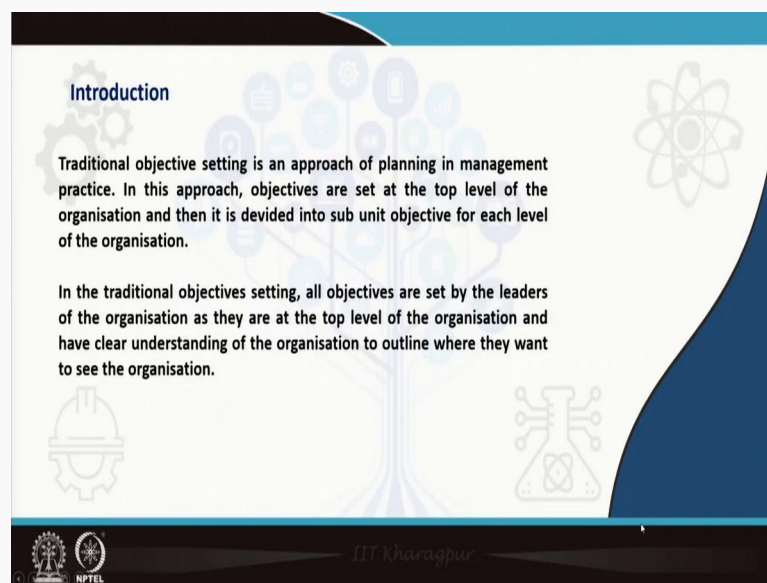


Principles of Management
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Module - 02
Lecture – 08
Traditional objective setting and methods of Planning

Welcome to lecture 3 on module 2. In the previous lectures, we discussed about the definition of planning, types of planning, components of planning you know for example, policy, procedures, programs and then we also seen the process of planning. Today we are going to discuss about Traditional objective setting and methods of Planning. Let us get into the lecture ok.

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Introduction

Traditional objective setting is an approach of planning in management practice. In this approach, objectives are set at the top level of the organisation and then it is divided into sub unit objective for each level of the organisation.

In the traditional objectives setting, all objectives are set by the leaders of the organisation as they are at the top level of the organisation and have clear understanding of the organisation to outline where they want to see the organisation.

The slide features a background with a tree-like structure of icons representing organizational levels and various management symbols like gears and a hard hat. Logos for IIT Kharagpur and NPTEL are visible at the bottom.

What is traditional objective setting? So, it will be very important to you know understand when you are talking about planning, objective setting, then the subsequent lectures we are going to see about forecasting, decision making, strategic planning and on. So, it is important to understand you know how objectives have been set and what are the methods, various methods been followed by the organisations since setting the objectives.

We will start with the traditional objective setting. It is an approach of planning in management practice. Generally, the objectives are set by the top level of the

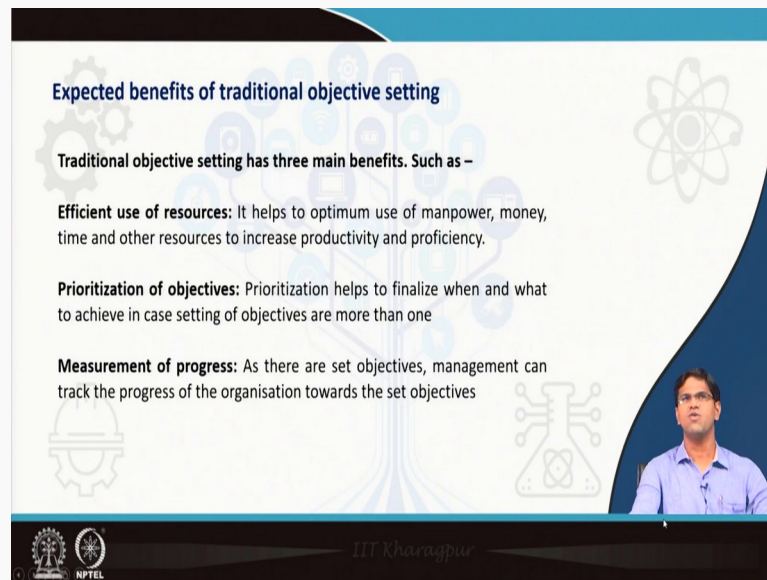
organisation and then, it is divided into sub unit objective for each level of the organization. It is nothing but, where the top-level management people will set the objectives, then those objectives and they and you know for example, in the area every organization, the hierarchy is like a triangle where you say top people at the top on the top management then there are different levels in the organisations.

So, in the traditional objective setting, management people at the top will set the objectives then that will be divided into sub unit level of each levels in the organisations. So, mostly all these objectives in a traditional objective setting are set by the leaders of the organisation as they are at the top level of the organisation and they have clear understanding of the organisation to outline what they want to see the organisation is.

The reason being that the leaders at the top they have the access to all type of information about the organisation you know in terms of financial perspective, in terms of the prospective for the organisation who are our investors, what is our you know next 3 years target, what is our financial situations, how likely we are going to increase or expand our businesses. So, they have the better knowledge about you know organisations.

So, they are able to set the clear objectives then that objective has been you know rolled down to the different levels in the organisation. So, it is like you know top level decides and then each level it you know ripple effect you know where it goes down and then it rolls down to the employees at their bottom level. That is the way they are the traditional objective setting works ok.

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Expected benefits of traditional objective setting

Traditional objective setting has three main benefits. Such as –

- Efficient use of resources:** It helps to optimum use of manpower, money, time and other resources to increase productivity and proficiency.
- Prioritization of objectives:** Prioritization helps to finalize when and what to achieve in case setting of objectives are more than one
- Measurement of progress:** As there are set objectives, management can track the progress of the organisation towards the set objectives

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Now, we will see what are the benefits of this traditional objectives setting. First and important one is efficient use of resources. It helps to optimize the resource utilization in terms of manpower, in terms of money, time and other resources so that, you know we are able to increase the productive and proficiency. As we said you know the people at the top are able to access a lot of information's, more data is provided to them, they are accessing the reports from multiple functional areas for example, let say you know every functional area take the decisions.

