



**WELCOME**

WE'RE GLAD YOU'RE HERE

# MANAGEMENT BY OBJECTIVES





# MBO - introduction

- Peter Drucker in 1954.
- Concept of planning
- accomplishment of objectives through participation of all concerned persons
- participative and democratic style of management

The background of the slide features a collage of business-related images. On the left, a woman in a black suit stands with her arms raised. In the center, a man in a light blue shirt and dark trousers is leaning forward, holding a puzzle piece. On the right, two men in dark suits are standing, one pointing towards the right. The overall theme is professional collaboration and problem-solving, with large puzzle pieces scattered across the scene.

# Main Concept

- The principle behind Management by Objectives (MBO) is to make sure that everybody within the organization has a clear understanding of the aims, or objectives, of that organization, as well as awareness of their own roles and responsibilities in achieving those aims.
- The complete MBO system is to get managers and empowered employees acting to implement and achieve their plans, which automatically achieve those of the organization.



Superior subordinate participation



Joint goal setting



Support and encouragement  
frm superiors

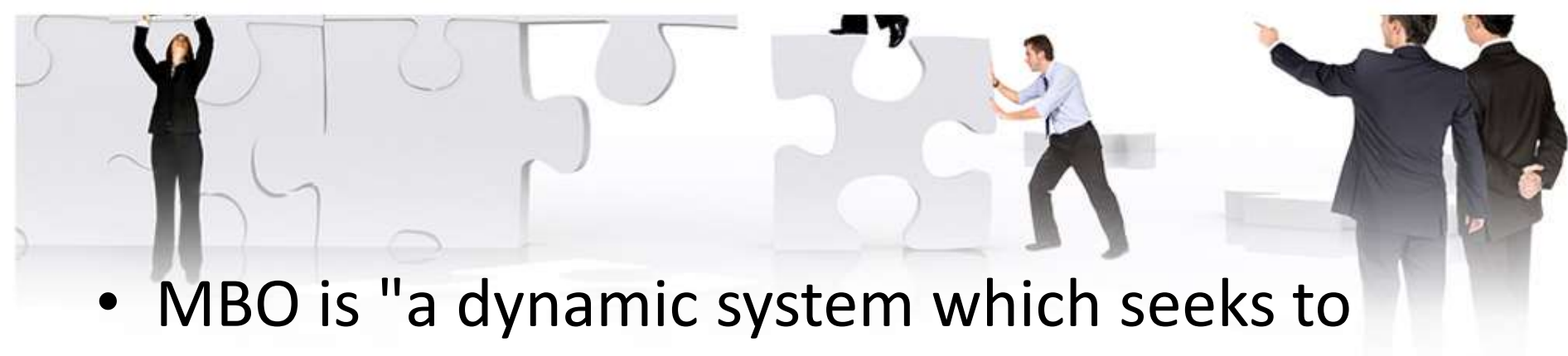




# Definition

- MBO is "a process whereby superior and subordinate managers of an Organization jointly define its common goals, define each individual's major areas of responsibility in terms Of results expected of him and use these measures as guides for operating the unit and assessing the contribution of each of its members."

George Odiorne



- MBO is "a dynamic system which seeks to integrate the company's needs to clarify and achieve its profits and growth goals with the manager's need to contribute and develop himself. It is a demanding and rewarding style of managing a business."

John Humble

A background image showing several business professionals in a white, brightly lit environment. They are interacting with large, light-colored puzzle pieces that form a grid. One person is holding a piece up, another is pointing at a piece, and others are standing nearby, suggesting a collaborative work environment.

# MBO Strategy: Three Basic Parts

- All individuals within an organization are assigned a special set of objectives that they try to reach during a normal operating period.
- Performance reviews are conducted periodically to determine how close individuals are to attaining their objectives.
- Rewards are given to individuals on the basis of how close they come to reaching their goals.





