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**Assignment**

1. What is management by objective

 management by objectives: a system in which managers and their employees jointly decide on goals, areas of responsibility, and desir

A [management system](http://www.businessdictionary.com/definition/management-system.html) in which the objectives of an [organization](http://www.businessdictionary.com/definition/organization.html) are agreed upon so that [management](http://www.businessdictionary.com/definition/management.html) and employees understand a [common](http://www.businessdictionary.com/definition/common.html) way forward.

Management by objectives aims to serve as a basis for (A) greater [efficiency](http://www.businessdictionary.com/definition/efficiency.html) through [systematic](http://www.businessdictionary.com/definition/systematic.html) procedures, (B) greater [employee](http://www.businessdictionary.com/definition/employee.html) [motivation](http://www.businessdictionary.com/definition/motivation.html) and [commitment](http://www.businessdictionary.com/definition/commitment.html)through [participation](http://www.businessdictionary.com/definition/participation.html) in the [planning process](http://www.businessdictionary.com/definition/planning-process.html), and (C) [planning](http://www.businessdictionary.com/definition/planning.html) for results instead of planning just for [work](http://www.businessdictionary.com/definition/work.html). In management by objectives [practice](http://www.businessdictionary.com/definition/practice.html), specific objectives are determined jointly by managers and their subordinates, [progress](http://www.businessdictionary.com/definition/progress.html) toward agreed-upon objectives is periodically reviewed, end results are evaluated, and rewards are allocated on the basis of the progress. 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

###  **1. Determine or revise the organizational objectives**

Strategic organizational objectives are the starting points of management by objectives. These objectives stem from the vision and mission  of an organization. If an organization has not formulated these yet, it does not make sense to carry out the next steps.

**2. Translating the organizational objectives to employees**

In order to make organizational objectives organization-wide, it is important that these are translated to employee level. For efficiency reasons, Peter Ducker used the smart goals acronym **SMART** (Specific, Measurable, Acceptable, Realistic and Time-bound). The element *Acceptable* is crucial in management by objectives as this is about agreement on the objectives between the employees and the organization. The management by objectives principle does not allow management to determine the objectives by themselves. According to management by objectives, objectives should be clearly recognizable at all levels and everyone should know what their responsibilities are in this. Communication is also an important item for consideration when it comes to expectations, feedback and to giving rewards for objectives that have been achieved.

**3. Stimulate the participation of employees in the determining of the objectives**

The starting point is to have each employee participate in the determining of personal objectives that are in line with the objectives of the organization. This works best when the objectives of the organization are discussed and shared throughout all levels of the organization so that everyone will understand why certain things are expected of them. In this way, everyone can make their own translation of what their contribution can be to the objectives. This approach increases the involvement and commitment of the objectives. Instead of simply following expectations of managers and executives, everyone in an management by objectives approach will know what is expected of them. By broadening the decision making process and responsibility throughout the organization, people are motivated to solve the problems they are faced with in an intelligent manner and they are given the information they need so that they can be flexible in the changing circumstances. This participatory process ensures that personal objectives with respect to general team objectives, department objectives, business unit objectives and ultimately organizational objectives are made clear.

**4. Monitoring of progress**

Because the goals and objectives are SMART, they are measurable. If they cannot be measured, a system will have to be set up in which a monitoring function is activated when the objectives are deviated from. Detection must be timely so that large problems can be prevented. On the other hand, it is important that the agreed objectives do not cause abnormal behaviour of employees for example. For instance, when a service call must be handled within seven minutes and as a result employees finish these calls after 6 minutes and 59 seconds to meet this requirement. There are always exceptions to a rule and these situations should always be supervised.

In Management By Objectives, employees are not supported by their management through annual performance reviews. Management By Objectives is about growth and development. Each objective comprises mini objectives and it is about supporting these in small steps in the form of coaching by managers or executives. Create a clear path with sufficient evaluation moments so that growth and development can be monitored accurately.

**5. Evaluate and reward achievements**

Management By Objectives has been designed to improve performance at all levels within an organization. A comprehensive evaluation system is therefore essential. As goals and objectives have been SMART formulated, they make the evaluation of processes very easy. Employees are evaluated and rewarded for their achievements in relation to the set goals and objectives. This also includes accurate feedback. Management By Objectives is about about why, when and how objectives can be achieved.

2a. Define decision

The act or process of deciding ; determination, as of a question or doubt, by making a judgment:

 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.