Management by Objectives (MBO) has been practiced throughout the world. Although the successes of this widely applied managerial approach are numerous, there are also many failures. What has gone wrong? The concepts underlying MBO certainly are sound. The fault may be with its implementation. This article deals with one crucial aspect which answers the question of many MBO participants: "What is in it for me?" People want to know how they can benefit from a new managerial approach such as MBO. One way to integrate organizational demands and individual needs is career management, which consists of career planning and development. Both aspects have been neglected in most MBO programs.

**Career Management - The Neglected Aspect in the MBO Process**

It is somewhat surprising that career management has not received more attention from practicing managers since management development - one aspect of career management - is occasionally mentioned in the MBO literature. Peter Drucker, who usually is credited with popularizing the MBO philosophy, emphasized participative goal-setting, self-direction, and self-evaluation. Clearly, self-direction implies that managers can integrate their career path with MBO while at the same time contributing to the organization. Douglas McGregor, who called attention to the shortcomings of traditional appraisals that focused on personality traits, saw MBO as a means for self-development. Specifically, subordinates, according to McGregor, set short-term performance goals for themselves, and agree with their superiors on the objectives. Performance is then evaluated against these standards. This process is essentially self-appraisal with the potential for self-development. George S. Odiorne, who wrote the first book with the title Management by Objectives, devoted a whole chapter to the setting of personal development goals. Similarly, John Humble, a well-known management consultant in Europe, made management development a critical part of his MBO model. Other authors focused on the motivational aspects of MBO. Specifically, MBO is seen as integrating individual objectives with organizational aims. Again, the utilization of individuals' potential and the development of individual strengths within the framework of career development is implied.

Although there are references in the MBO literature to career development, in practice there is little evidence that career development plays an important part in MBO. One study showed that management development, which is closely related to career development, was hardly mentioned as one of the advantages of the MBO program in a large bank. Another study showed that...
of the many purposes an MBO program serves, the development of managers - a response which 
would come closest to career planning - received a very low index of importance. What, then, 
accounts for the low importance attributed to career development in the MBO program? One 
reason might be that MBO programs focus on the demands of the organizations only and do not 
pay sufficient attention to the needs of individuals and their careers. This situation is illustrated in 
Figure 1, which shows a low degree of integration of individual needs and organizational 
demands. In such a situation employees will perform at the minimum acceptable level.

This situation can be illustrated by some typical examples. As shown in Figure 2, the 
organizational demands are often quite different from individual needs and career goals. The 
company, naturally, is concerned about effective and efficient operation, about profit, and about 
productivity. Not that these organizational concerns are unimportant to the individual, but they are 
secondary to the individual’s concern for self-fulfillment and self-actualization. To complicate 
matters further, the organization which wants to provide career opportunities for its employees 
has to recognize the needs of all employees. Unfortunately, the needs of some individuals are 
often in conflict with those of other individuals in the same firm. For example, one person’s need 
for expanding the area of operation may conflict with the area of authority and responsibility of 
others. The enterprise must fill all the roles in the organization structure. Yet, some roles may be 
restricting the freedom of individual manager’s who want to utilize their capabilities and potentials. 
Similarly, some jobs are simply boring -- such as doing required paperwork - and these tasks are 
neither challenging nor interesting. Some jobs may be narrowly defined, requiring specialized 
skills. Unfortunately, this routine work may be incongruous with the individual’s need for growth 
and development. Especially during times of slow business activity, there may be an over-supply 
of talented managers, and the organization may attempt to use the potentials of all managers, as 
far as this is possible in such a situation. The individual, however, is only interested in using his or 
er her potential. Finally, some managers have to be assigned to locations where their specific 
knowledge and skills are needed. For example, good managers may be required for setting up a 
plant in a less developed country. Yet, this location may be unsuitable for raising a family. But how 
can these conflicts, shown in Figure 2, be resolved?