Imagine when they collectively taking, there can be an inconsistency, there can be conflict between the functional areas, decision makings. So, but when the decision or the objectives have been set by the top-level people, they are collectively having all these information's.

So, they will be able to make efficient objective setting. So, that you know they will be optimizing the resources in terms of manpower, in terms of money or whatever resources we are talking about they will be able to use the optimum level.

Then prioritization of the objectives; so, you know it is very important. You know in every organization, you will have multiple objectives you know no organisations will only have single objective, you will have multiple tasks, multiple goals to be done. The moment you have you know more than one goals or objectives are there, then it is important to prioritize. You cannot have everything parallely going yeah there are

situation can happen, but even in when you are parallelly sending, you need to prioritize where I can infuse more money, where I can use more manpower.

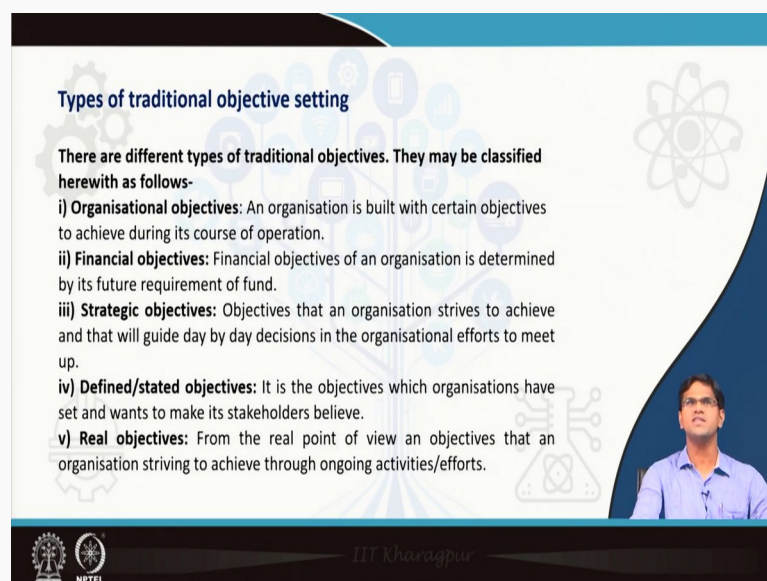
So, the prioritization helps to finalize when and what to achieve in case of setting of objectives are more than one you know it is very important when more than one objective actually the traditional objectives are helping helps to prioritize which will come first, which will come second. So, there is a sequence of objectives goals are prioritized in the number orders.

Then measurement of progress; so, when the you know objectives are set by the top-level management, they know what are the activities to be done. When they know what are the activities to be done, it is easy for them to corroborate the progress ok.

So, this is the target set, what are we doing? Are we you know going in parallel with the objective set even in case if there is a deviation, it actually helps the top management to check so, there are checkpoints, check and balances where this is where the goal set, are they progressing or not?

In case if they are not progressing, quickly go make provide inputs to the particular department or the division so that, they can come back to the same parallel position to towards the target. So, it helps in you know measuring the progress of the work. These are the you know three important benefits of the traditional objective setting.

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Types of traditional objective setting

There are different types of traditional objectives. They may be classified herewith as follows-

- i) **Organisational objectives:** An organisation is built with certain objectives to achieve during its course of operation.
- ii) **Financial objectives:** Financial objectives of an organisation is determined by its future requirement of fund.
- iii) **Strategic objectives:** Objectives that an organisation strives to achieve and that will guide day by day decisions in the organisational efforts to meet up.
- iv) **Defined/stated objectives:** It is the objectives which organisations have set and wants to make its stakeholders believe.
- v) **Real objectives:** From the real point of view an objectives that an organisation striving to achieve through ongoing activities/efforts.

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We will go and see a type of traditional objective setting. You know what are the different types of you know objectives been set. One is organisational objective. An organisation is built with certain objectives to achieve during its course of operation. Every organisations existence is for us defined in specific purpose. So, every organisation will set their objective why we are existing as a company? Ok. What are our goals are? What are our objectives are? As an organization, what I wanted to go?

For example, ISRO taken ISRO as an organisation. So, ISRO's objectives are to you know of course, you know I explore the you know a satellite you know launch the satellites and you know support the national building exercises and you know also supports the national production security and also in terms of you know advancing the technology and science. So, there can be multiple objectives. So, but organisation existence will have to have a specific objectives and goal.

Then, financial objectives that is very important. Let us say as an organisation we are existing for some specific purpose, then you will have a financial objective ok. As an organization, what is my financial objective ok, how much of revenue I want to generate in the upcoming year or in the 5 years ok, what are my costs are.

So, there are financial objectives with respect to a specific function in terms of profit, in terms of cost cutting, in terms of savings it can be you know austerity practices to in order to reduce the expenses. So, financial objectives are also one set of objectives in the tradition objective setting.

Then, strategic objective; you know objective with an organisation strives to achieve and that will actually guide day by day decision in organisation efforts to meet up the goals been set. So, strategic objectives are very important because that will drive the decision making for day to day functions. So, that you know the you are able to progress towards achieving what is being set for an overall organisations. So, strategic objectives are to be set because it will go into drive the decision making.

Then, defined or stated objectives. So, it is where you know organisation have set or wants to make some certain you know want to communicate to a stakeholder. Because every organisation will have multiple stakeholders ranging from you know investor, shareholders, employees, customers, government as a stakeholder there can be multiple stakeholders. So, organisation wanted to have a clear objective and there is defined

objective which is already set, then they also wanted to make sure that yes this is what our objective and they wanted to communicate the same objective to their respective stakeholders.

Then, real objective; we will be now wondering what is that real objective. Is that objective what we are set is not a real. So, sometimes what will happen you know we define an objective. You know organisation will define an objective, set an objective you know there are always a likely change to happen. You know real objective is always driven by what has been done, what has been carried out that becomes the real objective.

