

Effect of Management by Objectives (MBO) on Organizational Productivity of Commercial Banks in Nigeria

Okolocha, Chizoba Bonaventure

Department of Entrepreneurship Studies, Nnamdi Azikiwe University, Awka, Nigeria

ABSTRACT

This study examined the effect of management by objectives (MBO) on organizational productivity of commercial banks in Nigeria. This study specifically, determines the effect of employee's participation in contributing to the settings of the organizational productivity and ascertains the effect of employee compensation on attainment of organizational productivity. This study adopted survey research design. The population of the study consists of seven (7) selected commercial banks in Onitsha, Anambra State, Nigeria. The two research hypotheses were tested with ordinary least square with aid of e-view 9.0. The study found that employee's participation has contributed positively in settings organizational productivity but not statistically significant of commercial banks in Nigeria at 5% level of significance. Also, employee's compensation has positive effect on organizational productivity but not statistically significant of commercial banks in Nigeria at 5% level of significance. Based on this, banks management should keep compensating successes achieved by their employees. This will encourage them to perform better; hence lack of motivation may lead to employees less productivity.

KEYWORDS: Management by objectives (MBO), Employee's participation, Compensation and Productivity

INTRODUCTION

Organizational productivity in all ramifications is an integral focus for every organization as it not only measures their determinant component. It is on this note that several attempts are made towards the improvement of organizational productivity by organizational managers and scholars using different techniques. According to Obiajulu and Obi (2004), some scholars have enunciated many different managerial techniques and strategies that would help to improve the performance of the employees towards organizational productivity and one of these techniques is management by objectives (MBO). One may wonder what management by objective (MBO) is; to explain this, Onah (2005) opined that it is a kind of participative management that is geared towards employees understanding and acceptance of change.

Today, after nearly a decade of silence, some scholars have again begun to study how successful the implementation of MBO has been and whether the original purposes were achieved (Sadiya, 2019). The scholarly debate concerning management by objective started a new wave about implementation and effects. Critical researchers like Brunsson (2007) became if possible even more relevant, making the case for lack of the basic assumptions and its various implications for practical implementation. Scholars like Björklund et al., (2010) reported about difficulties and they focused on problems with applying goals-based grading in upper secondary schools, which was an management by objective -inspired reform (Lindberg, 2011).

How to cite this paper: Okolocha, Chizoba Bonaventure "Effect of Management by Objectives (MBO) on Organizational Productivity of Commercial Banks in Nigeria" Published in International Journal of Trend in Scientific Research and Development (ijtsrd), ISSN: 2456-6470, Volume-4 | Issue-5, August 2020, pp.1469-1476, URL: www.ijtsrd.com/papers/ijtsrd33192.pdf



IJTSRD33192

Copyright © 2020 by author(s) and International Journal of Trend in Scientific Research and Development Journal. This is an Open Access article distributed under the terms of the Creative Commons Attribution License (CC BY 4.0) (<http://creativecommons.org/licenses/by/4.0>)



Sadiya (2019) documented that MBO has proved useful in many organizations that have adopted it. Managers and employees agree to organizational objectives and remain focused and committed to the goals. MBO is result driven, in that employees strive to achieve goals they set for themselves. However, for an MBO model to work effectively the managers and employees must have understood the objectives of the organization and their actions are in direct congruence to the objectives. Employees are therefore involved in planning, control and decision making of the organization. It is generally believed that the employees, when carried along by their managers, seem to have higher productivity in the tasks assigned to them. However, a lot depends on the situation and this should determine how the employees are 'carried along'.

