

Goals or Outcome Statements

by Sophia



WHAT'S COVERED

In this lesson, you will learn the individual and organizational effects associated with goal setting and planning. Specifically, this lesson will cover:

1. Types of Organizational Goals

Creating goals is an inherent part of effective managerial planning. There are two types of organizational goals that are interrelated—official and operational goals (Perrow, 1961). **Official goals** are an organization's general aims as expressed in public statements, in its annual report, and in its charter.

Official goals are usually ambiguous and oriented toward achieving acceptance by an organization's constituencies. **Operational goals** reflect management's specific intentions. These are the concrete goals that organization members are to pursue (Daft, 2016, pp. 54-56).

The importance of goals is apparent from the purposes they serve. Successful goals (1) guide and direct the efforts of individuals and groups; (2) motivate individuals and groups, thereby affecting their efficiency and effectiveness; (3) influence the nature and content of the planning process; and (4) provide a standard by which to judge and control organizational activity. In short, goals define organizational purpose, motivate accomplishment, and provide a yardstick against which progress can be measured.



TERMS TO KNOW

Official Goals

The aims of an organization that are expressed in highly abstract and general terms, generally employed for the organization's external constituents.

Operational Goals

The aims of an organization that reflect management's specific intentions.

2. Goal Formulation

There are two different views about how organizational goals are formulated. The first view focuses on an organization and its external environment. Organizational goals emerge as managers try to maintain the delicate balance between their organization's needs and those of its external environment (Thompson & McEwen, 1958). The second view concentrates on the set of dynamics in the organization's internal

environment. Internally, an organization is made up of many individuals, coalitions, and groups who continually interact to meet their own interests and needs (Daft, 2016, pp. 142-146). They bargain, trade, and negotiate, and through these political processes, organizational goals eventually emerge.

Neither approach to goal formulation can alone provide for long-term organizational success. Goals must fit an organization into its external environment while satisfying the needs of external constituencies. In addition, goals must enable an organization's internal components to work in harmony. For example, the goals of its marketing department need to mesh with those of its production and finance departments. The challenge for managers is to balance these forces and preserve the organization.

3. Multiple Goals and the Goal Hierarchy

Consistent with the two views of goal emergence, Peter Drucker offers the perspective that organizations must simultaneously pursue multiple goals. A well-known management scholar, consultant, and writer, Drucker believes that to achieve organizational success, managers must try to achieve multiple goals simultaneously—namely, market standing, innovation, productivity, profitability; physical and financial resources, manager performance and development, employee performance and attitude, and public responsibility (Drucker, 1954). The innovation goal of a research and development department, for example, might conflict with the production department's goal of efficiency (Hage, 1965). Managers must strive to integrate the network of goals and resolve internal conflicts when they arise.

Broad organizational goals, such as productivity, innovation, and profitability, are likely to be broken into subgoals at various organizational levels. The complexities posed by many interrelated systems of goals and major plans can be illustrated by a **goal hierarchy** (Richards, 1978). Thus, an organization sets organizational-level, divisional-level, departmental-level, and job-related goals. In the process, managers must make sure that lower-level goals combine to achieve higher-level goals.



REFLECT

1. What is the difference between official and operational goals?
2. How do multiple goals fit into a goal hierarchy?



TERM TO KNOW

Goal Hierarchy

The interrelationship among an organization's job-, department-, divisional-, and organizational-level goals.



SUMMARY

In this lesson, you learned about two **types of organizational goals** that are interrelated: official goals, which are usually ambiguous and oriented toward achieving acceptance by an organization's constituencies; and operational goals, which are the concrete goals that organization members pursue. You learned that goals are important because they define organizational purpose, motivate accomplishment, and provide a yardstick against which progress can be measured. You also learned that there are two different views about **goal formulation**. One view focuses on an organization and its external environment, while the second view

concentrates on the set of dynamics in the organization's internal environment—although neither approach alone can provide for long-term organizational success. Lastly, you learned about the perspective that organizations must simultaneously pursue **multiple goals**, and that the complexities posed by many interrelated systems of goals and major plans can be illustrated by a **goal hierarchy**.

Best of luck in your learning!

Source: Access for free at <https://openstax.org/books/principles-management/pages/1-introduction>

REFERENCES

Daft, R. L. (2016). *Organization theory and design*. Cengage Learning.

Drucker, P. F. (1954). *The practice of management*. Harper.

Hage, J. (1965). An axiomatic theory of organizations. *Administrative Science Quarterly*, 10(3), 289-320.
doi.org/10.2307/2391470

Perrow, C. (1961). The analysis of goals in complex organizations. *American Sociological Review*, 26(6), 854-866. doi.org/10.2307/2090570

Richards, M. R. (1978). *Organizational goal structures*. West Publishing Company.

Thompson, J. D., & McEwen, W. J. (1958). Organizational goals and environment: Goal-setting as an interaction process. *American Sociological Review*, 23(1), 23-31.
<https://doi.org/10.2307/2088620>>doi.org/10.2307/2088620



TERMS TO KNOW

Goal Hierarchy

The interrelationship among an organization's job-, department-, divisional-, and organizational-level goals.

Official Goals

The aims of an organization that are expressed in highly abstract and general terms, generally employed for the organization's external constituents.

Operational Goals

The aims of an organization that reflect management's specific intentions.