MANAGEMENT BY OBJECTIVES AS AN INSTRUMENT FOR ORGANIZATIONAL PERFORMANCE
(A CASE STUDY OF FIRST BANK PLC, ENUGU MAIN BRANCH)

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TITLE

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CERTIFICATION

I, Ugwu Cynthia Ifedilichukwu, a Postgraduate student in the Department of Management, Faculty of Business Administration, University of Nigeria, Enugu Campus with Registration Number PG/MBA/11/60196 certify that the work contained therein is original and has not been submitted in part of full for any other Diploma or Degree in this or any other institution.

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APPROVAL

This thesis has been approved for the Department of Management, Faculty of Business Administration, University of Nigeria, Enugu Campus.

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Date ____________

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External Examiner

Date ____________
DEDICATION

This Research is dedicated to Almighty God and to my husband, my children and to my parent and siblings.
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The Researcher acknowledges the Almighty God who in his infinite mercy made this work possible because he said that when we remember him and acknowledge Him in all that we do, He will direct our paths.

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# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>TITLE</th>
<th>iii</th>
</tr>
</thead>
<tbody>
<tr>
<td>CERTIFICATION</td>
<td>ii</td>
</tr>
<tr>
<td>APPROVAL</td>
<td>iii</td>
</tr>
<tr>
<td>DEDICATION</td>
<td>iv</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENT</td>
<td>v</td>
</tr>
<tr>
<td>TABLE OF CONTENTS</td>
<td>viii</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td>xi</td>
</tr>
</tbody>
</table>

## CHAPTER ONE

### INTRODUCTION

1.1 Background of the Study ............................................. 1
1.2 Statement of the Problem ........................................... 5
1.3 Objective of the Study .............................................. 6
1.4 Research Questions .................................................. 7
1.5 Hypotheses ........................................................... 7
1.6 Significance of the Study .......................................... 8
1.7 Scope of the Study ................................................... 9
1.8 Limitations of the Study ............................................ 9
1.9 Definition of Terms ................................................ 10
CHAPTER TWO
LITERATURE REVIEW

2.1 Definition of MBO ................................................................. 11
2.2 Theoretical Framework of the Study ................................. 14
2.3 Application of Management by Objective ...................... 15
2.4 Role of Management by Objectives in
   Organization Performance .................................................. 20
2.5 Two Major School of Thought ........................................... 23
2.6 Steps in Management by Objectives Process .................... 29
2.7 Management by Objective-Objective Setting ..................... 33
2.8 Management by Objectives Characteristics ....................... 36
2.9 Strengths and Weakness of Management by
   Objectives System ............................................................... 38
2.10 Elements of the Management by
   Objectives System ............................................................... 49
2.11 Historical Background of the Study ................................. 51

CHAPTER THREE
RESEARCH DESIGN AND METHODOLOGY

3.1 Research Design ............................................................... 54
3.2 Sources of Data ................................................................. 55
3.2.1 Primary Sources of Data ........................................... 55
3.2.2 Secondary Sources of Data ........................................ 55
3.3 Population of the Study .................................................. 56
3.4 Sampling Design and Determination of Sample Size ........................................ 57
3.5 Method of Data Collection ............................................. 58
3.6 Questionnaire Design, Distribution and Collection of Responses ........................................ 61
3.6.1 Secondary Method of Data Collection ......................... 61
3.7 Method of Presentation and Analysis ............................... 61

CHAPTER FOUR
DATA PRESENTATION AND ANALYSIS
4.1 Data Presentation .......................................................... 63
4.2 Presentation According to the Key Research Questions .................................................. 66
4.3 Test of Hypotheses .......................................................... 74
CHAPTER FIVE
SUMMARY OF RESEARCH FINDINGS, RECOMMENDATIONS AND CONCLUSIONS

5.1 Summary of Findings .................................................. 79
5.2 Recommendations ..................................................... 81
5.3 Conclusion ............................................................... 82

BIBLIOGRAPHY .............................................................. 84
APPENDIX ................................................................. 87
The main aim of this study is to examine Management by Objectives as an instrument for organizational performance with focus on First Bank of Nigeria Plc. Management by Objectives is a way of getting improved results in managerial method, whereby the superior and the subordinate managers in an organization identifies major areas of responsibility, in which they will work, set some standards for good or bad performance and the measurement of results against those standards (Derek 2005: 156). Management by objectives is also called managing by objectives. However, there have been certain individuals who have long placed emphasis on management by objectives and by so doing have given impetus to its development as a system. Management by objectives prefers to a structured management technique of setting goals for any organizational unit. The major problem of this study is that management of companies in Nigeria lack sufficient techniques to make them manage effectively. Some of these tools are not used and when used they are not properly utilized. Management by objectives is not only a managerial strategy to achieve a well co-ordinated managerial goals, but it is also a popular management techniques that cut across or pervade all human activities namely business areas, educationed government, health care and non-profit organization. Unfortunately many of the organizations are yet to adopt this technique in enlisting commitment and support of their staff. The major objective/hypotheses of the study was to determine the various problems affecting management of objectives as an instrument for organizational performance and the level of participation of both managers and employees in the setting of goals to be achieved in the organization. Data were collected from both primary and secondary sources. The major sources of primary data were direct oral interview and questionnaire which was conducted among the staff. The major instrument used in the data collection was questionnaire. The data were presented in tables as frequency distributions and in analysis. In testing the hypotheses, the statistical test of proportion (Z-test) was applied. The major findings of the study were: MBO helps to obtain total commitment of all employees to work together in order to achieve a common goal; that good and prompt salary, promotion as when due, good relationship with management and recognition of achievement improves performance of the workers and by so doing enhances organizational performance when management by objectives is been adopted. The study recommended that managers should consult his subordinates in drawing up unit objectives which goes up the hierarchy from where it is modified, collected, approved and distributed throughout the organisation. Moreso, there should be autonomy in implementation of plans once the objectives have been agreed upon, the individual should enjoy wide discretion in choosing the means for achieving the objectives without being directed by higher ranking manager. Finally, the study revealed a lot of positive implications and relevance of management by objectives to modern day management of organizations especially in Nigeria. In practical terms, the operations of management by objectives requires that each manager of a unit draws up his department objectives with his subordinates in line with the centrally stipulated corporate objectives and mission.
CHAPTER ONE
INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Management needs a lot of tools to be able to administer effectively in the day to day running of the business. Management by objectives is one of such tools. It is a way of getting improved results in managerial method whereby the superior and the subordinate managers in an organization identifies major areas of responsibility, in which they will work. Set some standards for good or bad performance and the measurement of results against those standards (Derek 2005: 156).

Management by objectives is also called managing by objectives. However, there have been certain individuals who have long placed emphasis on management by objectives and by so doing have management by objectives refers to a structured management technique of setting goals, for any organizational unit.

Odiorne (1981:1) defines MBO as a system of management whereby the superior and subordinate jointly identify objectives, define individual major areas of
responsibility in terms of results expected, and use these objectives and expected results as guides for operating the unit and assessing the contribution of each of its member. Besides, Odiorne points out that management by objectives is a "system of management" an overall framework used to guide the organizational unit and outline its direction. He went further to point out that "the superior and subordinate jointly identify objectives". In other words, it is a participative management procedure that requires commitment and co-operation. The definition deals with identifying the "results" that are expected. Thus management by objectives concentrates on the output of the organization evaluating people by assessing their contribution to this output.

Management by objectives is a strategy where in the management sets specific goals for the employees to accomplish within fixed time period. Management by objective is a dynamic system which seeks to integrate the company a need to clarify and achieve its profit and growth goals with the managers need to contribute and develop himself. It is a demanding and rewarding style of managing a business.
Management by objectives can work in any size of organization if the procedures are understood and managers are patient in letting the system set in first. Management by objective is an effective planning, control, and development system.

Management by objectives was defined by Koontz and O'Donnell (1968: 485) as a technique of system or method of management whereby the superior and subordinate managers of an organization agreed on its broad goal, translated these goals into a chain of specific short term goals, defined each individual's major areas of responsibility in terms of results expected, continually reviewed the accomplishment as the sole basis of assessing and rewarding them.

Management by objectives gives the employee the opportunity to participate in decision making, the limits within these limits. It assumes that the employees have been properly selected and trained, and is informed that the employee will be responsible for achieving the desired results in the organization.