![FIGURE 2.
Potential Conflicts Between the Organization and the Individual](image)

<table>
<thead>
<tr>
<th>Organizational Needs and Demands</th>
<th>Individual Needs and Career Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Concern for effective and</td>
<td>1. Concern for self-fulfillment</td>
</tr>
<tr>
<td>efficient operation, profit and</td>
<td>and self-actualization</td>
</tr>
<tr>
<td>productivity</td>
<td>2. Concern for self</td>
</tr>
<tr>
<td>2. Concern for all members of the</td>
<td>3. Need self-fulfillment and</td>
</tr>
<tr>
<td>organization</td>
<td>self-actualization</td>
</tr>
<tr>
<td>3. Need to fill the rates in the</td>
<td>4. Interest in challenging work</td>
</tr>
<tr>
<td>organization structure</td>
<td>only</td>
</tr>
<tr>
<td>4. Need for skills to fill all</td>
<td>5. Bored by routine work using</td>
</tr>
<tr>
<td>positions</td>
<td>specific skills</td>
</tr>
<tr>
<td>5. Need for some specific, well-</td>
<td>6. How to utilize own potential</td>
</tr>
<tr>
<td>developed skills</td>
<td>within or outside the enterprise</td>
</tr>
<tr>
<td>6. Best utilization of all talents</td>
<td>7. Location must suitable for self</td>
</tr>
<tr>
<td>within the organization</td>
<td>and family</td>
</tr>
<tr>
<td>7. Manager to work in geographic</td>
<td></td>
</tr>
<tr>
<td>location best for the organization</td>
<td></td>
</tr>
</tbody>
</table>
The aim of MBO is to achieve a high degree of integration of organizational demands and individual needs, as shown in Figure 3. To achieve complete congruency is unrealistic. Yet, a rational analysis of the situation often results in creative solutions to seemingly unsolvable problems. Integration should not be achieved through power struggles between the organization and the individual, nor even among individuals. Instead, both the organization and the individual have to give and take, and the first step in this direction must be a systematic analysis of the demands of the organization and the needs for development of individuals. Since managers are often not quite sure how to go about it, this article is written in an attempt to fill this need.

**FIGURE 3.**
High Degree of Integration of Organizational Demands and Individual Needs

Formulating a Career Strategy

Career planning and development must not be done in isolation. Rather, it must be integrated with the enterprise of filling organizational roles with competent managers who work toward the achievement of the firm’s aims. The strategy is to match individual strengths and organizational opportunities. Specifically, a successful career planning process involves the following steps:

1. Preparation of a personal profile (know thyself).
2. Development of long-term personal and professional goals. (Note, the terms "goals" and "objectives" will be used interchangeably.)
3. Identification and evaluation of the present environment, its threats and opportunities.
4. Forecasting and making predictions within the company as well as outside; identification of threats and opportunities.
5. Analysis of personal strengths and weaknesses.
7. Testing for consistency of strategies and reevaluation of career goals.
8. Evaluation and choosing from alternatives.
10. Development of contingency plans.
11. Implementation of the career plan.
12. Monitoring progress.

These steps, shown in Figure 4, need to be discussed in greater detail.
Step 1. Preparation of a Personal Profile  
-Know Thyself
Perhaps one of the most difficult, yet essential, tasks is to gain insight into oneself. Are we extroverted, with attention directed toward our environment? Or are we introverted, with an inward focus? What is our life position toward ourselves? What is our position toward others?

What do we value and what is dear to us? What are our attitudes toward time, achievement, work, material things, and, finally, toward change? A clarification of values will help to determine the direction of personal and professional development.

Step 2. Development of Long-Range Personal and Professional Goals
One of the failures of personal and professional development efforts is that managers are not clear what their development goals are and how they fit the aims of the organization. No ship would leave the harbor without a clear destination, yet how sure are managers about the direction of their lives? But people resist goal setting because it requires commitment. It requires choosing from alternatives, which means that when we select one goal we implicitly reject others. By choosing to become a lawyer, one foregoes the opportunity of becoming a doctor. People also resist setting goals because the environment is uncertain. The lack of knowledge about the future makes it difficult to make commitments. There is also the fear of failing to achieve the goals. Furthermore, non-achievement of aims is a blow to one’s ego. Goal setting also requires self-confidence in oneself; it implies that one has some control of the environment rather than being a helpless victim of it.

