taking place. Again a report encourages an official to do his work carefully and precisely.

Inspection and/or investigation normally takes place in the working environment with the result that it can be readily established whether any action taken serve a useful purpose (*Cloete 1994:207-208*).

Auditing is one of the traditional control measures used in the public sector for internal and external control to enforce control and responsibility. *Cloete (1994:208)* goes on further by explaining auditing as, "... an examination of all

records and documents sufficient to satisfy the auditor that the statement he is called upon to audit fairly present the facts.” *Mali (1986:263)* mentions that when measuring productivity audits, the productivity ratio is applied to the total auditing institution as a measure of whether expected standards have been met. The aim of public auditing is to make an objective investigation of public institution’s accounts and finances. Auditing can either be a **posteriori** or a **priori**. The former means that auditing is done after a transaction has taken place. The latter means that auditing is done in such a way as to prevent any wrongful transactions from taking place (*Cloete 1994:208*).

In order to achieve efficiency and effectiveness by using available resources economically, cost accounting as control measure is relevant. This aid with others, namely, “... cost comparisons and cost analysis help to rationalise the compilations of the budget and also assist in the compilation of work programmes which can form part of the budget” (*Cloete 1991:191*).

The most pervasive of the new tools, is the concept of cost-benefit analysis which measures program outcomes in monetary form. This allows the development of ratios of cost versus benefits. When the ratio of benefits to costs equals 1.0 then a program breaks even monetarily. If benefits are greater than costs, a program will actually pay dividends. Cost effectiveness measures outcomes that are quantitative but nonmonetary (*Gortner 1981:386*).

As for *Cloete (1991:191)* statistical returns provide objective criteria for purposes of ensuring results and for compiling work programmes involving allocation of personnel and resources. The institutional system provides for a hierarchy of functionaries and groups of functionaries who exercise supervision over others. They utilise administrative aids described above in controlling the actions of their subordinates (*Cloete 1994:209*). *Cloete (1994:210)* maintains

that, for purpose of exercising control, emphasis should be placed on matters such as morale and esprit de corps. Informal control would, in fact, be strengthened by inculcating in public functionaries a sense of duty, a will to work (zeal), diligence, national pride, self development and professional pride (honour), to be able to achieve set goals and objectives.

(b) *Measures for leading officials to control*

Leadership is generally considered to be one of the key functions of management and as such, it has been the subject of considerable research. The key question that researchers and students of institutional behaviour have been interested in, is, "what are the dynamics of effective leadership and what is it that makes an effective leader?"

(i) *Results*

Mali (1986:134) outlines that results are the outcome or consequences of proceeding with selected goals and objectives. Results are the end or products of a process or a plan. Results are the desired condition to be created in the institution, whether they be increased profits, improved productivity, or improved morale. Translation of objectives into results requires a program of activities and efforts that will implement objectives. Every objective formed and committed to by a manager is a prediction for results to be accomplished.

Achievement is a self-administered reward that is derived when a person reaches a challenging goal. Some individuals seek challenging goals while others seek moderate or low goals. In goal setting programs, it has been proposed that difficult goals result in a higher level of individual performance

than do moderate goals. Even in such programs, however, individual differences must be considered before reaching conclusions about the importance of achievement of rewards (*Gibson et al. 1988:199*).

It is quite obvious that consultative processes prior to conclusion-making is important. That would then serve as basis for proper and analytical goal setting. Whenever such goals are programmed, those will be indicated as joined efforts by relevant officials within a particular component (*Illib 1988:199*).

(ii) *Productivity*

According to *Boone and Kurtz (1987:154)*, in addition to serving as standards and providing direction, firstly, objectives perform a role in encouraging workers to put forth their best efforts to achieve the end goals. Employees who understand the objective of profitability and their generating profits may be motivated to work harder or more efficiently under a bonus or other profit-sharing program.

Secondly, conceived objectives are also characterised by measurable standards of performance. Thus, with measurable objectives, everyone involved, knows exactly what the institution's goals are and can objectively compare actual performance with expectations. Once measurements are determined, management can establish control procedures to determine whether performance is acceptable in each area (*Illib 1987:154*).

(iii) *Development and implementing of new methods of programs*

Beyer and Harrison (1984:743) give an explanation of how discipline programs are actually used in an institution. The data indicate that managerial

disciplinary behaviours are correlated with a sub-ordinate's satisfaction with the manager and evaluation of the institution's program. MBO can therefore be related to changing dimensional. Processes of developing it regularly cannot be sidelined and it therefore implement to constantly monitor and review new methods implemented. All programs fallen in disuse must be timely replaced to suit the objectives and goals of an institution (*Webber 1985:357*).

(c) ***External control***

External control refers to the execution of legal prescriptions and regulations which are promulgated by law and upon which accountability should be upheld in the public sector (*Kotzé 1979:239*).

Thompson (1993:689) argues that the central issue in measurement and control is what is communicated to managers in terms of performance expectations, and how they are rewarded and sanctioned for their success or failure to achieve their targets. The two issues are linked, and resources should be allocated to enable managers to perform as required and at the same time, to motivate them.

One guideline for effective control, as *Kroon (1995:450)* mentions it, is that MBO offers advantages for control. Through participation in objective formulation and the development of standards, participants usually know beforehand what the reward will be, if objectives and standards are achieved. MBO therefore serves two purposes, namely, motivation and the integration of planning and controlling.

(d) *Contribution of MBO to accountability*

Accountability is that aspect of the management function in which both the delegation and the control function culminate. The individual who delegated the task still remains responsible for the conscientious and efficient performance thereof (*Andrews 1982:152*). In its simplest terms, accountability means the obligation to answer for a responsibility that has been conferred. It consists of two parties, one who accepts it and the one with the undertaking to report upon the manner in which responsibility has been carried out (*Glynn 1993:97*).

Thompson (1993:690) indicates that it has been argued that resources are allocated through the budgeting process and that this established a quantitative short-term link between expectations and resources. It has also been argued that managers need to be aware of wider strategic issues and that their attention should be focused on long-term strategies as well as short-term tactics and actions designed to bring immediate results. This necessitates that managers become aware of the key success factors for their products and institutional units and of how their competitive environments are changing.

