

MANAGEMENT BY OBJECTIVES  
TRAINING NEEDS IN A  
MANUFACTURING  
COMPANY

By

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## Preface

This study is concerned with the identification of Management by Objectives training needs in a specific manufacturing company. The objectives of the study are:

1. Identify subject areas to meet the training needs of the managers.
2. Determine if areas of understanding vary according to divisions of the company.
3. Determine if areas of understanding vary according to levels of management.

The responses regarding managers desire for training are analyzed as to the manager's division of the company and level of management.

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## CHAPTER I

### INTRODUCTION

Management by Objectives is the philosophy and process of managing based on identifying purpose, objective, and desired results; establishing a realistic program for obtaining these results; and evaluating performance in achieving them (Migliore, 1977, p. 2).

In order for managers to identify their purpose, objectives, and desired results by using the MBO (Management by Objectives) process of management, training becomes the tool for establishing the unity of the program. If the managers are not knowledgeable of how an MBO program is to function as defined by the objectives of the company, the program is headed for failure. The manager must possess certain skills in order to establish realistic objectives to provide the most effective solutions to the customers' problems in a customer-driven company. In order to provide appropriate training, these skills must be specified and individual manager's perception of training needs identified.

#### Statement of Problem

The specific problem with which this study dealt was the identification of MBO training needs of third and fourth level management in a specific manufacturing company.



### Purpose of the Study

The purpose of this study was to determine what level of understanding managers in a specific company have of the MBO program from which recommendations may be made concerning a training program to give third and fourth level management greater capacity to meet their objectives and company objectives.

### Objectives

The objectives of the study were to:

1. Identify subject areas to meet the training needs of the managers.
2. Determine if areas of understanding vary according to divisions of the company.
3. Determine if areas of understanding vary according to levels of management.

### Scope of the Study

The scope of this study was:

1. The study dealt only with managers of a manufacturing company in Tulsa, Oklahoma, in positions of third and fourth level management.
2. The study did not include managers below fourth level or vice presidents and directors in second level management.

### Assumptions

It was assumed that since the manager was in a management position, he would be able to determine if he possessed adequate knowledge of the MBO program to perform his duties as a manager effectively.

### Definitions

The following definitions are provided to clarify terms used in this study:

MBO (Management by Objectives) is the philosophy and process of managing based on identifying purpose, objective, and desired results; establishing a realistic program for obtaining these results; and evaluating performance in achieving the objectives.

Second Level Management is a vice president or director responsible for a division of the company reporting to the president of the company (first level).

Third Level Management is a director or manager responsible for a department or departments of a division of the company reporting to second level management.

Fourth Level Management is a manager or supervisor responsible for a department of a division of the company, reporting to third level management.

Position Charter is an overall plan of continuing responsibilities which describe the primary plan for each organizational position.

S.O.A.P. (Specific Objective Action Plan) defines the steps you will follow to accomplish the committed result of the Specific Objective. The action plan steps are scheduled over time. The resources required to accomplish each step are defined and agreed to by the supervisor or others to assure accomplishment.

End date is the scheduled completion date of a Specific Objective.

### Organization of Study

Chapter I introduces the study, stating the problem and purpose, objectives, scope of the study, assumptions, and definition of terms. In Chapter II, the review of literature briefly summarizes the history of MBO, states the rules for MBO, MBO pitfalls, how to measure MBO effectiveness, and the items critical to successful evaluation. Chapter III outlines the procedures describing the development of the instrument, description and selection of population, collection of data, limitations, and analysis of data. In Chapter IV, the data results are discussed and analyzed. Chapter V gives the summary, conclusions and recommendations of the study.

## CHAPTER II

### REVIEW OF LITERATURE

The review of literature was conducted to determine what information was available that related to the use of management by objectives in successful management. This chapter will review the following topics:

1. History of MBO
2. Rules for Managing by Objectives
3. MBO Pitfalls
4. Measuring MBO Effectiveness
5. Effectiveness of Training
6. Items Critical to Successful Evaluation
7. Summary of Review.

#### History of MBO

The acronym MBO was first used in 1954 by Peter Drucker; however, many of the elements of the system were actually developed before Drucker's time. Various authors, managers, and consultants have contributed to the growth of MBO, from Drucker in 1954 to the present day. In particular, George Odiorne, Dale, D. McConkey, and others are credited with giving MBO a substantial boost around 1965 (Migliore, 1977, p. 21).

The authors of 1965 had the benefit of Drucker's thinking, had been active as consultants, and saw the motivational effects of the various behavioral studies from

1954 through the early 1960's. The majority of these authors saw MBO in a broader context than mere performance appraisal. Their writings reinforced Drucker's view that it was a total system of management (Migliore, 1977).