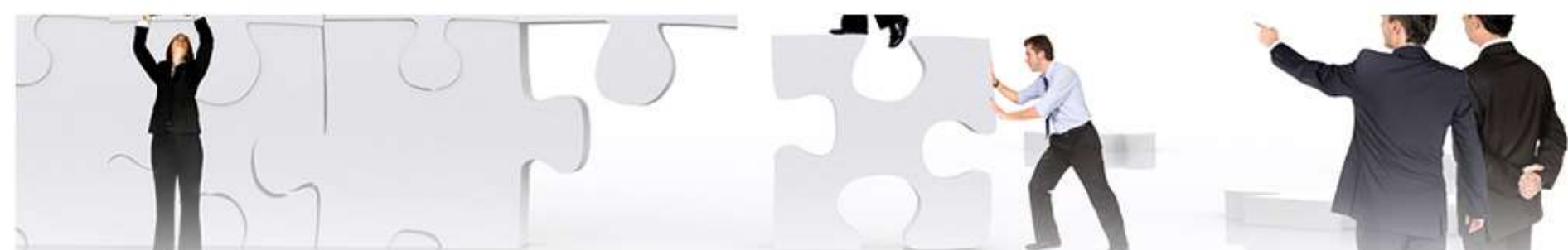
# Principles of MBO

- Cascading of organizational vision, goals and objectives
- Specific objectives for each member
- Participative decision making
- Explicit time period
- Performance evaluation and feedback



# Objectives or purposes

- Translate main statement into operational terms.
- To give directions and set standards for the measurement of performance.
- To measure and judge performance
- To relate individual performance to organizational goal
- To foster increasing competence and growth of subordinates



- To enhance communication between superiors and subordinates
- To serve as a basis for judgments about salary and promotion
- To stimulate subordinates motivation
- To serve as a device for organizational control and integration
- To set long term and short term objectives



# The Smart Method

Clarity of goals – With MBO, came the concept of SMART goals i.e. goals that are:

- Specific
- Measurable
- Achievable
- Relevant, and
- Time bound.





# Features of MBO

- Superior-subordinate participation
- Joint goal-setting
- Clarity of goals
- Better communication and Coordination
- Joint decision on methodology
- Makes way to attain maximum result
- Support from superior



- Objectives at all level
- Emphasis on all significant priority area
- Periodic review of performance
- Appropriate systems and procedures
- Role clarity
- Multiple accountability