It is important to achieve budget targets, and it is also important that there is a continuing search for new ways of creating, improving and sustaining competitive advantage. This can be dealt with through the MBO (*Gildenhuis 1993:58*).

3.12 *Promoting effective priority determination*

According to *Reddin (1971:3)* there is only one realistic and unambiguous definition of managerial effectiveness. Effectiveness may be said to be the extent to which a manager achieves the output requirements of his position.

The concept of managerial effectiveness is the central issue in management. It is the manager's job to be effective. It is his only job.

Effectiveness compares present achievements with what could be done if resources were managed more effectively. This concept of effectiveness includes an output target to be reached, achieving a new standard of performance, or a more idealistic potential which would be possible if all constraints were removed. Through effectiveness a manager is able to reach improved standards of performance through better institution and the use of management techniques. The target is to make use of the full capability of resources (*Lawlor 1985:44*).

Once a manager has decided that he or she wants to become effective, he should initially focus on how he can contribute more, or contribute more effectively than he or she is presently doing. Some managers have narrow views of their jobs. What they do, they may do well, but what they leave undone is enormous. Some managers let the in-basket define the nature of their potential contribution and then clock its limit. One manager might view his contribution as simply as that of managing an going concern and keeping it on an even keel, while another might see the same job as having large components of subordinate development and creative problem solving in it (*Kroon 1995:286*).

3.13 Linkages with the vision of an institution

Giegold (1987:2) maintains that MBO is "... a management process whereby the superior and subordinate, operating under a clear definition of the common goals and priorities of the institution established by top management, jointly identify the individual's major areas of responsibility in terms of the results

expected of him or her, and use these measures as guides for operating the unit and assessing the contributions of each of its members.”

One may assume that MBO, in joining the top managers, middle-managers and supervisors, is management-oriented towards managers and professionals. It appears to emphasize the planning, organizing, directing and controlling of managers in attaining productivity and/or goal. Thus this administrative tool is, in actual fact attempting to programme work performance of the managers and professionals alike.

Hence, *Drucker (1954:60)* and *McGregor (1960:328)*, as cited by *Posavac and Carey (1980:151)*, speculate that MBO as an administrative tool, stresses three important aspects, namely:

- * Institutional goals must be clearly established and communicated to all managers in the institution;
- * the managers of an institution are to set individual goals that conform to the intents of the institution's goals; and
- * periodic review of the degree to which managers are achieving their objectives is necessary.

Whereas *Havens (1976)*, as cited in *Van Straaten (1984:213)*, assert that MBO can be used with effectiveness only when it is integrated with and supported by all other tools available in the area of public decision-making including the most complex tool of all, -political judgement.

Odiorne (1979:67) suggest that MBO can basically be applied in any institution at any level to accomplish the successful implementation of this administrative tool in programming work performance:

- * The common goals of the whole institutional units for the coming period must be identified, such as profitability; competitive position; productivity; technological leadership; employee development; public responsibility and employee relations.
- * Clarify working institution charts. That is, the actual institution group showing title; duties; relationship; and impending change should be sketched.
- * Set objectives for the next budget year with each person (departmental manager) individually.
- * During the year check each subordinate's goal as promised milestone are reached.

In visualizing the intent of an institution, it is always important to depict the role of a particular administrative tool. MBO is an administrative tool that one could regard as an initial tool for any institution to visualise its destiny. The references cited above gives an indication on how the picture gloom and how MBO fosters realization of such a vision.

3.14 Linkages with the mission of an institution

According to *Robbins (1979:253)* MBO appeal undoubtedly lies in its emphasis on converting overall institutional objectives into specific objectives for

institutional units and individual members. *Robbins (1979:253)* also maintains that “MBO’s appeal undoubtedly lies in its emphasis on converting overall institutional objectives into specific objectives for institutional units and individual members. MBO operationalizes the concept of objectives by devising a process by which objectives cascade down through the institution. The institution’s overall objectives are translated into specific objectives for each succeeding level (that is divisional, departmental, individual) in the institution. But because lower unit managers jointly participate in setting their own goals, MBO works from the top down.

And for the individual employee, MBO provides specific personal performance objectives. Each person, therefore has an identified specific contribution to make to his or her unit performance. If all the individuals achieve their goals, then their unit goals will be attained and the institution’s overall objectives become a reality (*Illib 1979:253*).”

In explaining the above, the mission of an institution is its unique purpose which distinguishes it from other similar institutions and which described the extent of its activities in providing expected services. MBO therefore would detail clear ways in which such an institution will attain its goal.

3.15 Determination of objectives

MBO centres on objectives of an institution. It is important that the determination of such objectives by any relevant structure within an institution is determined within a proper context. Processes have to be followed to realize proper determination of objectives. Managers are therefore tasked to be well equipped when determining such objectives.

According to *Van Straaten (1984:216)* specific actions or decisions, amongst others, to be taken are:

- (i) *The identification of a problem or the situation which need to be changed.*
- (ii) *The identification of possible objectives to solve a problem or normalise the situation.*
- (iii) *The quantification of the objectives to be achieved within a particular time frame according to the nature of the work and the agreement with regards to perceptual changes to be attained.*
- (iv) *Determination of alternatives.*
- (v) *Comparison of expected costs with expected results with various work methods to determine which method to be used at the lowest possible cost.*
- (vi) *The execution of functional activity.*
- (vii) *Evaluation of the results to determine whether the set objectives have been effectively achieved.*

4. STEPS IN IMPLEMENTING MBO

Once the impact of MBO on the activities of an institution has been identified, debated and accepted steps in implementing the administrative tool becomes a focal point. It therefore becomes imperative to begin to formulate objectives which commence a process of joint management. The following aspects become logical:

- * Formulating of objectives and ways adopted.
- * Consultative mechanisms and how, when should those be done.

- * Framework of objective obviously influenced by the consultative process and gathered information.