In most cases, employees fail to live up to expectation in the performance of their tasks because they are left in the dark. They are not clear about what the managers expects of them; in other words, they do not understand the changes in their behavior and activities that are necessary to meet the standards expected of them by their managers. The consequence of this is undoubtedly a problem of poor organizational productivity. Onyishi (2018) reported that communication is the life-wire of every organization; it is to an organization what blood is to human life. Hence, the inability of employees to understand what is expected of them by the manager's lies within the spheres of communication problems; and like a human with shortage of

blood is functionally sick and productively inefficient, an organization with such communication problem is doomed to fail in productivity. Wanting people to perform in high level, high standards of performance should be set. The employees must know precisely why they figure in the payment list, what is expected from them and what makes a high performance. All organizations, in nowadays, are faced with a competing, unstable and turbulent environment, therefore managers focus is in creating competing advantage through employees' development of organization (Xhavit, Enis & Naim, 2018). Performance appraisal of employees is one of the most efficient methods for employees' development, motivation and evaluation, in modern time. Performance appraisal system is used in the organizations to measure the effectiveness and efficiency of their employees.

It tends to improve the work performance, communication expectations, and determining employees' potential and aiding employee counseling (Aggarwal & Thakur, 2013). For performance appraisal different definitions have been given: "Performance appraisal" is a process within the overall performance management process (Dowling, Welch & Schuler, 1999), it can be defined as the formal assessment and rating of individuals by their managers (Armstrong, 2012), and is defined as "the evaluation of an individual's work performance in order to achieve at objective personnel decisions" (Robbins, Bergman, Stagg & Coulter, 2000). Generally, performance appraisal aims to recognize current skills' status of their work force (Shaout & Yousif, 2014).

In order to evaluate employees' performance appraisal various techniques exist, for more details see authors (Aker and Moazzam, 2016; Okolocha, 2020; Odunlami and Asabi, 2014; Onuorah, Okeke and Ibekwe, 2019; Adewale, Adenike, Hezekiah and Heirsmac, 2014; Sadiya, 2019; Felix, 2018). These previous authors documented that in creating and implementing an appraisal system, management must determine which system of performance appraisal will be used and then decide on the process of implementing the system. The methods chosen and the instruments used to implement these methods are crucial in determining whether the organization manages its performance successfully (Ahmed, Sultana, Paul & Azeem, 2013). Management by objectives (MBO) has been advocated as a tool to improve management effectiveness for a decade.

Though some multitude of private sector business organizations and public sector organizations have implemented some form of MBO. This study is faced with the issue of the extent management by objective affect the productivity of selected banks. This study therefore, determines the effect of employee's participation in contributing to the settings of the organizational productivity and the effect of employee compensation on attainment of organizational productivity of commercial banks.

REVIEW OF RELATED LITERATURE

Many of today's organization have been able to meet their goals because there is a clear understanding of what the mission and vision of the organization is. Also, there is a clear strategy which aligns with the mission of the organization. Sadiya (2019) reported that MBO is a Management tool where by the managers of an organization sit with their subordinates to agree on the objectives or goals

of the organization; set targets, follow the targets, monitor and then evaluate the targets. MBO was made popular by the Management guru, Peter Druker in his 1954 book titled 'The Practice of Management'. It also became further popular in the 70s through the 90s and is still popular. The reason for the great interest in MBO can be traced back many years. Management is defined as 'doing things through people and with the people'. Objective is what the organization strives to achieve. These objectives can be sales volumes, quality, cost reduction, production efficiency, raw materials usage, promptness to work by staff, service delivery, etc. Management by objective is a management tool whereby managers and subordinates agree to organization's targets. In this case, personal goals are converted to organizational goal as the achievement of set targets is in itself motivating (Sadiya, 2019).