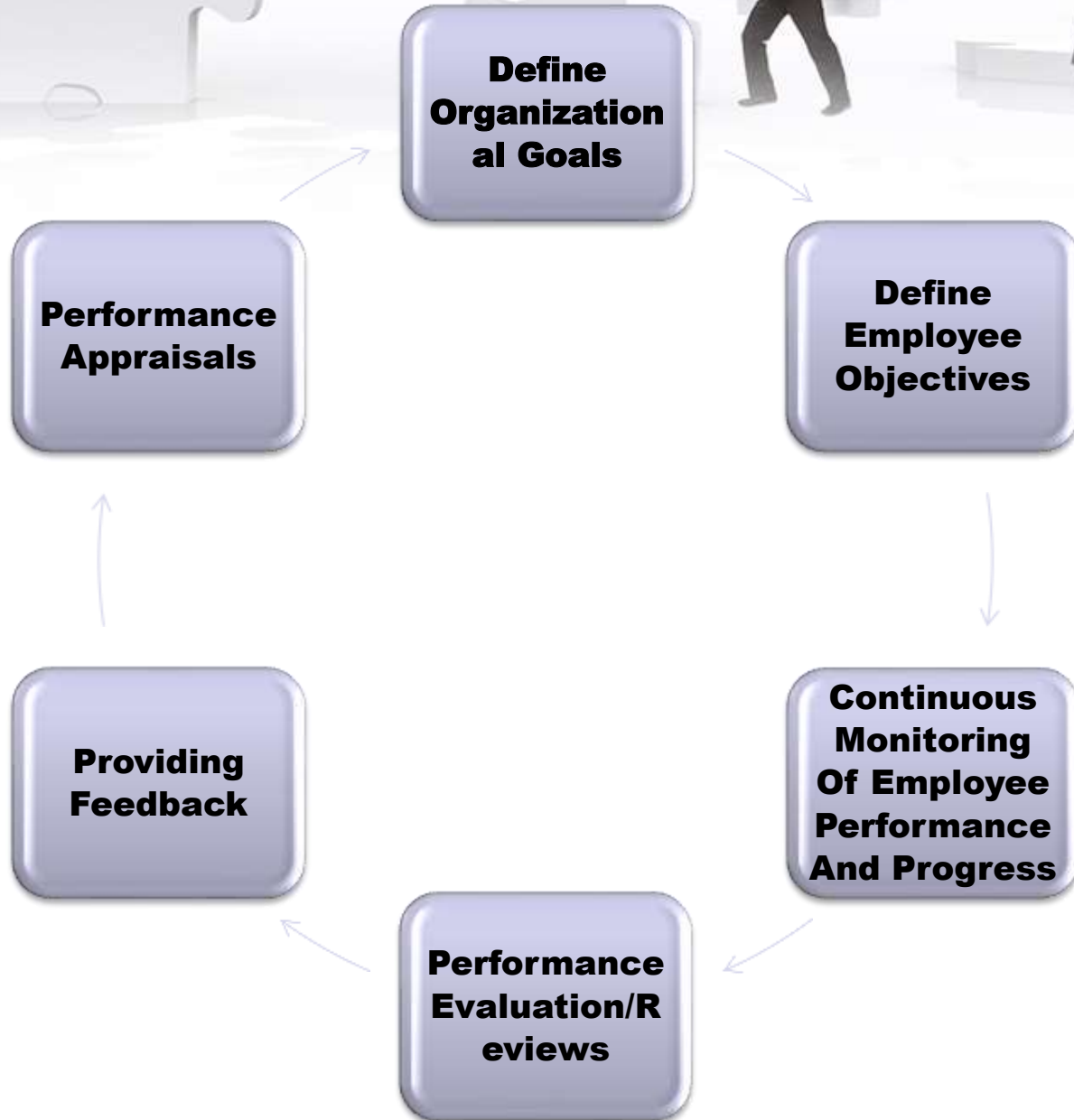




# Steps in MBO

- Setting of organizational purpose and objectives
- Key result area
- Setting subordinates objectives
- Matching resources with objectives
- Appraisal
- Recycling

# The MBO Process





# Advantages

- **Develops result-oriented philosophy**
- **Formulation of dearer goals**
- **Facilitates objective appraisal**
- **Raises employee morale**
- **Facilitates effective planning.**
- **Acts as motivational force.**
- **Facilitates effective control**
- **Facilitates personal leadership.**
- **Basis for organizational change**



# Limitations

- Time-consuming
- Failure to teach MBO philosophy
- Reward-punishment approach
- Increases paper-work
- Creates organizational problems
- Develops conflicting objectives
- Problem of co-ordination
- Lacks durability



- Problems related to goal setting
- Trained managers are not available
- Pressure oriented
- Lack of appreciation
- Inflexibility



# How to make MBO effective?

- Support from all.
- Acceptance of MBO programme by managers
- Training of managers
- Purpose
- Organizational commitment
- Allocation of adequate time and resources
- Provision of uninterrupted information feedback
- Politics
- participation





# Implications in nursing

- It measures and judge performance
- It correlates individual performance to organizational goals.
- It clarifies the job responsibility expected from the staff
- It fosters the increasing competence and growth of the subordinates
- It provides a data base for estimating the salary and promotion
- It stimulate subordinate's motivation
- It help in organizational work control and integrating the activities



Thank you!

