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1a. Management by objectives (MBO) is a management system in which the objectives are agreed upon by management and employees so that they can have a common understanding of the way forward. It is a personnel management technique where managers and employees work together to set, record and monitor goals for a specific period of time.

1b. There are four stages in the process of business by objectives. These steps are:

1. Collectively fixing the objective: This involves the fixing of objectives by the managers and employees in the key result areas. These key result areas are the areas which are very important for the long term success of the business. Definite and measurable objectives should be fixed for the key result areas. The time limit for achieving the objectives should be fixed.
2. Collectively making a plan: This happens after the objectives have been set. Here, the superior and subordinate manager make an action plan. And the plan will be used by the subordinate manager to achieve the objectives.
3. Subordinates implement the plan: The subordinate manager implements the plan. He puts the plan to action. He makes optimum use of resources and if required, he takes guidance from the superior managers.
4. Collectively monitoring performance: This is the final stage in the MBO process. Here the subordinate evaluates his own performance. He compares his performance with the planned targets(objectives). If there are any deviations, the superiors and subordinates fix new objectives. In this stage, the superior acts like a coach and guide. He does not act like a judge.

1c. The benefits of management by objectives to a business organization include:

1. It develops a result-oriented philosophy: The MBO process is all about the delivery of results. While managers are expected to develop goals and objectives, and provide their people with the resources they need, employees are expected to do their part by making positive contributions towards the organizational goals.
2. Formulation of clearer goals: The goals that are set in the MBO process are done in a way that makes them measurable and verifiable, whilst making sure that each and every one can be attained. The idea is that the problem areas are highlighted, with goals put in place to iron out those issues, thus making everyone more effective in the job that they do. This process encourages everyone to participate actively, with the end result being that the organizational goals are achieved within the agreed timeframe.
3. It facilitates objective appraisal: The evaluation process is designed to be fair from the start. with all of the goals that are put together by the entire team. Giving individuals the freedom to exercise their own creativity makes for a happier set of employees, all of whom become fully committed to reaching the organizational goals.
4. It facilitates personal leadership: MBO helps everyone within the organization, but it gives managers in particular the opportunity to display their leadership skills. Keeping the entire group focused will paint a manager in a very positive light and make them more likely to advance within the company.
5. It facilitates effective control: one of the main features of MBO is the continual monitoring of progress. This allows everyone to work towards a very identifiable set of goals, all allowing for better control.
6. It acts a 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 for a common goal, there is a much higher level of motivation to reach them.
7. It facilitates effective planning: The MBO program makes organizational planning much more effective. Everyone is forged to look at results as opposed to winning it when crises arise. When effective planning is put in place, fewer of t6hosed problems tend to arise, allowing managers to focus on what is important.

2a. A decision is a course of action purposely chosen from a set of alternatives to achieve organizational or managerial objectives. The decision making process is a continuous an d indispensable component of managing any organization.

2b. The rational decision making process involves the following phases:

1. Identifying the problem: This involves defining and formulating the problem clearly and completely. Defining the problem involves identifying the critical factors so that such factors can be restricted by the manager and finding out whether there are any limiting factors to solving the problem. For this purpose, manager should refer to the business policies or objectives of the business.
2. Analyzing the problem: This involves the collection and classification of as many factors as possible. The assembled information should be classified on the basis of futurity of the decision and the impact of the decision. Collection of relevant and accurate data is essential because of the quality of decision will depend upon the quality of data used.
3. Developing alternative solutions: A sound decision necessitates the consideration of all alternatives. This step involves the identification of limiting factors because it will enable the manger to search for those alter natives which will overcome the limiting factors.
4. Evaluating the alternatives: Here the alternatives should be compared and the following fac tors should be considered;

 \*quantitative factors

 \*qualitative factors

While evaluating the qualitative factors, the planner should see whether these factors can be quantitatively measured. If they are found not to quantitatively measurable, then he should assess the importance and influence and then come to a conclusion.

1. Deciding the best course of action: Here, the manager should take into account the economy, risk factors the limitation of resources, feasibility of its implementations etc, at the time of deciding the best course of action. There are 3 bases for deciding the best alternative suggested by Kontz and O’Donnell;

 \*Past experience

 \*Experimentation

 \*Research and analysis

 6.) Converting decisions to actions: Once decisions are made, they should be implemented. Implementation involves-

 \* Communicating the decision to the employees concerned.

 \*Assigning the responsibility of carrying out the decision to certain employees.

 \*Developing the procedure for the purpose of executing decision.

 \*Developing feedback mechanisms to check on the progress of the implementation.

 7.) Control: Once the decision is implemented, he next step is controlling. It involves-

 \*Comparing the actuals with the expected results.

 \*Finding out the deviation.