### Rules for Managing by Objectives

The following ten rules for managing by objectives, as written by Denny (1979), outline the steps necessary for a successful MBO program:

1. The boss must be involved and committed to the MBO effort.

2. The program should not become a report writing contest; objectives should be written only in the areas where results really count.

3. Training should be accomplished early in the implementation state. The training effort must continue both to reinforce the principles of MBO presented to old employees and to help new employees coming in from different environments adjust to the way you do business. Training and understanding help build the feel of commitment which is so necessary to the success of MBO.

4. The objective must communicate clearly where you are going, at what rate, and when you expect to get there.

5. The key to setting effective objectives rests with the boss who should review the mission statement of the organization in terms of his key areas of responsibility.

6. Subordinates should be given an opportunity to write objectives for their own key areas of responsibility.

7. Negotiation is the key to an effective MBO program. Participation of subordinates in developing the objectives is a critical step in the process. Negotiation is the key to improved communication.

8. The interim review process provides the boss with an opportunity to check progress against objectives and to provide help if and when it is needed. If the training and preparation have been done effectively, subordinates will ask for help when they need it.

9. Development is a key responsibility of the effective manager. The planned growth and development of each subordinate should be a part of the objectives of a good MBO program.

10. If timely assessment and corrective action have been taken during the year, the final review can be a time of recognition and reward. Do not let the final review become a negotiating session for next year; this is a time for looking at where you were, now are, and how you achieved your objectives, a time for positive reinforcement and motivation.

#### MBO Pitfalls

The following twenty practices are ways that can cause a MBO program to be a failure. By paying attention to the

problem areas as described by these practices the manager can increase the effectiveness and value of the MBO program.

These pitfalls, as written by McConkey (1972), can be used as a checklist for planning a MBO program. Articles by Schaeffer (1983) and Kelly (1983) reinforce that the twenty practices as described below are still the main causes for MBO program failure:

1. Consider MBO a cure-all.
2. Tell subordinates their objectives.
3. Leave out staff managers.
4. Delegate executive direction.
5. Create a paper mill.
6. Ignore feedback.
7. Emphasize the techniques.
8. Implement overnight.
9. Fail to reward.
10. Have objectives but no plans.
11. Stick with original program.
12. Be impatient.
13. Quantify everything.
14. Stress objectives, not the system.
15. Dramatize short-term objectives.
16. Omit periodic reviews.
17. Omit refresher training. Many organizations do a great deal of training and orientation when MBO is first installed. New managers to the system are left to secure their MBO training through a combination of osmosis and

hit-or-miss tutoring by the older hands. Changes and refinements to the original program are usually handled the same way. This is an excellent way to kill the program, since the first three years following the installation of a MBO program constitute a period of continuous tailoring to make the program fit the changing needs. After three years, the original program is subject to changing by as much as 50 percent, and only the most informal training has been conducted on the changed portion.

18. Don't blend objectives (fail to coordinate all objectives).

19. Be gutless. Avoid expressing your own objectives in specific terms. Fail to establish priorities. Overly cautious about making decisions. Reluctant to remove any manager whom MBO spots as incompetent.

20. Refuse to delegate. MBO is a tough, demanding management system that requires very competent managers to operate it. By paying attention to the problem areas set forth in these statements, managers can increase the effectiveness and value of the MBO programs that they have implemented or plan to implement.

#### Measuring MBO Effectiveness

A questionnaire was developed by Migliore (1977) to determine perceptions about certain factors in the organizational climate. The questionnaire has been used in over 41 organizations. The questionnaire derived these



categories through factor analysis: extent of planning, selected effects of the planning and control system, performance: measurements and rewards, communications, and goals. Migliore's first step with any organization considering MBO is to evaluate individual perceptions with the questionnaire. The results show the major perceived problems which are then verified by problem-solving work teams and then evaluated whether or not MBO can solve the problems. The questionnaire is a method for evaluating the extent of MBO in an organization and its perceived effectiveness.

#### Effectiveness of Training

Learning is basically a process. If a training scheme is to provide the optimum conditions for learning, it must be able to handle changing requirements. To ensure that training is periodically adapted to the needs of both the manager and the organization, procedures for reviewing the effectiveness of training are necessary (King, 1964).

#### Items Critical to Successful Evaluation

To be effective, evaluation of training and development must be conducted in such a way that it is consistent with the purposes, objectives, and goals of the training activity and is in accordance with accepted and proven principles of evaluation (Tracey, 1968, p. 14).

Evaluation is one type of problem-solving. Steps in evaluation. First, the need for evaluation is recognized,

the areas to be evaluated are identified, and the procedures to be used in the evaluation are developed. After the data are collected and analyzed, conclusions are drawn and alternate courses of action are identified (Tracey, 1968).

