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**Assignment**

1. What is management by objective

MBO or management by objective can be defined as a comprehensive managerial system that integrates many key in managerial activity and that is consciously directed toward the effective and efficient achievement of organizational and individual objectives.

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 was first outlined by management guru Peter Ducker in 1954 in his book "The Practice of Management."

1b.Describe the MBO process

Management By Objectives (MBO) is an **performance management** approach in which a balance is sought between the objectives of employees and the objectives of an organization. The essence of Peter Ducker’s basic principle: Management By Objectives is to determine joint objectives and to provide feedback on the results. Setting challenging but attainable objectives promotes motivation and empowerment of employees. By increasing commitment, managers are given the opportunity to focus on new ideas and innovation that contribute to the development and objectives of organizations.

Generally there are four steps or stages in MBO process. They are:-

**Collectively fixing objectives**

The superior and subordinate managers collectively fix the objectives. The objectives are fixed for the Key Result Areas (KRAs). KRAs are those areas which are very important for the long-term success of the organization. For e.g. R & D, Production, Finance, etc. Definite and measurable objectives should be fixed for each KRA. The time limit for achieving the objectives should also be fixed. The objectives should be achieved by the subordinate manager.

For e.g. The objective for the marketing managers may be to increase the sales of product XYZ by 50% for the year 2010-2011.

**Stage 2. Collectively making a plan**  
After fixing the objective, the superior and subordinate managers make an action plan. This plan will be used by the subordinate manager to achieve the objective.

**Stage 3. Subordinates implements the plan**

The subordinate manager implements the plan. That is, he puts the plan to action. He makes optimum use of the resources. If required, he takes guidance from the superior managers.

**Stage 4. Collectively monitoring performance**

This is the final stage in the MBO process. Here, the subordinate monitors (evaluates or measures) his own performance. He compares his performance with the planned targets (objectives). If there are any deviations, then the superior and subordinates managers fix new objectives. In this stage, the superior acts like a coach and guide. He does not act like a judge.

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

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 (MBO) often highlights the area in which the employees need further training, leading to career development.

6. The system of periodic evaluation lets the subordinates know how well they are doing. Since MBO puts strong emphasis on quantifiable objectives, the measurement and appraisal can be more objective, specific and equitable.

7. It improves communication  between management and subordinates.

2a. Define Decision

The thought  a process of selecting of logical choice from the available options. A decision can also be defined as a conclusion or resolution reached after consideration.

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

Decision-making is an integral part of modern management. Essentially, Rational or sound decision making is taken as primary function of management. Every manager takes hundreds and hundreds of decisions subconsciously or consciously making it as the key component in the role of a manager. Decisions play important roles as they determine both organizational and managerial activities. A decision can be defined as a course of action purposely chosen from a set of alternatives to achieve organizational or managerial objectives or goals. Decision making process is continuous and indispensable component of managing any organization or business activities. Decisions are made to sustain the activities of all business activities and organizational functioning. A decision is a conscious choice which has been selected among competing alternatives and directed towards a definite purpose, while decision making can be seen as the process of selecting an optimal way of matching limited resources to limited wants in order to maximize the achievement of personal or social or business objectives.

Decision-making is a continuous process that pervades all organizational activities. Managers in every type of organization; business, hospital, government, education make decisions every day.

In addition, decision-making often reflects a manager’s effort to make sense of the complicated environment, to attain some control over the uncontrollable and to achieve some sense of order.