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1a. What is Management By Organization?

This term was first mentioned by Peter Drucker in 1954, it is defined as a model that aims to improve the performance of an organization by defining objectives that are agreed to by both management and employees. The objectives set are achieved in order of how they are set. This process helps organization members to see what they have done and enables a composed and productive working setting.

1b. Describe the MBO Process?

The MBO Process goes as follows:

* Define organizational goals

Goals are important to the effectiveness of a business. An organization can have different kinds of goals all of which must be managed appropriately. The goals set by the superiors are preliminary based on analysis and judgment as to what can and what should be achieved by the organization within a certain period. “Management by Objectives works if you first think through your objectives. Ninety percent of the time you haven’t”- Peter Drucker

* Define employee objectives

This process is done after ensuring that the employees know about general objectives set by the managers. Then the employees and managers can work in setting their objectives. This leads to discussing about what goals seem feasible for the company or department.

* Continuous Montoring Performance and Progress

MBO enables managers to effectively monitor the performance and progress of employees. This done by:

1. Identifying ineffective programs
2. Applying MBO concepts for measuring individual plans
3. Preparing long and short range objectives and plans

* Performance evaluation

This is the process of assessing the performance of employees in the process of achieving the goals set in the business. This involves having an in-depth crosschecking of the achievements of the business.

* Providing feedback

This process is carried out after evaluating the performance. It is done in order to understand what has been evaluated. The employees provide feedback to the managers after evaluation to know if the business is achieving the general objectives.

* Performance appraisal

This is a regular review of employee performance within organizations. It is the last stage of the MBO process.

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

* Improved Planning

MBO encourages managers to think in terms pf results not activities. It enables people to set pleasurable goals i.e goals that will benefit the business effectively. It makes objectives explicit and plans more realistic.

* Coordination

It helps the business to clarify the structure and goals of the business. Every individual knows his role in the business and what is expected of him which leads to better productivity. Harmony of objectives enables individuals at different levels to have a common direction

* Motivation and Commitment

Participation of individuals in goals setting and review enables them to feel involved which motivates them to work harder and increase their commitment. The sense of accomplishment and job enrichment increases their sense of growth and self esteem.

* Accurate Appraisals

MBO replaces trait based appraisal with performance based appraisal. This is the review if workers based on their performance which makes the workers push harder in order to be assessed positively.

* Organizational change and Development

MBO paves a way for change and also enables managers to manage the change in the businesses. Short-comings will be handled effectively which will benefit the business and the process runs smooth.

2a. Define Decision?

This is a choice made between alternative courses of action in a situation of uncertainty. This means that individuals are set to choose between different options and the option chosen is a decision. Also it can be defined as a thought process of selecting a logical choice from the available options.

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

Rational Decision-Making can be defined as a process whereby individuals make use of analysis, facts and a step-by-step process to come to a decision. This is a precise analytical process that companies use to come up with a facts-based decision. This approach follows a sequential anf formal path which includes:

1. Formulating goals
2. Indentifying the criteria for making the decision
3. Indentifying alternatives
4. Performing analysis
5. Making a final decision.