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 Introduction to Business Assignment

1a. What is Management by Objective (MBO)?

**Management by Objectives** (**MBO**) is a personnel **management** technique where **managers** and employees work together to set, record and monitor **goals** for a specific period of time. Organizational **goals** and planning flow top-down through the organization and are translated into personal **goals** for organizational members.

1b. Describe the MBO Process

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 o

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.

 1c. What is the Usefulness of MBO to a business Organisation?

**Raises employee morale**: Too many employees feel as though they are left out of the decision process, but this is not the case with Management by Objectives. Since they play a part in setting goals, the bigger picture becomes far clearer to everyone. This in turn leads to a companywide boost in morale.

**Facilitates effective planning**: The Management by Objectives program makes organizational planning much more effective. Everyone is forced to look at results as opposed to winging it when crises arise. When effective planning is put in place, fewer of those problems tend to arise, allowing mangers to focus on what is important.

**Acts as motivational force**: Since everyone is on the same page when it comes to reaching the goals of the organization, there is a higher level of imagination and creativity that comes with that. With everyone working together for a common goal, there is a much higher level of motivation to reach them.

 2a. Define Decision

The definition of decision is a choice that is made, or the act of making up one's mind. Or

the act of deciding or settling a dispute or question by giving a judgment

 2b. Describe the Rational Decision-Making Process in Business

**Identify the decision.** The first step in making the right decision is recognizing the problem or opportunity and deciding to address it. Determine why this decision will make a difference to your customers or fellow employees.

**Gather information.** Next, it’s time to gather information so that you can make a decision based on facts and data. This requires making a value judgment, determining what information is relevant to the decision at hand, along with how you can get it. Ask yourself what you need to know in order to make the right decision, then actively seek out anyone who needs to be involved.

**Identify alternatives.** Once you have a clear understanding of the issue, it’s time to identify the various solutions at your disposal. It’s likely that you have many different options when it comes to making your decision, so it is important to come up with a range of options. This helps you determine which course of action is the best way to achieve your objective.

**Choose among alternatives.** When it’s time to make your decision, be sure that you understand the risks involved with your chosen route. You may also choose a combination of alternatives now that you fully grasp all relevant information and potential risks.