Management by objective according to Eminue (2005) is the predetermination of objectives to be fulfilled or targets to be achieved and the establishment of definite time tables for the achievement of each process in pursuit of the attainment of the ultimate objectives; and the assessment of performance by the degree of success in meeting the targets or objectives within the predetermined timetables. It also has the doctrine of providing strategies for the achievement of the objectives. Practically, one can argue that management by objective which connotes collaborative planning and execution is more productive than any other forms of management especially those that resort to organizational imperialism on the employees. MBO is a collaborative process whereby the manager and each subordinate jointly determine objectives for that subordinate. To be successful, MBO programs should include commitment and participation in the MBO process at all levels, from top management to the lowest position in the organization. MBO begins when the supervisor explains the goals for the department in a meeting (Felix, 2018). The subordinate takes the goals and proposes objectives for his or her particular job. The supervisor meets with the subordinate to approve and, if necessary, modify the individual objectives. Modification of the individual's objectives is accomplished through negotiation since the supervisor has resources to help the subordinate commit to the achievement of the objective. Thus, a set of verifiable objectives for each individual are jointly determined, prioritized, and formalized.

Managements require so many tools in order to be able to manage businesses on a daily basis. One of many such ways is the popular MBO. As explained earlier, it is a means by which superiors and subordinates identify areas of responsibility with the intended objective, and with an intention of meeting the objective in the most efficient manner. MBO has proved to work well in solving attention-directing questions. Once standards are set and rewards are also set for those standards, employees seem to be motivated by those standards set and they also strive hard to achieve such results (Sadiya, 2019). The educational system could no longer provide successful international Swedish industries with the rising standards of competence that they needed. Porter argued that if the education system could not produce competent graduates, Sweden would have difficulty maintaining its competitive advantage.

Organizational productivity is a parameter for measuring the success, failure, strength, weakness, manpower capacity,

manpower attitude, manpower/employee welfare and quite a number of other sacrosanct determinant components of every organization (Nwafor-Orizu, Okolo & Eze, 2019). However, the most striking component of it is that both the objective establishment and the provision of goal achievement strategy is done through a joint collaboration of the managers and the employees whereas the employees are responsible for the execution of the strategies and the movement towards the achievement of both positional objectives and the organizational goal in entirety. Hence, management by objective connects itself to productivity through its elements and constituents (Nwafor-Orizu, Okolo & Eze, 2019).

MBO is therefore a good management tool that enhances productivity. Also, it is flexible and employees are given the chance and opportunity to contribute to the settings of the objectives. Since employees are involved in the objective setting, it is quite natural that they follow and strive to achieve the goals they have set. Individual goals are converted into organizational goals and vice versa.

Employee participation

Employee participation is the process whereby employees are involved in decision making processes, rather than simply acting on orders. Participation is the act of one taking part in something that affects him/her in one way or the other. Thus, Employee participation is the process whereby employees are involved in decision-making processes. Employee participation in decision-making varies from one organization to another because it can either be high level, moderate level or low level. According to the Employee Involvement Model, four contingencies may affect the level of employee involvement as decision structure; this involves Programmed (which are less likely to need employee involvement because the solutions have already been experienced from the past incident) and non-programmed (which needs more employee involvement). In other words, employee involvement depends on the complexity of the problem (Aliyu, 2019).

According to Noah (2008) it is a special form of delegation in which the subordinate gain greater control, freedom of choice with respect to bridging the communication gap between the management and workers. Employee's non-participation in organizational decision-making may lead to low performance in an organization and can result to conflict between management and employees and lead to indifference to the decision-making reached by the organizational productivity. Business owners often fret about the best way to increase employee motivation. Some might wonder, however, why simply providing a paycheck is not enough. Looking closely at what causes a loss of motivation, and recognition of the business' dependence on employees, reveals that it is fundamental for employees to bring their enthusiasm to the workplace to increase the company's productivity by involving employee in decision making. There is no two ways that employee participation is very vital and important because employee participation promote organizational peace in the concern, satisfy the desire of workers for self-expression and raise productivity, production and efficiency of workers. Employee participation leads to efficiency and effectiveness, high performing and effectiveness in an organization, which inevitably causes productivity in an organization. Thus, there

are too many evidences that show firm's performance increase with the increase in employee participation [Arthur, 1994; Denninson & Mishra, 1995].

