POLAC MANAGEMENT REVIEW (PMR)
DEPARTMENT OF MANAGEMENT SCIENCE
NIGERIA POLICE ACADEMY, WUDIL-KANO

IMPACT OF MANAGEMENT BY OBJECTIVE ON EMPLOYEE PERFORMANCE OF ADAMA BEVERAGES YOLA, ADAMAWA STATE, NIGERIA

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Abstract

The study examined the effect of management by objectives (MBO) on the employee performance of Adama Beverages Yola, Adamawa State, Nigeria. The study seeks to explore how the implementation of MBO influences the employee performance and productivity of the organisation. The research used both qualitative and quantitative methods to gather data and analysed the impact of MBO on employee performance indicators such as employee satisfaction, goal attainment, and employee success. The result of the study reveals that, setting objective jointly increase commitment of employee and makes employees work according to the goal of the organisation. In addition, the study found that management by objective and employee performance were found to be positive (p <0.00) and significantly impact on employee performance of Adama Beverages Yola. The findings of this study can provide valuable insights for organisations in Nigeria and beyond on the effectiveness of MBO in improving performance and achieving strategic objectives.

Keywords: Impact, Performance, Management by Objective, Organization, Employee

1. Introduction

Every business organization requires the achievable and measurable goals of the performance. To enhance their performance, most of the tools are been introduced into the management. One among them is the management by objectives - A powerful tool to analyze and evaluate the performance of every individual in the organization. This tool was coined by the Peter Drucker in the year 1950. Management by objectives is an influential tool for supporting the standards of the employees to reach the goals of the organizations. It also acts as the powerful tool to enrich the employee performance of the organization. Each and every individual goals and objectives are being achieved by using the MBO tool of management. In an organization, every employee contributes specific resource to achieve organizational goal. Ashfaq (2018), objectives are required in every area where performance and results directly and vitally affect the survival and prosperity of a business. It is therefore necessary to define the objectives for each employee and then compare their performance against the defined objectives.

This process of formulating objectives is participatory between the manager and his/her subordinates, where a manager and his or her subordinates sit together in order to refine the specific objectives within a gaggle timeframe. The subordinates are then directly responsible for achieving those objectives (Burdzińskaa & Flak, 2017; Gotteiner, 2016; Kristiansen, 2016). MBO is a systematic and intensive process which designates grades of success to an organization. The appraisal of the grades of accomplishment at each level, and the utilization of knowledge for the localization of the sources of the organization or firm, will always be achieved by the active participation of the entire staff body (Flak, 2013; Gotteiner, 2016).

It is on the basis of harmonizing ideas and decisions that talented employees will be figured out. Harmonizing employee’s ideas and the goal of an organization is very important in solving problems in an organization. The harmonization of employee’s ideas and goal of the organization offered both the superiors and the subordinates the opportunity to sit together and jointly identify grey areas, defined area of responsibility of an employee, the anticipated result and measures to guide the employees in achieving the organizational goal. Aggarwal and Thakur (2013) add that management by objective (MBO) improve work performance, communication, expectation, employee's potential and aids employees counselling.

Given the need for the research and the gaps in knowledge that have been identified, a primary research aim was established:
Studying and Evaluating Role of Management by Objectives in Enhancing Niger Mills operations
To achieve this aim, the following objectives can be stated as follows:

i. To determine the effect of MBO on employee satisfaction
ii. To examine the effect of MBO on employee goal attainment
iii. To assess the effect of MBO on employee success

2 Literature Review

2.1 Conceptual Review

Management by Objectives

Management by objectives is a comprehensive management system that integrates several key managerial activities and is consciously directed toward the effective and efficient achievement of organizational and individual goals (Koontz, 2010).

Adam (2020) defined that Management by objectives (MBO) is a strategic management model that aims to improve the performance of an organization by clearly defining objectives that are agreed to by both management and employees.

MBO is an approach wherein self-control stems from classical management methods and its wide scope of use includes evaluating teamwork effectiveness (Burdzińskaa & Flak, 2017).

Kristiansen (2016) pointed out that MBO contributes towards employees feeling empowered in their jobs and believing that they possess the talent, attitudes and opportunities to manage change which consequently affects work-related self-efficacy and social support. MBO also offers several advantages to practicing administrators. According to Verboncu and Vrîncut (2014), performance measurement is predicated on the quantitatively or qualitatively expressed standards for every objective and the most significant advantage of MBO is that it makes the self-control of one's own performance by each manager possible. MBO also assists administrators in designing diverse functions (Aydin & Dube, 2018; Yanagizawa & Furukawa, 2016). MBO has the potential of allowing managers to realise the commitments of subordinates since the goals and objectives are not imposed on them, rather they are set after due consensus between managers and subordinates (Deac, Cioc, Deaconu, Frăsineanu, Ioniț & Jiroveanu, 2014).