4.1 Formulation of objectives

The first step in MBO is to describe the objectives, which the government officials are aiming at and proper relations be brought in operation which may be needed to reach the aim. This process therefore entails co-ordination amongst government officials from all spheres of management. Input making by subordinates forms an integral part of objective formulation and proper consideration by management within an institution (*Harrison 1975:12*).

According to *Kroon (1990:195)* there is no reason for decision-making without a problem or situation which needs to be addressed by the institutional institution, department, unit or by individual members of the institution. Problems and situations usually stem from planning, institution, activating and controlling. The decision making process, becomes less clear when tackling institutional problems. The manager must obtain agreement on diagnosis, define alternative, gather reliable information from specialists on the existing situation, forecast what will happen and win enough support to justify positive action. MBO indicates therefore that managers who adhere to the principles of MBO become aware of problems and situations sooner than those who approach problems superficially (*Newman 1987:156*).

4.2 Planning of strategies with MBO

Strategic plan(s) is (are) plan(s) made by top management of an institution indicating the direction in which the public institution is going to move in the long-term process. It is the process by which the guiding members of an

institution envision its future and develop the necessary procedures and operations to achieve that future, which includes the process of establishing objectives and choosing the most suitable means of achieving these objectives prior to taking action (*Goodstein 1993:3*).

Kroon (1995:148) envisaged strategic planning as the strategy that gives direction for activities and the allocation of resources in the future. He continues to state that goals are formulated from the strategy and indicate what has to be done in order to fulfil the mission.

According to *Gup (1979:35)* strategic planning is focused on the direction that the institution takes in achieving goals, the external and internal facts that affect the achievement of objectives, as well as meeting the objectives of the institution.

Strategic planning is a commitment to define formally the mission, vision, objectives and strategies for an institution. It is active, vibrant and flexible. It requires input into strategic directions from institutional levels (*Garner et al. 1990:25*). A mission is a basic concern or definition of primary interests of the institution. It includes institutions' specific areas of interest and inherent values and what the institutions intend to accomplish. It clarifies what the institution does and who it tries to serve (*Garner et al. 1990:32*). According to *Smit and Cronje (1992:59)* a mission statement is personalised and it gives an institution its own identity, character and reasons for existence. The vision addresses the end results that an institution attempt to achieve (*Garner et al. 1990:32*).

Strategic planning is a process that determines appropriate courses of action for objectives, achievement and it includes analysis, planning, selection of strategies and the environment that increase the chance of achieving an

institution's objectives (*Certo and Peter 1990:86*). Therefore it is important for the managers take into consideration political, economic and social factors.

The **political system** of a society is the way in which the society is governed. The political system has a major impact on institutions within the society and should be considered by managers (*Hodge et al. 1984:205*).

Gildenhuys (1997:15) maintains that governments need money to finance their activities aimed at realising their goals and objectives. To realise their goals, objectives and concrete short-term targets, they execute a multitude of diverse functions. For the execution of their order and protection functions, social welfare and economic welfare functions for example, they render several kinds of public services in order to realise their goals and objectives.

Politics is ubiquitous in human circumstances. Political activity practically embraces every human being irrespective of what his or her endeavours are and irrespective of whether he or she participate in the process. Politics is a necessary result of man's proximity to scarce resources available to meet the needs and desires of human beings. As *Van Zyl (1996:7-8)* states, leadership in politics involves the functions of the leadership domain that ought to focus on the authoritative allocation of resources in accordance with the requirements of the purpose structure to best serve the needs of the community.

It cannot be emphasised any further, if the political environment fails to address budgetary implications because preparatory work by those involved remains unrecognised and therefore irrelevant (*Illib 1996:8*).

Objectives are obviously set by government, but proper perspective of those objectives are embodied in how a manager plays his role in enabling politicians

to achieve set objectives. Political considerations usually come up when one has to decide on priorities in implementing the stated policy. It means therefore that priorities have to be set (*Cloete 1991:83-84*).

In relation to **economic environment**, *Van der Walt & Du Toit (1998:86)* explain that the environment of the nineties requires that a public manager must be able to identify changes in the environment in time through which changes and trends in the environment can be observed in time and managed effectively. A constant interaction between the public institution and the environment largely determines the institution's form and functioning. When the environment changes, a manager is confronted with a choice between stagnation or dynamic adjustment in order to survive, and this choice, he is able to exercise through the use of MBO (*Van der Walt & Du Toit 1998:86*).

Kroon (1995:53) explains that environment encompasses the strategy, institutional functions, management tasks, setting of goals, resource abilities and expectations of interest groups that must be taken into account, and that management must make decisions which relate to strength and weakness of the institution.

The economic function of financial markets is to provide channels for transferring the excess funds of surplus units to deficit units. Put slightly differently, financial markets constitute the mechanism that link surplus and deficit units, providing the means for surplus units to finance deficit units either directly or indirectly through financial intermediaries (*Falkena et al. 1995:15*).

According to *Premchand (1983:37)* budgeting as an instrument of economic policy has more varied functions. First, in policy terms, it indicates the direction of the economy and expresses intentions regarding the utilisation of

the community's resources. Second, a major function of the budget is to promote macro-economic balance in the economy. The policy choices in this regard include specification of the amount of growth that is compatible with employment, price stability and balance in the external sector.

Premchand (1983:37) continues that with the recent emphasis on distribution of resources in an egalitarian fashion, the budget has become a vehicle for reducing inequalities. The roles of taxation and expenditure programs as well as the pattern of their distributional effects, must be continuously mapped by the budget. Fourth, the budget should be so organised as to permit a quick and meaningful measurement of its impact on the national economy as a whole.

According to government, the GEAR (Growth Economic and Redistribution) Strategy forms pillars within which government officials must seek guidance when preparing respective budgets.

In the **social environment**, social responsibility is the implied, enforced or felt obligation of managers, acting in their official capacity, to serve or protect the interest of groups other than themselves, using MBO (*Mondy et al. 1993:76*).