So, yes, we are doing the certain activity then, the real objective yes to do this particular set of activity is the real objective. There can be always you know possible changes subsequently can happens, so that is why real objective is to what has been delivered, what is we are driving to deliver it. So, that becomes a real objective ok.

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Major areas of traditional objective setting

According to Drucker, P.F. there are eight areas on which objectives have to be set. The areas include the following-

- i) **Physical resources:** It includes the resources related to infrastructure, land and properties and human capital of the organisation.
- ii) **Financial resources:** It includes the recurring and non recurring grant, capital accumulated and internal and external sources of funding.
- iii) **Innovation:** Innovation relates to product designing, staff mobilisation, quality output generation by the employees and management.
- iv) **Market standing:** In case of production, trading and business houses market stand influences directly on the achievement of objectives set.

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Now, we will try to understand you know what are the different types of resources, that we are going to consider you know when they are making objective setting ok. So, one is physical resource yes when you are making an objective, you need to consider the physical resource their foremost and important you know consideration when you are making the objective.

You know in to relates to infrastructure, it relates to properties, it relates to human capital, human capital is nothing but, you know how much of manpower I should have. So, the physical resources are important.

Why physical resources are important? Let us say you know as a company, I have only one production unit. Now, let us say my target for the next 1 year or let is say next 2 years I wanted to expand my customer segmentations, you know increase my production from you know 100 metric ton to 500 metric ton the moment I keep my target or the goals being set like you know increasing from 100 metric ton to a 500 metric ton, then I should understand what are my infrastructural needs are. Is it sufficient to have only one production area to continue to produce or should I increase my infrastructure?

Then should I have to go lease out a property or should I buy because this decision is also driven for the next important resource because when I wanted to buy a land and then construct, that is going to be huge cost involved, then there can be a potentially another lease out active you know leasing out the property. It can be like you know because it is quicker also because you know you do not need to you know spend time of construction all that you can go identify a better place and then lease it out.

So, then becomes a financial resource. Yes, you know you need to it includes a recurring and nonrecurring grant, capital accumulated, internal and external source of funding, you know you need to understand the financial resources in the organisations when you are wanted to make an objective ok.

So, you should also set your financial objectives also as we have seen in the previous slides, that you know financial objective is important. You need to understand the financial resources in the organisation what are our fixed cost, what are non-fixed cost, what are my you know sources of funding, how I am going to generate revenue, who is going to be the investor, how I am going to report my investors, what is my plan for revenue generations profit making all that has to be done.

Then innovations. Innovation objectives relates to product design, you know staff mobilization, quality output generation by the employees and management. You know because you know as a company, you always have to you know think over your existing product. Can you have an opportunity to bring come build up some more product or you can make some changes to the existing product itself so that, you know you trying to be

able to attract more customers. So, that is a product designs involved you wanted to design a new product or make some design, redesign the existing products that should be an innovation objective also.

Then market standing. In case of production, trading and business houses market stand influences directly on achievement of the objectives set. You know you also need to determine where is what is your market stand. You know whom you really wanted to target on? You know there can be you know multiple players operating in a same business environment, but you know as a player within the same market, you will decide who will be your customer segments.

For example, take air conditioner you know companies let us say you know Voltas, Blue Star, you know O general, Hitachi. If you look at you know there are specific companies, their target segments are different.

For example, you know Blue Star their major market share is on the you know industrial hubs or the larger organisations whereas, you know some O general or let us say you know Hitachi or Panasonic, they are into the you know individual, you know for the individual houses. So, there are different kind of you know ways they wanted to say the markets and where do I want to fix my market standing ok.

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Major areas of traditional objective setting

- v) **Productivity:** It relate to the performance of the employees and strategic action taken by the management for achieving the objective at desired level.
- vi) **Profitability:** Objectives set in an organisation to minimize cost, time bound work and optimum use of resources may help earn profitable objective.
- vii) **Manager's performance and development:** Management plays the top level directions, decisions in the objectives they set and put it downline to lower employees.
- viii) **Workers performance, attitude and public responsibility:** Workers are at the implementation and achievement of objectives set by top level management. They are encouraged to work with efficiency.

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Then, productivity related objectives. It relates to the performance of the employees and strategic action taken by the management for achieving the objective at a desired level. So, now, when you are talking about productivity-based objective, you also see it what is the efficiency rate I am expecting, what is the productivity everyday productivity rate I am expecting so, you will always set the targets.

So, that you know you are able to optimize the resources in a better way to continue to have a better productivity, better efficiency at the workplace and you want to do you know ensure that you know my employees are working towards the particular efficiency been set what is the target is been set so that, now we are continue to be a competitive player at the market business environment.

Then profitability objectives; you know every organisation exists for a reason. One is that you know it generate money, generate revenue. So, every organisation will definitely wanted to make profit. Now the moment I say make profit, there can be multiple ways you can make profit. One is one way you know maybe you wanted to minimize the cost and expenses that will also give you some opportunity cost that you will have some more profit.

Another is you know you tab new opportunities or revenues; you expand your business where your customer base is increasing that will also give you profit and you know time bond work, you know optimizing the better utilization of the resources that will also contribute towards a profit generation. So, you will also set the profit objectives, every organisation is also set the project you know profit objective.

Then managers performance and development. So, management plays the top-level directions, a decision in the objectives they set and put in down line to lower employees. So, managers performance and development; because, you know in every organisations, managers becoming a responsible to drive their subordinates; managers are the one who are responsible to drive the all activities in the organisation.

So, you need to create an objective that now how each manager is going to function and how many people they are going to supervise, how they are going to drive the activities of the you know subordinate employee so that, you know collectively you are able to achieve the organisation goals.

So, there will be a manager you know in order to review the manager performance and you also gain the managers you need to in terms of providing training objectives, you know what ways in which I should train my manager so that, you know they are continue to support my organisations growth.

Then another important thing comes here workers performance, attitude and public responsibility. Now, workers are at the implementation and achievement of the objectives set by the top-level management.