#### Summary of Review

Review of literature has established the importance training is to the success of the MBO program. Training must continue to reinforce the principles of MBO by helping build a feeling of commitment from the manager. To ensure that training is periodically adapted to the needs of both the manager and organization, reviewing the effectiveness of the MBO training is necessary.

## CHAPTER III

### PROCEDURES

The procedures used to develop and implement the questionnaire for obtaining information regarding the training needs of third and fourth level managers are presented as follows:

1. Development of the instrument
2. Description and Selection of Population
3. Limitations
4. Collection of the Data
5. Analysis of the Data.

#### Development of the Instrument

The third and fourth level managers of a specific manufacturing company were given a questionnaire consisting of seventeen questions. The questions were developed from previous MBO training materials at the specific manufacturing company used in this study and from explicit points on the rules of managing by objectives presented in textbooks and periodicals.

The questionnaire was validated by a panel of third level managers responsible for the MBO program training at the specific manufacturing company used in this study.

Answers to the questionnaire required a check in one column which enabled the managers to indicate in questions one through ten whether they needed training or were satisfied with their current knowledge. Questions 11 through 17 were answered yes or no as to understanding of subjects or direction of the MBO program. This part of the questionnaire was developed from a questionnaire used by Potts (1982) on evaluating engineering training needs in a specific manufacturing company.

Requiring only a checkmark to answer each question of the questionnaire had the advantages of keeping the managers handwriting from being identified and required minimum time to complete. Also, the questionnaire allowed the managers to express their interest in training without feeling threatened by the possibility that their supervisor might think they lacked the knowledge to carry out the MBO program.

#### Description and Selection of Population

The population selected for this study were the third and fourth level managers of a specific manufacturing company which functions using the MBO style of management.

Included in the population were 21 third level managers and 64 fourth level managers. There were four third and 15 fourth level managers from the Sales/Marketing division; six third level and nine fourth level managers from the Finance division; three third and eight fourth level managers from

the Manufacturing division; four third and 16 fourth level managers from the Administration division; and four third and 16 fourth level managers from the Engineering division.

The MBO program at the manufacturing company studied is mandatory through fourth level management, therefore the study population were the third and fourth level managers. The first and second level managers were not included in the population surveyed since there was only one person in first level and only one person per division in second level.

#### Limitations

This study was limited to one specific manufacturing company because of the large population of third and fourth level managers. Also, the specific manufacturing company in this study has its own style of MBO program which has been customized to meet the needs of the company and managers.

#### Collection of the Data

The questionnaire was distributed in-house in order to ensure a high degree of response. The researcher distributed the questionnaire during working hours asking the managers to complete and return the questionnaire the day of distribution. The data were collected the week of March 12, 1984.

### Analysis of Data

Responses to the seventeen questions were summarized in seventeen tables. Data shown for questions one through ten included the number and percentage of managers who expressed a need for training or was satisfied with their current knowledge of the subjects. Data shown for questions 11 through 17 included the number and percentage of managers who answered yes or no, as to understanding subject or direction of MBO program. Responses were categorized by level of management and by divisions of the company.

## CHAPTER IV

### RESULTS AND ANALYSIS OF THE DATA

The purpose of this study was to determine what level of understanding managers in a specific company have of the MBO program.

#### Characteristics of the Population

A total of 85 third and fourth level managers were given a questionnaire to identify training needs related to Management by Objectives. Of the 85 questionnaires distributed, 66 were returned which was 78 percent of the population surveyed. Of the 66 returned, 21 were third level managers which represents 100 percent of the third level distribution; and 45 were fourth level managers which represents 71 percent of fourth level distribution.

#### Responses to Training Needs

The responses to each question of the questionnaire were represented by 17 tables. Tables I through X were designed to show the number and percentage of managers who need training or were satisfied with current knowledge. Tables XI through XVII were designed to show the number and percentage of managers who answered yes or no, as to

understanding subject or direction of the MBO program. Manager responses were grouped by divisions of the company and by level of management.

Data shows in Table I that 51.1 percent of the fourth level managers indicate a need for training on effectively writing page one of their position charter as to 33.3 percent of third level managers. Administration, Engineering and Sales/Marketing divisions show the greatest desire for training on this subject with 66.7 percent of Administration, 50 percent of Engineering, and 43.5 percent of Sales/Marketing expressing a need for training. Over 70 percent of the Finance division and 77.8 percent of the Manufacturing division were satisfied with their current knowledge on effectively writing page one of their position charters.