Employee's compensation

Compensation is the human resource management function that deals with every type of reward individuals receive in exchange for performing organizational tasks, with a desired outcome of an employee who is attracted to the work, satisfied, and motivated to do a good job for the employer (Ivancevich, 2004). Employees are the organization's key resource and the success or failure of organizations center on the ability of the employers to attract, retain, and reward appropriately talented and competent employees. Employees' willingness to stay on the job largely depends on compensation packages of the organization (Armstrong, 2003). In an attempt to ensure employees optimal performance and retention, organizations need to consider a variety of appropriate ways to reward the employees to get the desired results (Falola, Ibidunni & Olokundun, 2014). It has been argued that the degree to which employees are satisfied with their job and their readiness to remain in an organization is a function of compensation packages and reward system of the Organization (Osibanjo, Abiodun, & Fadugba, 2012).

This compensation tool has the ability to achieve employee satisfaction and employee retention, as it comprises of financial and non-financial rewards that attract, motivate and satisfy valuable human capital, retaining effective performers as the compensation system recognizes desired behaviour towards aiding competitive advantage of the organization. Salary is the fixed or guaranteed regular monthly or annual gross payment made to employees; it varies between hierarchy of job positions, employees to employees and companies to companies (Adeniji & Osibanjo, 2012). Wage on the other hand is a regular, usually weekly or daily payment made for work or services usually to manual workers.

Previous Studies

Several studies have tested the effects of MBO upon satisfaction without examining performance. Akter and Moazzam (2016) evaluated the effect of compensation (CN) on (JP) in Chittagong, Bangladesh. Using survey research, the quantitative analysis demonstrated that there is a strong and positive relationship between compensation and job performance. Okolocha (2020) determined the extent organizational structure and Employee welfare affects organizational performance of selected banks in Enugu State. Survey design was adopted for the study. The data collected was analyzed and tested using regression analysis with aid of SPSS version 20. The outcome of the analysis revealed that organizational structure and employee welfare have effect on organizational performance of selected banks in Enugu State and this effect is statistically significant. Odunlami and Asabi (2014) studied the effect of compensation management on employees Performance in a reputable food and beverage industry. Using inferential and descriptive statistics Analysis of Variance (ANOVA), it revealed that there is a significant relationship between good welfare service and employees performance. Onuorah, Okeke and Ibekwe (2019) examined the effect of compensation management and employee performance in Nigeria organization. The instrument was trial-tested on a

representative sample of 20 employee randomly selected of Anambra State. In analyzing the data for the null hypotheses, Z-test was used to test the hypotheses at 0.05 level of significance. Equity based compensation has no negative significance effect on employee performance in Nigeria organization. The study concludes that compensation management has significance effect on employee performance in Nigeria organization. Adewale, Adenike, Hezekiah and Heirsmac (2014) ascertained the effect of compensation packages on employees' job performance and retention in a selected private University in Ogun State, South-West Nigeria. The results showed strong relationship between compensation packages and employees' performance and retention. Using simple percentage, the summary of the findings indicates that there is strong correlation between the tested dependent and independent variables (salary, bonus, incentives, allowances, and fringe benefits). Sadiya (2019) established the relationship between understanding the objectives by employees/managers on one hand and employee productivity on the other hand in Vodafone Ghana. A total of 36 employees responded to the questionnaires/interviews granted. Questionnaires and oral interviews were used as sources of primary data. The result shows that the relationship between the managers and employee in objective setting was seen to be crucial in the productivity of both the employees and the organization. Felix (2018) examined Management by Objectives (MBO) as an instrument for organizational performance of deposit money banks in Nigeria, Yola metropolis in particular. Data for the study was sourced through the use of structured questionnaires distributed to the selected deposit money banks (Diamond, Fidelity and Access banks). Correlation coefficient was also used to test the extent to which MBO relate to organizational performance of deposit money banks. The study revealed that involvement of employees in Goal Settings (GS), Delegation of Authority to the employees (DA) and Motivation to the employees (M) were positively affecting organizational performance of the deposit money banks in Yola metropolis.

