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**1a.**

**What is 'Management by Objectives - MBO?'**

Management by objectives (MBO) is a management model that aims to improve performance of an organization by clearly defining objectives that are agreed to by both management and employees. According to the theory, having a say in goal setting and action plans should ensure better participation and commitment among employees, as well as alignment of objectives across the organization. The term

## 1b.

## Management By Objectives Process

The process of MBO involves six key steps that incorporate managerial activities in such a systematic way, which is directly influenced towards efficient and effective achievement individuals and organizational objectives. In case someone wants to analyze the practical importance of [Management by Objectives](http://www.businessstudynotes.com/hrm/management-by-objectives-and-its-key-concepts/), then it is good to summarize all the objectives of the organization together with individual goals. The six steps involved in the process of MBO are determining organizational goals, determining employees’ objectives, constantly monitoring progress and performance, performance evaluation, providing feedback and performance appraisal. Moreover, all these steps are briefly defined as follows.

1. Determining Organizational Goals

The entire development of an organization depends on the set goals. A goal is the most critical and necessary factor behind the effectiveness and efficiency of an organization, so it is important to effectively manage set goals either single or many of different kinds. Prior to start working on the set goals, the managers should determine organizational goals with the aim to create a potential management that must be capable of handling different kinds of goals easily. Determining goals don’t mean creating goals, as the preliminary goals are set by the top level supervisors on the basis of in-depth analysis and judgment about what should be accomplished and how to do so in a certain period.

2. Determining Employees’ Objectives

After determining the organizational goals, the next thing to do is to know the individual’s goals or more clearly employees’ goals. It is the responsibility of the manager to ask employees about what goals they can accomplish within a specific time period and what resources will they use to achieve the goal. Also, if needed, then managers and employees can classify the goals from the most important to the least one in order to make the goal achieving process more easily and in favor of the organization.

3. Constant Monitoring Progress and Performance

The process of MBO is not just set for providing additional effectiveness to managers across the organization, but it is also equally important for constantly monitoring the progress and performance of the employees. There are certain things stated below that can help managers to monitor performance and progress.

* Checking less-effective or ineffective programs by performing a comparison of performance with already prepared objectives.
* Using ZBB (Zero Based Budgeting)
* For measuring plans and individuals, implementing MBO concepts
* Defining short and long term plans and objectives
* Installing efficient and effective controls
* Eventually, composing completely sound structure of the organization with all things at appropriate places such as responsibilities, decision making and so on.

4. Performance Evaluation

As per the basic concept of MBO, the performance evaluation comes under the responsibility of concerned managers and is made by their participation. Keep in the mind, performance evaluation is one the most important factors of the organization that can help operating certain objectives smoothly.

5. Providing Feedback

The psychologically influential factor of MBO is constantly providing feedback to employees regarding their performance and individual goals, so that they can monitor, correct and extra improve their skills and mistakes. Mostly, the feedback is provided in periodic meetings where supervisors and their subordinates review the performance and progress towards achievement of goals. At one point, feedback helps individuals know their weakness. While on the other hand, it also motivates already potential individuals to enhance and develop their performance additionally.

6. The Performance Appraisal

Performance appraisals are the final step of the process of Management by Objectives. By definition, a day by day review of the employee’s performance across the organization can be called as performance appraisal. [Performance appraisal](http://www.businessstudynotes.com/hrm/performance-appraisal-process-of-performance-appraisal/) is associated with the term performance evaluation, but in some cases, both differ from each other

## 1c.

## Advantages of Management by Objectives1

1. Since Management by objectives (MBO) is a result-oriented process and focuses on setting and controlling goals, if encourages managers to do detailed planning.

2.  Both the manager and the subordinates know what is expected of them and hence there is no role ambiguity or confusion.

3. The managers are required to establish measurable targets and standards of performance and priorities  for these targets. In addition, the responsibilities and authority of the personnel is clearly established.

4. It makes individuals more aware of the company goals. Most often the subordinates are concerned with their own objectives and the environment surrounding them. But with MBO, the subordinates feel proud of being involved in the organizational goals. This improves their morale and commitment.

5. [Management by objectives](https://www.managementstudyhq.com/management-by-objectives.html) (MBO) often highlights the area in which the employees need further training, leading to career development.

**2a.**

**DEFINE DECISION MAKING**

Is the thought process of selecting a logical choice from the available options.  
When trying to make a good decision, a person must weight the positives and negatives of each option, and consider all the alternatives. For effective decision making, a person must be able to forecast the outcome of each option as well, and based on all these items, determine which option is the best for that particular situation.

2b.

RATIONAL DECISION MAKING PROCESS IN BUSINESS

In general there are 5 steps in rational decision making process, through different models.

First we must identify the situation and the decision that is needed to be made.

Second all the important criteria must be discussed and identified.

All possible situations must be carefully considered.

All  possible situations must be considered along with their outcomes to see which best fits the bill.

The best option is then chosen.

The presumption in the rational decision making process is that there is only ONE BEST solution to every problem and it focuses on trying to find that solution. Sometimes we just need a solution that works versus the best [solution](http://www.managementskillsadvisor.com/problem-solving-techniques.html) at that moment. This model is also based on prediction of outcomes based on different solutions; however our ability to predict the future is often limited and hence skewed.

This process also requires a great deal of time and thought along with information, it also negates the emotional aspect of decision making.

There is also an eight step decision making process which are:

**Step 1:**Identification of the Problem

**Step 2:**Identification of decision criteria

**Step 3:** Allocation of weights to criteria

**Step 4:**Development of Alternatives

**Step 5:**Analysis of Alternatives

**Step 6:** Selection of Alternatives

**Step 7:**Implementation of the Alternatives

**Step 8:**Evaluation of the Decision Effectiveness

The rational decision making process is highly effective when used in team decision making and also when making decisions regarding important business outcomes. When dealing with any situation where the decision will affect the companies’ future or financials or employee and customer satisfaction, it is best to follow the rational decision making process.

In order to facilitate the rational decision making model there are many forms and templates available both on and offline to help your team make a decision effectively such as Decision matrix, Pugh matrix, decision grid, Selection matrix, and criterion rating form along with many others, technique, fishbone etc.

When selection a model and a form it is best to select on that appeals to your style and level of comfort with this leadership tool.