By recognizing the factors that inhibit goal setting one can take steps to increase commitment. First, when setting performance goals becomes a part of the managerial process, then setting goals is easier. Moreover, one does not set goals that determine the future in one sitting. Instead, it is a continuing process that allows revising goals in the light of changing circumstances. A second factor that reduces resistance to goal setting is the integration of longterm aims with the more immediate actions. For example, keeping in mind the aim of becoming a doctor makes it easier to study boring subjects. A third factor that facilitates goal setting is a supportive atmosphere and encouragement. For example, writing a book is a long-term effort that requires discipline and self-denial. An understanding and supportive family atmosphere is necessary for the required sustained effort.
How far in advance should one plan? The answer may be found in the commitment principle in management: planning should cover a period of time necessary to foresee the fulfillment of commitments involved in a decision made today. Therefore, the time frame will differ with the circumstances. For example, if one wants to become a professor it is necessary to plan for university studies of seven to nine years. On the other hand, if the career goal is to become a taxi driver, the time frame is much shorter. At any rate, the longer term objective has to be translated into short-term objectives. Before we do this, however, we will have to make a situational analysis, that is, a careful assessment of the external environment with its threats and opportunities.

Step 3. Analysis of the Environment: Threats and Opportunities

In the analysis of the environment – that is the environment within the organization as well as outside -- many diverse factors need to be considered. These factors (which can be grouped into the categories of economic, social and political, technology, demographic factors, the labor market, competition, plus others), can provide opportunities as well as threats.

The general state of the economy certainly affects the formulation of a career strategy. A recession and a low level of business activity can threaten one's position. Yet, this program can also become an educational opportunity. It is not uncommon that during periods of high level of unemployment persons go back to school to continue their education.

Social and political factors may influence the career strategy. For instance, the equal employment opportunity law may open up career paths that were not available to women or persons belonging to minority groups. Similarly, new technology provides opportunities and threats. For example, computer technology is threatening to managers unfamiliar with it. At the same time, new applications of computers have created new jobs that never existed before. Demographic factors can also affect careers. In the United States the geographic shifts, such as the movement of people to the "sun belt," have created an oversupply of labor in some of these areas. This may be threatening to some people. At the same time, the relocation of companies to the sun belt may result in new opportunities for obtaining a job in a particular field.

There are still other factors that must be considered when making strategic choices. Joining an expanding company is most likely to provide more career opportunities than working for a mature company that is not expected to expand. Similarly, working for a mobile manager increases the probability that the position of the superior will become vacant, or that one may ride on the coat tails of the competent mobile manager. At any rate, successful career planning requires a systematic scanning of the environment for opportunities as well as threats.

Step 4. Identification of Future Opportunities and Threats

To collect information about the environment is, to say the least, a tedious task. Then, to single out the factors critical to one's career is equally difficult. To make things even more complex, we have to be concerned not only about the present but also the future. One thing is sure about the future: It will never be the same as the present. Since there are many factors that need to be analyzed, planning one's career necessitates being selective and concentrating on those factors critical for personal success. Thus, one must anticipate the future and forecast changes in the environment that will critically affect one's career, one's ambitions, and one's life.

Step 5. Analysis of Personal Strengths and Weaknesses

For successful career planning, the environment opportunities and threats must be matched with the capabilities of the individual. The strengths and weaknesses differ greatly among people. They may, however, be conveniently categorized as technical, human, conceptual, and design skills.

Technical skills pertain to knowledge and proficiency in using methods, processes, and procedures. Human skill is the ability to work with people and to create an environment in which people, as a team, work willingly and enthusiastically toward group goals. Conceptual skill is the ability to see the "big picture," to recognize significant elements in a situation and to understand
their relationships. Design skill is the ability not only to conceptualize a problem, but also to work and find practical solutions to the problem.

In assessing one’s strengths and weaknesses, it is important to recognize that the relative importance of these skills differs for the positions in the organizational hierarchy. Technical skills, as shown in Figure 5, are very important at the supervisory level. At this level, human skills are also crucial because of the required interactions with subordinates. At the middle-management level the need for technical skills decreases while conceptual and design skills gain in importance. Human skills are still important at this level as they are for top management. Conceptual and design skills are especially important at the top level with relatively little need for technical skills. Managers, then, making an analysis of their current skills and those required in the future, should recognize that these skills vary with the organizational levels.

