

MANAGEMENT BY OBJECTIVES USING COACHING

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Abstract

The article's core goal is to analyze how coaching is useful in increasing company's competitiveness by management by objectives. The paper examines theoretical principles of management by objectives and possibilities to apply coaching as a tool to involve employees to seek the strategy of the organization. MBO processes and six implementation steps are presented. Theoretical analysis revealed that MBO can also be applied in public sector organizations. MBO is based on individual and organizational objectives integration. Organizations need modern and effective tools to identify different levels of objectives. Researchers are discussing if coaching is good to be used as a tool of management and MBO. Coaching can be used to identify and understand better the employees' and organization's objectives and expectations. Coaching can be viewed in various forms: performance coaching, executive coaching and alignment coaching. Theoretical findings on MBO and coaching demonstrate the importance and value of management by objectives, and the role of coaching as one of the effective means of development and implementation of organization's competitiveness.

Keywords: coaching, management by objectives, education institution.

JEL Classification: M12.

Introduction

Life coaching in this case is only one of the methods and only adequate usage of it can be the reason of successful strategy of company to become competitiveness in the defined sphere of activity.

In modern times many management's models are always pointed in goal seeking and developing organizations competitiveness by huge statements in organizations strategy. First there are some facts to know for all organizations that any management by objectives will only work when objective's promoters will clearly know what the real objectives are. Some times promoter's information is different than developers. Any organization, which aims to become competitive, has to speak in the same language between all inner units to reach any needed objective. In fact that every human is different from each other so we can only predicate a statement that one of the most important things to reach any of organizations goals is to know more about each team member skills, competence, interests, (dis) comfort zones – life purpose.

This leads that any organization with all leaders in it has to pay more attention to any person around that is in the same organization. If every team member is able to feel that he has needed support from another his team member, so at first he will be able to create new points of view to make feel competitive him self and to reach this goal for the rest of the team.

Theory and practice of coaching says that there are no advices for other person how and whom he has to be, so only thing is to make professional coaching sessions about how any person in an organization can develop him self to reach all needed objectives for organization to be competitive. If this person knows what he really wants from his life and if that organization is also in his life way, so he definitely will show the best of him self to get all needed objectives that management wants to reach to get his organization more competitive in needed activity area.

Life coaching is the main background in coaching and with special knowledge and needed techniques any person can manage his own life and its point of view to create additional value to organizations expansion. Human's resources are very special in any type of organization. Coaching as a tool of management can create this area to person to find out what are the real values and properties of his own. In that case when person clearly knows his own value in all organization he will be eager to help others team members to reach any objective that is on the way to organization competitiveness.

Management by objectives would be rather appropriate method to reach these core goals by speaking the same language inside organization. If all organization knows that any of them are orientated in clearly described objectives so management is useful rather in some directive way because there is clear view not to look around but focus all needed attention in specific objectives.

The purpose of this paper is to analyze theoretical findings on coaching with a view to organizations management by objectives (MBO).

Research methodology. By scientific research on coaching and management by objectives analysis, the paper examines theoretical principles of management by objectives and possibilities to apply coaching as a tool to involve employees to seek strategy of organization.

Management by objectives (MBO) conception

P. Drucker in 1950 was the first who presented the management system “management by objectives and self-control”. Author of this system says that organizations can reach good activity’s results only if all of them will make a team work and will reach for the same objective very purposefully. This has to be done by putting all what is needed from each other separately. (Dinesh, Palmer, 1998). Author indicates that management by objectives is working only in that cases when there are known all needed goals. By the way, organization has to pay special attention to analysis of organization’s strategical goals and for each employee’s responsibility and personal role by reaching these goals. Identification of employee’s personal objectives and of the way how they combine with organization’s goals to be at purposeful activity.



Figure 1. MBO process (by P. Drucker)

Management by objectives covers five basic steps that are very related with each other. MBO process is provided in 1 figure. The 1 fig. shows that in MBO process main point is not only to objectives but also to monitoring, motivating, control and awarding for each person and all organization – everything should be combined. MBO is like alive and discontinuous cycle where replanning of needed strategy or methods is done everytime after any reached result.

Dinesh & Palmer (1998) after research of some different authors works distinguishes six MBO implementation steps that allow the consistent application of MBO across organizations: Identification of organization strategy, Collaborative goal setting, Rewards linked to goals, Development of action plans, Cumulative periodic review of subordinate results against targets; Review of organizational performance.

MBO is successfully used not even in business organizations but in organizations of public sector as well. Niven (2008) indicates that enhanced productivity, performance improvements and strategy execution will be transformed from private business sector for every public sector. Public organizations today have to reach not even financial results, but align employees with organization goals improve collaboration and most critically execute their strategies (Niven, 2008). Public organizations activity is directed to satisfaction of needs and interests of separate parts. That is the main engine to be in a daily process of changes, to make a constant process management (Conaty, 2011), to apply new and advanced control systems. Research shows that MBO is widely used in many educational organizations in Scandinavia (Lindberg & Wilson, 2011; Model, 2003; Puskorius, 2007).

The identification of employee’s goals is the second period of MBO process. Organizations that aim to purify the goals of employees have to choose appropriate and effective measures.