Fourth level managers show a high percentage of need for training on how to write critical management objectives. As reflected in Table II, 60 percent of fourth level managers express a need for training compared to 38.1 percent of third level managers. The Manufacturing division with the low of 44.4 percent desiring training and Sales/Marketing with the high of 62.5 percent. Finance, Administration and Manufacturing fall in between with 50.0 percent, 46.7 percent and 44.4 percent, respectively.

Table III represents data as to training needs on writing critical technical objectives. On this subject, 48.9 percent of fourth level and 28.6 percent of third level



TABLE I

RESPONSES TO QUESTION 1: DO YOU KNOW HOW TO EFFECTIVELY  
 WRITE PAGE ONE OF YOUR POSITION CHARTER? (KEY  
 OBJECTIVE, PURPOSE, PRODUCT/SERVICE  
 CUSTOMER, GEOGRAPHIC/SCOPE  
 AND FUNCTIONAL)

	Need Training		Satisfied	
	N	%	N	%
By Division of the Company				
Sales/Marketing	7	43.7	9	56.3
Finance	3	30.0	7	70.0
Manufacturing	2	22.2	7	77.8
Administration	10	66.7	5	33.3
Engineering	<u>8</u>	50.0	<u>8</u>	50.0
Total	30		36	
By Level of Management				
Third Level	7	33.3	14	66.7
Fourth Level	<u>23</u>	51.1	<u>22</u>	48.9
Total	30		36	

TABLE II  
 RESPONSES TO QUESTION 2: DO YOU  
 KNOW HOW TO WRITE CRITICAL  
 MANAGEMENT OBJECTIVES?

	Need Training		Satisfied	
	N	%	N	%
By Division of the Company				
Sales/Marketing	10	62.5	6	37.5
Finance	5	50.0	5	50.0
Manufacturing	4	44.4	5	55.6
Administration	7	46.7	8	53.3
Engineering	<u>9</u>	56.3	<u>7</u>	43.7
Total	35		31	
By Level of Management				
Third Level	8	38.1	13	61.9
Fourth Level	<u>27</u>	60.0	<u>18</u>	40.0
Total	35		31	

TABLE III  
 RESPONSES TO QUESTION 3: DO YOU  
 KNOW HOW TO WRITE CRITICAL  
 TECHNICAL OBJECTIVES?

	Need Training		Satisfied	
	N	%	N	%
By Division of the Company				
Sales/Marketing	8	50.0	8	50.0
Finance	4	40.0	6	60.0
Manufacturing	4	44.4	5	55.6
Administration	5	33.3	10	66.7
Engineering	<u>7</u>	43.8	<u>9</u>	56.2
Total	28		38	
By Level of Management				
Third Level	6	28.6	15	71.4
Fourth Level	<u>22</u>	48.9	<u>23</u>	51.1
Total	28		38	

managers indicate a need for additional training. Over 40 percent of all divisions express a need for training on writing critical technical objectives.

Training needs with regard to writing specific objectives are reflected in Table IV. Only 9.5 percent of third level managers compared to 46.7 percent of fourth level managers indicate a need for training on specific objective writing. Over 50 percent of all divisions are satisfied with training on this subject. An average of 35 percent of all divisions express a desire for training.

Table V reflects that 33.3 percent of third level and 40.0 percent of fourth level managers do not understand the difference between a critical technical objective and a specific objective. By division, 50.0 percent of Engineering, 37.5 percent of Sales/Marketing, 44.4 percent of Manufacturing, 33.3 percent of Administration, and 20.0 percent of Finance express a need for training on this subject.

Writing a S.O.A.P. (Specific Objective Action Plan) is indicated to be very well understood by the Manufacturing division with only 11.1 percent expressing a need for training. Table VI reflects that 28.6 percent of third and 40.0 percent of fourth level managers indicated a need for training on S.O.A.P. writing. With Manufacturing at the low range of indicating a need for training, 53.3 percent of Administration, 40.0 percent of Finance, 37.5 percent of

TABLE IV  
 RESPONSES TO QUESTION 4: DO YOU KNOW HOW  
 TO WRITE SPECIFIC OBJECTIVES?

	Need Training		Satisfied	
	N	%	N	%
By Division of the Company				
Sales/Marketing	5	31.3	11	68.7
Finance	3	30.0	7	70.0
Manufacturing	4	44.4	5	55.6
Administration	5	33.3	10	66.7
Engineering	<u>6</u>	37.5	<u>10</u>	62.5
Total	23		43	
By Level of Management				
Third Level	2	9.5	19	90.5
Fourth Level	<u>21</u>	46.7	<u>24</u>	53.3
Total	23		43	

TABLE V

RESPONSES TO QUESTION 5: DO YOU UNDERSTAND THE  
DIFFERENCE BETWEEN A CRITICAL TECHNICAL  
AND A SPECIFIC OBJECTIVE?