Because you know though top level management can set some objectives, but again as I said it will roll down to the bottom, bottom is the one who is the you know employees who is working, who was trying to produce the product and maybe sometimes if you look at you know service sectors where they are the one who is interacting with the client, sending your products, marketing your products. So, finally, the performance is done by the lower level employees or the employees at different office or different line or the subfloor.

So, you know you need to ensure that there are objectives set in order to you know in performance management of the employees and how do you manage the workplace behavior, attitude of the employees.

So, that you know they are always motivated, they really like to contribute towards your organization, you know how do you do you may have to set up then performance evaluations, how much of increment you are going to give when they are continuing to produce really high, their efficiencies are high.

There are some ways you need to ensure that you know you are going to motivate your employee. Some ways of recognition, you know best employer of the month and you know let us say you know top performer of the month, the top performer of the week that is also will you know motivate employee.

So, objectives have to be set focusing on the worker performance and they are focusing on their attitude and behavioral perspective also that is important when you are setting the traditional objective setting yeah ok.

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Characteristics of traditional objective setting

Well set traditional objectives have four main characteristics:

- 1. They are precise and measurable:** It gives managers a standard against which they can judge their performance.
- 2. They address important issues:** To keep focus, few major objectives to assess the performance and they should address crucial issues.
- 3. They are realistic:** They motivate employees to improve the performance of the organization.
- 4. They specify a time period:** Time constraints tell employees that success requires a goal to be attained by a given date which can inject a sense of necessity for achieving the objectives.

Well-constructed objectives also provide a means to assess strategy effectiveness and evaluate the performance of managers.

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We will see the characteristics of traditional objective setting. So, there are four main characteristics. 1st you know one is they are very precise and measurable. Why they say you know it is very precise and measurable? As I said you know top level management sets the objectives, they set it very clear so that, you know it is able to help the managers to do their day to day activities right.

So, it will give the managers standard procedure this is what you need to do, it will give you very clear indication about what we have to do, what are the steps you need to carry out so that you know this will become a guidance to measure the performance also because it will tell me you have to do 1, 2, 3, 4 when I say 1, 2, 3, 4 that will actually tell me whether my employees are able to do this 1, 2, 3, 4 no not. If not, then you say they are not doing it; there you are able to measure.

So, actually traditional objective setting provides in a clear and precise way of doing work and also it helps to measure whether it is done or not. Then, this you know traditional objectives address important issues. You know few major objectives to assess the performance; they should address the crucial issues. Why they address the important issues because when the traditional objectives have been set by the top-level management.

As I said, you know they have access to better information's since they are able to understand the complete resources in the organisation it can be physical resources,

financial resources or in terms of a time constraint they have the better things and then they know what are the type of issues which is existing within the organisation's and if I can be sometimes can be inter departmental conflicts or inter functional domain conflicts or maybe sometimes between you know based on the quality issues. So, they have a better knowledge about it.

So, when they are set the objectives, they consider the way in which those issues can be better handled ok. Then, they these traditional objectives are realistic. So, how what did they say realistic because you know when you set an objective, when you say this is the target then employee should feel that you know it is achievable. The moment I say achievable, it is a realistic target. So, when the moment you provide a realistic achievable target, employee will be motivated.

Let me give an example which I have also given in the previous lectures. Let us say I am a salesperson so; I am selling an insurance to my clients. Now, so, every month my target used to be 15 oks. Now after this you know process of you know the exercise of objective setting, now the top management says your objective is going to be 50. Previously I was making my target is 15, now it is 50.

Now, the moment I say this is your target. So, you know based on the you know likelihood to sell the insurance policy is also important factor to be considered in setting the target. When the moment they say you know when as a salesperson I do not see a scope to sell more than 15 and then, I my company demand that I should sell 50 then, I feel it is an unrealistic goal.

The moment unrealistic targets have been set what will happen eventually it will actually demotivate the employee. Employee will feel that I am very sure it is impossible to sell 50 insurance policies in a month. Then, what will happen? It is going to impact my motivation. The moment it will impacts my motivation, I do not even sell 15 which I was earlier doing it right.

So, but whereas, the objectives you know traditional objectives they will set the realistic objectives. So, that you know it will actually improve the motivation of the employees and it will also ensure that yes, you know continuous performance is ensured and employees are able to achieve the target which is very realistic in nature. They when they set the objective, they know they will also consider the general business environment,

what is the way in which the business is operating. So, they will set the realistic goals so, traditional objective setting will actually set the realistic goals.

Then, they specify a time period. When they define an objective then when they set a goal, they always provide a time frame within which it has to be done. So, for example, when the goals are set or the targets have been set, it will say within this many months we are going to complete it, within 6 months we are going to you know create this many a products or let us say we are going to generate revenue within 6 months so, there is a defined specific period which is given.

So, actually it will also drive me because the moment there is no time frame provided, it will not help an employee to see the end right. When you are into the cave, you need to see the end. So, end if you say if you travel let us say you know you are traveling when you are train to pass through the you know tunnel so, when the moment you know train pass through the tunnel let us say the driver knows that whether it is going to be only 1 kilometer tunnel, then I know after 1 kilometer, traveling the tunnel I can see the light.

Similarly, there should be a time frame should be given so that, my employees know so, within this time frame we need to you know achieve. So, these are the major characteristics of the traditional objective setting yeah.

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Integrated network of traditional objective setting

When the organisational hierarchy clearly defines the objectives, it forms an integrated network that is stated as 'means-end-chain'.

In this network, accomplishment of certain objectives at one level serves as the means of achieving objectives at the next level. This may be as follows:

1. **Individual employees' objectives:** Works first to achieve irrespective of quality.
2. **Department's objective:** Strives to increase productivity irrespective of means
3. **Division's objective:** Strives to see a significant improvement in the productivity of the division as a whole
4. **Top level's objective:** Strives to see the highest performance of the organisation.