METHODOLOGY

This study adopted survey research design. This design involves the use of sample to obtain the opinion of large number of people. It is a research design that study the information gathered from a fraction or percentage of the population.

DATA PRESENTATION AND ANALYSIS

Data Presentation

Table 1: Analysis of data collected from the targeted respondents on employee's participation in contributing to the settings of the organizational productivity

S/N	QUESTIONS	SA	A	Un	D	SD
1	Involvement of employees in setting objectives is an ideal to increase employees' productivity	20	34	0	8	2
2	There is a relationship between you and your supervisor/Boss	22	30	2	10	0
3	Good relationship with management improve productivity of the Employees	19	33	0	11	1
4	Combination of the management and employees understand how management by objectives can be applied	28	30	0	6	0
5	Once employees gave chance to contribute in organizational decision making goal, it will strive to achieve the goals they have set	28	29	1	6	0

Source: Field Survey, 2020

Population and sample size of the Study

The population of the study consists of seven (7) selected commercial banks in Onitsha, Anambra State, Nigeria. The element of the population comprises of the staff of these banks branches across Onitsha metropolis. Simple random sampling technique was used to select fifteen (15) staff from each commercial bank in Onitsha metropolis. The total population selected for the study is 105.

Method of data collection

The questionnaire were structured on a scale of Strongly Agree (SA), Agree (A), Undecided(UN), Disagree (D) and Strongly Disagree (SD); to give the respondents choice of ticking most perceived option. The researchers visited the banks to administer the questionnaire to the respondents. The copies of the questionnaire distributed to the respondents were retrieved within a week. Out of 105 copies of questionnaires distributed, 64 were completed and returned. This represents 61%.

Method of Data Analysis

In order to ascertain the relationship that exist between the dependent variable and independent variables, the two hypotheses were tested using ordinary least square with aid of E-view 9.0 at 5% level of significance.

Decision Rule:

The decision for the hypotheses is to accept the alternative hypotheses if the p-value of the test statistic is less or equal than the alpha and to reject the alternative hypotheses if the p-value of the test statistic is greater than alpha at 5% significance level.

Model Specification

The researcher estimated model in the following form:

$$OPR_{it} = a_0 + \beta_1 EMP_{it} + \Sigma it \dots\dots\dots(i)$$

$$OPR_{it} = a_0 + \beta_2 EMC_{it} + \Sigma it \dots\dots\dots(ii)$$

Where:

The dependent variable: organizational productivity (OPR) and

The independent variables:

EMP = employee participation

EMC = employee compensation

a0 = slope of the model

β1, β2, = coefficient of parameters.

i for the financial year ending at year t.

Table 2: Analysis of data collected from the targeted respondents on employee’s compensation facilitates the attainment of organizational productivity

S/N	QUESTIONS	SA	A	Un	D	SD
1	Motivation determines employees output of work or productivity.	25	33	1	5	0
2	Promotion when due improve performance of the employees and Organizational productivity.	23	35	0	6	0
3	Reward individuals receive in exchange for performing organizational tasks.	19	37	0	8	0
4	Encouragements from management motivate employees to have passion for work.	30	34	0	0	0
5	Employees’ willingness to stay on the job largely depends on compensation packages of the organization.	27	30	2	5	0

Source: Field Survey, 2020

Table 3: Analysis of data collected from the targeted respondents on organizational productivity

S/N	QUESTIONS	SA	A	Un	D	SD
1	Organizational productivity enables managers to provide a way to integrate and focus the efforts of all organizational members.	24	34	0	6	0
2	Organizational productivity enhances understanding of employees on how management by objectives can be applied.	20	35	3	6	0
3	Productivity is a recognition of achievement of the employees	21	38	0	5	0
4	Organizational productivity determines the attainment of organizational goal.	27	30	0	7	0
5	Productivity is a parameter for measuring the success, failure, strength, weakness	30	33	1	0	0