Organizations are ubiquitous. According to Mullins (2005: 256), organizations are designed by people to
overcome individual limitations and achieve individually. Hence, organization becomes a means of survival for the people and exerts an important daily influence on the life of the people and the way they live. The major decider for the survival of any organization is the presence of capable men and women with the right technique to combine the organization resources (Man, Machine, materials and Money) to achieve organization goals.

It is appropriate to note that management of companies in Nigeria lack sufficient techniques to make them manage effectively. Some of these tools are not used and when used, they are not properly utilized. Management by objective is not only a managerial strategy to achieve a well coordinated managerial goals, but it is also a popular management techniques that cut across for pervade all human activities namely business areas, educational, government, health care and non-profit organization.

Most of the techniques, system, tools of management are hardly understood resulting in losses and damages to the organization. Besides it is the wrong use of techniques and
unwillingness of top management to utilize the right tool to solve the management problems.

It is on these tends that the researcher intends to find out the prospect and problems of management by objective as an instrument for organizational performance in Nigeria. In order to investigate some of the above problems, one of the leading financial institutions in the country, First Bank of Nigeria Plc. Okpara Avenue Enugu Main has been chosen.

1.2 STATEMENT OF THE PROBLEM

It is pertinent to note that management of companies in Nigeria lack sufficient technique to make them manage well. Some of these tools are not used and when used they are not properly utilized e.g. management by objectives. Management by objective if not only a managerial strategy to achieve a well co-ordinate management performance, but it is also a popular management technique that exit across or pervade all human activities namely: business areas, educational, government, health care and non profit organization.

Unfortunately many of the organizations are yet to adopt this technique in earlisting commitment and support of their
staff. Those who do, often pay lip services only to the MBO technique. Thus excluding staff in standard/goal setting that involve them. Control and achievement of goals in cases like this suffer.

1.3 OBJECTIVES OF THE STUDY

The broad objective of the study is to find out the prospects and problems of management by objectives as an instrument for organizational performance in Nigeria.

The specific objectives of the study include:
1. To determine problems affecting management by objective as an instrument for organizational performance.
2. To find out the level of participation of both managers and employees in the setting of goals to be achieved in the organization.
3. To determine whether employees are given appropriate authority and responsibility for achieving the set objectives.
1.4 RESEARCH QUESTION

In pursuit of the research objective of the study, the following research questions have been formulated.

1. What are the problems militating against the use of management by objectives as instrument for organizational performance?
2. To what extent do both managers and employees participate in the setting of goals to be achieved in the organization?
3. To what extent are employees given appropriate authority and responsibilities for effective management by objectives?

1.5 HYPOTHESES

The following hypothesis will guide the study:

1. $H_0$ Managers and employees do not participate in the setting of goals to be achieved in the organization to increase performance.

$H_1$ Managers and employees participate in the setting of goals to be achieved in the organization to increase performance.
2. $H_0$ Non-commitment of top managers are not one of the problems militating against the use of Management by Objectives as an instrument for organizational performance.

$H_1$ Non-commitment of top managers is one of the problems militating against the use of management by objectives as an instrument for organizational performance.

3. $H_0$ Employees are not given appropriate authority and responsibility for achieving the set objectives.

$H_1$ Employees are given appropriate authority and responsibility for achieving the set objectives.

1.6 SIGNIFICANCE OF THE STUDY

The Researcher: It will enable the researcher to fulfill the partial requirement for the award of the award of Master’s Degree in Management.

The Firm (First Bank of Nigeria Plc.): The firm will through this study see the need to involve the subordinates in setting objectives as it will elicit higher productivity, profitability growth, sustainability of the
organization as well as customer and employee satisfaction.

The Future Researchers: The study will be useful to those who will carry out studies in related areas in future. It will serve as a reference material to them. Even, the findings can provide the bases for further studies.

1.7 SCOPE OF THE STUDY

This study focuses on the use of MBO as an instrument for organization performance. But the scope is restricted to the First Bank of Nigeria Plc. Enugu Main. The time scope covers from 2006 to 2011.

1.8 LIMITATIONS OF THE STUDY

There are many factors that act as constraint to the effort of the researcher in the course of writing this project. Most prominent of the factors are:

Time

The research work is big task and as such requires time and energy, which was not on the researchers side.
Finance

This is another limiting factor. Due to limited financial resources available, the researcher cannot procure all the needed materials for this project. The cost of transportation to and for First Bank of Nigeria Plc Okpara Avenue is very high for the researcher.

Dearth of Research Materials

Nigerians dislike activities that tend to probe them. They tend to avoid researcher because they feel their activities that are not meant for public consumption would be exposed through research work.

1.9 DEFINITION OF RELEVANT CONCEPTS

- **MBO**: Management By Objectives
- **WAEC**: West African Examination Council
- **SSCE**: Senior Secondary Certificate Examination
- **OND**: Ordinary National Diploma
- **B.Sc**: Bachelor of Science
- **PLC**: Public Limited Company
- **FBN**: First Bank of Nigeria
CHAPTER TWO  
LITERATURE REVIEW  

2.1 DEFINITION OF MBO

Management by objectives is traceable to the period prior to the middle of this century but it was not until 1954 that it was well articulated and publicized by one of the world’s leading management thinkers in the person of Peter Drucker. Management by objective goes beyond setting annual objectives for organizational units to setting performance goals for individual employees (Stoner 2000: 361). Management by objectives has become a great deal of discussion, evaluation and research and inspired many programs.

Management by objectives refers to a formal set of procedures that begins with goal setting and continues through performance review. Managers and those they supervise act together to set common goals. Each person’s major areas of responsibility are clearly defined in terms of measurable expected result or objectives, used by staff members in planning their worker, and by both staff members and their managers conducted jointly on a continuing basis, with provisions for regular periodic reviews.
Management by objectives (MBO) is a process of defining objectives within an organization so that management and employees agree to the objectives and understand what they need to do in the organization. The essence of MBO is participative goal setting, choosing course of actions and decision making. An important part of the management by objectives is the measurement and the comparison of the employee's actual performance with the standards set. Ideally, when employees themselves have been involved with the goal setting and choosing the course of action to be followed by them, they are more likely to fulfill their responsibility.

According to Odiorne (1965), the system of management by objectives can be describe as a process whereby the superior and subordinates jointly identify its common goals, define each individuals major areas for operating the unit and assessing the contribution of each of its members.

Management by objectives as mentioned by Drucker is a simple approach to help motivate managers through the goal setting (Antoni, 2005).
According to Rodgers and Hunter (1992), management by objectives contains three main characteristics, "participation in decision making, goal setting and objective feedback". Participation is used to create common perception for organization as a whole. Goal setting entails "the continuous review and revision of objectives" while objective feedback is the tool for managers to assess subordinates on progress toward goal achievement.

The heart of management by objective is the objectives, which spell out the individual actions needed to fulfil the units functional strategy and annual objectives. Management by objectives provides a way to integrate and focus the efforts of all organization members on the goals of high management and overall organizational strategy.

Another key to management by objective is its insistence on the active involvement of managers and staff members at every organizational level. Drucker (1979: 256) insists that managers and staff members sets their own objectives or at the very least, be actively involved in the objectives setting process. Otherwise people might refuse to co-operate or make
only half hearted efforts to implement same one else's objectives.

2.2 THEORETICAL FRAMEWORK OF THE STUDY

Drucker (1979: 255) identifies certain inherent structural variable in the work environment that are capable of misdirecting the efforts of management towards the realization of corporate goals. The sources of these are mentioned below:

a) Over-emphasis on workmanship vis-a-vis goal attainment, so much that professional rivalry and empire building may result.

b) Opposing views at various level of management arising from differentials in their scope of jurisdiction and pursuers corporate goals.

Participation is an essential component of an effective management by objective programs. Managers and employees should agree on objectives and should meet periodically to review progress toward the objective. The objective set in the process of management by objectives help
provide a yardstick for performance appraisal, compensation and control.

Once the objectives are agreed upon, every one knows what is expected of him, thereby making appraisal and reward easy and known what is more, it facilitates control of organizational operations as deviations can be easily identified and corrections made.