These are the different ways of functioning integrated network

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We will go about and see integrated network of traditional objective. It is very interesting concept you know you will be you know learning it now ok. When an organisational hierarchy clearly defines the objective, it forms an integrated network is stated as a means end chain. How this means end chain sets? Because as I said, the objectives are set at the top level. The moment the objectives are at top level as I said it will roll down to each level, so what will happen? When each level and they set the objectives.

Now, what will happen let us see one objective when the end of the one objective will create the next objective you know next people to take it forward. So, there is always a means end chain is been ensured ok. So, there are you know in it creates a network right. What is that network it says? Accomplishment of a certain objective at one level serves as the means for achieving the objectives at the next level.

For example, let us say from the shop floor ok. So, shop floor I am having a sequence of activities ok. I produce a goods so then, that is the end of my production floor. So, then what will happen? This particular product will go to a QC quality check.

So, what now you can relate that example this is a network where I finished producing a particular product that is end for this particular you know activity, but whereas, this becomes the start for the next activity when is where is a quality section, where quality section goes inspect the quality of the product being produced.

So, this is the network which is creating you know the means end chain when one process ends the it becomes the starting point for the next you know process.

So, similarly you know when objective is met in one level it becomes the beginning for the objective of the next level this may be as follows. You know individual employees' objectives you know why you know employees will work first to achieve the target whatever it is given, then they do not talk about the quality first, they wanted to achieve the target first.

Then as I said now for example, as an example I have given in the product development, when you produce a product then becomes a quality departments role to see the quality of the product right. Then department objectives; it is like you know individual; no objectives that has been set at the top level then rolled down to the lower level employee

now what is happen as I said the performance are generally done by the employees at the lower level. So, now, so, how the means to end network starts?

The employer at the lower level performs first, it then it moves to the department objective so, individual objective set how much has to be done, what is the quantum of the work to be done, then it goes to the department objective. As a department, how much you have to achieve, so, are you know coordinating with the lower level employees so that, you are able to achieve the department level objective, then from the department level objective is a division level objective.

Then the division level objective will add on to achieve the top-level objective though now you can see the parallel one sees the objectives are traditional objectives are set by the top level, but it has roll down to the lower level employees. Now, the network you know integrated network how it is happening?

It is other way around where the lower level employees start to work, then the department level objective has been met, they have been decided, then that has been met, then it goes to a division level objective the moment division level objective is been set, then it is contributes towards achieving the top-level objectives. So, that way it tries to achieve the highest performance in the organisation.

For example, let us say the top-level objectives I need to generate revenue of 5 crore rupees in this year so that is the top-level objective, but how do I achieve these 5 crore rupees generating the revenue then maybe again it depends on the what kind of a product or a service I do.

So, it will roll down to a you know department on a product development department, then it goes to the employees and the shop floor, you produce the product, then there is a marketing department they market it, they sell it, they then they connect the revenue so then, you are able achieve the 5 crore as your revenue generation.

So, you see this is a network of activities, this is an integrated network every you know divisions are may integrated. One employee finishes their work, then it goes to department objective then the department objectives has been met that then it is able to achieve the division level objective, then it moves to the top-level objectives where they resolve integrated network of traditional objective setting ok.

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Process of traditional objective setting

The process of traditional objectives setting may be described as follows-

1. Classification of objectives as per nature and function of the organization which may be short term, medium or long term.
2. Objectives need to be rational, reasonable and realistic with adequate consistency.
3. Most of the organizations have multiple objectives covering different areas and units of operations that need to be integrated.
4. Balancing the objectives should be taken with adequate knowledge, skills and thought of the management.

The slide features a blue and white color scheme with decorative icons of gears and a molecular structure. A small video inset in the bottom right corner shows a man in a blue shirt speaking. The NPTEL logo and 'IIT Kharagpur' are visible at the bottom.

Now, we will also see the process of traditional objective setting. So, what is the process in which the traditional objectives are being set? First the classification of objective as per nature and function of organization which may be a short term, long term or a medium term so, you know the classification based on the nature and functions it will be done.

Then, objectives need to be a rational, reasonable and realistic with adequate consistency. As I said, any objective should be very rational you need to look at all the alternatives and see what is viable, feasible and it should be reasonable and realistic with an adequate consistency there is a consistency between the objectives being set.

Then, most of the organization have multiple objectives covering different areas and units of problem that needs to be integrated. As I said, in every organization you will always have multiple departments.

So, multiple departments will have their you know their own objectives also, but the moment you have their own objectives, but it is not that you know it can be independent of each other, it should be interconnected and then integrated so that, you know collectively it is able to achieve the organisational goals.

Now, balancing the objective should be taken with adequate knowledge, skills and thought of the management. As I said, you know you need to balance the objectives you

know how you are setting the objectives or we balancing the objectives you know it should not be too high, unrealistic so, you need to balance the objectives with the adequate knowledge.

You know management has to involve as I said now traditional objectives have set by the top-level management so, they have to you know thought through the process and you know ponder around the possibilities, alternatives, the way in which you use the resources.

And you know constrains are existing in terms of general business environment, constraint internally in the company so, it all to be considered when you are balancing the objectives. These are the process of objective setting ok.

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Approaches of traditional objective setting

There are two major approaches of traditional objectives setting. This may be as follows:

- 1. Traditional approach:** It is age old practice that people at the top of the organisation always set the objectives for those working at the lower levels. It is basically one way approach and attached authoritarian style of functioning. It is neither motivational nor promotional to the employees' sense of commitment and responsibility.
- 2. Management by objective approach:** It is based on converting an organisational objectives into a personal objectives on the presumption that establishing employees' objectives makes them committed which leads to productivity. It is an approach of setting objectives jointly by superiors and subordinates.

The slide features a blue and white color scheme with decorative icons of a gear, a lightbulb, and a network diagram. Logos for IIT Kharagpur and NPTEL are visible at the bottom.

Now, we will be we will see the approaches of traditional objectives. There are two approaches; one is a traditional approach which is nothing but in a very age-old practice that you know people at the top of the organisation always set the objectives for working at the lower levels and there is another approach which is a management by objective.