Employee Performance

Olanipekun et al. (2015) asserted that for an organisation to be successful it must record high returns and identify performance drivers from the very highest to the lowest levels of the organisation. Mose, Njihia and Magutu (2013) highlighted that performance measurement tools help firms in monitoring performance, identifying the areas that need attention, enhancing motivation, improving communication and strengthening accountability (Mutindi, Namusonge & Obwogi, 2013; Weihrich, 2000). In MBO, the employees are evaluated by their individual performances; therefore if they are good at achieving their goals, they become valuable to the organisation. MBO can also be an approach or process which transforms a firm's goals into individuals' goals (Armstrong, 2009; Ashfaq, 2018). MBO facilitates in setting the organisational self-analysis, planning, goals and achievement. In organisational goal setting, personal goals are established between managers and subordinates and organisational goals are used as a benchmark for employee's evaluation within the design process (Qureshi & Hassan, 2013). Perceptive planning is required when applying MBO in any corporation for the sake of certifying buy-in (Lewis, Packard & Lewis, 2011). MBO is the most popular technique for organisations nowadays. It directs more and more attention to the achievement of the set goals through the contribution of all connected employees of an organisation. In MBO, the outcomes and required performances of individuals and firms are predictable in both the short-term and the long-term (Lindberg & Wilson, 2011).

2.2 Theoretical Review

Hollman's Model

This model consists of a number of the following distinctive steps: Identification of managers' key areas of job responsibility; establishment of specific objectives in each key area of responsibility; periodic review of progress toward objectives and end-of-period evaluation of managers' performance on objectives. This model identified that the managers' assessments of MBO effectiveness were measured in terms of seven MBO effectiveness dimensions namely; planning and organizing work, objective method of evaluating work performance, motivation of the best performance, coordination of individual and work group objectives, improvement in manager- employee communication, improvement in manager-employee cooperation and overall satisfaction with MBO (Hollmann, 2013).

Compared with other management theories, in terms of growth and development management by objective has a long history but it was not until 1954 that it was well articulated and publicized by one of the world leading management thinker Peter Dunker. According to Derek and Heather (2005) MBO is ultimate in participative management because employees can establish personal objectives for their job, set evaluation procedures and receive constant feedback on progress. Ofejebe (2016) adds that MBO give employee psychological satisfaction and ultimately gingers employee to be more committed to achieving organisational goal.

Management by Objectives is arguably one the important theories in management that improves performance. Rosemary (2016) in her study on management by objective a top down planning technique for effective secondary school management found that teachers consider MBO elements as relevant and beneficial to school manager, as it enhances communications, accountability and reporting system in management processes. Similarly, the author found that with MBO, performances is highly motivated in the overall management processes and minimizes crises management as administrators deal with problems as they arise.

Harmonization of objective is very important because in an organization there is inter and intra dependency. An effective organization with high standard of performance level is the one that incorporates the ideas of its employees in planning and taking decision. Ideas are the driving factors in innovation in an organization. Thus, the goal of MBO is to increase performance of employee without prejudice to human relation aspects of management. There are some factors influencing employee's performance in an organization. For instance, Khader and Ridha (2021), stated that, employee performance increase with the adoption of management by objective. It was also supported by Idoko, okolie and Nnubuogu (2022) on the aspects employee involvement in decision making and employee commitment to achieving employee performance and productivity.

In spite many studies linking MBO to organizational productivity, many financial institutions in Nigeria have minimally adopted this appropriate approach to management. It is in the light of this background that this study intends to examine the impact of management by objective (MBO) on organizational performance in Nigeria using Adama Beverages Yola.

2.3 Empirical Review

Ofobruku & Nwakoby (2015) investigated the effects of setting objectives on employee performance in family business in the construction industry in Abuja. The study employed a survey research design using both quantitative and qualitative approaches. The population was the construction industry in Abuja. Responses from 367 construction employees were analysed. The data collected were analysed using Pearson correlation coefficient statistical technique. The findings of the study revealed that set objectives had positive effects on employee performance; career support had more positive effect on employee performance than psychosocial support. The study therefore, concluded that performance among employees is based on the degree of set organizational objectives put in place in the organisation. Employees respond better to career support in terms of performance. It was subsequently recommended that for family business to sustain better employee performance, the organisation should be encouraged to have clearly defined objectives for the employees of the organisation which will result in better employee performance for the business to achieve its objectives.

3. Methodology

3.1 Research Design

This study adopts a quantitative survey research design. The study is a quantitative descriptive survey research design that involves asking questions, collecting and analysing data from a supposedly representative members of the population at a single point in time with a view to determine the current situation of that population with respect to one or more variable under investigation (Okeke, Olise & Eze, 2010). The questions asked are to elicit responses that will answer the research questions and address the objectives of the research. This work is concerned with the collection of data for the

3.2 Data and Sources

The sources of data that was used in this research work are:

Primary Sources

Primary sources of data used in this research work are mainly from oral interviews and structured questionnaires administered to the selected employees of the companies under study.