Managers must seriously consider what their responsibilities are with regard to the improvement of social conditions. That is why *Kroon (1995:123)* states that goals and objectives describe the results that should be achieved over long and short term and that standards must be set to ensure that objectives are achieved.

Hanekom and Thornhill (1983:76) explains that administration consist of numerous activities or functions executed by public officials working in public institutions and aimed at producing goods and rendering services to the community.

Public managers within any institution are tasked with the responsibility of ensuring that demands related to functionary abilities are clearly spelt out and this is possible through use of MBO. It is those demands that would have a critical bearing on how objectives of an institution are either formulated, implemented, evaluated and or reviewed when necessity prevails (*Currie 1972:45*). According to *Currie (1972:43)* the techniques for MBO aims to contribute to:

1. Revealing and analysing the true facts concerning the situation.
2. Examining those facts critically.
3. Developing from the examination of the facts the best answer under the circumstances.

4.3 Programming of objectives within MBO

Programming is concerned with the purpose of the work to be done and with which activities are most appropriate to fulfil the objectives. Programming is also a planning-oriented system of which the main goal is to rationalise policy making. As a result, it performs the planning functions at supervisory and operative levels (*Iverson 1985:134*).

Planning in terms of budget and implementing MBO makes it possible for programming to inform decision-makers on the objective for which funds are required. It identifies the stakeholders and organisations that must be funded by the government (*Henry 1980:212*). *Van Straaten (1984:80)* states that programme budgeting for example provides a pattern of activities and thus control over future operations. These activities will only come up when the

budget has been approved. According to *Iverson (1985:134)* program budgeting has developed from planning programming budgeting system (PPBS). It is a process authorised by the legislative body for the executive institutions to spend money on behalf of the people in pursuing the achievement of identified objectives. Managers are able to adhere to the policies set out by the legislature because the budget has to be approved by the Minister of Finance, and discussed with the executive authority to iron out areas of dissatisfaction (*Gildenhuys 1993:474*).

According to *Henry (1980:212)* PPBS represents a systemisation of political choice in the format of budget formulation. It is also an effort to render decision making by public administrators as rational as possible. It further represents a rapprochement between budgeting and planning. With PPBS, accounting officers are able to integrate budgetary formulation with economic concepts. According to *Henry (1980:213)* this means that PPBS attempts to consider the effects of government spending on the national economy. PPBS also develop and use new informational sources and technologies to bring more objective and quantitative analysis to public policy making, thus making control possible (*Illib 1980:213*).

Under PPBS the objective of every government must be defined as precisely as possible for the budgetary period of a year, as well as for the medium and long terms. Once the decision has been made and the money budgeted for an appropriation, then at various stages thereafter, accomplishment must be evaluated on the basis of complete cost and benefit analysis (*Dimock and Dimock 1969:492*).

The aim of PPBS is to enable management to make more informed decisions about the allocation of resources to meet the overall objectives of the institution (*Drury 1997:484*). *Drury (1997:484)* continues to state that PPBS forces management to identify the activities, functions or programmes to be provided and as a result establish a basis for evaluating their worthiness. The budget places together programmes which contribute to a similar goal so that competition for resources takes place among the real alternatives (*Gildenhuis 1997:517*).

According to *Gildenhuis (1997:522)* PPBS is the analysis of possible or expected results of proposed or existing programme in comparison with the objectives and targets already predetermined. PPBS also calculates the total costs of a programme for several years in advance. This informs decision-makers on all possible costs that can be quantified in monetary terms and those that cannot be quantified to ensure rational and responsible decision-making (*Gildenhuis 1997:522*).

PPBS like MBO as *Drury (1997:485)* states, analyses and evaluates alternative ways of accomplishing government objectives in order to find the most efficient and effective solution and as a result uses cost-effectiveness and cost-benefit analysis for the systematic preparation, review and qualification of the budget.

Anderson (1994:8) states that PPBS is a source of information which tells of planning, administrative objectives at all levels, which spell out the manner in which a given program will develop and all programs that are translated into cost terms after alternatives have been fully explored. Once this delineation of programmes has been completed, it is embodied in budgets, which are then used as a source of information in determining policies (*Illib 1994:8*).

4.4 Implementation of programmes

Implementation is deciding how to get the institution from where it is today, to where it should be tomorrow. Effectively implementing the program requires a constant effort to match and fit together the basic elements, like objective-setting and resource allocation, that drive the institution (*Stonich 1982:xvii*).

As *Kroon (1995:124)* explains it, implementation involves putting into operation the final plan. At this stage activities that have been worked out during programming are allocated to people and they start to take the load, communicate and motivate in order to achieve pre-determined objectives (*Illib 1995:124*).

According to *Lorange (1981:8)* the implementation process of MBO should emphasize possible answers to questions such as why should the institution do certain things and whether certain activities lead to a better decision-making process. *Lorange (1981:9)* further purports, that by means of implementation, the overall logic of the planning process is explained to all managers and they are able to know who initiates planning, who carries out the various steps, who participate in the review, who consolidates sub plans and who gives feedback to who to be able to obtain pre-determined objectives.

This is supported by *Haynes (1989:48)* when he states that during the implementation phase, the manager co-ordinates all the elements of the project which involves a number of responsibilities, that is, controlling work in progress to see that it is carried out according to plan, providing feedback to those working on the project, negotiating for resources and resolving differences among those involved in the project to be able to achieve set objectives. As a result (*Watson 1997:174*) states that during the implementation stage the

manager must be able to prove that the work is progressing on track and that the targets will be achieved within the agreed constraints of costs and time.

Denning (1989:124) suggest that implementation of programmes in MBO can be promoted by communicating. Management must clearly communicate with all employees what the implementation of the program is all about, that is, issues to be considered or potential problems that might occur. Communication in implementation clearly explains the new responsibilities and the tasks and duties that need to be performed by affected employees.

