

MANAGEMENT

PRINCIPLES AND APPLICATIONS

UNIT-2

PART-III

GOAL AND OBJECTIVES:

1. Goals: A Goal is a desired state of affairs which an organisation wants to realise. Goals are collective ends towards which organisations direct their energies and activities. Goals legitimise the role of an organisation in a society and provide a motive for its activities. For example, the Goal of an automobile company can be to provide low cost, economic and quality automobiles to the public. Goals may be short term or long term in nature. Short term goals are supposed to support and merge into long term goals.

Objective of Goals

It may be defined as a planned target of performance or the desired end result of an activity which one attempts to realise. It is the destination; an organisation wants to achieve. It provides meaning and purpose to the organisation.

Characteristics of Goals (i) An organised goal is something towards which its resources and efforts are directed; (ii) It is the destination an organisation wants to achieve; (iii) It depicts a future state of affairs which the organisation tends to achieve; (iv) It guides the activities of individuals, groups and departments in the organisation; and (v) It is also used to determine the success of the organisation.

Conclusion

If an organisation is able to achieve its goals, it is termed as effective organisation.

Significance of Goals

Goals will help the organisation in achieving the following benefits – (i) Goals provide direction to production, marketing, financing and other functional areas of business; (ii) Goals establish standard for evaluating the actual performance of individuals and groups; (iii) Goals provide for co-ordination of various activities; (iv) Goals reduce uncertainty in the process of decision-making ; (v) Goals regulate the behaviour of the employees; (vi) Goals are key to effective planning; and (vii) Goals provide legitimacy or justification to organisational activities.

2. Objectives: Objectives provide the basic foundation upon which the structure of plans is built. To guide and unify the efforts of employees in a desired direction, the management must set its objectives. The objectives must be defined in clear terms. It is only clearly defined objectives that will enable management to effectively plan policies, procedures, methods and strategies and so on. Objectives may be general or specific, short-term or long-term, tangible or intangible. As effective management, now-a-days, implies management by 'objective', all planning work must spell out the objectives to be realised from the proposed plans.

Characteristics of Objectives

Sound objective must satisfy the following requirements: (i) Objective must be clear and specific; (ii) Objective must be time-bound; (iii) Objectives in different areas must be supportive to one another; (iv) Objective must be challenging as well as realistic; (v) Objectives should be acceptable to people; and (vi) Objective should be laid down in all the key Result Areas.

Nature of Objectives

Objectives are standing plans and they involve the same planning process as any other type of planning. Effective direction of business activities is possible only if clear-cut objectives are established and steps are taken to achieve them. Objectives serve as action commitments through which the mission of a business enterprise is to be carried out and the standards against

which the performance is to be measured. Objectives check the members of the enterprise from deviating from the route they have set for themselves.

Objectives are centred round the important dimensions of business like use of technology, marketing policies, sensitivity to customers' needs, financial policies, understanding of social obligations, etc. Effective objectives have the following characteristics:

(i) Objectives are realistic and operational: They must be capable of being converted into targets and assignments and must be achievable. They must also be capable of becoming the basis as well as motivation for work. Good objectives do not allow employees to set goals that are too low or too high.

(ii) Objectives may be long range or short range: Since a business enterprise is a continuous entity, it must have both long range as well as short range objectives. Short range objectives are set up for a short period of time, say up to one year, and long-range objectives are to be followed in the long run. As a matter of fact, short range objectives are devised to achieve the long-range objectives of the enterprise. They are more specific as compared to the long-range objectives.

(iii) Objectives are multiple in nature: Business enterprise follow multiple objectives rather than a single objective. Objectives are set up in key areas of business like profitability, physical resources, productivity, marketing, social responsibility, etc. Every department should have specific objectives which are directed towards achieving the overall objectives of the enterprise.

(iv) Objectives are responsive to changes that take place in the business environment: They are not rigid, but flexible. They can be modified in the light of the changes in the business environment.

Multiple Objectives

It is wrong to presume that there can be only one objective of an organisation. Peter Drucker has exposed the fallacy of single objectives by saying, "To manage a business is to balance a variety of needs and goals. And this requires multiple objectives." He has suggested the following eight key areas in which objectives must be set:

(i) Innovation,

- (ii) Physical Resources,
- (iii) Financial Resources,
- (iv) Human Organisation,
- (v) Marketing,
- (vi) Profit Requirements,
- (vii) Productivity,
- (viii) Social Responsibility.

Koontz and O'Donnell are also of the view that enterprise objectives are normally multiple. "A business might include among its overall objectives a certain rate of profit and return on investment; emphasis on research to develop a continuing flow of proprietary products; developing publicly held stock ownership financing primarily by earnings ploughing back and bank debt; distributing products in foreign markets; assuring competitive prices for superior products achieving a dominant position in an industry; and adhering, in all respects, to the values of our society,"

Difference between Goals and Objectives

Some people make a distinction between objectives and goals though both terms are used interchangeably by most of the people. For example, an objective of an organisation may be to maximise market share of their product while as his goal may be to raise market share of his product to double over a period of two years. Thus, we can differentiate between objectives and goals-

- (i) Objectives are general in nature whereas goals are specific in nature;
- (ii) Objectives are open ended aspirations of the business whereas goals are close ended or target-oriented;
- (iii) Objectives have long-term orientation whereas goals have short-term orientation.