Source: Field Survey, 2020

Table 4: Descriptive Analysis

	EMC	EMP	OPR
Mean	24.80000	23.40000	24.40000
Median	25.00000	22.00000	24.00000
Maximum	30.00000	28.00000	30.00000
Minimum	19.00000	19.00000	20.00000
Std. Dev.	4.147288	4.335897	4.159327
Skewness	-0.194663	0.231247	0.266626
Kurtosis	2.003549	1.244709	1.605483
Jarque-Bera	0.238435	0.686447	0.464383
Probability	0.887615	0.709480	0.792794
Sum	124.0000	117.0000	122.0000
Sum Sq. Dev.	68.80000	75.20000	69.20000
Observations	5	5	5

Table 4 shows the mean (average) for each of the variables, their maximum values, minimum values, standard deviation and Jarque-Bera (JB) Statistics (normality test). The results in table 4 provided some insight into the nature of the selected Nigerian quoted commercial banks that were used in this study. The sampled quoted bank in Onitsha, Nigeria were characterized by positive organizational productivity (OPR =24.4). Also, the large difference between the maximum and minimum value of the employee’s compensation (EMC) and employee’s participation (EMP) show that the sampled quoted banks in this study are not dominated by companies with large banks productivity.

However, the Jarque-Bera (JB) which test for normality or the existence of outliers or extreme values among the variables shows that most of the variables are normally distributed at 5% level of significance. This means that any variables with outlier are not likely to distort our conclusion and are therefore reliable for drawing generalization. This also implies that the least square estimate can be used to estimate the pooled regression model.

Test of Hypotheses

Hypothesis One

H01: Employee’s participation does not contribute in settings of the organizational productivity.

Table 5: The Regression result between organizational productivity and employee’s participation

Dependent Variable: OPR
 Method: Least Squares
 Date: 08/15/20 Time: 22:03
 Included observations: 5

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	5.667553	7.238065	0.783021	0.4907
EMP	0.800532	0.305156	2.623349	0.0788
R-squared	0.696416	Mean dependent var		24.40000
Adjusted R-squared	0.595222	S.D. dependent var		4.159327
S.E. of regression	2.646254	Akaike info criterion		5.073341
Sum squared resid	21.00798	Schwarz criterion		4.917117
Log likelihood	-10.68335	Hannan-Quinn criter.		4.654049
F-statistic	6.881960	Durbin-Watson stat		2.541619
Prob(F-statistic)	0.078774			

Interpretation of Regression Result

Table 5 revealed an adjusted R^2 value of 0.696. The adjusted R^2 , which represents the coefficient of multiple determinations imply that 70% of the total variation in the dependent variable organizational productivity of commercial banks in Nigeria is jointly explained by the independent variable employee's participation. The adjusted R^2 of 70% and because the F- statistics value of 6.882 with an associated Prob.>F = 0.079 indicates that the model is fit to explain the relationship expressed in the study model and further suggests that the explanatory variable is properly selected and used. The value of adjusted R^2 of 70% also shows that 30% of the variation in the dependent variable is explained by other factors not captured in the study model. This suggests that apart from employee's participation there are other factors that mitigate organizational productivity of commercial banks in Nigeria. The results in table 5 illustrated that employee's participation has a positive but not significant relationship with organizational productivity measured with a beta coefficient (β_1) and t-value of 0.800532 and 2.623349 respectively and p- value of 0.079 which is not statistically significant at 5%:

Durbin-Watson test is implied to check the auto correlation among the study variables. The Durbin-Watson value is 2.541619 which is more than 2 provide an evidence of no auto-correlation among the variables.

Decision

Based on the empirical evidence that suggests that employee's participation has contributed positively in settings organizational productivity but not statistically significant of commercial banks in Nigeria at 5% level of significance, thus, the alternative hypothesis of the study is accepted.