A successful implementation of MBO is also promoted by starting with a strategy that involves a good idea or concept. In a nutshell, this idea suggests that no amount of time and effort spent on implementation can rescue a strategic decision that is not well formulated to begin with. The idea must be fundamentally sound (*Denning 1989:124*). Implementation that is successful, is also promoted by obtaining employee commitment and involvement from affected employees. Top management should not be surprised if the formulated plan has major flaws in it because key employees and affected groups did not participate in its formulation. Involvement and commitment should also be developed and maintained throughout the implementation process of MBO (*Illib 1989:124*).

4.5 MBO as a tool for control and accountability

Control is a final link in the functional chain of management which ensures that activities are progressing according to plans. It is therefore a process of monitoring activities in order to determine whether individual units and institutions are obtaining and utilising their resources efficiently to accomplish

their objectives, and where this is not being achieved, corrective action will be implemented in MBO (*Fox et al. 1991:118*).

According to *Kroon (1995:443)* control involves a systematic process through which managers can compare real performance with plans, standards and objectives and take corrective action if deviations occur. For example, every lathe operator must produce a certain number of units in order to enable the section to achieve the objective for the week. If weekly performance does not comply with the weekly objective, the supervisor must take action to ensure that the planned output is reached. If the real performance is in line with the objective, supervisor will allow operators to continue as usual (*Illib 1995:443*).

Managers can plan perfectly, organise the institution efficiently and activate workers maximally, and still nobody will be sure that activities will be carried out according to plan or that objectives will be achieved. The primary aim of control is still to ensure that activities are undertaken in such a way that objectives are successfully achieved with MBO (*Kroon 1995:443*).

MBO offers many advantages for control like participation in objective formulation and the development of standards. Participants usually know before-hand what the reward will be if objectives and standards are achieved. MBO therefore serves two purposes, namely motivation and the integration of planning and controlling (*Kroon 1995:450*).

There are two types of control, internal and external control. Internal control is exercised by supervisors and is primarily concerned with efficiency and it is the work of all political executive office bearers in charge of institutions and officials attached to public institutions (*Cloete 1994:205*).

Internal control consists of informal and formal measures. These measures are usually exercised by the executive functionaries. The executives usually hold

meetings and interact with the people at a lower level to see to it that things go exactly as they are supposed to happen. It is at this level that correction measures also take place together with guidance so as to reach the expected objectives of MBO (*Chart 1986:82*). The formal measures refer to written reports, inspections, investigations, auditing, cost accounting, cost comparisons and statistical returns, which through them, the manager will be able to see whether there will be achievement of goals or not (*Cloete 1994:209*). *Cloete (1994:209)* goes on to cite that informal control consists of a hierarchy of functionaries and others who exercise supervision over others. The top officials use administrative aids such as systems analysis, network analysis etc. which are the formal control measures to control actions of their subordinates, though in the informal sector there is a two-way affair which makes a better flow of communication between supervisors and subordinates. As managers manage by objectives, control help them ensure that activities are providing the desired results. Control also requires that targets, standards and goals are set (*Dessler 1977:54*).

The executive authority has to account to legislature and the administrative authority to the executive. This is the reason why administrative authority has to be controlled and supervisors, who may be heads of departments, or accounting officers, are asked to account every time (*Gildenhuys 1997: 59-60*). This also shows that the controlling process is the feedback mechanism which must be followed by corrective action (*Hodge 1979:135*).

According to *Cloete (1991:62)* political office bearers as well as the public officials should be able to give account to the public of what has happened in their departments, regarding finances given to them. Except for the internal control measures, there are the external measures which are different functionaries and institutions, which may be found to assist the legislature in its

financial control function. These may be auditors-general, standing committees on public accounts, as well as the public protectors, and audit commissions.

The auditor-general has absolute independence to oversee financial management of the executive authority on behalf of the Legislature. He is directly responsible to the legislature and has to work and report for regularity and legality, economy or the avoidance of waste, and efficiency or the optimum use of resources (*Gildenhuis 1997:46*).

The standing committees are there to ascertain facts, report fully to the legislature and thereafter make recommendations about steps which should be taken to rectify irregularities or prevent future irregularities to be able to attain goals predicted (*Cloete 1994:151*).

The public protector is responsible for investigating any alleged maladministration of government affairs, fraud and corruption, misuse or wastage of funds and resources. Public protector determines the procedures for investigations and has the authority to command any person to appear before him to testify on any matter under investigation (*Gildenhuis 1997:49*).

The auditing process forces managers to keep clear records according to required accounting procedures. *Cloete (1986:38)* describes auditing as the examination of records of expenditure as well as records of money received in order to ensure that legal requirements relating to accounting and reporting have been complied with and to ensure that resources are used efficiently and effectively to be able to reach the goals predetermined in the most effective way (*Hanekom and Thornhill 1992:56*).

Accountability means explaining or justifying what has been done, what is currently done and what has been planned. It arises from a set of established procedures and relationships of varying formality. Thus, one party is accountable to another in the sense that one of the parties has a right to call upon the other to give an account of his activities (*Hopwood & Tomkins 1984:13*). Accountability (external control) is exercised directly by people, by legislators, and in the courts and is primarily concerned with the legality of official action and the responsiveness of public officials to the democratic process (*Cloete 1994:205*).

Cloete (1994:210) defines accountability as answerability. Each functionary is accountable for everything that he or she does. The legislature is responsible for ensuring that account is given for any act prejudicial to the interests of the community.

Political accountability on the other hand means that those who possess and exercise political power must submit their actions to public scrutiny and approval. *Hanekom and Thornhill (1995:177)* explains accountability as a personal obligation, liability or answerability of an official or employee to give his superiors a desired report of the quantity and quality of action and decision in the performance of responsibilities, specifically delegated ones.

Various administrative tools like MBO exist in order to facilitate the administrative function of financing programmes or projects. Through this facilitation the managers are able to exercise control to be able to attain goals or take corrective action when necessary. Control by means of these administrative tools also make it possible for public accountability. Reporting mechanism are made part of being accountable for things they are responsible for (*Lee & Cayer 1994:13*).

