Myth management by objectives

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Just about every organization does it. And, just about every leader knows it fails to motivate employees for peak performance. Despite that, firms spend millions implementing a system that, however well-intentioned, has negative effects.

MbO aims to motivate employees and align activities across an organization. Research proves it fails on both objectives. The trends are even clearer when MbO is tightly linked to incentive programs; here MbO often motivates counterproductive behaviors.

When one asks a business leader how she motivates herself to perform every day, “my personal objectives” is never top of the list. True leaders are guided by “the idea” and the desire to master something special. Capable people are self-directed and work well autonomously. If so, why do we insist on detailed performance targets to motivate employees? Moreover, we know that performance objectives are often manipulated. We call it “agreement” on objectives. Being successful under MbO depends more on bargaining skill than the ability to perform.

Objectives per se do little to enable performance. They tend to be inflexible and produce only average results. In dynamic times, the rigidity of MbO can actually be a major impediment to adaptation leading to poor organizational performance.

So what is the alternative?

Accept that it is a myth that MbO motivates high performance. Motivation is built on a different set of capabilities: autonomy, mastery, and purpose. Reaching these sources of motivation is not a matter of individual performance management, but having

the right systems, culture and leadership across the organization.

How do you diagnose which aspects of the interconnected web of systems, culture and leadership behavior need to be improved?

You need a systems thinking approach and a diagnostic tool to make sense of how things work in your organization.

How well does your MbO do?

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