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1.What is Management by Objective(MBO)

Management by objective is a personnel management technique where managers and employees work together to set, record and monitor goals for a specific period.

b. Describe the MBO process.

The management by objective process aims at improving the performance of an organization by clearly defining the objectives that are agreed to by both management and employees. This process also allows managers to take work that needs to be done one step at a time to allow calm, yet productive work environment.

c. What is the Usefulness of MBO to a business organization?

The usefulness of MBO are as follows:

1. Improved Planning: MBO involves participative decision-making which makes objectives explicit and plans more realistic. It focuses attention on goals in key results areas. MBO forces managers to think in terms of results rather than activities. It encourages people to set specific pleasurable goals instead of depending on guesswork.
2. Coordination: MBO helps to clarify the structure and goals of the organization. Harmony of objectives enables individuals at various levels to have common direction. Every individual knows clearly his role in the organization, his area of operation and the results expected of him.
3. Motivation and Commitment: Participation of subordinates in goal setting and performance reviews tend to improve their commitment to performance. The corporate goals are converted into personal goals at all levels to integrate the individual with the organization.
4. Accurate Appraisals: MBO replaces trait-based appraisals by performance-based appraisal. Quantitative targets for every individual enable him to evaluate his own performance. Performance under MBO is innovative and future oriented. It is positive, more objective and participative.
5. Executive Development: The MBO is a kind of self-discipline whereby shortcomings and development needs are easily identified. It stresses upon a long-term perspective and self-development. It encourages initiative and growth by stretching capabilities of executives.

2a. Define decision

A decision is defined as a conscious choice made between alternative courses of action followed by activities to implement the choice.

b. Describe the Rational Decision-making process in business

The processes are as follows:

**STEP 1: Diagnose and Define problem or Opportunities**

The origin of a problem is not always obvious. If managers are to remedy a situation, they must first find out what the real problem is. One way to do so is to ask what past action or lack of action might have caused this situation to arise? In this way managers can focus upon the events or circumstances most likely led to the problem.

**STEP 2: Establish Specific Goals and objectives**

If goals and objectives are adequately established, they will dictate what results must be achieved and the measure that indicates whether they have been achieved.

**STEP 3: Generate Alternatives**

No major decisions can be made until several possible solutions have been generated otherwise, managers may be tempted to adopt the first and most obvious solution they find.

**STEP 4: Gather and Analyze the Relevant facts**

Once the possible alternatives have been generating, the next logical step is to gather data relating to each alternative. Data may be collected from internal sources; records available in the company or external sources.

**STEP 5: Evaluate the Alternatives**

Once managers have developed a set of alternatives, they must evaluate them to see how effective each alternative will be in solving the problem.

**STEP 6: Select an Alternative**

At this stage, the manager chooses the best alternative based on the decision criteria earlier established.

**STEP 7: Analyze the Possible Consequences of the Decision**

Once managers have selected their best alternative, they must try to anticipate what problems may occur when implementing the decision.

**STEP 8: Implement the Decision**

**STEP 9: Follow Up**