5. CONSULTATIVE MECHANISMS

Chung (1977:222) explains MBO as a process of defining and achieving organisational goals by joint effort of superior and subordinates.

Botes (1992:64) supports this and state that when formulating objectives for the department or for divisions or sections individually it is always necessary to involve the supervisors and the subordinates.

According to *Straussman (1985:61)* managers and subordinates agree on goals which subordinates should try to achieve and both parties should develop an active plan that will enable subordinates to reach the goals and that both parties agree on the criteria that will be used to measure and evaluate progress towards the realization of set goals, the criteria that will be used to measure and evaluate progress towards the realization of set goals.

Raia (1974:11) also state that MBO emphasizes that a manager and the subordinates should consult each other on achieving goal clarity, participative goal setting, employee accountability and the efficiency of organizations resources.

Managers will together with subordinates identify opportunities for improvement and making change happen will allow consultative management flourish (*Jablonski 1992:21*).

As *Newman et al. (1987:377)* states, a manager learns about subordinates almost entirely by talking with individuals and also, a manager deals with subordinates in an official capacity predominantly through face to face contact.

5.1 Levels of consultations

It is important within the process of MBO, to know all key stakeholders in ensuring that processes within government centering around objectives has to have levels within which management can refer to. MBO can be effective at the lowest management levels. Decisions can be taken at lower management level. The only way to ensure that low-level managers have an influence, is for them to initiate the process by communicating to their superior the goals they wish to pursue with MBO during a certain period (*Ordione 1976:67*). According to *Ordione 1976:67*) MBO can basically be applied in any organisation of any level to accomplish the successful implementation of set goals.

On a strategic level top management uses insight to run a public sector strategically and will be thoroughly aware of the effect of change, which will be either an opportunity or a threat. On tactical level, managers are provided with information needed to monitor and control operations and to allocate resources more effectively. On the operational level, the primary concern is to collect, validate and record objectives and goals (*Kroon 1995:469*).

5.1.1 Members of the public

Whenever consulting members of the public it in most instances relates to vagueness of how policies were decided upon by political structures. The public is merely consulted to confirm with such policies, alternatively to repudiate intentions of such policies and thereby necessitating proper submissions to political structures to review policies decided upon.

According to *Van der Walt and Du Toit (1997:42)* **tenets of democracy** – implies that those who govern must not abuse the power vested in them in their personal interest or in the interest of one population group only, and that deliberations and consultations with the community must take place. *Van der Walt and Du Toit (1997:40)* goes on to further state that as individuals, public officials and managers are part of the community and are therefore influence by community decisions.

5.1.2 Political structures

According to *Cloete (1991:14)* policy directives are laid down by the legislature, regulations and other instructions. For any administration to develop its objectives it has to seek guidance from what political structures have laid down. If guidance from used documentation like circulars or reports is not explanatory, it therefore becomes imperative for officials within the administration to consult with relevant politicians to be able to draw proper inferences from such consultations (*Cloete 1991:15*).

Kroon (1995:353) comments that leadership is the human factor that leads an institution towards realizing goals through the voluntary co-operation of all the people in the public sector. An institution often succeeds or fails because of the presence or absence of good leadership. The same can therefore be said if political desires are flawed (*Illib 1995:353*).

5.1.3 Administrative structures

According to *Pearce and Robinson (1989:166)* objectives are recognised by effective managers as essential ingredients contributing to institutional performance.

In order to realise what *Pearce and Robinson (1989:167)* describes, it is important therefore for management to determine processes within which to co-ordinate issues at peer level and ensure that necessary processes on consultation are not by-passed. Managers must at all times be dictated to by effective processes ensuring that all views within the administration are captured when applying MBO.

Dun (1982:69) states that MBO is a participative system of managing in which managers look ahead for improvements, think strategically, set performance, stretch objectives at a beginning period, develop supporting plans, and give accountability for results at the end of the period.

5.2 Period of consultations

Within the process of MBO, consultations at any level should not be unnecessarily prolonged. This would otherwise affect the effectiveness of administrations within government. *Mali (1986:157)* states that information is gathered or collected prior to initiation of group work. Problems are identified by supervisors and subordinates, new opportunities and developments are also identified. All persons should be aware of meeting objectives and its time limits.

According to *Swamsburg (1993:268)* this period is a process whereby the superior and subordinate managers of an institution jointly identify its common goals, define each individual's major areas of responsibility in terms of the results expected of him, and use these measures as guides for operating the unit and assessing the contribution of each of its members and the result thereof, ensuring better productions.

Clear delays would therefore render any administration incapable of realising set objectives alternatively managing such objectives within an institution, and this is why *Mali (1986:157)* explain that an objective setting format or procedure collects the manager's and subordinate's agreement as to goal statements and resources to be used as well as general time requirements.

5.3 Purpose of consultations

According to *Van der Walt and Du Toit (1997:71)* in modern institutions there is an ever-increasing insistence on the part of employees on becoming involved and being consulted in the institution's decision-making process. As *Kroon (1995:13)* explains it, he mentions that consultation is based on the assumption that most people have a need to take part in the decisions that affect their work and this involvement may lead to the setting of challenging objectives with acceptance and commitment to accomplish stated objectives. The insistence upon transparency in the political environment in particular will of necessity also have an influence on the management styles of public institutions. Managers can therefore no longer make decisions in isolation without involving employees. The insistence on transparency compels the management of an institution to disclose all decisions and planning so that everyone can strive collectively to achieve the objectives of the institution (*Van der Walt & Du Toit 1997:71*).

Van der Walt & Du Toit (1997:71) purports that it is important to summarise the reasons why certain steps must be undertaken in consultation within MBO. Those reasons include the following:

- (1) The skills needed, that may not be available within the institution.

- (2) A need for new perspectives on a problem faced by the institution especially at management level.
- (3) Not being able to know how to address a need identified by a relevant structure, alternatively a supreme structure.
- (4) A need for a second opinion over and above what the manager has set in motion but not tying well with objectives set by a political body.
- (5) The timing within which set objectives must be implemented, alternatively reviewed.

