

Management By Objectives (MBO)

Subject : Commerce III
SYBCOM

Ms. Dhvani Rathod

MBO

- MBO is also known as MBR
- Made popular by Peter Drucker in the book 'The Practice of Management'.
- Aims to improve performance of an organization by clearly defining objectives that are agreed to by both management and employees.

Process of MBO

- Analysis of Environment
- Collectively formulate goals
- Collectively formulate plans
- Evaluate the alternative plans
- Selecting the best plan
- Implementation of plan
- Measurement and comparison of performance
- Cause of deviations
- Corrective measures
- Follow up / review

Advantages of MBO/MBR

- Aids planning
- Facilitates control
- Innovation
- Corporate Image
- Team work
- Optimum Use of resources
- Motivation
- Concentration in key result areas
- Succession planning
- Competitive advantage
- Sound organisational structure
- Objective evaluation