2.3 APPLICATION OF MANAGEMENT BY OBJECTIVE

To understand how management by objectives can be applied, it is necessary to look at the parts of the process. Management by objective can be divided into multiple steps in many combinations, but three main one will be discussed. Organization objective setting, manager objective setting and objective review. (Mullins 2005:605).

1. Organization Objective Setting

Setting objectives is the most difficult step in management by objective. Objective answer the question "what are we trying to accomplish? This step requires the top managers of an organization to review,
the purpose for which the organization exist. In the military, this may require the view of the mission statement and a discussion of it's meaning. This is an important requirement, for periodic review re-emphasizes, the continuing need for the existence of the organization. With this mission in mind, the commander or supervisor and his staff must then set organizational objectives in areas where the unit will concentrate its efforts during the approaching objective setting period. These objectives are:

i) To provide direction to the entire organization and

ii) To provide guidelines for subordinate - level managers to formulate their objective.

As a result of this organizational objectives setting step, air force managers showed, realized that a mission statement is a goal that defines the continuing purpose of an organization. That mission statement, however, does not define specific methods accomplishing the goal stated. Management by objectives helps formulate these specific methods that are necessary to accomplish the mission.
2. **Manager objective Setting**

Each individual manager in the organization must now determine the objectives for his business. This procedure takes place in three general steps: Identifying key result areas, writing objectives, and negotiating with the boss. First the manager must identify the key result areas of responsibility that are assigned to this unit. In other words, just as the commander reviewed the whole organization in order to set organization objective, the manager reviews his part of the organization in order to set his objectives. It is important for the individual business manager to identify the areas of his unit where most of the results are obtained. He will usually find that 20 percent of his area of responsibility will produce 80 percent of his results. It is important that he identify and zero in on these key result areas for management by objective to be effective.

After a manager has identified his key areas of responsibility, he is ready to sit down and write his objectives. The main criteria that he should remember in
writing objectives are that they should be specific, measurable, realistic and result oriented. They should be specific in that there can be no confusion about what is expected. They must be realistic but still challenging. The objectives should be result-oriented, concentrating on the output of the organization and not on its internal activities or procedures.

After the managers objectives have been written he enters the participative management phase of this technique. The subordinate manager sits down with his boss and they agree on the subordinate's objective. This requires a realistic commitment on the part of both individuals. The agreement on the objective signifies the approval of the expected results (output) required of the subordinate. Progress towards these results can now be pursued by the subordinate until the requirement is reached or the goal is changed.

3. Objective Review

After the setting of objectives has been agreed upon by the subordinates, managers, and its boss, the stage is
set for managing by these objectives. This managing process is responsibility of the subordinate manager, and it is interrupted only by mutually arranged, formal review sessions with the commander. In other words, management by objective requires that each individual have the freedom to perform a well-defined task without interference.

There are two types of objective reviews according to (Mullin 2005) - intermediate and final progress and identifying problems that stand in the way of accomplishing objectives. Most problems are not foreseeable at the time objectives are written; they appear only when action is taken to accomplish the objectives. The result of this intermediate session should be either the agree on a plan that resolves the blockage of objective accomplished or change the objectives.

The final review is to determine objective accomplishment in this session the subordinate's objectives are reviewed for the entire period. In addition, the session concentrates on the renewal of the objective setting cycle by establishing a basis from which to plan the objectives for the
next period. The superior gains an additional benefit from this session since it provides him with input on which to evaluate the subordinates and organizational performance. If the focus of the session is on the objectives and it does not breakdown into personal recrimination of the individual, then the review will be true appraisal of performance, not personality.

2.4 ROLE OF MANAGEMENT BY OBJECTIVES IN ORGANIZATION PERFORMANCE

Management by objectives was initiated by Peter F. Drucker, and it has been tested by many scholars about how useful and appropriate it is as the managerial tool. At the beginning management by objective tool was only a simple approach that use of goal setting to be a guideline. Later, both public and private sectors applied it with other strategies to manage their organizations. The trends in the management by objective literature stated with the impact of management by objective on individual. Many studies examined its effectiveness and gave the positive results in job satisfaction and work performance.
Dinesh, D., and Palmer, E. (1998) compares management by objective with the Balanced score card and indicated that both of them focus on "goal cognisance as a means of improving performance". But management by objective had two significant flaws "identified as partial implementation of the system and non-recognition of the need to adopt a human-relations view".

Management by objective helps improve performance. Three studies examine this relationship. Rogers and Hunter (1992) conducts the meta-analysis of management by objectives applications in both public and private sectors resulting that 100 percent of the public sector studies reported performance gain after the introduction of management by objective. Their findings pointed out that high commitment to management by objectives from top management will create the significant gain, and management by objective in both public and private sectors was equally effective. Smith, et al (1996) examines current performance appraisal methods. Two hundred and fifty managers in the U.S. were asked through questionnaires about performance
appraisals. The responses revealed that management by objective has remained a popular format.

In the literature on the relationship between participation in decision making and performance, Tuijl, et al (2004) conducts a quasi-experimental field study campaigning participation and tell-and-sell strategy. The result indicated that participation in the design of performance management systems gave the higher performance from individual technicians than tell-and-sell strategy did. Researchers also explored the relationship between management by objective and team performance, and the result demonstrated that management by objectives is the powerful tool to develop group efficiency. Although some studies gave negative feedback, management by objective is still widely accepted in most organizations.

Management by objective helps communicate between managers and subordinates, which will lead to the goal achievement. Also the higher commitment in management by objective from top management will generate the significant gain in both public and private sectors. As for extra-role
behaviour, participation in management by objective gives higher performance and creates self efficacy from workers as the study shows the result that "people who know that they have effective ways of performing a task will be more confident than people who are unsure of how to perform effectively" (Lathem, et al, 1994). Management by objective is useful.

This managerial tool gives positive effect on job satisfaction, team performance, performance appraisal, self-efficacy and organizational performance. By setting reasonable and challenging goals, not looking at the subordinates as tools and rather applying participation in decision making, the use of management by objective is an organization is a powerful tool in management.

2.5 TWO MAJOR SCHOOL OF THOUGHT

There are two major schools of thought on how management by objectives should be implemented to enhance organizational performance, although there is an agreement on its usefulness. The first school of thought, which follows the
Drucker analysis, looks at management by objective as an administrative planning tool. The second school of thought, which follows the M.C. Gregory emphasis, views management by objective as a method of employee participation, development and supervision. The Drucker School bases their appropriate goals in light of the demands of its client and the needs of a changing world. The McGregor school views the implementation of management by objective as a way to provide participation, direction and motivation to employ there reasons include providing for improvement in supervision. Staff development and motivation.

Management by objective is a systematic approach to management planning and supervision that establishes common goals and objectives that must be achieved the objectives to those who must do the work.

The two major interpretations of management are the human relations and the systems orientation are at least three subsets:

Management by objectives as a result-oriented administers development approach and unique sensitivity training programme.
The systems-oriented conceptualization of management by objectives, but sees this as only one compound incomplete organization. The entire organization is perceived as being a goal-seeking mechanism. It is important that all such outcomes be identified, classified and expressed in measurable terms. Management by objectives becomes the main device in the overall planning and control of all dimensions of the organization.

The relevance, clarity, measurability and feasibility of the statement of objectives are all important to such management systems. It is not only top management that operates in this mode but also the commitment extends to all administrative levels, from organization goals to division objectives to operational objectives down to the very specifically targeted objectives.

Management by objectives is a participative management style. The manner in which objectives are arrived at can be as important as their quality and reliance. Objectives can and should be jointly determined with full participation from all administrators and other appropriate professional at all levels in the hierarchy.
Management by Objectives and Result Model

The general mode for management by objectives and results is as follows: Drucker (1979: 260):

1. Define organizational goals.
2. Identify performance indicators and standards (for goal).
3. Set division objectives consists with goals.
5. Define operational objectives for units or individuals set performance indicators and standards.
6. Performance objectives A; Performance objective B.
10. Select operational strategy.
11. Refine work plans and tasks.
12. Design results management subsystems.
14. Evaluate performance and audit results

It can be seen that neither goals or objectives are set once and then never modified or changes to any degree. Objectives are subjective to the test of feasibility. If not feasible in terms of times, money, personnel available or other factors. Furthermore, another test of feasibility comes to play when the strategic or alternatives for realizing objectives must be generated. If there is no realistic way to complete an objective given the existing state of the act, then once more, there is recycling to generate the kind of objective that has a high probability of accomplishment.