	Need Training		Satisfied	
	N	%	N	%
By Division of the Company				
Sales/Marketing	6	37.5	10	62.5
Finance	2	20.0	8	80.0
Manufacturing	4	44.4	5	55.6
Administration	5	33.3	10	66.7
Engineering	<u>8</u>	50.0	<u>8</u>	50.0
Total	25		41	
By Level of Management				
Third Level	7	33.3	17	66.7
Fourth Level	<u>18</u>	40.0	<u>27</u>	60.0
Total	25		41	

TABLE VI  
 RESPONSES TO QUESTION 6: DO YOU KNOW HOW  
 TO WRITE A S.O.A.P.? (SPECIFIC  
 OBJECTIVE ACTION PLAN)

	Need Training		Satisfied	
	N	%	N	%
By Division of the Company				
Sales/Marketing	5	31.3	11	68.7
Finance	4	40.0	6	60.0
Manufacturing	1	11.1	8	88.9
Administration	8	53.3	7	46.7
Engineering	<u>6</u>	37.5	<u>10</u>	62.5
Total	24		42	
By Level of Management				
Third Level	6	28.6	15	71.4
Fourth Level	<u>18</u>	40.0	<u>27</u>	60.0
Total	24		42	

Engineering, and 31.3 percent of Sales/Marketing expressed a need for training on writing a S.O.A.P.

Data in Table VII as to training needs on monitoring a S.O.A.P. (Specific Objective Action Plan) during implementation shows basically the same training needs as Table VI on writing a S.O.A.P.

The managers understanding of their division's MBO format seems to be somewhat unclear, with 60.0 percent of fourth level and 47.6 percent of third level managers expressing a need for training. Table VIII shows that 66.7 percent of Manufacturing, 62.5 percent of Engineering, 60.0 percent of Administration, 50.0 percent of Sales/Marketing, and 40.0 percent of Finance division express a need for training on understanding their division's MBO format.

Data in Table IX reflects that approximately one-third of the managers indicated a need for training as to the requirements of the monthly report required in their division. The responses show that 60.0 percent of Finance, 40.0 percent of Administration, 33.3 percent of Manufacturing, 25.0 percent of Sales/Marketing, and 18.7 percent of Engineering need training on what is required of them as to monthly reports.

Effectively measuring specific objective results is harder for fourth level managers than for third level managers. Responses as shown on Table X reflect that 44.4 percent of fourth level and 19.0 percent of third level managers need training. By division, the greatest need for



TABLE VII  
 RESPONSES TO QUESTION 7: DO YOU KNOW HOW TO  
 MONITOR A S.O.A.P. (SPECIFIC OBJECTIVE  
 ACTION PLAN) DURING ITS  
 IMPLEMENTATION?

	Need Training		Satisfied	
	N	%	N	%
By Division of the Company				
Sales/Marketing	6	37.5	10	62.5
Finance	4	40.0	6	60.0
Manufacturing	2	22.2	7	77.8
Administration	8	53.3	7	46.7
Engineering	<u>5</u>	31.3	<u>11</u>	68.7
Total	25		41	
By Level of Management				
Third Level	7	33.3	14	66.7
Fourth Level	<u>18</u>	40.0	<u>27</u>	60.0
Total	25		41	

TABLE VIII  
 RESPONSES TO QUESTION 8: DO YOU FULLY  
 UNDERSTAND YOUR DIVISION'S  
 MBO FORMAT?

	Need Training		Satisfied	
	N	%	N	%
By Division of the Company				
Sales/Marketing	8	50.0	8	50.0
Finance	4	40.0	6	60.0
Manufacturing	6	66.7	3	33.3
Administration	9	60.0	6	40.0
Engineering	<u>10</u>	62.5	<u>6</u>	37.5
Total	37		29	
By Level of Management				
Third Level	10	47.6	11	52.4
Fourth Level	<u>27</u>	60.0	<u>18</u>	40.0
Total	37		29	

TABLE IX  
 RESPONSES TO QUESTION 9: DO YOU UNDERSTAND  
 THE REQUIREMENTS OF THE MONTHLY REPORT  
 REQUIRED IN YOUR DIVISION?

	Need Training		Satisfied	
	N	%	N	%
By Division of the Company				
Sales/Marketing	4	25.0	12	75.0
Finance	6	60.0	4	40.0
Manufacturing	3	33.3	6	66.7
Administration	6	40.0	9	60.0
Engineering	<u>3</u>	18.7	<u>13</u>	81.3
Total	22		44	
By Level of Management				
Third Level	8	38.1	13	61.9
Fourth Level	<u>14</u>	31.1	<u>31</u>	68.9
Total	22		44	

TABLE X  
 RESPONSES TO QUESTION 10: DO YOU KNOW HOW  
 TO EFFECTIVELY MEASURE SPECIFIC  
 OBJECTIVE RESULTS?

