



SNS COLLEGE OF ENGINEERING

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DEPARTMENT OF MANAGEMENT STUDIES

COURSE NAME : 19BA101- MANAGEMENT AND ORGANISATIONAL BEHAVIOUR

I YEAR /I SEMESTER

Unit 1- INTRODUCTION TO MANAGEMENT PRINCIPLES

Topic -5 Management by Objectives



MANAGEMENT BY OBJECTIVES

- Management by Objectives (MBO) is a strategic approach to enhance the performance of an organization. It is a process where the goals of the organization are defined and conveyed by the management to the members of the organisation with the intention to achieve each objective.
- Management by objectives (MBO) is a process in which a manager and an employee agree on specific performance goals and then develop a plan to reach them. It is designed to align objectives throughout an organization and boost employee participation and commitment.



STEPS IN MANAGEMENT BY OBJECTIVES PROCESS





MBO - BENEFITS

- ▶ Management by objectives helps employees appreciate their on-the-job roles and responsibilities.
- ▶ The Key Result Areas (KRAs) planned are specific to each employee, depending on their interest, educational qualification, and specialization.
- ▶ The MBO approach usually results in better teamwork and communication.
- ▶ It provides the employees with a
 - ▶ clear understanding of what is expected of them
 - ▶ set goals for every member of the team,
 - ▶ every employee is provided with a list of unique tasks.
- ▶ Every employee is assigned unique goals.
- ▶ Develops a sense of loyalty to the organization.
- ▶ Managers help ensure that subordinates' goals are related to the objectives of the organization.



MBA - LIMITATIONS

- ▶ Management by objectives often ignores the organization's existing ethos and working conditions.
- ▶ More emphasis is given on goals and targets, the managers put constant pressure on the employees.
- ▶ The managers sometimes over-emphasize the target setting, as compared to operational issues, as a generator of success.
- ▶ The MBO approach does not emphasize the significance of the context wherein the goals are set.
- ▶ The context encompasses everything from resource availability and efficiency to relative buy-in from the leadership and stakeholders.
- ▶ There is a tendency for many managers to see MBO as a total system that can handle all management issues once installed.
- ▶ The overdependence may impose problems on the MBO system that it is not prepared to tackle, and that frustrates any potentially positive effects on the issues it is supposed to deal with.



THANK YOU