The traditional system of performance appraisal require managers to set objectives for their subordinates and evaluate their ability in accomplishing them. In other words, standards of performance are unilaterally set by superiors. Such appraisal system does not encourage subordinates participation in taking decision on those organization issues.
that affect them, the traditional systems or performance appraisal therefore give employees little or no sense of commitment and belonging.

Management by objectives gives the employee the objective of what to be done, the decision making data needed, the limits within which the operate, and the freedom to operate within these limits. Management by objectives assumes that the employee has been properly selected and trained, and is informed that he or she can be responsible for achieving the desired result, from the foregoing therefore, management by objective is participative management.

**Psychological Background of Management by Objectives**

In order to understand clearly and benefit significantly from management by objectives, all subordinates or employees included in the program should understand the psychological principles upon which it is based. It becomes essential, when introducing management by objectives into a company, to give a training course to explain mallow's hierarchy of needs, Herzbergs theory of motivational hygiene,
and Douglas McGregor’s assumptions of theory X and Y. To be included in such a discussion are the merits of the problem solving appraisal interview. All these will emphasize the virtues of employee’s level of participation in objective formulation and the increase in job satisfaction which occurs when the employees feel a sense of belonging, achievement and involvement. If management by objectives is not approached with the spirit, it easily and merely becomes another ahead of controlling the subordinates.

2.6 STEPS IN MANAGEMENT BY OBJECTIVES PROCESS

Management by objectives is in effect a joint process of objectives setting and a joint appraisal or review of achievement or non-achievement by an executive or manager and his subordinate.

The details of the process are as follows:


a) Classification and review of the company’s objectives that the objective might have been set in general terms perhaps by the board of directors. Then the top
management must firstly understand clearly what the objectives may be.
b) Further classification at the departmental level. This involves getting each department to know exactly what is expected to contribute towards the achievement of the corporate objective. This is necessary so as to maintain consistency between departments and the entire organizational objectives.
c) The manager or supervisor who is equally involved in the process will interview the subordinate or employees to discuss and clarify the purpose of the subordinate job, the key re-suit he must achieve, and the performance standard expected of him to reach.
d) Both of them - the manager and the subordinate will jointly agree on the action plan that the subordinate must follow in trying to reach the goal already set in (c) above.
e) The manager evolves a plan for control information to flow to him to enable him monitor the performance of the subordinate with reference to the agreed objectives.
To do this effectively a renew period must be set. E.g. three or six months etc.

f) At the end of the review period set in (e) above both of them will meet again to discuss in a problem solving manner and examine to what extent the subordinate is achieving his objective.

g) The manager will advise the subordinate on how to build on the strengths revealed in part (f) above, and how to circumvent and overcome the weaknesses if any.

h) On the basis of what has been achieved so far, the results, action plan, and performance standards will be agreed upon for the forthcoming period.

The above explained steps can equally be illustrated diagrammatically.
From the above diagram, it can be seen that management by objectives shows a feedback process that requires the definition of corporate objectives from which are derived until or department objectives. The next stage is the discussion and agreement of individual subordinates' key result areas, objectives and action plans. This is followed by review of subordinates, departmental and corporate objectives.
2.7 MANAGEMENT BY OBJECTIVE-OBJECTIVE SETTING

Setting objectives is the most difficult step in MBO. Objective setting looks beyond day-to-day activities to answer the question. "what are we trying to accomplish? `Objective setting involves employees at all levels. Top manager set overall corporate objective that define priorities for middle managers. Middle managers define objectives for the departments and divisions for which they are responsible. Corporate and departmental objectives are used to set objectives for individual employees.

Objectives may be both quantitative and qualitative depending on whether outcomes are measurable. Quantitative goals typically are described in numerical terms, such as "obtain 16 new sales account". "Hire 3 new financial analysis", or "increase the occupancy rate to 80 percent." Quantitative objectives use terms such as "improve customer service", "file report promptly; and "increase minority hiring" the qualitative statements must be sufficiently precise to permit realistic appraisal and evaluation. Eze J.A. (2002: 278).
Develop Action Plans

An action plan defines the action needed to achieve the stated objective. Action plans are made for both individuals and for departments. A department may undertake an entirely new work activity because of a new corporate objective.

If a university decides to raise 5 million in donations, the college of arts and sciences will have to start fund raising activities. The action plan would define exactly how fund raising should be performed to achieve the objectives. Likewise, each employee must develop an action plan for achieving his or her personal objectives. Or a marketing manager is given the objective of increasing the sales volume by 6 percent the following action plan might be undertaken.

1. Start a sales discount program for high-volume buyers.
2. Work with sales people to increase sales performance by 6 percent.
3. Seek a 10 percent increase in the advertising budget.
4. Hire one additional salesperson.
Reviewing Progress

A periodic review is important to insure that action plans are working. This review can occur in formally between managers and the subordinates, or the organization may wish to conduct three, six and nine months reviews during the year. This periodic check up allows managers and employees to see whether they are on target and whether corrective action is necessary. If the sales manager finds that quantity discounts are having no impact on sales, that idea may be dropped and the resources transferred to advertising. Managers and employees should not be locked into pre-define behaviour and must be willing to undertake whatever actions are necessary to produce meaningful results. The point of MBO is to achieve objectives. The action plan can be changed whenever objectives are not being met.

Appraisal Overall Performance

The final step in management by objectives is to evaluate whether annual objectives have been achieved for both individuals and departments. This appraisal carefully
evaluates whether 16 new sales accounts were obtained, 3 new financial analyst were hired, or the organization achieved 80 percent occupancy rate. Qualitative objectives, such as filling reports in a timely fashion or increasing minority hiring, also are carefully appraised success or failure to achieve objectives can become part of performance appraisal system and the designation of salary increases and other rewards. The appraisal or departmental and overall corporate performance shapes objectives for the next year. The management by objective cycle repeats itself on an annual basis. The specific application of MBO must fit the needs of each company.

2.8 MANAGEMENT BY OBJECTIVES CHARACTERISTICS

According to Rodgers and Hunter (1992), management by objectives contains three main characteristic: "participation in decision making, goal setting and objective feedback". Participation is used to create common perception for organization as a whole. Goal setting entails "the continuous review and revision of objectives" while objectives feedback
is the tool for managers to assess subordinates on progress towards goal achievement.

Management by objectives starts with the development of overall goals, which are parceled through the organization in a top-down sequence until middle managers and other employees have been assigned some portion of these objectives as their own. The hierarchy of objectives can be developed through a systematic MBO - type system. Each organization can modify MBO to suit its own needs; but most systems involve the following steps.

1. Overall goals for the organization are established.
2. Major objectives are parceled among departments and managers in a hierarchial faction and specific objectives in a collaborative manner.
3. Action plans for achieving those objectives are specified and agreed upon by managers and subordinates.
4. The action plans are carried out.
5. Progress towards achieving objectives is periodically reviewed.
6. Overall performance is appraised at the end of a specified time period - generally one year and new goals are established.

A special advantage of the management by objective system is that subordinates are given the latitude to determine how to achieve their objectives. Thus, even if goals are established in a top down fashion, employees have discretion in determining the work behaviours needed to reach those goals, freeing them to use their skills and creativity.

2.9 STRENGTHS AND WEAKNESS OF MANAGEMENT BY OBJECTIVES SYSTEM

The key strengths of MBO are as follows:

Kootnz and Co (1976: 452)

1. It focuses employees on desired results.
2. It facilitates communication between managers and subordinates regarding goals and actions plans.
3. Job satisfaction is increased.
4. Allowing individual discretion in achieving goals, enhance as their growth.
5. Both quality and quantity or performance seems to improve.
6. It provides a vertical linkage between top and lower level goals.

   However, management by objective systems sometimes has **draw back/limitations**:

   There are several limitations to the assumptive base underlying the impact of managing by objectives:
   1. It over-emphasizes the setting of goals over the working of plans as a driver of outcomes.
   2. It underemphasizes the importance of the environment or context in which the goals are set. That context includes everything from the availability and quality or resources, to relative buy-in by leadership and stakeholders. As an example of the influence of management buy-in as a contextual influence, in a 1991 comprehensive review of thirty years of research on the impact of management by objectives, Robert Rodgers and John Hunter concluded that companies whose CEO's demonstrated high commitment to MBO showed,
on average, a 56% gain in productivity. Companies with CEO’s who showed low commitment only saw a 6% gain in productivity.