	Need Training		Satisfied	
	N	%	N	%
By Division of the Company				
Sales/Marketing	4	25.0	12	75.0
Finance	4	40.0	6	60.0
Manufacturing	3	33.3	6	66.7
Administration	8	53.3	7	46.7
Engineering	<u>5</u>	31.3	<u>11</u>	68.7
Total	24		42	
By Level of Management				
Third Level	4	19.0	17	81.0
Fourth Level	<u>20</u>	44.4	<u>25</u>	55.6
Total	24		42	

training on effectively measuring specific objective results is in Administration with 53.3 percent indicating a need. Sales/Marketing shows 25.0 percent, Engineering 31.3 percent, Manufacturing 33.3 percent and Finance 40.0 percent needing training on this subject.

Responses shown in Table XI indicate that the majority of all managers understand the company goals.

Third level managers feel more competent in implementing management by objectives than do fourth level managers. Table XII indicates 48.9 percent of fourth level managers and 28.6 percent of third level managers do not feel competent in implementing management by objectives. The Manufacturing division with the high of 66.7 percent feeling incompetent in implementing management by objectives and the Sales/Marketing Division with the low of 18.7 percent, Administration, Finance and Engineering fall in between with 60.0, 40.0, and 37.5 percent, respectively.

Data in Table XIII as to feeling competent in monitoring management by objectives shows the same percent of managers feel competent in implementing management by objectives as shown on Table XII.

As to a unified direction within the managers division, the data in Table XIV shows that 57.1 percent of third level and 53.3 percent of the fourth level managers feel there is a unified direction within their division as to the MBO program. The Finance division shows the highest response to

TABLE XI  
 RESPONSES TO QUESTION 11: DO YOU  
 UNDERSTAND THE COMPANY GOALS?

	Yes		No	
	N	%	N	%
<b>By Division of the Company</b>				
Sales/Marketing	15	93.8	1	6.2
Finance	8	80.0	2	20.0
Manufacturing	8	88.9	1	11.1
Administration	12	80.0	3	20.0
Engineering	<u>15</u>	93.8	<u>1</u>	6.2
Total	58		8	
<b>By Level of Management</b>				
Third Level	18	85.7	3	14.3
Fourth Level	<u>40</u>	88.9	<u>5</u>	11.1
Total	58		8	

TABLE XII  
 RESPONSES TO QUESTION 12: DO YOU FEEL COMPETENT  
 IN IMPLEMENTING MANAGEMENT BY OBJECTIVES?

	Yes		No	
	N	%	N	%
By Division of the Company				
Sales/Marketing	13	81.3	3	18.7
Finance	6	60.0	4	40.0
Manufacturing	3	33.3	6	66.7
Administration	6	40.0	9	60.0
Engineering	<u>10</u>	62.5	<u>6</u>	37.5
Total	38		28	
By Level of Management				
Third Level	15	71.4	6	28.6
Fourth Level	<u>23</u>	51.1	<u>22</u>	48.9
Total	38		28	

TABLE XIII  
 RESPONSES TO QUESTION 13: DO YOU  
 FEEL COMPETENT IN MONITORING  
 MANAGEMENT BY OBJECTIVES?

	Yes		No	
	N	%	N	%
By Division of the Company				
Sales/Marketing	11	68.8	5	31.2
Finance	6	60.0	4	40.0
Manufacturing	4	44.4	5	55.6
Administration	6	40.0	9	60.0
Engineering	<u>11</u>	68.7	<u>5</u>	31.3
Total	38		28	
By Level of Management				
Third Level	15	71.4	6	28.6
Fourth Level	<u>23</u>	51.1	<u>22</u>	48.9
Total	38		28	



TABLE XIV

RESPONSES TO QUESTION 14: DO YOU FEEL THERE IS  
A UNIFIED DIRECTION WITHIN YOUR DIVISION  
AS TO THE MBO PROGRAM?

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	Yes		No	
	N	%	N	%
<hr/>				
By Division of the Company				
Sales/Marketing	9	56.3	7	43.7
Finance	8	80.0	2	20.0
Manufacturing	2	22.2	7	77.8
Administration	8	53.3	7	46.7
Engineering	<u>9</u>	56.3	<u>7</u>	43.7
Total	36		30	
By Level of Management				
Third Level	12	57.1	9	42.9
Fourth Level	<u>24</u>	53.3	<u>21</u>	46.7
Total	36		30	

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a unified direction with the Manufacturing division showing the lowest response.

