



SNS COLLEGE OF TECHNOLOGY

Coimbatore-35
An Autonomous Institution



Accredited by NBA – AICTE and Accredited by NAAC – UGC with 'A++' Grade
Approved by AICTE, New Delhi & Affiliated to Anna University, Chennai

DEPARTMENT OF MCA

23CAT604 – PRINCIPLES OF MANAGEMENT

I YEAR I SEM

UNIT 2 – PLANNING

TOPIC 5 – OBSTICLES OF PLANNING-MBO,MBE



Barriers to Planning



- **Inability to plan or inadequate planning.** Managers are not born with the ability to plan.
- **Lack of commitment to the planning process.** managers may choose to do little or nothing to help in the planning process.
- **Inferior information.** Facts that are out-of-date, of poor quality, or of insufficient quantity can be major barriers to planning.
- **Focusing on the present at the expense of the future.** Managers should try to keep the big picture — their long-term goals — in mind when developing their plans





- **Too much reliance on the organization's planning department.** Many companies have a planning department or a planning and development team.
- **Concentrating on controllable variables.** One reason may be that managers demonstrate a decided preference for the known and an aversion to the unknown.

Obstacles



- Lack of Time
- Lack of Manpower/Resources
- Lack of Training & Knowledge
- Can't Measure
- Decision Makers don't get it
- Blank Page Syndrome
- Negativity



MANAGEMENT BY OBJECTIVES (MBO)



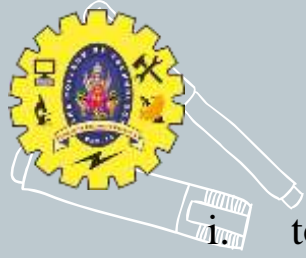
Management By Objectives (MBO) is a management system in which each member of the organisation effectively participates and involves himself. This system gives full scope to the individual strength and responsibility.

DEFINITION

[Management by Objectives \(MBO\) - YouTube](#)

MBO is popularised in the USA by **George Odiorne**. According to him, “MBO is a system wherein the superior and the sub-ordinate managers of an organisation jointly identify its common goals,

Prof. Reddin defines MBO as, “the establishment of effective standards for managerial positions and the periodic conversion of those into measurable time bound objectives linked vertically and horizontally and with future planning”.



OBJECTIVES OF MBO



- i. to measure and judge performance
- ii. to relate individual performance to organisational goals
- iii. to clarify both the job to be done and the expectations of accomplishment
- iv. to foster the increasing competence and growth of the subordinates
- v. to enhance communications between superiors and subordinates

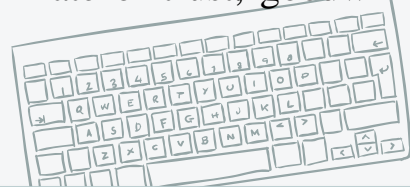


[youtube.com/watch?v=bWwgMEFki2U](https://www.youtube.com/watch?v=bWwgMEFki2U)



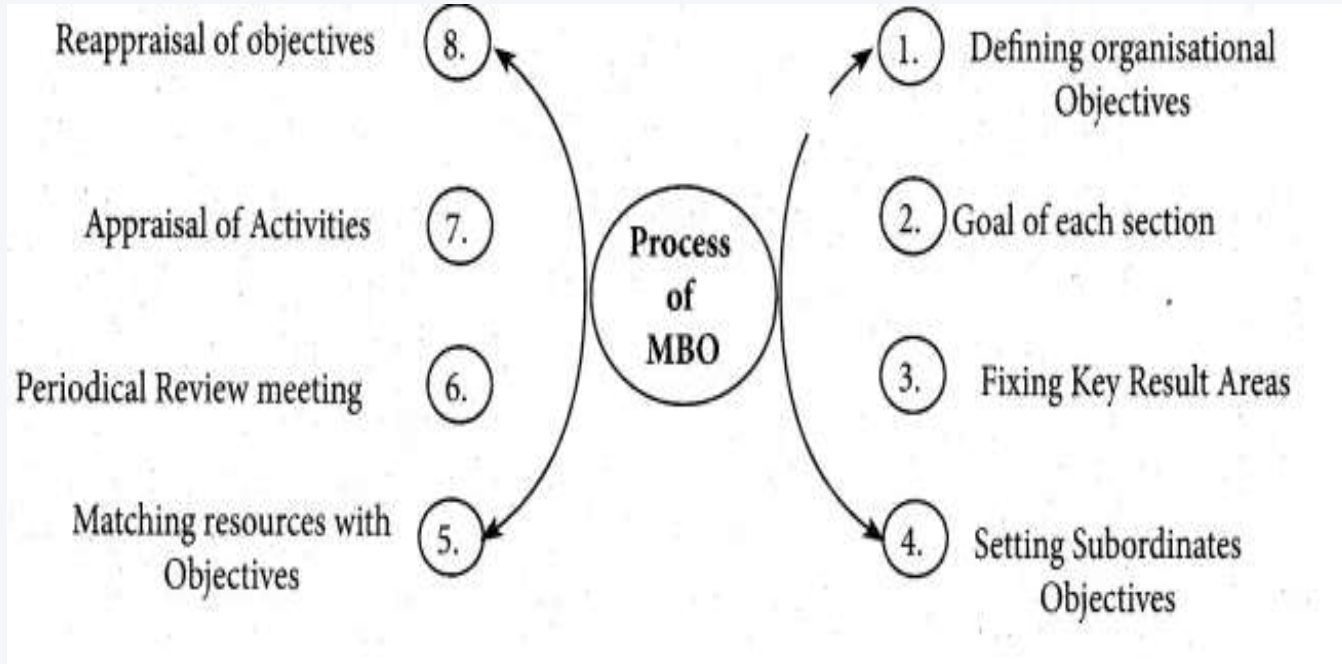
Features of MBO

- ✓ MBO tries to combine the long run goals of organisation with short run goals.
- ✓ Management tries to relate the organisation goals with society goals.
- ✓ MBO's emphasis is not only on goals but also on effective performance.
- ✓ A high degree of motivation and satisfaction is available to employees through MBO.
- ✓ Recognises the participation of employees in goal setting process.
- ✓ Aims at replacing the exercise of authority with consultations.
- ✓ Encourages a climate of trust, goodwill and a will to perform.





