

# CHAPTER 6

MANAGEMENT BY OBJECTIVES (MBO)  
OR MANAGEMENT BY GOALS : STEPS  
IN MBO PROCESS, BENEFITS OF  
MBO,LIMITATIONS OF MBO.

# DECLARATION

- The content is exclusively meant for academic purpose and for enhancing teaching and learning. Any other use for economic/commercial purpose is strictly prohibited. The user of the content shall not distribute, disseminate or share it with anyone else and its use is restricted to advancement of individual knowledge. The information provided in this e-content is authentic and best as per knowledge.

Dr. Subhash Singh



JAGATPUR P.G. COLLEGE  
AFFILIATED MAHATMA GANDHI KASHI  
VIDYAPEETH



- B.Com –Ist YEAR
- SUBJECT : COMMERCE
- PAPER : BUSINESS ORGANISATION AND MANAGEMENT
- ASST.PROF. : DR. SUBHASH SINGH
- DEPT. : COMMERCE
- E-MAIL ID: [subhashsingh197357@gmail.com](mailto:subhashsingh197357@gmail.com)
- MOBILE NO. : 9452197357

# MEANING

MBO is a process whereby superiors and subordinates jointly identify the common objectives, set the results that should be achieved by the subordinates, assess the contribution of each individual, and integrate individuals with the organization so as to accomplish organisational objectives efficiently effectively.

# DEFINATION

- According to McFarland, “An MBO programme consist of mutual goal planning by superiors, and feedback and subordinates, periodic performance appraisal by superiors, and feedback interviews in which both superiors and subordinates analyse progress and restate the objectives for the next period.”

# STEPS IN MBO PROCESS

- Preliminary setting of objectives
- Clarification of organisational roles
- Setting of subordinates objectives
- Matching goals and resources
- Recycling objectives
- Appraisal

# BENEFITS OF MBO

- Better managing
- Clarification of organisational goals
- Personal commitment
- Development of effective controls

# LIMITATION OF MBO

- Failure to teach the philosophy of MBO
- Failure to give guidelines to goal setters
- Problems of goal setting
- Emphasis on short-run goals
- Danger of inflexibility



# QUESTIONS

- **Short Answer Type Questions.**

1. Write a note on MBO.
2. What are the limitations of MBO.

- **Long Answer Type Questions.**

1. Explain the concept of MBO. What are its process?

# KEY WORDS

- Management
- Superiors
- Subordinates