There is a large difference between responses to a unified direction of the managers division and the unified direction within the company MBO program. Table XV reflects that 95.2 percent of the third level and 64.4 percent of the fourth level managers feel there is not a unified direction within the company as to the MBO program. As to divisions, 100 percent of Manufacturing, 86.7 percent of Administration, 68.8 percent of the Sales/Marketing, 62.5 percent of Engineering, and 60.0 percent of Finance division feel there is not a unified direction within the company as to the MBO program.

As to format (forms, reporting, etc.), Table XVI shows 95.2 percent of third level and 82.2 percent of fourth level managers feel the MBO program would be more effective if a format were developed which would be used by all divisions of the company. By division, 93.8 percent of Sales/Marketing, 90.0 percent of Finance, 88.9 percent of Manufacturing, 86.7 percent of Administration and 75.0 percent of Engineering feel the MBO program would be more effective if a format were developed which would be used by all divisions of the company.

In Table XVII, 57.1 percent of third level and 44.4 percent of fourth level managers indicate all of their specific objectives do not have end dates (scheduled completion date of a specific objective). By divisions,

TABLE XV  
 RESPONSES TO QUESTION 15: DO YOU FEEL THERE  
 IS A UNIFIED DIRECTION WITHIN THE  
 COMPANY AS TO THE MBO PROGRAM?

	Yes		No	
	N	%	N	%
By Division of the Company				
Sales/Marketing	5	31.2	11	68.8
Finance	4	40.0	6	60.0
Manufacturing	0	00.0	9	100.0
Administration	2	13.3	13	86.7
Engineering	<u>6</u>	37.5	<u>10</u>	62.5
Total	17		49	
By Level of Management				
Third Level	1	4.8	20	95.2
Fourth Level	<u>16</u>	35.6	<u>29</u>	64.4
Total	17		49	

TABLE XVI

RESPONSES TO QUESTION 16: DO YOU FEEL THE MBO PROGRAM WOULD BE MORE EFFECTIVE IF A FORMAT WERE DEVELOPED WHICH WOULD BE USED BY ALL DIVISIONS OF THE COMPANY? (FORMS, REPORTING, ETC.)

	Yes		No	
	N	%	N	%
By Division of the Company				
Sales/Marketing	15	93.8	1	6.2
Finance	9	90.0	1	10.0
Manufacturing	8	88.9	1	11.1
Administration	13	86.7	2	13.3
Engineering	<u>12</u>	75.0	<u>4</u>	25.0
Total	57		9	
By Level of Management				
Third Level	20	95.2	1	4.8
Fourth Level	<u>37</u>	82.2	<u>8</u>	17.8
Total	57		9	

TABLE XVII  
 RESPONSES TO QUESTION 17: DO ALL  
 OF YOUR SPECIFIC OBJECTIVES  
 HAVE END DATES?

	Yes		No	
	N	%	N	%
By Division of the Company				
Sales/Marketing	6	37.5	10	62.5
Finance	5	50.0	5	50.0
Manufacturing	6	66.7	3	33.3
Administration	10	66.7	5	33.3
Engineering	<u>7</u>	43.8	<u>9</u>	56.2
Total	34		32	
By Level of Management				
Third Level	9	42.9	12	57.1
Fourth Level	<u>25</u>	55.6	<u>20</u>	44.4
Total	34		32	

62.5 percent of Sales/Marketing, 56.2 percent of Engineering, 50.0 percent of Finance, and 33.3 percent of Administration and Manufacturing managers do not have end dates on all of their specific objectives.

Responses by third level managers to the 17 questions show that an average of 39.5 percent express a need for training or understanding related to the MBO program. An average of 47.6 percent of fourth level managers express a need for training or understanding. By divisions an average of 51.0 percent of Administration, 47.0 percent of Manufacturing, 43.0 percent of Engineering, 42.3 percent of Sales/Marketing and 41.8 percent of Finance express a need for training or understanding related to the MBO program training need questionnaire.

## CHAPTER V

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

The purpose of this study was to determine what level of understanding managers in a specific manufacturing company in Tulsa, Oklahoma, have of the MBO program presently being implemented at the company.

The objectives of the study were to identify subject areas to meet the training needs of the managers, determine if areas of understanding vary according to divisions of the company, and determine if areas of understanding vary according to levels of management.

The population selected were 21 third level managers and 64 fourth level managers from the five divisions of the specific manufacturing company used in this study. A questionnaire consisting of seventeen questions was given to the managers to collect data identifying the training needs of the managers as related to the company MBO program.