3. Companies evaluated their employees by campaigning them with the "ideal" employee. Trait appraisal only looks at what employees should be, not at what they should do. When this approach is not properly set, agreed and managed by organizations, self-centred employees might be prone to distort results, falsely representing achievement of targets that were set in a short term, narrow fashion. In this case, managing by objectives would be counter productive.

Moreover, in large organization MBO system may stress the paperwork needed to turn in a completed set of goals but after few monetary or other rewards there by discouraging people from achieving goals. The value of a management by objectives type system is illustrated by the California State Agency responsible for helping people.
Assessing Management by Objectives Effectiveness

Research findings have reported no dramatic increases in performance by organizations that use the management by objectives. However, many companies have adopted management by objectives and most managers feel that management by objectives is effective. Managers believe they are better oriented towards goals achievement when management by objectives is use. Like any system, management by objectives is use. Like any system, management by objectives has many benefits when use properly and is associated with management problems when used properly.

Importance of MBO in Financial Institutions

Major benefits the companies that use management by objectives include the following: Mullins (2005: 608).

1. Corporate objectives are achieved by focusing manager and employee efforts on specific activities that will lead to their attainment.
2. Performance can be improved at all company levels because employees are committed to attaining objectives.

3. Employees are motivated because they know what is expected and are free to be resourceful in accomplishing their objectives.

4. Departmental and individual objectives are aligned with company objectives. Objectives at top management levels.

5. Relationships between managers and subordinates are improved by having explicit discussions about objectives, defining activities that will help achieve them and assigning responsibility.

6. The involvement of employees in setting objectives gives them psychological satisfaction and ultimately gingers them to be more committed to achieving the objectives which they take part in setting than the ones imposed on them (increased motivation).

7. It helps in the identification of training needs. The periodic review of performance may highlight
inadequacies or lag in subordinate's performance. So that appropriate training programs is designed to help him acquire the relevant skills for thorough job performance.

8. The periodic superior-subordinate discussion may highlight or reveal abnormalities in the organization's structure from corrective measures to be taken.

9. The periodic discussion between the superior and the subordinates fasten mutual understanding of each other. It therefore helps them to work harmoniously and cooperatively towards the attainment of the corporate goal.

10. Better identification of training needs. Many managers at times make serious mistakes by sending their subordinates for training courses just for the sake of training without knowing the type of training needed by the subordinates and which will be of benefit to the company.

11. It helps to develop effective control. In the same way that managing by objectives sparks more effective
planning, it also aids in developing effective controls. Control, it will be recalled, is measuring activities and to assure desired accomplishment. One of the major problems is knowing what to watch. A clear set of verifiable goals is the best guide to knowing.

Weaknesses in Managing by Objectives

With all its advantages, a system of managing by objectives has a number of weaknesses and shortcomings, some are found in a system. Others are due to shortcomings in applying it. Here are some formulated by Koontz et al (1979: 454).

1. Failure to Teach the Philosophy

As simple as managing by objectives may seem, there is much to be understood and appreciated by manager's who would put into practice. This requires patient explanation of the entire program. What it is, how it works, why it is being done, what part it will play in appraising managerial performance, and above all, how participants can benefit.
2. Failure to give Setting Guidelines

Managing by objectives, like any other kind of planning, cannot work given needed guidelines. Managers must know what corporate goals are and how their activity fits in with them. If corporate goals are vague, unreal or inconsistent, it is virtually impossible for managers to tune in on them.

3. Goals are Difficult to Set

It should not be overlooked that truly verifiable goals are difficult to set, particularly if they are to have the right degree to "stretch" or "pull", quarter in and quarter rout, year in and year out. This may not be much more difficult than any kind of effective planning, although it will probably take more study and work to establish verifiable objectives that are formidable but attainable than to develop most plans, most of which tend only to lay out work to be done.

4. Failure to Ensure Network of Goals

In the obsession to set goals, there is ever the danger that one person's objectives may be inconsistent with
those of another. The production manager goals for low cost might be none supportive to the marketing manager's goal of product availability or quality of the financial manager's of low inventory. An enterprise is a system. If goals, like all other plans, are not interconnected and mutually supportive, people will tend to pursue path that seem best for their own operations but may be detrimental to the company as a whole.

5. Goals Tends to be Short-Run
In almost all system of operating under management by objectives, goals are set for the short term, seldom for more than a year, and often for a quarter or less. There is clearly the danger of emphasizing the short run, perhaps at the expense of the longer range. This means, of course, that superior must always assure themselves that current objectives, like any other short-ruin plan, are design to sever long-range goals.

6. Setting Arbitrary Goals
One of the sure causes of failure is for the boss to set arbitrary goals for subordinate while superiors must take
final authority for approving the objectives of those who report to them. If they force goals, on subordinates, they will destroy the feeding of commitment on the part of those who must achieve them. As a matter of fact, arbitrary and pressured goals represent one of the major cause of complaint expressed by managers, particularly at the middle and lower levels. The superior who does it is deprived of the intelligence, experience and often the know-how of problem solution that subordinates almost always have. Experience with cooperative goals setting sessions has led most of us to have considerable respect for the useful knowledge that often lies at lower levels in an organization.

Dangers and Precautions of Management by Objectives
Although managing by objectives has been very successful in some companies, leading to increase in profit, yet it still has some pitfalls as has been proven by experience. Koontz et al (1976: 456).
There is always the danger in a system of managing by objectives that, once objectives are agreed upon, the superior will not adequately monitor progress towards goal accomplishment. One of the major advantages of using objectives is that a person has a charter for accomplishment, the appropriate resources and discretion are allocated and any subordinate can be given a high degree of freedom to work towards goal achievement. One would not expect a superior to middle or constantly took over a subordinate's shoulder. By the same token, however, a superior should not sit back and assume that everything is going well and not check on progress until the date of goal achievement is due.

Superiors as well as subordinate should have regular information available to them as to how well a subordinate's goal performance is progressing. Superior's goal performance is progressing. Superiors should regularly review progress through this information and through personal consultation and should make themselves available for counselling to help subordinates in meeting goals. This is not, and should not be taking over tasks from subordinates, it is merely following
through with the job of manager. Most subordinates will welcome follow-up, counselling, and assistance with their problems and aid in removing obstructions to their successful performance.

Management by objective planning process in a nutshell involves determination and specification of objectives by superior and subordinate managers, periodic discussion or subordinates activities (obstacles encountered and opportunities existing/anticipated) and tutorial on how to channel efforts for optimal performance.

2.10 ELEMENTS OF THE MANAGEMENT BY OBJECTIVES SYSTEM

Stoner (2000: 363) lists out the following six elements of management by objective system:

1. Commitment to the Problem

At the every organizational level, managers commitment to achieving personal and organizational objectives and to the management by objective process is required for an effective program.
2. **Top-Level Goal Setting**

Effective management by objective programs usually start with the top managers, who determine the organization’s strategy and set preliminary goals that resemble annual objecting in their content and terms.

3. **Individual Goals**

In an effective management by objective program, each manager and staff members has clearly defined job responsibilities and objectives. The purpose of setting objective in specific terms at every level is to help employee understand clearly just what they are expected to accomplish and to help each individual plan effectively to achieve his or her targeted goals.

4. **Participation**

As a general rule, the greater the participation of both managers and employees in the setting of goals, the more likely the goals will be achieved. One of the hallmarks of successful quality management programs is the joint participation in setting goals.
5. Autonomy in Implementation of Plans
Once the objectives have been agreed upon the individual enjoys wide discretion in choosing the means for achieving them, without being second-guessed by higher ranking manager.

6. Performance Review
Managers and employees periodically meet to review progress towards the objectives.

2.11 Historical Background of the Study
Sir, Alfred Jones, ordinating the birth of the Nigerian nation, acquired African Banking Corporation, established First Bank of Nigeria Plc in 1894, headquartered in Lagos. First Bank has international presence through its subsidiary First Bank (UK) in London and Paris and its offices in Johannesburg and Beijing.