5.4 Agreements from consultations

According to *Watson (1997:18)* in all institutions there are conflicting requirements on the processes. The setting of work tasks, is usually directed from above, and the carrying out of those tasks, requires people in different departments or groups to work together. Regular meetings take place in institutions, either within the department (vertical) or between departments (lateral). It is the ability of the people who attend these meetings to resolve conflict and problems that allows the institution to operate on a daily basis (*Watson 1997:19*).

The manager and his subordinate agree on objectives that need to be achieved and how progress will be monitored. A specific time is determined within which the objectives must be achieved and regular feedback on the progress towards the objectives places the subordinate in a position to continually evaluate activities and correct them (*Kroon 1995:166*).

Whenever the administration is engaged in a consultative process to herald objectives within which to work and be able to report back on, it is important therefore to ensure that all parties are consulted, and a concise agreement must

have been developed if needs be and be written and kept as record for easy reference and application of corrective measures when a need develops (*Illib 1995:166*).

5.5 Application of scenarios

Scenarios are stories that help management to anticipate changes in the future and to prepare managers for those changes (*Schwartz 1991:26*). According to *Robbins (1979:253)* a question has been asked on how widely MBO is used? Reviews of studies like *Kroon (1995:81)* that have sought to answer this question suggest that MBO is a proper technique in that it can be used to generate alternative perspectives, can also be used to develop boundaries of a changing environment and enable management to select the best route for the future, as well as put key uncertainties on the agenda of strategic planners and top management. Many MBO programs are found in institutions for health-care, education and non profit institutions with the main aim of having such programs to obtain productivity.

In a public institution it is always important for managers to determine pilot projects and enable them to implement corrective steps within the process of MBO. This therefore, calls upon management officials to be properly placed to apply implementable scenarios. From correct application of such scenarios, processes of MBO can be implemented correctly and targeting correct stakeholders within an institution. *Kroon (1995:81)* sets out the following characteristics of scenarios:

- They are hypothetical.
- They outline the boundaries of possible change.

- They are multidimensional and holistic.

6. FRAMEWORK OF OBJECTIVES

As indicated above in application of scenarios, managers are tasked to draft documents that could be regarded as framework on objectives and enable all other officials within an institution to participate and produce an ideal framework on objectives. As *Renfro (1987:38)* states, the manager will be able to link fact and perception in such a way that the manager is able to write a possible future. These frameworks are key in seeking necessary comments from bodies superior to those of the management body where an official is placed. It also includes necessary submissions to political bodies to ensure their political input and certainties on whether actions of the administration are still within policies of government and set objectives (*Illib 1987:39*).

According to *Dessler (1981:187)* MBO programs are successful and numerous benefits have been noted like being able to select the best route for the future. Employee motivation increases probably as a result of the participation, goal setting and feedback components. MBO also forces and aids in planning, since, to be done properly, top management has to set plans and goals for the entire institution, and the goals of lower levels must then be tied in with these. As a result, work is directed toward institutional goals, since a “chain” of goals and plans develop, which links lower and higher level work groups (*Illib 1981:187*). Another related benefit, is that MBO provides clear standards (goals) for control purposes. Control keeps activities and efforts on a prescribed course. Managers inform themselves about progress by comparing actual accomplishment with

planned accomplishments at control points. Problems can thus be identified better and faster (*Mali 1986:149*).

6.1 Consolidate gathered information

According to *Mandell (1979:333)* after the relevant information has been gathered and noted, it should be arranged into related groups in order to analyse the specific subsystem and to put it into perspective. *Kroon (1995:472)* states that availability of information through a decision support system is effected by making use of a central database. Information in one section of the institution is readily available to other sections with a view to decision-making and by this the timeousness of decision making is increased and the quality of decisions enhanced. Then the factual information can be analysed and alternative solutions identified.

Dessler (1981:187) states that MBO is guided by information gathered by managers, and such information is analysed and consolidated to produce a document within which objectives can be set. It is at all times imperative that the gathered information be compared with information of other relevant stakeholders and thus ensuring that consolidation thereof is based on principle. The consolidation thereof must not cause confusion amongst relevant structures within government. The same information will be computerised and managers can easily refer to it whenever a need exists to revisit any of the acceptable processes within MBO. Both subordinates and managers should receive timely, frequent, effective information feedback (*Illib 1987:187*).

Mali (1986:819) states that MBO is moving information as a strategic resource because management is moving in the direction of managed information for corporate use. Managers are moving more and more into the age of

information. Most workers are and will become information workers, because managers are moving into an information economy in which knowledge and know-how will create new values.

Mali (1986:819) further states that the emerging manager will be viewed as an information processor. That is, he or she will generate, analyze, store, retrieve, and communicate information in such a way as to perceive alternatives in decision making. The new emerging manager will conceptualize change and new directions through his or her role as a purveyor and utilizer of information. The key elements of an information economy are knowledge workers, performance packages, service responses, time capsules, brainpower contributions, and computer productivities. MBO precedes the process of systematizing these elements into strategic goal setting (*Illib 1986:819*).

6.2 Recommendation on devices

According to *Robbins (1980:171)* the linking of goals from the top of the institution to the bottom is not only important for co-ordination of efforts to achieve the institution's objectives, but also for providing a mechanism to derive specifics from general objectives. Objectives will be general for the institution as a whole, but as objectives cascade down through the levels of the institution they become more focused and specific as they reach individuals (*Illib 1980:171*).

The co-ordination of activities within an institution largely depends on how effective communication is in that institution. The problem occurs where there is uncertainty about the task and communication is blocked at a time when it is most needed. MBO thrives to put in place recommendable devices through alternative choice enabling a proper tool to be followed by an institution when

considering an adequate framework for all managers and officials to implement (*Kroon 1995:202*).

Dessler (1981:186) maintains that goals must be clear since goal setting at all lower levels is more difficult, if not impossible, without clear goals that can be fashioned into more specific departmental and individual goals.