Coaching and coaching forms

Coaching was first mentioned in management literature in around 1950 but only in about 1980 was more widely used in organizational management (Elinger, Elinger & Keller, 2003). International coach federation (ICF) coaching defines like “professional relationship that helps people produce extraordinary results in their lives, careers, businesses or organizations. Through the process of coaching, clients deepen their learning, improve their performance, and enhance their quality of life.” Coaching is orientated in organizational goals and it's concentrated in staff skills that are needed to perform the work to do. Coaching can be understood like a dialog between individual and organization that aims to „facilitation of new skills, possibilities, and insights in the interest of individual learning and organizational advancement (Bacon & Spear, 2003) and it is also orientated in employees future opportunities (Hunt & Weintraub, 2004).

Coaching is more non-directive way to collaborate with colleagues. Coaching is about making stronger relationship between manager and employee. This relationship is not about starting “best friend ever” but it may look like kind of it. It's about understanding what another person says from his inner side. It's about hearing what is really important for human that is always besides you in your working area (Galway, 2002).

Coaching and principles on which it stands are absolutely timeless, global and daily needed. If there is any bridge from autocracy to democracy, from hierarchy to self-responsibility, from quantity to quality, from consumerism to sustainability so this bridge is made from use of coaching. Coaching as a method of management focuses on future possibilities, not past mistakes (Whitmore, 2011)

There is a discussion made in research literature till these days if coaching is good to be used like a tool of management. Lazar & Bergquist (2004) shows these forms of coaching: performance coaching, executive coaching and alignment coaching.

Performance coaching is defined like „person-centered“ management method where manager involves employee to the decision making process where the rapport is created and where personal communication is promoted (Gilley & Boughton, 1997). Executive coaching is understood like a process „of equipping people with the tools, knowledge, and opportunities they need to develop themselves and become more effective“ (Baron & Morin, 2009). Lazar & Bergquist (2004) offers to use alignment coaching where life and career coaching are one of these types. Life and career coaching are orientated to individual's whole life and work experience. That helps to clarify personal values and their impact to perform personal way of view, to find out how individual's value and goals combine with organization's, how this organization is forming and makes impact to all changes of individual's value and goals changes.

If we took theoretical concept of coaching we would be able to say that any form of coaching is good to use in business and in public organizations to integrate MBO system as well.

Framework for coaching integrity to MBO system

In summary of MBO's and coaching's theoretical analysis we can arrange principal framework for coaching integrity to MBO system (see 2 figure)

The process of coaching is not so easy. Especially if it is new for an organization so it could be some difficulties. Most of management is used to give advice and most of employees are waiting for them. In coaching way this is some kind of different because advice is not used at all. The main philosophy of coaching says that there are no advice in coaching. All answers are known for any person who is raising a question. The answer is always inside them. Coaching doesn't change any objective that management created. Coaching only lets the person to look at the objectives by different angle of view. Coaching helps to look deeper in the way of thinking and look for all possibilities to make something new, something different (Clutterbuck, 2007; Горшкова & Бухаркова, 2006).

Using coaching in kind of managing takes more time for managers to reach needed results. This way is kind of going by several steps from making the relationship to employee's self-responsibility. In most ways managers have a habit to give an advice for his employee. On other hand employee has other habit – he is waiting for an advice from his manager. There are no difference if talk goes about colleagues. Situation is the same in this way too. We rather prefer to give/wait an advice if to let/make decision by our self. Some times it is hard to act this way but there is one of the facts that human's satisfaction is higher when he acts after the decision that he made by himself (Downey, 2008; Аветисов, 2008).



Figure 2. Framework for coaching integrity to MBO system

Of course there are some difficulties to act this way. How promoter knows if his decision would be good to reach the objectives that managers want (o has) to reach? That's the core target that coaching is working on. That's the first step where everyone finds that coaching will take more time to figure all out. If we would look at all the process we'll see that this way is just in the beginning of making the coaching as a way to managing by objectives. Any objective was born in case to make something newer and bigger in the future. Any objective comes from bigger understanding why is so needed in any organizations future life to be competitive in the working area.

There are two ways to act:

- One is to go by reaching promoters bigger understanding of all needed objectives;
- Other one is to work on the needed relationship between developer and promoter.

Making good relationship has to be maid parallel. None of promoters wants to be the persons to who goes all kind of negative emotions from developers. It is a rule that any information about none waited results comes to objectives promoters from developers. First look at this situation from developers side is that promoter did something wrong. That is not the best way to manage good relationship. Promoter in many ways wants to remain his own immunity of being right. That's the way for a little problem with miscommunication to arise.

Conclusions

As a result of the theoretical findings, the paper demonstrates the importance and value of management by objectives, the role of the coaching as one of effective means of development and implementation of organization competitiveness. Management by objective can be used in public sector organizations and education institutions. Coaching can be used to identify and understand better employees and organization objectives, expectations. Coaching can be as a tool to know how to be a real partner to each other; make the needed atmosphere for develop human personality; see a real individuality in other person; know the same philosophy as well as colleagues and all team. The most important thing is that coaching should be in line and integrated in MBO process.

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