Let us say you know MBO approach which is you know where it is of the very similar you know where the decision or the objectives or goals or targets been set by the top level, but what has happened this is the top level objectives has been rolled down to the

lower level where the employees also participate in deciding their you know targets. So, that you know it is collectively achieving the organisational goal.

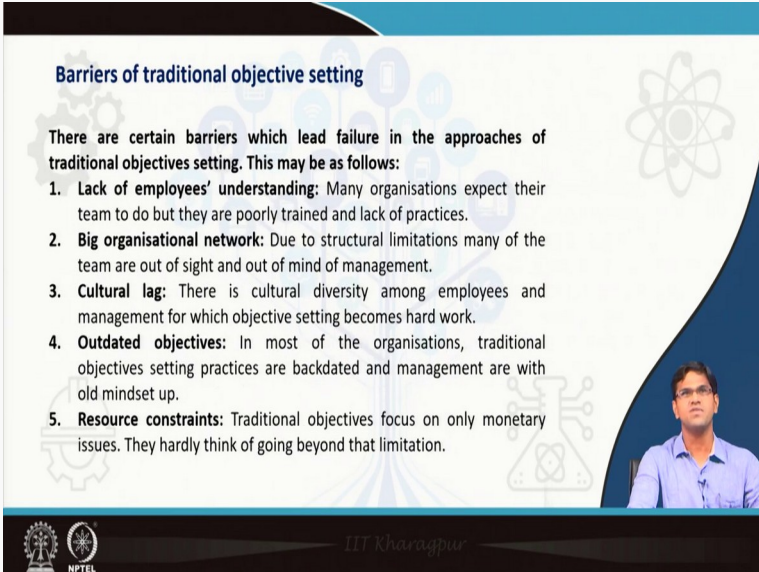
So, what will happen? You know key results area, key performance indicators. So, what will happen the manager and the employee will participate and decide what will be my goal for next quarter, what will be my target for the next 1 year.

So, the management objectives will also provide an opportunity where you know employees and the manager can collectively involved and set their target, but this target will have to support the target set by my company or the top level.

But whereas, it a traditional approach, it is very clear no participations, no managers or employees will make any contribution towards setting their own objectives, it is only objective set with the top level.

Whereas, in a management of objectives, but top level will set the targets, but for each level they are given freedom to set their own way of you know fixing the target, but in order to integrating achieve the overall organisational targets. So, that is the management by objective approach. There are two different approaches: one is very traditional approach and another is a management by objective approach ok.

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Barriers of traditional objective setting

There are certain barriers which lead failure in the approaches of traditional objectives setting. This may be as follows:

1. **Lack of employees' understanding:** Many organisations expect their team to do but they are poorly trained and lack of practices.
2. **Big organisational network:** Due to structural limitations many of the team are out of sight and out of mind of management.
3. **Cultural lag:** There is cultural diversity among employees and management for which objective setting becomes hard work.
4. **Outdated objectives:** In most of the organisations, traditional objectives setting practices are backdated and management are with old mindset up.
5. **Resource constraints:** Traditional objectives focus on only monetary issues. They hardly think of going beyond that limitation.

The slide features a blue and white color scheme with a video inset of a man in a blue shirt speaking in the bottom right corner. The background includes faint icons of a gear, a lightbulb, and a network diagram. Logos for IIT Kharagpur and NPTEL are visible at the bottom.

Now, we will see the barriers of traditional objective settings. So, some of the you know barriers or I would say limitations of traditional objectives you know lack of employee

understanding. What generally happens you know many organisations expect their team to do, but they are poorly trained and lack of practices. You know sometimes as I said you know decisions been set by the top level, it is an arm chair kind of a planning where top level decides the targets sometime they are not considerate about the needs and requirements or not able to understand what is the reality at the lower level, what are the capacity of my employees, that will actually become a limitation or a barrier in the accreditation objective setting.

Then, big organisational network. There are times where you have a bigger organisation where the you know due to a structural limitation many of the teams are out of sight and out of mind of management.

You know used organisations where you know with the we imagine a company with 10,000 employees at many levels of the employees, then top-level management decides the objectives where they might be you know not considering the employees at the lower level. They did not even know what who are those people, what are the general activities they do, they ignore in considering they're in these people in their main objective formulation.

Then, cultural lag; there is in a cultural diversity among employees and management for which objective setting becomes hard work. For example, let us say you know as a company operates in multiple locations, every region has got their own different cultural practices, believes in systems, value systems so, when you know let us say you know I have a cooperated headquarter in Delhi imagine.

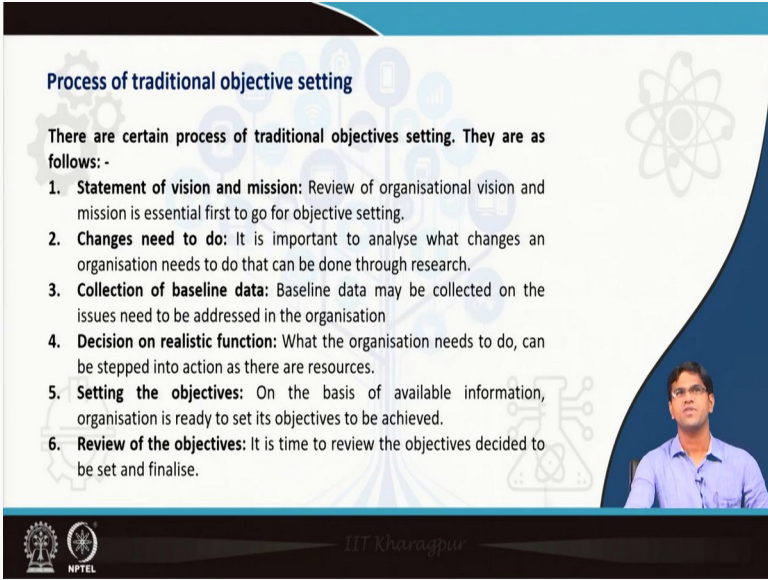
Then, I have my locations in Mumbai, Kolkata, Chennai, Hyderabad, Bangalore multiple locations. When I you know do not consider the local culture and believes in value practices, then I fix a certain objective that will actually impact it, become very difficult for a management to get the support from the people from the different locations because the cultural lag will impact it.