Without about 1.3 million shareholders across several countries, First Bank is quoted on the Nigerian Stock Exchange and has an unlisted Global Depository Receipt (GDR) programme.
Drawing from that spans 118 years of dependable service, the bank has continued to strengthen its relationships with customers, consolidating alliances with key sectors that have been strategic to the well-being and growth of Nigeria. First Bank, unarguably the country’s most diversified financial service group, serves more than 4.2 million customers through 536 locations in Nigeria.

The Bank provides a comprehensive range of retail and corporate solutions and through its subsidiaries contributes to national economic development in capital market operations. The business of First Bank of Nigeria covers the whole value chain in financial services specifically the group is organized into the following line of business:

1. Retail and corporate banking
2. Investment and capital market operation
3. Asset management and trusteeship
4. Mortgage banking
5. Insurance Brokerage
6. Micro-finance which provide financial service to the poor, low income earners etc.
7. Private equity and venture capital
The First Bank of Nigeria Plc mission statement is to remain true to its name by providing the best financial services possible. Its vision statement is to be the clear leader and Nigeria's bank of choice.

Figure: First Bank of Nigeria Plc Organogram

CHAPTER THREE
RESEARCH DESIGN AND METHODOLOGY

3.1 RESEARCH DESIGN

This chapter deals with the design and methodology employed for the research. Essentially describes the research design, population and sample size determination sources of data, questionnaire design and administration.

A design is generally referred to as a formulated framework as a plan of action which as given piece of work is expected to follow. A research design is therefore a plan for a research work which aims at providing guidelines, which the research work is being conducted.

Most especially, the sensitive nature of the topic contributed to basis for the formulation of the research design. The study has a descriptive survey research design.

The method of questionnaire and interview are used in data collection. Data are presented in tables and a descriptive method is adopted in analysis. As Nwana (1981:19) puts it. "the research design is a term used to describe a number of decisions which need to be taken regarding the collection of
data before every data are collected. This study is going to adopt a descriptive method of survey.

3.2 SOURCES OF DATA

In carrying out this research project the researcher collects data from two main sources.

3.2.1 Primary Sources of Data

This source provided first-hand information in relation to the study. Its sources include questionnaire and direct oral interview, which was conducted among the staff of First Bank of Nigeria, Enugu Main.

3.2.2 Secondary Sources of Data

The theoretical framework of this study was from secondary source of data. The researcher obtained data through textbooks, journal, magazine, newspapers, national library and internet from related literature.
3.3 POPULATION OF THE STUDY

This is generally taken to be the totality of all the elements, subjects or number which posses a common and specific characteristics within a given geographical location.

Ugochukwu (1994:27) defines population as the aggregate or totality of the units in the universe. In line with this definition, Okeke (1995:10) defines population as the collection of elements, units or individuals for which information is sought.

The population was restricted to only the staff of First Bank of Nigeria Plc, Enugu Main Branch. They form the units of analysis for this study and their nature is determined by the survey objective. On the basis of this definition, the elements in the subject matter under review are drawn for the following:
<table>
<thead>
<tr>
<th>S/N.</th>
<th>Department</th>
<th>No. of Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Accounts and Cleaning</td>
<td>15</td>
</tr>
<tr>
<td>2.</td>
<td>Customer Service</td>
<td>13</td>
</tr>
<tr>
<td>3.</td>
<td>Retail and Marketing</td>
<td>20</td>
</tr>
<tr>
<td>4.</td>
<td>Foreign Operation</td>
<td>9</td>
</tr>
<tr>
<td>5.</td>
<td>Technical Support</td>
<td>5</td>
</tr>
<tr>
<td>6.</td>
<td>Western Union</td>
<td>14</td>
</tr>
<tr>
<td>7.</td>
<td>Cash and Teller</td>
<td>26</td>
</tr>
<tr>
<td></td>
<td>Total Number of Staff</td>
<td>102</td>
</tr>
</tbody>
</table>

3.4 SAMPLING DESIGN AND DETERMINATION OF SAMPLE SIZE

This implies a proportion of the population which was taken as a representation of the whole population and on which conclusion made on them based on the data, which they give was taken to be peculiar to all members of the whole population.
In relation to this study, the researcher decided to study the entire population of one hundred and two (102) respondents since it is manageable: Therefore there is no need for sample size determination and sampling design.

3.5 METHOD OF DATA COLLECTION

The research instrument that will be used by the researcher in collecting useful information on this is questionnaire. A questionnaire by definition is a list of question or statement to which individuals are asked to respond by answering the questions. It is used when factual information is needed.

In this study, the questionnaire designed by the researcher was highly structural questions. The questionnaire the major instrument used in the data collection process. It contains only relevant information for the study in order to make sure that adequate numbers of the respondents were reached through questionnaires, the population of the study was put into consideration. The researcher deem it appropriate at this juncture to adopt Bowly’s Allocation formular which is stated as follows:
\[ n_1 = \frac{(N)(n)}{N} \]

\[ n_1 = \text{(Account and Cleaning)} \]
\[ = \frac{102(15)}{102} = \frac{1530}{102} = 15 \]

\[ n_2 = \text{(Customer Service)} \]
\[ = \frac{102(13)}{102} = \frac{1526}{102} = 13 \]

\[ n_3 = \text{(Retail and Marketing)} \]
\[ = \frac{102(20)}{102} = \frac{2040}{102} = 20 \]

\[ n_4 = \text{(Foreign Operation)} \]
\[ = \frac{102(9)}{102} = \frac{918}{102} = 9 \]

\[ n_5 = \text{(Technical Support)} \]
\[ = \frac{102(5)}{102} = \frac{510}{102} = 5 \]
\[
\begin{align*}
\text{n}_6 &= \text{(Western Union)} \\
&= \frac{102 \times (14)}{102} = \frac{1428}{102} = 14
\end{align*}
\]

\[
\begin{align*}
\text{n}_7 &= \text{(Cash and Teller)} \\
&= \frac{102 \times (26)}{102} = \frac{2652}{102} = 26
\end{align*}
\]

Total of all Departments

<table>
<thead>
<tr>
<th>Department</th>
<th>Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts and Cleaning</td>
<td>15</td>
</tr>
<tr>
<td>Customer Service</td>
<td>13</td>
</tr>
<tr>
<td>Retail and Marketing</td>
<td>20</td>
</tr>
<tr>
<td>Foreign Operation</td>
<td>9</td>
</tr>
<tr>
<td>Technical Support</td>
<td>5</td>
</tr>
<tr>
<td>Western Union</td>
<td>14</td>
</tr>
<tr>
<td>Cash and Teller</td>
<td>26</td>
</tr>
<tr>
<td>Total Number of Staff</td>
<td>102</td>
</tr>
</tbody>
</table>
3.6 QUESTIONNAIRE DESIGN, DISTRIBUTION AND COLLECTION OF RESPONSES

The questionnaire was carefully designed to accommodate two sections. The first section is personal data (Demographic characters) which will generate proper data regarding the respondent characteristics like sex, age, educational background, etc. while the order deals on relevant aspects of the topic under study.

3.6.1 Secondary Method of Data Collection

The method of secondary collection used are: Review of related literature using: textbooks, magazines, journals, newspaper, internet.

3.7 METHOD OF PRESENTATION AND ANALYSIS

The essence of data collection is to make something good out of it. The data collected have to be treated and analyzed by the researcher so that it would serve its purpose. In analyzing the data collected using the questionnaire, the researcher will use the descriptive simple percentage table.
The sample statistical technique or frequencies and percentage used were shown below:

Thus \[ \% = \frac{F \times 100}{N} \]

Where

- \( F \) = frequency of a particular response
- \( N \) = Total Response
CHAPTER FOUR
DATA PRESENTATION AND ANALYSIS

4.1 DATA PRESENTATION

This chapter deals with presentation of the data, this is referred to as the heart of the research work. The data is analyzed in tabular form consisting of different responses. A total number of one hundred and two (102) samples were used and simple percentage was used as statistical data.