Hypothesis Two

H₀₁: Employees compensation has not affect the attainment of organizational objectives

Table 6: The Regression result between organizational productivity and employee's compensation

Dependent Variable: OPR

Method: Least Squares

Date: 08/15/20 Time: 21:59

Included observations: 5

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	5.151163	9.195083	0.560208	0.6144
EMC	0.776163	0.366690	2.116671	0.1246
R-squared	0.598946	Mean dependent var		24.40000
Adjusted R-squared	0.465262	S.D. dependent var		4.159327
S.E. of regression	3.041541	Akaike info criterion		5.351780
Sum squared resid	27.75291	Schwarz criterion		5.195555
Log likelihood	-11.37945	Hannan-Quinn criter.		4.932488
F-statistic	4.480297	Durbin-Watson stat		2.078068
Prob(F-statistic)	0.124575			

Interpretation of Regression Result

Table 6 revealed an adjusted R^2 value of 0.465. The adjusted R^2 , which represents the coefficient of multiple determinations imply that 47% of the total variation in the dependent variable organizational productivity of commercial banks in Nigeria is jointly explained by the independent variable employee's compensation. The adjusted R^2 of 70% and because the F- statistics value of 4.480 with an associated Prob.>F = 0.124 indicates that the model is fit to explain the relationship expressed in the study model and further suggests that the explanatory variable is properly selected and used. The value of adjusted R^2 of 47% also shows that 53% of the variation in the dependent variable is explained by other factors not captured in the

study model. This suggests that apart from employee's compensation there are other factors that mitigate organizational productivity of commercial banks in Nigeria. The results in table 6 illustrated that employee's compensation has a positive effect but not significant relationship with organizational productivity measured with a beta coefficient (β_1) and t- value of 0.776163 and 2.116671 respectively and p- value of 0.124 which is not statistically significant at 5%:

Durbin-Watson test is implied to check the auto correlation among the study variables. The Durbin-Watson value is 2.078068 which is more than 2, provide an evidence of no auto-correlation among the variables.

Decision

Based on the empirical evidence that suggests that employee's compensation has positive effect on organizational productivity but not statistically significant of commercial banks in Nigeria at 5% level of significance, thus, the alternative hypothesis of the study is accepted.

CONCLUSION AND RECOMMENDATIONS

This study examined the effect of management by objectives on organizational productivity of commercial banks in Nigeria. The study found that employee's participation has contributed positively to the settings organizational productivity but not statistically significant at 5% level of significance. Also, employee's compensation has positive effect on organizational productivity but not statistically significant at 5% level of significance.

In this case, employees' participation in banks decision making is being influenced employees to work toward actualizing the objectives of the banks. When the employee knows what is expected of him or her and has huge satisfaction in reaching the results. Meanwhile, the compensation and involvement of employees in setting objectives is an ideal to increase employees' productivity and performance. Once employees are given the chance to contribute to the settings of banks organizational goals it will strive to achieve the goals they have set.

On this note, the researcher recommended that involvement of employees in the activities of bank should be a priority in order to achieve the aims and objectives of the bank. Again, banks management should keep compensating successes achieved by their employees. This will encourage them to perform better; hence lack of motivation may lead to employees less productivity.