Then, outdated objective; sometimes, you know the traditional objective settings practice are backdated. Management are with the old mind set up they say no we designed you do it correct so, but whereas, now with a lot of advent of which technology and the advancement where we need to you know it is a different approach you know bottom up

approach rather than the top to bottom now it is a bottom up approach where you know you need to learn and hear from the bottom to achieve it.

Then, resource constraints; there can be an essentially a resource constraints traditional objective focuses only on monetary issues, they might ignore and other perspectives so that can become a constraint ok.

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Process of traditional objective setting

There are certain process of traditional objectives setting. They are as follows: -

1. **Statement of vision and mission:** Review of organisational vision and mission is essential first to go for objective setting.
2. **Changes need to do:** It is important to analyse what changes an organisation needs to do that can be done through research.
3. **Collection of baseline data:** Baseline data may be collected on the issues need to be addressed in the organisation
4. **Decision on realistic function:** What the organisation needs to do, can be stepped into action as there are resources.
5. **Setting the objectives:** On the basis of available information, organisation is ready to set its objectives to be achieved.
6. **Review of the objectives:** It is time to review the objectives decided to be set and finalise.

The slide features a blue and white color scheme with a background of faint icons representing technology and research. A small video inset in the bottom right corner shows a male presenter in a blue shirt. The footer includes the IIT Kharagpur and NPTEL logos.

So, the process of traditional objectives we will see; so, statement and statement of vision and mission. So, review the organisational vision and mission statement first to go for the objective setting.

It is a very essential to understand the organisation vision and mission statement why you exist as an organization. Then changes need to do; it is an important to analyze what changes an organisation needs to do that can be done through research. So, you need to consider before you are setting the say objectives, you need to go through the do a research to see what are the changes you need to make.

Then, collection of baseline data; you need to collect some baseline data so that, you know you are able to have adequate information's before you are setting the objectives. Then, decision on a realistic function. You know you need to look at the all after collecting all the information's, then collate the information's, try to see what are the possible ways of doing things, then you see fix up the realistic ones.

And then, after doing all this alternatives has been discussed, then you setting the objectives then you need to set the objective on the available information's with a realistic information provided so that the objectives become achievable otherwise, if you are said without the adequate information or setting some objectives then become non achievable it become a unrealistic in nature.

Then, review of the objective. Once that objective is been set, it should not be a rigid, you need to revisit the objective ok. So, check considering the changes, considering the up gradations and the subsequent actions is the objective still holds good or not. Should we revisit the objective, should we revise the objective so, that decision has to be taken ok.

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Methods of Planning

There are four important methods of Planning in management. They are-

- **Clarification of issues and problems:** Enough time and thoughts to be given to understand problem and compare options. Several structural techniques are adopted for this exercise.
For better clarification and understanding on the problems there are techniques, like-
- ✓ **Brainstorming:** Making employees thinking and thinking and discussion
- ✓ **SWOT Analysis:** strength, weakness, opportunity and threat analysis
- ✓ **Problem trees:** from complex/big issues to small /simple issues
- ✓ **Logical framework analysis:** on the cause and effect relationship
- ✓ **Force-field analysis:** Ranking several options in a systematic way
- ✓ **Role play:** assigning different team to interpret problems

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So, now, we are going to see the methods of planning. Now there are three things to you know important, four important methods of planning. One is clarification of issues and problems: you need to you know enough time and thoughts to be given to understand the problem and compare the options.

In every planning, you need to understand the issues. What is the issue we are going to work on, what is the problem you are going to address on, then you need to see alternates being created? It is always against the best alternatives you need to choose the best way of actions.

How you can do? You can do through brainstorming you know ponder over the idea, bring people, discuss about the possible ways in which you do, then SWOT analysis you know Strength, Weakness, Opportunity and Threat, you know you collectively decide on what are your strength, weaknesses, there are what are the opportunities, what are your threats.

Then, problem trees you to do a problem trees for example, complex big issues to small issues. Then, logical framework analysis you know cause and effect relationship to try a kind of a you know framework and then you will be able to understand what causes which one so the constant effect relationship, then also do a role play assigning team different team to interpret the different problems. So, that you have an additional you know sufficient information before you make your planning.

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Methods of Planning

- **Analysing spatial and inter-sectoral relationship:** Planning is done keeping in account for cross cutting functional and spatial relationship together with computer simulations and model in regional economic geography.

Analysing spatial and intersectoral relationship include thee following techniques:

- ✓ **Maps and land use plans:** to see a composite picture of selected areas
- ✓ **Computerized simulations:** how land use will change for population growth and other causes.
- ✓ **Models in economic geography:** I helpful to understand how different kinds of investments create demand for credits and other supports.

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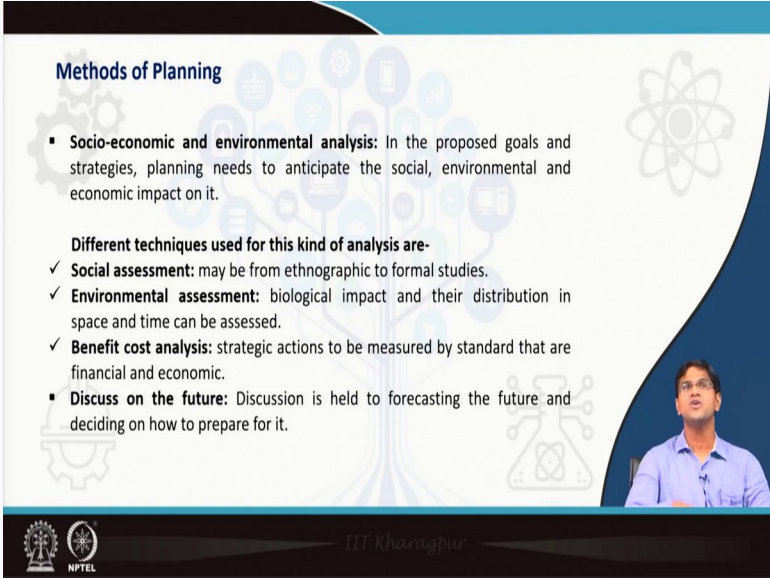
Then, analyzing spatial and inter sectoral relationship. You know for example, you know some sectors are interconnected, whatever the planning you are going to do that will have a you know inter dependency that is going to impact your plan decisions or the way you are going to functions.