Demographic Characteristic

Table 4.1.1 Distribution of Respondents According to Age

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency of Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 - 30 Years</td>
<td>46</td>
<td>45.1</td>
</tr>
<tr>
<td>31 - 45 Years</td>
<td>40</td>
<td>39.2</td>
</tr>
<tr>
<td>46 and Above</td>
<td>16</td>
<td>15.7</td>
</tr>
<tr>
<td>Total</td>
<td>102</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field Survey 2012

The table 4.1.1 indicates that 46 respondents representing 45.1% are between 18 - 30 years of age, 39.2%
of the respondents fall between 31 - 35 years of age while
15.7% of the respondents are 46 years and above.

### 4.1.2 Distribution of Respondents Based on Sex

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency of Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>54</td>
<td>52.9</td>
</tr>
<tr>
<td>Female</td>
<td>48</td>
<td>47.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>102</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Source: Field Survey 2012**

In the above table 4.1.2, it shows that 52.9% of the
respondents are males while 47.1% of the respondents are
females.

### 4.1.3 Distribution of Respondents Based on Educational Qualifications

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency of Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>WACE/GCE/SSCE</td>
<td>16</td>
<td>15.7</td>
</tr>
<tr>
<td>OND/NCE</td>
<td>30</td>
<td>29.4</td>
</tr>
<tr>
<td>HND/B.Sc</td>
<td>45</td>
<td>44.1</td>
</tr>
<tr>
<td>Masters and Above</td>
<td>11</td>
<td>10.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>102</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Source: Field Survey 2012**
The table 4.1.3 indicates that 16 out of the 102 respondents (15.7%) are WACE/GCE/SSCE holders. 30 respondents (29.4) are OND/NCE holders, 45 respondents (44.1%) are HND/B.Sc holders while 11 respondents (10.5%) have masters Degree and above.

This is a good indicator as it would enhance the efficiency and effectiveness of the organization.

### 4.1.4 Distribution of Respondents According to Marital Status

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency of Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married</td>
<td>50</td>
<td>49.0</td>
</tr>
<tr>
<td>Singles</td>
<td>48</td>
<td>47.1</td>
</tr>
<tr>
<td>Divorced</td>
<td>4</td>
<td>3.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>102</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Source: Field Survey 2012**

In table 4.1.4 indicates that 50 respondents (49.0) are married, 48 respondents (47.1%) are single while 4 respondents (3.9%) are divorced.
4.2 PRESENTATION ACCORDING TO THE KEY RESEARCH QUESTIONS

Question One: What are the Problems Militating Against the Management by Objective as an Instrument for Organizational Performance?

Table 4.1.1

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency of Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-commitment of top managers</td>
<td>42</td>
<td>41.2</td>
</tr>
<tr>
<td>Non-participation of employees</td>
<td>40</td>
<td>39.2</td>
</tr>
<tr>
<td>Inappropriate remuneration</td>
<td>20</td>
<td>19.6</td>
</tr>
<tr>
<td>Total</td>
<td>102</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field Survey 2012

Table 4.1.1 indicates that 42 respondents (41.2%) agreed that non-commitment of top managers affects the use
of management by objective as an effective instrument for
organizational performance, 40 respondent (39.2%) opened that
non-participation of employees is one problem hindering
organizational performance by the use of management by
objectives, while 20 respondent opened that inappropriate
remuneration is one of the problem militating management by
objectives as an effective instrument or tool for organizational
performance.

Question Two: To what extent do both managers and
employee participate in the setting of goals
to be achieved in the organization?

Table 4.1.2

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency of Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Often</td>
<td>42</td>
<td>41.2</td>
</tr>
<tr>
<td>Very often</td>
<td>12</td>
<td>11.8</td>
</tr>
<tr>
<td>Not often</td>
<td>48</td>
<td>47.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>102</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Field Survey 2012
From table 4.1.2, it shows that 42 respondents (4.1.2%) agreed that both managers and employees often participate in the setting of goals, 12 respondents (11.8%) said both managers and employees very often participate in setting goals while the majority of respondents 48 representing 47% are of the view that both managers and employees do not often participate.

**Question Three:** Do you think that employees are given appropriate authority and responsibility for effective management by objective?

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency of Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>65</td>
<td>63.7</td>
</tr>
<tr>
<td>No</td>
<td>37</td>
<td>36.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>102</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Source: Field Survey 2012.**

In the table 4.1.3, it shows that 37 respondents representing 36.3% disagreed that employees are given appropriate authority and responsibility for effective
management by objective while 65 respondents (63.7%) agreed that employees are given appropriate authority and responsibility for effective management by objective.

**Question Four:** Is it true that management by objectives helps to obtain total commitment of all the employees to work together to achieve a common goal?

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency of Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>True</td>
<td>80</td>
<td>78.4</td>
</tr>
<tr>
<td>Not true</td>
<td>20</td>
<td>19.6</td>
</tr>
<tr>
<td>Undecided</td>
<td>02</td>
<td>2.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>102</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Source: Field Survey 2012.**

In table 4.2.4 majority of the staff representing 78.4% agreed that management by objective helps to obtain total commitment of all the employees to work, together to achieve
a common goal, 20 respondents (19.6%) disagreed that management by objectives helps to obtain total commitment of all the employees to work while 2 respondent (2%) were undecided.

**Question Five:** Do you think that the following factors will improve performance of the employees and organizational performance in terms of achieving a common goal?

**Table 4.1.5**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency of Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good &amp; prompt salary</td>
<td>20</td>
<td>19.6</td>
</tr>
<tr>
<td>Promotion as when due</td>
<td>10</td>
<td>19.8</td>
</tr>
<tr>
<td>Good relationship with management</td>
<td>10</td>
<td>9.8</td>
</tr>
<tr>
<td>Recognition of achievement</td>
<td>2</td>
<td>2.0</td>
</tr>
<tr>
<td>All of the above</td>
<td>60</td>
<td>58.8</td>
</tr>
<tr>
<td>None of the above</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>102</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Field Survey 2012.
In the table above, 20 respondents (19.6%) agreed that good and prompt salary improve performance of the employee and organization's performance in terms of achieving a common goal, 10 respondents (9.8%) opted for promotion, 10 respondents (9.8%) agreed that good relationship with management improves performance. 2 respondent opted for recognition of achievement while majority of the respondents represent 58.8% agreed that all the mentioned factors improve the employees and organization performance in terms of achieving a common goal.

**Question Six:** Is your organization achieving its objectives because it adopted management by objectives?

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency of Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>80</td>
<td>78.4</td>
</tr>
<tr>
<td>No</td>
<td>22</td>
<td>21.6</td>
</tr>
<tr>
<td>Total</td>
<td>102</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Field Survey 2012.*
From table 4.2.7, 80 respondents representing 78.4% agreed that their organization achieves its objectives because it adopted management by objectives while 22 respondents (21.6%) disagreed.

**Question Seven:** How often does your organization send its staff for training?

**Table 4.1.7**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency of Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very often</td>
<td>20</td>
<td>19.6</td>
</tr>
<tr>
<td>Occasionally</td>
<td>60</td>
<td>58.8</td>
</tr>
<tr>
<td>Not very often</td>
<td>20</td>
<td>19.6</td>
</tr>
<tr>
<td>Don't know</td>
<td>02</td>
<td>2.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>102</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Source:** Field Survey 2012.

The above table indicates that 20 respondents (19.6%) agreed that their organization very often send its staff for training, 60 respondents (58.8%) agreed that their
organization send its staff for training occasionally, 20 respondents (19.6%) said that their organization send its staff for training not very often while 2% don't know about the training.

**Question Eight:** How is the relationship between you and your supervisor/employer/boss?

**Table 4.8.1**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency of Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent</td>
<td>40</td>
<td>39.22</td>
</tr>
<tr>
<td>Very good</td>
<td>30</td>
<td>29.4</td>
</tr>
<tr>
<td>Good</td>
<td>20</td>
<td>19.6</td>
</tr>
<tr>
<td>Rough</td>
<td>12</td>
<td>11.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>102</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Source: Field Survey 2012.**

In the table 4.1.8, it shows that 40 respondents representing 39.2% said that they have an excellent relationship with their employer, 30 respondents boss, 20 respondents (19.6%) agreed that their relationship with their
boss is good while 12 respondents (11.8%) admitted that their relationship with their boss is rough.

4.3 TEST OF HYPOTHESES

The two hypothesis formulated in chapter one of this study would be tested using the statistical test of proportion (z-test).