The responses to the seventeen questions were summarized and categorized in Tables I through XVII. A summary of the findings to the questionnaire is as follows:

1. Do you know how to effectively write page one of your position charter? One-third (33.3%) of the third level

managers indicate a need for training compared to slightly over one-half (51.1%) of the fourth level managers on this subject. By division, Administration (66.7%) and Engineering (50.0%) indicate the greatest need for training on writing a position charter.

2. Do you know how to write critical management objectives? Sixty percent of the fourth level managers indicated a need for training compared to 83.1 percent of third level managers on the subject of writing critical management objectives. An average of approximately one-half of all divisions indicated a need for training on this subject.

3. Do you know how to write critical technical objectives? Responses indicate that approximately one-half (48.9%) of the fourth level managers need training on writing critical technical objectives compared to slightly more than one-fourth (28.6%) of third level managers. By division, 50.0 percent of Sales/Marketing to a low of 33.3 percent of Administration need training on writing critical technical objectives.

4. Do you know how to write specific objectives? Responses indicate there is a greater need for training on this subject by fourth level managers (46.7%) than third level managers (9.5%).

5. Do you understand the difference between a critical technical and a specific objective? Responses indicate that an average of over one-third of all managers need training



on this subject. By division, Engineering managers (50.0%) indicate the greatest need for training on this subject.

6. Do you know how to write a S.O.A.P.? (Specific Objective Action Plan) Responses indicate that the Administration division (53.3%) needs training on this subject more than the other divisions. The Manufacturing division (11.1%) responses indicate they are satisfied with their knowledge on this subject more than any other division.

7. Do you know how to monitor a S.O.A.P. (Specific Objective Action Plan) during its implementation? Responses to this question were basically the same as the responses to question six on how to write a S.O.A.P.

8. Do you fully understand your division's MBO format? Responses indicate the majority (53.8%) of all managers request training on this subject.

9. Do you understand the requirements of the monthly report required in your division? Responses indicate 38.1 percent of third level managers and 31.1 percent of fourth level managers need training on the requirements of the monthly report required in their divisions. By division, Engineering (81.3%) understands the monthly report best, compared to the lowest, Finance (40.0%).

10. Do you know how to effectively measure specific objective results? Responses indicate fourth level managers (44.4%) need training on this subject more than third level managers (19.0%). By division, Administration (53.3%) and

Finance (40.0%) indicate the greatest need for training on this subject.

11. Do you understand the company goals? Responses indicate that an average of over 85.0 percent of all managers do understand the company goals.

12. Do you feel competent in implementing management by objectives? Over seventy percent of third level managers (71.4%) compared to just over fifty percent of fourth level managers (51.1%) feel competent in implementing management by objectives.

13. Do you feel competent in monitoring management by objectives? Responses indicate that the same managers feeling competent in implementing management by objectives also feel competent in monitoring management by objectives.

14. Do you feel there is a unified direction within your division as to the MBO program? Responses indicate that an average of over fifty percent of all managers feel their division MBO program is unified. By division, 77.8 percent of the Manufacturing managers indicate there is not a unified direction in their division, compared to an average of over fifty percent of all other managers feel their division MBO program is unified.

15. Do you feel there is a unified direction within the company as to the MBO program? Responses indicate there is not a unified direction within the company as to the MBO program. One-hundred percent of the Manufacturing division managers indicate the company MBO program does not have a

unified direction compared to 86.7 percent of Administration and an average of over sixty percent of all other division managers.

16. Do you feel the MBO program would be more effective if a format were developed which would be used by all divisions of the company? Responses indicate that 95.2 percent of the third level managers and 82.2 percent of the fourth level managers feel the MBO program would be more effective if a format were developed which would be used by all divisions.

17. Do all of your specific objectives have end dates? Responses indicate that approximately one-half (49.3%) of the managers do not have end dates on all of their specific objectives.

### Conclusions

It can be concluded from this study that:

1. A need exists for training in all seventeen identified subject areas.

2. Fourth level managers have a greater need for training than third level managers.

3. Needs and understanding of the MBO program of the company in this study do vary by divisions of the company.

### Recommendations

For the benefit of the managers to understand and meet their MBO goals it is recommended that training be conducted

for third and fourth level managers based on the manager's identification of need of the subjects identified in this study. In order to have a unified direction within the company with the MBO program, it is recommended that a format be developed which could be used by all divisions.

In order to continually tailor the MBO program to meet the changing needs of the managers, it is recommended that a survey be conducted periodically to determine if the training needs change. Training and understanding help build the feel of commitment which is so necessary in order to have a successful MBO program.

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APPENDIX

THE INSTRUMENT





VITA 2

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