Process of MBO





ADVANTAGES OF MBO

- ✓ Managers are involved in objectives setting at various levels of management under MBO and this commitment ensures hard work to achieve them.
- ✓ MBO process helps the managers to understand their role in the total organisation.
- ✓ Manager recognises the need for planning and appreciates the planning.

DISADVANTAGES OF MBO

- ✓ MBO fails to explain the philosophy; most of the executives do not know how MBO works? what is MBO? and why is MBO necessary? and how participants can benefit by MBO?
- ✓ MBO is a time consuming process. Much time is needed by senior people for framing the MBO. Next, it leads to heavy expenditure and also requires heavy paper work.
- ✓ MBO emphasises only on short-term objectives and does not consider the longterm objectives



ASSESSMENT-1

Question 1.

..... System gives full Scope to the Individual Strength and Responsibility.

- a) MBO
- b) MBE
- c) MBM
- d) MBA

Question 2.

Which is the First step in Process of MBO?.

- a) Fixing Key Result Area
- b) Appraisal of Activities
- c) Matching Resources with Activities
- d) Defining Organisational Objectives

MANAGEMENT BY EXCEPTION (MBE)

Management by exception is an important principle of managerial control suggested by the classical writers on management. It is based on the belief that an attempt to control everything results in controlling nothing

For example, the production manager establishes quality control standards wherein five defects per 100 units produced are permissible. So long as the number of defects does not exceed 5, the supervisors/foremen (subordinates) will handle the problem

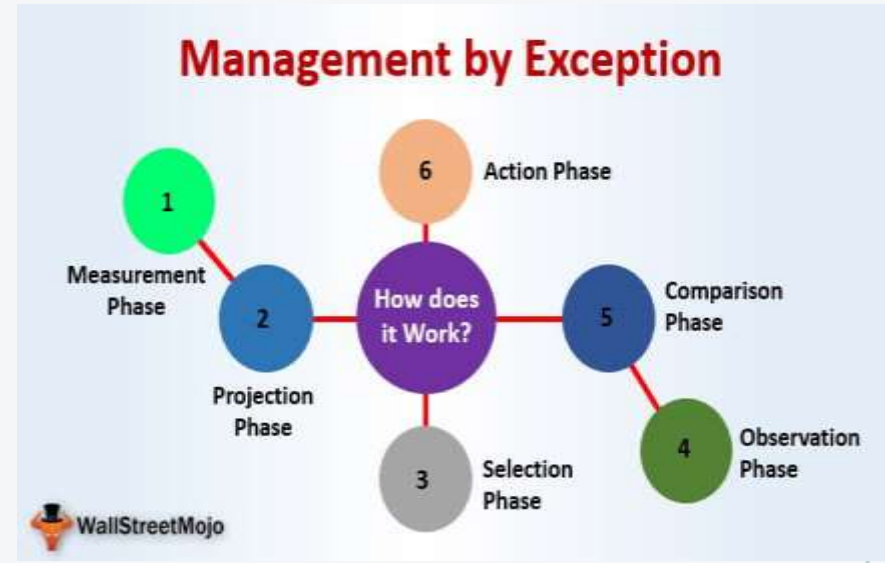




PROCESS OF MBE



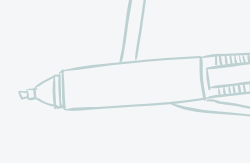
Primarily, it is necessary to **set objectives or norms** with predictable or estimated results. These performances are assessed and get equated to the actual performance. Next, the deviation gets analysed. With an **insignificant or no deviation**, no action is required and **senior managers** can concentrate on other matters. If actual performances deviates significantly, the issue needs to be passed to the senior managers, as an **“exception has occurred”**. Finally, the aim is to solve this **“exception”** immediately.





ADVANTAGES OF MBE

- ❑ It saves the time of managers because they deal only with exceptional matters. Routine problems are left to subordinates.
- ❑ It focuses managerial attention on major problems. As a result, there is better utilisation of managerial talents and energy.
- ❑ It facilitates delegation of authority.



DISADVANTAGES OF MBE

- ❑ The main disadvantage of MBE is, only managers have the power over really important decisions, which can be demotivating for employees at a lower level.
- ❑ Furthermore, it takes time to pass the issues to managers. Managing employees who deviate from the normal procedures. Because of compliance failures are considered difficult to manage and typically find themselves with limited job duties and ultimately dismissed/terminated.



ASSESSMENT-2



1. keeps Management Alert to Opportunities and Threats by Identifying Critical Problems.
 - a) MBA
 - b) MBE
 - c) MBM
 - d) MBO
2. MBO refers to
 - a) Management By Objective
 - b) Management By Officers
 - c) Management By Orders
 - d) Management By Organisation

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Thank You