3.3 Population

The population of the study comprises of all the 139 staff of Adama Beverages Yola. This includes the top, middle and lower cadres in 2022.

3.4 Sample Size Determination

In order to determine the sample size for the purpose of questionnaire distribution, the Taro Yamane's formula was used to obtain a sample of 103 employees of Adama Beverages Yola Nigeria. Hence, the sample size used in this research work is 103.

3.5 Sampling Technique

Simple random sampling technique was used to select 103 respondents out of 139 of the total population.

3.6 Instrument for Data Collection

The questionnaire used in collecting data for this study was adopted. It was divided into two sections: The first section of the questionnaire contained information about the demographic characteristics of the respondents. The second section was designed to collect information about the management by objectives adoption by organisation. All items included in the questionnaire from literature and initial pilot survey of twenty (20) respondents. Four trained research assistants were used for the administration of the questionnaire. They assisted the respondents to complete the questionnaire through an interactive process; thus making sure the questionnaire was completed on the spot. On the whole, 103 copies of questionnaires issued out were completed and returned.

4 Results and Discussions

The questionnaire responses were cleaned, grouped into various categories and entered in the SPSS version 20 software to facilitate analysis using chi-square. The hypotheses were tested using chi-square with the help of SPSS version 20 software.

Test of Hypothesis

The hypothesis formulated in chapter one of this studies were tested using the Chi square statistical tool in SPSS statistical package.

Decision Rule Accept H_o and reject H_A, if the p-value is less 0.05 (p-value < .05)

Ho_1: There is no relationship between MBO and employee satisfaction in Adama Beverages Yola Nigeria.

Ho_2: There is no relationship between MBO and goal attainment in Adama Beverages Yola Nigeria.

Ho_3: There is no relationship between MBO and employee success in Adama Beverages Yola Nigeria.

Table 1:Chi-Squared Test

	Satisfaction	Goal attainment	Employee success	Factors
Chi-Square	.000[a]	.000[a]	.000[b]	.000[c]
Df	2	2	1	5
Asymp. Sig.	1.000	1.000	1.000	1.000

From the Chi-square table above, the P-value (Asymp. Sig.) Were all observed to be greater than 0.05 hence the H_0 should be accepted and the H_A be rejected for all the three hypotheses.

a. 2 cells (100.0%) have expected frequencies less than 5. The minimum expected cell frequency is 1.0.

b. b. 1 cells (100.0%) have expected frequencies less than 5. The minimum expected cell frequency is 1.0.

c. c. 3 cells (100.0%) have expected frequencies less than 5. The minimum expected cell frequency is 1.0.

Discussion of the Findings

The objective of this study examines the impact of management by objective on employee performance of Adama Beverages Yola. Employee satisfaction enhances employee performance. When an employee satisfied with his or her pay will contribute as expected. Based on the findings goal attainment has significant impact on employee performance. When goal is given to employees, the employees will work hard toward achieving that goal which directly increases their performance. The study also reveals that there is significant relationship between employee success and employee performance of Adama Beverages Yola Nigeria. Management by objective jointly increases employee performances by considering individual satisfaction, goal attainment and employee success in Adama Beverages Yola. Responses were draw from the respondents to gauge their perception. There is no significant difference in the opinions of the respondents on this objective. In the opinion of Egboka (2008), Setting objective jointly increase employee performance, which impact significantly on the goal of the organization.

5 Conclusion and Recommendations

The impact of management by objective in regulating and coordinating behaviour in an efficient and effective ways in organizations is generally undisputed in both private and public organizations. Its impacts can be felt by junior, intermediate and senior cadre of employees. In practice and theory, Management by objective in an organisation should be clear, consistent and comprehensive. The implementation of MBO in Adama Beverages Yola will improve employee activities and also improve management activities. It is clear that there is urgent need for effective and efficient action plan for the full implementation of the principle and practice of management by objective in Adama Beverages Yola.

As a result of these study findings, the researcher put forward the following recommendations but not limited to:

i). Managers, head of departments, head of sections and units in Adama Beverages Yola should make sure the employees are satisfied with their pay for them to deliver their tasks perfectly.

ii). The management of Adama Beverages Yola should set a goal to the employees which is reliable, measurable, attainable, etc. for employees to increase their performance and enhance the organisation performance also.

iv). The management of Adama Beverages Yola should apply MBO to all departments and units for employee to be succeeded in their performance, and also sponsor their employees to conferences in the area of management and planning within and outside the state where they will acquire more knowledge on the application of MBO.

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