So, when you are making the planning, it is very important that you know you analyze the spatial and inter sectoral relationship you know for example, map and land used plans to see composites picture of the selected areas, how we are going to operate and

sometimes when we use the simulations techniques computerized simulations how the land use will change for a population growth and other causes.

So, how the expansions were now I say city, expansions are happening. There can be multiple things has to be considered before you are making your planning.

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Methods of Planning

- **Socio-economic and environmental analysis:** In the proposed goals and strategies, planning needs to anticipate the social, environmental and economic impact on it.

Different techniques used for this kind of analysis are-

- ✓ **Social assessment:** may be from ethnographic to formal studies.
- ✓ **Environmental assessment:** biological impact and their distribution in space and time can be assessed.
- ✓ **Benefit cost analysis:** strategic actions to be measured by standard that are financial and economic.
- **Discuss on the future:** Discussion is held to forecasting the future and deciding on how to prepare for it.

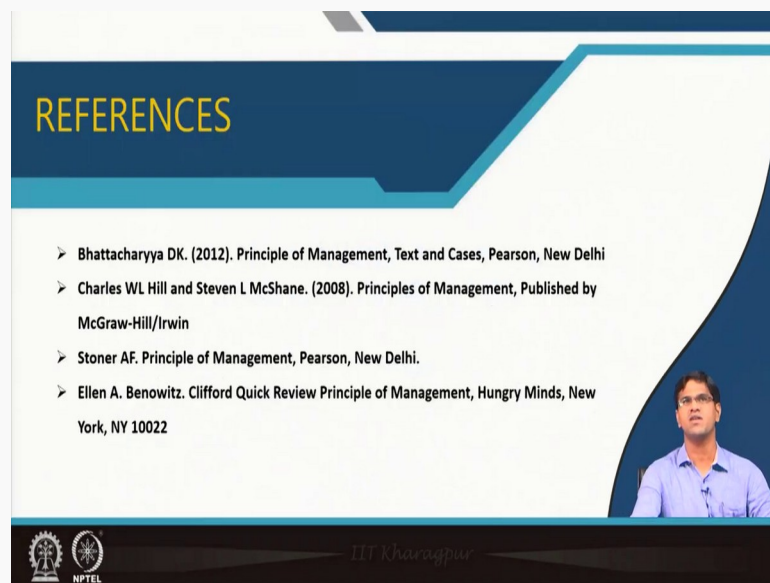
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Then, socio economic and environmental analysis; you need to do you know the socio economic, environmental analysis before you are making the planning. It is very important you need to anticipate certain social and environmental and economic impact because whatever the activities you do, you are going to be in the general environment. So, you need to do the social assessment may be from an ethnographic to a formal study to understand the social assessment is it to launch this particular product or is it going to be backfiring us.

Then, environmental assessment; you should see you know what is the impact which you are going to make on the you know environment, are we you know environmental friendly product then benefit and cost analysis has to be done, what is the benefit, what is the cost of doing this particular activity or the product.

Then you are should also discuss on the future. You know try to do the forecasting you know trying to see the future, what is likely to happen based on the information's you know in order to do this socio economic and environmental analysis.

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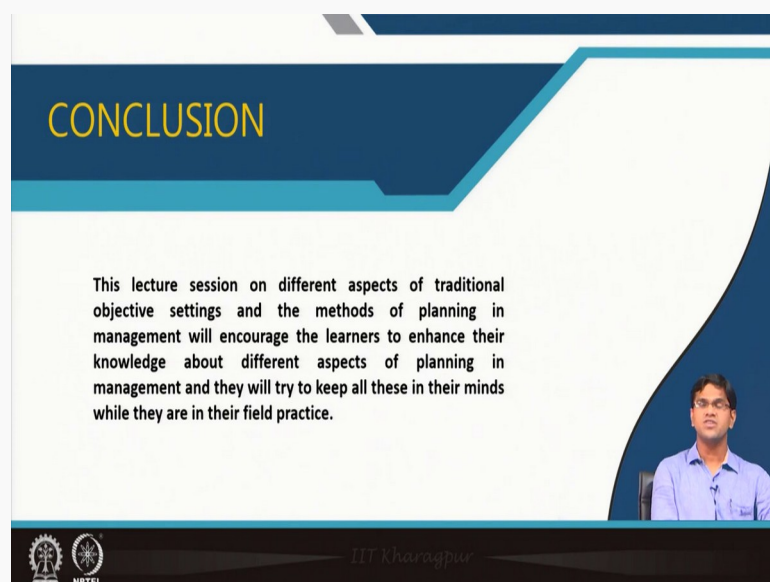
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So, these are the you know methods of planning as I said you know you need to consider new alternates and the socio-economic assessment and then, you know you need to understand the intercept relationship these are the references.

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CONCLUSION

This lecture session on different aspects of traditional objective settings and the methods of planning in management will encourage the learners to enhance their knowledge about different aspects of planning in management and they will try to keep all these in their minds while they are in their field practice.

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So, today we discussed on the traditional objectives and the types of traditional objectives, the process of traditional objectives, the merits and barriers and the limitations. Then, we also seen methods of planning what when you are making a planning, what has to be considered.

Thank you.