**Step 6. The Development of Strategic Career Alternatives**

Essentially, an individual can select from four sets of strategic alternatives based on the analysis of the threats and opportunities in the environment and the personal strengths and weaknesses. The aim is to utilize one’s strengths to overcome one’s weaknesses, to take advantage of opportunities, and to cope with threats.

Conceptually, as shown in Figure 6, we have a threats-weakness strategy (TW), an opportunities-weaknesses strategy (OW), a threats-strengths strategy (TS), and an opportunities-strengths (OS) strategy. This may seem abstract and we therefore want to illustrate the concept below. Before making a strategic career choice, it is important to test the alternatives for consistency.

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**FIGURE 5.**

Illustration of Variations in Importance of Skills at Different Organizational Levels

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**FIGURE 6.**

Situation Analysis for a Career Strategy: Example

<table>
<thead>
<tr>
<th>List personal Strengths.</th>
<th>List personal weaknesses.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Experience in operations, finance, and marketing)</td>
<td>(No background in nuclear technology)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>List opportunities.</th>
<th>OS: Opportunities / Strengths</th>
<th>OW: Opportunities / Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Nuclear developments in present company)</td>
<td>Integrate personal strengths with opportunities</td>
<td>Make weakness a strength through development</td>
</tr>
<tr>
<td>(Continued use of oil by competing company)</td>
<td>(Select progressive company committed to nuclear energy)</td>
<td>(Acquire knowledge in nuclear technology to overcome weaknesses)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>List threats.</th>
<th>TS: Threats / Strengths</th>
<th>TW: Threats / Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Shortage of oil)</td>
<td>Build on strengths but beware of threats</td>
<td>Accept demotion</td>
</tr>
<tr>
<td></td>
<td>(Join company committed to oil generating plants where these strengths may lead to success)</td>
<td>(Join company committed to oil generating plants and recognize that development is absolutely necessary for survival)</td>
</tr>
</tbody>
</table>
Step 7. Consistency Testing and Reevaluation of Career Goals

While developing the various strategies (TW, OW, TS, OS) we must test them for consistency and compare them with the personal profile. The rational choice based on the TOWS analysis is not always "best." Specifically, the strategies must meet the test of personal values and interests (Step 1). Some may prefer the "do nothing strategy;" being fearful of change and risk taking, they may make this choice rather than utilize their full potential. Some managers may find great satisfaction in specialization, while others prefer to broaden their knowledge and skills. The point is, the rational decisions based on strengths, weaknesses, opportunities, and threats have to be tested for consistency with personal preferences and may require a reevaluation of career goals.

Step 8. Evaluation and Choosing from Alternatives

The foregoing analyses of strengths, weaknesses, opportunities, and threats are the basis for a strategic choice which usually requires tradeoffs. Some alternatives involve high risks, others low risks. Some choices require action now, other choices can wait. Timing certainly is crucial. The rational and systematic analysis is just one step in the career planning process, for a choice also involves personal preferences, personal ambitions, and above all, personal values.

Let us now turn to an illustration of how a career strategy, using the TOWS analysis, can be developed.

An Example of Career Strategies

A brief review of Figure 6 shows that the external threats are exemplified by the shortage of oil and a switch to nuclear energy for power generation. Specifically, the developing nuclear technology not only threatens the individual's job within the organization (let's say it is a utility company), but it also reduces the demand of the current skills in the market place. As is so often the case, problems can become opportunities. Consequently, a systematic environmental analysis indicates in our example great opportunities for careers related to nuclear energy technology, not only within the company but also outside the firm.

But threats and opportunities must be seen in the light of the individual's weaknesses and strengths. Let us say, as an illustration, a professional manager's weakness is that he has no background in nuclear technology. The manager's strength is that he has broad managerial experience in a variety of areas such as operations, finance, and marketing. Based on the analysis of the situation, several career alternatives are available. (See Figure 6.)

