

Chapter 3

MBO in Hospital and Health Care

- Every institution or organization is established for the purpose of achieving some objectives
- The objective may differ from one organization to another

Definition

- According to McFarland: Objectives are the goals, aims or purposes that organization wish to achieve over varying periods of times
- Objectives may be defined as the expectations of end results for which an organization is established and which it tries to achieve
- Management by Objectives (MBO) is a management system in which each member of the organization effectively participates and involves himself

Feature of MBO

- MBO tries to combine the long range goals of organization with short range goals
- MBO's emphasis is not only on goals but also on effective performance
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Process of MBO

- Defining organizational objective
 - States why the business is started and exists
 - Goal of each section
 - Goals or objectives are expressed in a meaningful manner
 - Fixing key result areas
 - Indicates strength of an organization

Setting of Hospital Objectives

- The first step in MBO is defining hospital goals and objectives
- Key result area is arranged on priority basis
- KRA indicates strength of an organization

MBO Process in Hospital

- Innovative clinical programmes like trials for cancer patient
- Doctors performance: number of patients attended in OPD
- Staff performance : interaction with patients

Benefits of MBO

- Helps the managers to understand their role in the total organization
- Managers are involved in objectives setting at the various levels of management under MBO
- Manager recognizes the need for planning

Financial Manangement by Objectives

- Objectives are set forth for different units and sub units ,each of which prepares its own plan of action usually on short term basis
- This helps in achieving the results more effectively and smoothly

Quantitative Methods

Cost benefit Analysis

Cost effective Analysis

Cost Accounting

Input –output Analysis

Model

System Analysis

Network Analysis

- A network is a graphic plan of all events activities to be composed in order to reach an end objective.
- The two common types of network techniques are
 - PERT
 - CPM

Distinction between PERT and CPM

- PERT gives importance to time.
- CPM gives importance to cost
- PERT is event oriented
- CPM is activity oriented.

Planning Programming Budgeting System

- This is primarily a system to help decision makers to allocate resources so that the Available resources of an organization are used in most effective way
- Another approach is zero Budgeting approach

Work Sampling

- It is systematic observation and recording of activities of one and more individuals carried out at predetermined or random interval
- It provides quantitative measurement of activities

Guidelines for setting Effective Objectives

- Objectives are framed only by the participants who are responsible for implementing them
- Objectives should be attainable ones
- Objectives should have the characteristics of innovation