7. PITFALLS AND ADVANTAGES OF MBO

In MBO it is important to be prepared upfront on eventuality of pitfalls. Certain processes must be put in place to ensure timeous attention to such pitfalls. Advantages of MBO clearly depict why it is the most chosen implementable administrative tool. These advantages by far exceed known disadvantages related to MBO.

7.1 Pitfalls of MBO

It is important in MBO to take into consideration possible pitfalls and these can be summed up, according to *Belcher et al. (1987:272)*, as follows:

- MBO tries to make goals clear and explicit and not all goals can be ideally defined.
- The setting up of goals demands participation of manager and employee and this requires a level of trust that is hard to achieve in a situation of uneven power.
- Information required to provide feedback to the employee, may not be developed from within the institution or may be impossible because of the nature of the task.

Setbacks of MBO identified by *Booyens (1993:128-129)* are:

- A manager's development may be hampered because he or she concentrates on the staff's attainment of objectives and does not develop abilities to handle impossible, unforeseen and uncertain situations where problem solving skills are needed.
- Some managers assess activities that seem to indicate results rather than the results themselves.
- Not all staff members are willing to be involved in goal and objective setting.
- Employees become frustrated if they believe that they will have to conform to increasingly higher goals.
- MBO lends itself to quantitative measurement with the result that qualitative facts may be overlooked.

7.2 Advantages of MBO

The above-mentioned pitfalls can be corrected by the advantages of MBO.

According to *Swansburg (1993:268)* advantages of MBO may be listed as follows:

- MBO allows each individual worker to contribute to the common goal of the institution and this means that there is personal involvement in the hierarchy by means of statements of what is expected from everyone involved and measurement of what is actually achieved.

- It emphasizes teamwork and team results.
- It includes short-term and long-range objectives as well tangible and intangible objectives. Intangible objectives include development of individuals, performance and attitude of workers.
- The specification of goals by superior-subordinate pairs, clarifies relationships as well as span of control for managers.
- MBO encourages delegation of responsibilities, with the result that subordinates acquire additional management skills and commitment to the success of the organization.
- It improves quality of planning because of collaborative goal setting by supervisors and subordinates and analysis of their jobs.
- It elicits commitment for performance. No longer are people just doing work, following instructions and waiting for guidance and decisions. They become individuals with clearly defined purpose. They have had a part in setting their objectives, putting their ideas into planning programs, understood their area of discretion and their authority.

Koontz et al. 1980:207-208 states advantages of MBO as follows:

- It is an effective aid in controlling of activities, correcting deviations from a plan in order to reach desired results.

- It improves the moral of individuals because clarification of institutional goals encourages co-operation among the group.
- MBO includes appraisal of managers by subordinates with regard to how well the manager helps employees do their jobs, support them, assist them with problems and demonstrate proficiency and visibility.

8. CONCLUSION

From the text of this topic, the definitions themselves depict the broadness and relevance of MBO. Explanation of MBO shows it as a tool that coerces management and subordinates to jointly set or determine objectives and equally ensure achievement thereof. Other authors such as *Cloete* define MBO as an administrative tool that separates responsibilities of top management from subordinates as it inculcates a culture that enforces convergence at some point or other. The crux of the matter is that MBO objectives has more advantages than its disadvantages and compels organisations to choose it and define it differently but with one aim in mind. The text of this topic in earlier pages indicates a compliment to this notion and the result being a trust and usable tool in the public sector. What is important is to note that by implementing MBO on the public sector the following can be done:

- ▲ Plan according to needs of an organisation.
- ▲ Plan according to needs of the community.
- ▲ Plan according to needs of the decision-makers.
- ▲ Put in place effective mechanisms of implementation.
- ▲ Put in place effective mechanisms of control, monitoring and evaluation.
- ▲ Ability to anticipate success and/or gain success.

Management of any organisation within the public sector requires necessary skills and special acumen from those appointed to lead such organisations. Proper and timeous planning has to be prepared and guidance will be sought from objectives of relevant decision-makers. These objectives must be set and be achievable within policies of an institution. The broader picture has been derived from the mother body of such an institution and the context of this dissertation has accordingly addressed all related issues.

MBO is an administrative tool that stresses the fact that it seeks to promote coherency, co-operation and consultations amongst all relevant personnel within an institution. What is quite clear is that guidance will be sought from objectives set. This principle goes further to provide steps on how such objectives are determined and/or set and mechanisms put in to place to achieve such objectives. All this is centred around MBO.

What is important though is not to loose sight of factors, that affect or even influence operational aspects of MBO. This, if in place, shows administration proving successes in numerous institution, for as long as correct processes are guided by correct implementation. Standard control and monitoring mechanisms must be encouraged and evident. Linkages with other administrative tools also singled out MBO as the most suitable and used administrative tool. MBO guarantees service delivery even where personnel regarded as indispensable, are absent from duty for long periods. It guarantees capacity building and well being of an organisation. It promotes continuity and success.

MBO addresses other related factors such as identifying essence of administration which may sometimes be overlooked by managers in their endeavours to plan adequately. These factors are usually swallowed by processes within MBO and such processes have been adequately addressed within the context of this dissertation.

The most important thing as the reader of this document, is to realize that MBO focuses on achieving goal clarity, participative goal setting, employee accountability as well as using institutional resources efficiently. What the manager benefits most is the improvement of both the employee's work performance as well as the effectiveness of the institution itself. The effectiveness may be the result of its final ingredient which is feedback on performance.

MBO is a popular technique. It is used among large institutions, in business and in the public sector. MBO's popularity should be construed to mean that it always works. Where it has been implemented and failed, a close look at these cases where it failed, however indicates that problems rarely lie with MBO. Rather the culprits tend to be factors such as unrealistic expectations regarding results, lack of top management commitment, or an inability or unwillingness by management to allocate rewards based on goal accomplishment. Nevertheless it was shown in this document that MBO provides managers with the vehicle for implementing goal setting theory and a vision to accomplish these goals. It is with such good qualities of MBO that it stands above all other administrative tools and ensures that public sector success in service delivery is achieved, hence MBO is a better choice for implementation.

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