The Threats-Weakness Strategy (TW). The current and future oil shortage poses a serious threat to the person in a supervisory position which, let's say, requires managerial and technical knowledge and skills. However, his or her weak background in nuclear energy technology does not qualify him or her for advancement. Several career choices are available. The individual could recognize his or her limitations and accept a demotion and an assignment to another department if his or her position is going to be eliminated by the switch to nuclear energy. Another strategy would be to escape the threat within the company and join another company which still uses oil for generating energy, an area of strength of the manager. Still another career strategy would be to undertake efforts to overcome his or her weakness (lack of energy knowledge) and make it a strength through continuing education efforts. In other words, weaknesses are transformed into strengths to escape the threats and to take advantage of opportunities in the nuclear field.

The Opportunities-Weaknesses Strategy (OW). This is a situation where a manager is not directly threatened by the environment – let’s say the utility company still uses oil for generating electricity – but the manager sees long-term opportunities in the nuclear field. To return to our example, the new nuclear energy developments may increase the demands for managers with a nuclear knowledge background, thus providing great potential for advancement and increased renumeraton. Such a manager’s strategy could be developmental, with the aim of overcoming weaknesses and transforming them into strengths through additional education.

The Threats-Strengths Strategy (TS). This strategy can be illustrated by a manager who, over the years, has demonstrated competence in the current job. The manager has a solid managerial experience and the technical knowledge required for generating electricity with oil. But, there may be prospects for converting to nuclear energy. The career choice using the TS strategy is not so
obvious and depends on many factors such as the forecast of the nature, extent, and the severity of the threat. Furthermore, the career strategy is also dependent on the availability of alternative choices. For example, if the use of nuclear energy is only supplemental to the use of oil within the company, the threat of becoming obsolescent is reduced. Similarly, as long as other utility companies are not expected to convert to nuclear energy, the individual with a great amount of knowledge, skills, and experience still has the choice of escaping the threat within the company by joining another utility firm.

Opportunity-Strengths Strategy (OS). This strategy, in general, is based on a very favorable situation. A manager with great strengths in all essential aspects will focus on opportunities within the enterprise as well as outside. The strategy will be one of identifying, evaluating, and choosing from among the many opportunities and matching them with capabilities, interests, and career goals. It is building on strengths to choose the career yielding the greatest satisfaction.

The strategies selected for the four situational positions (TW, OW, TS, and OS) are illustrative only. Certainly, there are other alternatives available to a manager preparing his or her career plan. However, it is important to remember that a careful analysis of opportunities and threats in the environment, as well as a realistic assessment of one's strengths and weaknesses, provides a sound basis for selecting distinct career strategies based on four rather different situations.

**Step 9. Development of Short-Range Objectives and Action Plans**

Up to this point, our concern was with the process of giving direction to the career. Now we focus on short-range objectives and action plans that facilitate the achievement of the general aim.

Setting objectives appears to be deceptively simple; yet it is a complex and difficult task. The statement “to improve one’s education” is a platitude, not a verifiable objective. But to say that the short-term goal is to complete the course, “Fundamentals of Management,” by June 30, 1983 with a grade of A is measurable. It states what will be done, by what time, and that the course should be completed with an A (quality).

The task of setting career objectives is aided by some guidelines:

1. Individual career objectives should contribute to organizational aims. After all, an organization will facilitate one's career objectives only to the extent it can benefit from this support.
2. The short-term objectives should contribute to the long-term professional goals. In the example above, the completion of the course in management may bring the individual close to the aim of achieving a Master of Business Administration (MBA) degree four years hence.
3. Objectives should also indicate priorities. For example, the training objective of attending a computer course may be more important than taking a course in economic history at the time when the company is switching to a computerized control system.
4. Career goals should be challenging, yet they should also be realistic. Many MBA graduates feel frustrated when they join a firm with unrealistic career expectations.
5. Objectives should be verifiable and be expressed clearly and in writing so that one can measure achievement or nonachievement of objectives.
6. Career objectives should be agreed upon with the superior. Career planning should be a joint effort of the individual and the superior or other representatives of the company. Of course, if the career plan provides for changing to another firm, joint planning may not be feasible.
7. Objectives should provide for feedback and follow-up. Such a discussion is especially valuable when the superior was an active partner in developing the subordinate’s career plan.