Decision Rule

Accept Ho and reject Hi, if the computed Z is less than its critical value 1.645 and vice-versa.

Hypothesis 1

Ho: Managers and employees do not participate in the setting of goals to be achieved in the organization to increase performance.

Hi: Managers and employees participate in the setting of goals to be achieved in the organization to increase performance.

From table 4.1.2, we see that

\[ P = 48 = 47.0\% = 0.47 \]

\[ P_0 = 0.5 \]

\[ N = 102 \]
\[ Z = \frac{0.47 - 0.5}{\sqrt{0.5(1 - 0.5)}} \]

\[ = \frac{-0.03}{\sqrt{0.25}} \]

\[ = \frac{-0.03}{0.00245} \]

\[ = -0.03 \frac{0.00245}{0.0495} \]

\[ Z = -0.6060 \]

**Decision**

Based on the decision rule, we accept Ho and reject Hi which states that managers and employees do not often participate in the setting of goals to be achieved in the organization to increase performance.

**Hypothesis 2**

2. \( H_0 \) Non-commitment of top managers are not one of the problems militating against the use of Management by Objectives as an instrument for organizational performance.

\( H_1 \) Non-commitment of top managers is one of the problems militating against the use of management
by objectives as an instrument for organizational performance.

From table 4.1.1, we see that

\[ Z = \frac{P - P_0}{\sqrt{P_0(1 - P_0)} / N} \]

\[ P = 60 = 41.2\% = 0.412 \]

\[ P_0 = 0.5 \]

\[ N = 102 \]

\[ Z = \frac{0.412 - 0.5}{\sqrt{0.5(1 - 0.5)} / 102} \]

\[ Z = \frac{-0.088}{\sqrt{0.25} / 102} \]

\[ Z = \frac{-0.088}{\sqrt{0.00245}} \]

\[ Z = \frac{-0.088}{0.0495} \]

\[ Z = -1.777 \]

**Decision**

Since the computed \( Z \) is less than the critical value according to the decision rule, we accept \( H_0 \) and reject \( H_1 \) which states that non-committant of top managers is not one of the problems militating against the use of management by objectives as an instrument for organizational performance.
Hypothesis 3
3. $H_0$: Employees are not given appropriate authority and responsibility for achieving the set objectives.
$H_1$: Employees are given appropriate authority and responsibility for achieving the set objectives.

From Table 4.1.3 we see that:

\[ P = 64 = 63.7\% = 0.637 \]
\[ P_0 = 0.5 \]
\[ N = 102 \]

\[ Z = \frac{P - P_0}{\sqrt{P_0(1 - P_0)/N}} \]
\[ Z = \frac{0.637 - 0.5}{\sqrt{0.5(1 - 0.5)/102}} \]
\[ Z = \frac{0.137}{0.25} \]
\[ Z = \frac{0.137}{0.00245} \]
\[ Z = 2.7676 \]

Decision
Based on the decision rule, we reject $H_0$ and accept $H_1$.
which states that Employees are given appropriate authority and responsibility for achieving the set objectives.
CHAPTER FIVE
SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

In this chapter, the findings of this study were presented, conclusions were made and finally necessary recommendation were made in line with the findings.

5.1 SUMMARY OF FINDINGS

The following findings were made after the data collected from the field survey had been presented and analyzed.

1. That the major problems militating the management by objectives as instrument for organizational performance are:
   i) Non-participation of employees
   ii) Inappropriate remuneration

2. That management by objectives helps to obtain total commitment of all the employees to work together in order to achieve a common goal.

3. The finding revealed that the following factors improve performance of the workers:
i) Good and prompt salary
ii) Promotion as when due
iii) Recognition of achievement

4. That organization that adopt management by objectives usually achieves its set objectives.

5. That the practice of management by objectives facilitate the emulation of team spirit and work in an organization. The benefits of team spirit in modern day management cannot be over-emphasized. It helps groups overcome individual collective goals and slums selfish or sectional interests.

6. That the process of management by objectives is an underlying motivational ingredients to lower managers. The fact that lower managers are involved in anus at the group objectives not only gives them a feeding of belonging but imposes upon them, a commitment to work towards it's effective realization. That management by objectives encourages systematic planning of organization efforts.

Inbuilt in the process of evolving group and sectional objectives as demanded by management by
objective is the exercise of planning. The targets thus evolved become the basis for utilization of resources and guiding organizational efforts.

5.2 RECOMMENDATIONS

1. Management by objectives in its ideal form operates in such a way that for the corporate goals to be realized, manager should consult his subordinates in drawing up unit objectives, which goes up the hierarchy from where it is modified, collected, approved and distributed throughout the organization.

2. There should be regular training and re-retraining of employees in order to achieve the corporate objectives.

3. Managers should endeavour to build a true team and individuals' efforts together.

4. Their efforts must all pull in the same direction and their contribution must fit together to produce a whole without friction and without duplication of effort.

5. Managers and employees should periodically meet in order to review progress towards the realization of objectives.
6. There should be autonomy in implementation of plans once the objectives have been agreed upon. The individual enjoys wide discretion in choosing the means for achieving the objectives without being directed by a higher-ranking manager.

5.3 CONCLUSION

This study revealed a lot of positive implications and relevance of management by objectives to modern-day management of organizations, especially in Nigeria. In practical terms, the operations of management by objectives require that each manager of a unit draws up his department objectives with his subordinates in line with the centrally stipulated corporate objectives and missions. These unit objectives, when approved by the management, clearly define responsibilities and expected results and are shared and distributed throughout the organization as a basis for performance and rewards. The objectives set in the process of management by objectives help provide a yardstick for appraisal, compensation, and control.
Once the objectives are agreed upon everyone knows what is expected of him, thereby making appraisal and reward easy and known what is more, it facilitates control of organizational operations as deviations can be easily identified and connections made.
BIBLIOGRAPHY


Dear Sir/Madam,

I am an MBA Management student of the aforementioned University. I am carrying out a research on Management by Objectives as an Instrument for Organizational Performance in an Organization.

May I solicit for your help in answering the questions below and would like to assure you that every information you give will be treated in strict confidence and will be solely for academic purpose.

Thanks

Yours faithfully,

Ugwu Cynthia Ifedilichukwu
PG/MBA/11/60196
QUESTIONNAIRE

1. Sex
   a) Male [ ]
   b) Female [ ]

2. Marital status of respondents
   a) Married [ ]
   b) Single [ ]
   c) Separated/divorced [ ]

3. Age distribution of respondents
   a) 18 - 30 years [ ]
   b) 31 - 45 years [ ]
   c) 46 and above [ ]

4. Academic qualification
   a) WASC/GCE/SSCE [ ]
   b) OND/NCE [ ]
   c) HND/B.Sc [ ]

5. In your own opinion, what are the problems militating against the management by objectives as an instrument for organizational performance?
   a) Non-commitment of top managers [ ]
   b) Non-participation of employee [ ]
   c) Inappropriate remuneration [ ]

6. How often do managers and employees participate in the getting of goals in the organization?
   a) Often [ ]
   b) Very often [ ]
   c) Not often [ ]
7. Do you think that employees are given appropriate authority and responsibility for effective management by organization?

a) Yes [ ]
b) No [ ]

8. To what extent do you think motivation determine employee output of work or performance?

a) Highly [ ]
b) Fairly [ ]
c) Lowly [ ]
d) Not at all [ ]

9. Is it true that management by objectives helps to obtain total commitment of all the employees to work together to achieve a common goal?

a) True [ ]
b) Not true [ ]
c) Undecided [ ]

10. Do you think that these factors improve performance of the employees and organizational performance in terms of achieving a common goal?

a) Good and prompt salary [ ]
b) Promotion when due [ ]
c) Good relationship with management [ ]
d) Recognition of achievement [ ]
e) All of the above [ ]
f) None of the above [ ]

11. Is your bank achieving its objectives because it adopted management by objectives?

a) Yes [ ]
b) No [ ]
12. How often does the organization send its staff for training?

   a) Very often [ ]
   b) Occasionally [ ]
   c) Not very often [ ]
   d) Don't know [ ]

13. How is the relationship between you and your supervisor/Boss?

   a) Excellent [ ]
   b) Very good [ ]
   c) Good [ ]
   d) Rough [ ]