

Advantages of MBO

MBO is not merely a philosophy but it is a system which aims at synchronising the objectives of individuals with the objectives of organization, when this system is applied systematically and consciously, it leads to the following results: -

- > MBO leads to higher productivity because management concentrates on the important tasks rather than wasting energies on unimportant matters.
- > MBO is an important means of decentralisation of authority.
- > MBO leads to improved communication and organisational structure which helps in locating problems areas.
- > MBO provides a realistic means of analysing training needs and opportunities for growth on the basis of measurement of performance against standards which is accepted.
- > MBO facilitates coordinated coordination of efforts and resources of the enterprise by providing unity of direction.

Objectives serves as a tool for organisational control

AUGUST							SEPTEMBER						
W	T	W	T	F	S	S	W	T	W	T	F	S	S
31					1	2	3	4	5	6	7	8	9
32	5	6	7	8	9	10	11	12	13	14	15	16	17
33	12	13	14	15	16	17	18	19	20	21	22	23	24
34	19	20	21	22	23	24	25	26	27	28	29	30	31
35	26	27	28	29	30	31	32	33	34	35	36	37	38

the contribution of each unit as well as each job.

Management by Exception

M B E is an important principle of organizational control. This theory is given by classical management writer. This principle holds that only significant deviations from standards of performance should be brought to the attention of management. If actual performance is allowing to the planned performance then there is no problem but if there is a major deviation from the standard, it must be reported to the manager.

eg. If a manager establishes a quality control standard that 5 defects per 100 products are permissible and if there are more than 6 or 7 defects then it should be brought to the notice of manager.

eg. If the labour cost is 5% more than the standard limit then it will be noticed but if the material attempts cost increased by more than 15%, then it would not be noticed because in the

OCTOBER 2007							NOVEMBER 2007								
Wk	S	M	T	W	T	F	S	Wk	S	M	T	W	T	F	S
10		1	2	3	4	5	6	44					1	2	3
11	7	8	9	10	11	12	13	45	4	5	6	7	8	9	10
12	14	15	16	17	18	19	20	46	11	12	13	14	15	16	17
13	21	22	23	24	25	26	27	47	18	19	20	21	22	23	24
14	28	29	30	31				48	25	26	27	28	29	30	

of shop the...

24.01.20

MBO (Semester - V) paper

Peter Drucker 1954 (1960's)

Disadvantages:-

1. There is lot of paper work in MBO therefore it takes too much time of the manager too many meetings and too many reports causes boredom and some problems to the manager. Some managers may resist the program because of increased paperwork.

2. Interpersonal ~~skill~~ interaction like coaching and counselling is essentially required for the managers and some of them may not be sufficiently skilled.

3. When the goal of one department depend on the goals of another department then the group goal is more difficult. they need cohesion. For eg:- production department can't produce a best quota if it is not sufficiently supplied with raw materials and personnel.

4. Forecasting, budgeting etc. is not attached with the MBO system therefore it makes very difficult for the overall functioning of all systems.

5. The main focus of the MBO system is on quantifying the goals and objectives. The subordinates believe that MBO is just another of the management's ploys to make the subordinates work harder. They may be under pressure when the goals and objectives are unrealistically high.

6. MBO can only succeed if it has the complete support of the top management.