Although the emphasis is here on short-term career objectives, they may have to be supported by action plans. The above mentioned example of the objective of completing a course in the MBA program may require specific action plans. For example, one may have to identify the tasks necessary to achieve this objective, schedule the time for attending class, doing the homework, obtain the agreement from family members who may suffer because attending classes demands
time that may otherwise be spent with the family. In short, then, the long-term strategic career plan needs to be supported by short-term objectives and action plans.

**Step 10. Development of Contingency Plans**
Career plans are built on uncertainty; the future cannot be predicted with accuracy. Consequently, contingency plans based on alternative sets of assumptions should be prepared. In our previous example, career plans were built on the assumption of the feasibility of using nuclear energy for generating electricity. Yet, the mounting opposition to nuclear power plants in recent years may make the whole plan impossible to implement when no such plants are being built. Wise managers certainly would not plan their entire life on a single set of assumptions. Instead, they prepare alternative plans based on different sets of assumptions.

**Step 11. Implementation of the Career Plan**
From the organizational point of view, career planning must become an integral part of managing, or, as we suggest, it must be a part of MBO, a system of managing that integrates many key managerial activities. One subsystem of MBO deals with human resource planning; that is usually the most suitable way to start career planning. Briefly stated, the human resource plan begins with an enterprise plan. This becomes the basis for organization plans that are concerned with the structure and activities necessary to achieve enterprise objectives. The present and forecasted structure determines the number and qualifications of persons required to achieve organizational goals. Then the demand for personnel is compared with manpower currently available through the personnel inventory. Based on this analysis, internal and external sources are utilized in recruitment, selection, and promotion of people. Other essential aspects of human resource planning are appraisal, training, and development of personnel.

Career planning may start during the appraisal interview; the evaluation of past performance is only one aspect of the appraisal meeting. Certainly, the individual's growth and development should also be discussed and objectives related to a career should be set. This way, the career goals and personal ambitions can be considered in selection, promotion, and in designing training and development programs.

**Step 12. Monitoring Progress**
The monitoring process involves evaluating the progress toward the previously established goals and correcting undesirable deviations. An opportune time for assessing career development progress would be at performance appraisal. This is the time to review not only performance against objectives in operating areas, but also to review the extent to which milestones in professional development have been achieved. It is at this occasion that the superior, in the role of a counselor, can assist subordinates in their career development. Besides this, the manager really concerned about the career development of subordinates will not wait for the periodic appraisal reviews. Instead, such a manager will continuously reinforce professional behavior and growth in subordinates.

These steps provide a logical framework to career planning and development. In practice, however, the sequence may vary. For example, one may start with an analysis of personal strengths and weaknesses or with the evaluation of opportunities and threats in the environment and then proceed with setting long-term, professional goals. Whatever the specific sequence, effective career management usually requires dealing with the variables in the model shown as Figure 4.

**Summary**
Management by Objectives may fail because not enough attention has been given to the potential conflict between individual needs and organizational demands. To reduce this gap, integration between organizational and individual objectives is suggested by making career planning an essential aspect of the MBO process.
Effective career planning requires self-knowledge and a clarification of values. These, in turn, facilitate the selection of long-range personal and professional goals. The environment is scanned for threats and opportunities that hinder or facilitate career paths. Not only is the present environment evaluated, predictions must be made about the future environment. A thorough analysis of one's strengths and weaknesses becomes the basis for strategic career alternatives. These alternatives, then, must be tested for consistency with personal values and the long-term career goals. After careful evaluation of career alternatives, the best course is selected. To bring plans into action, short-term objectives are set. Since the environment is in a state of flux, contingency plans are developed. To implement a career plan, it is important to integrate it with the company's human resource plan. Finally, effective career planning demands monitoring the progress toward career goals.

A goal-oriented management system, such as MBO, can indeed give direction to the organization, the division, and the individual. At the same time, MBO must serve both the organizational requirements and individual needs. One such needs is the development of a systematic approach to career planning. As we have seen in this discussion, career management can utilize many concepts of strategic planning. Thus, the matching of individual strengths and weaknesses with environmental opportunities and threats becomes the basis for long-term aims and for allocating the individual's physical and psychological resources so that people can contribute effectively and efficiently to the organization.