REFERENCES

- [1] Adewale, O. O., Adenike, A. A., Hezekiah O F. & Heirsmac, P. T. (2014). Compensation packages: a strategic tool for employees' performance and retention. *Leonard Journal of Science*. 25 65-84
- [2] Adeniji A. A., & Osibanjo A. O., (2012). *Human resource management: Theory and practice*, Pumark.
- [3] Aggarwal, A., & Thakur, G. S. M. (2013). Techniques of performance appraisal-a review. *International Journal of Engineering and Advanced Technology (IJEAT)*, 2249-8958.
- [4] Aliyu, U. L. (2019). Effect of Employee Participation in Decision Making in An Organization Performance. *International Journal of Economics & Business ISSN: 2717-3151, Volume 3(2) page 255 – 259*
- [5] Armstrong, M., (2003). *Strategic human resources management: A guide to action*, UK: Kogan-.
- [6] Armstrong, M. (2012). *Armstrong's handbook of human resource management practice*. 1. London: Kogan Pag.
- [7] Akter, N. & Moazzam, H. (2016). Effect of compensation on job performance: An empirical study. *International Journal of Engineering Technology, Management and Applied Science*. 4, (8),
- [8] Ahmed, I., Sultana, I., Paul, S. K., & Azeem, A. (2013). Employee performance evaluation: A fuzzy approach. *International Journal of Productivity and Performance Management*, 62(7), 718-734.
- [9] Belcher D.W., (1997). *Compensation management*, Engle Cliffs. Prentice Hall, 1997.
- [10] Brunsson, N (2007). *The Consequences of Decision-Making* Oxford: Oxford University Press.
- [11] Björklund, A., Fredriksson, P., G., & Öckert, B. (2010). Rapport 2010:13"Den svenska utbildningspolitikens arbetsmarknadseffekter: vad säger forskningen?"
- [12] Dowling, P. J., Welch, D. E., & Schuler, R. S. (1999). *International human resource management*. Cincinnati, OH: South-Western.
- [13] Drucker P (1954). *The practice of management*. Harper and Row, New York.
- [14] Eminue, O. (2005) *Public Policy Analysis and Decision Making*. Lagos: Concept Publishers.
- [15] Felix, F. (2018). Management by Objectives (MBO) as an instrument for organizational performance of Deposit Money Banks in Nigeria. *European Journal of Business and Management*. 10(26)., ISSN 2222-1905 (Paper) ISSN 2222-2839 (Online) www.iiste.org.
- [16] Falola H. O., Ibidunni A. S., & Olokundun A. M., (2014). *Incentives packages and employees' attitudes to work: a study of selected government parastatals in Ogun State, South-West, Nigeria, International Journal of Research in Business and Social Science IJRBS*, 3(1), p. 2147-4478.
- [17] Ivancevich J. M., (2004). *Human resource management*, New York. McGraw-Hill/Irwin, 2004, 9.
- [18] Linberg, E. (2011). Effect of management by objectives: Studies of Swedish upper secondary schools and influence of role stress and self-efficacy on school leaders. Doctorial dissertation, Umea School of business, Umea University.
- [19] Obiajulu, S. O & Obi, E. A. (2004) *Public Administration in Nigeria: A Developmental Approach*. Onitsha: Bookpoint Ltd.
- [20] Onah, R. C. (2005) *Public Administration*. Nsukka: Great Apex Publishers Ltd.
- [21] Odongo, M. S. & Datche, O. (2015). Effects of strategic planning on organizational growth. (a case study of Kenya medical research institute, Kemri). *International Journal of Scientific and Research Publications*, 5(9); ISSN 2250-3153 www.ijsrp.org.
- [22] Okolocha, C. B. (2020). Strategic planning: a key to organizational performance of selected Nigerian banks. *International Journal of Research Publications*. 52(1) ISSN:2708-3578 (Online) <http://ijrp.org/paper-detail/1108>
- [23] Odunlami, B.I & Asabi, O.M (2012). Compensation management and employees performance in the manufacturing sector, A Case Study of a Reputable Organization in the Food and Beverage Industry: *International Journal of Managerial Studies and Research*2 (9) 108-117.
- [24] Onuorah, A. N., Okeke, M. N. & Ibekwe, I. K. (2019). Compensation management and employee performance in nigeria. *International Journal of*

Academic Research in Business And Social Sciences. 9(2);
E-ISSN: 2 22 2 -6990 © 2019 HRMARS.

- [25] Onyishi, A. (2018) *Communication and Organizational Functionality*. A lecture delivered to 3rd year students of Public Administration and Local Government, University of Nigeria, Nsukka.
- [26] Osibanjo A.O., Abiodun A.J., & Fadugba, A.O., (2012). Executive perception of the impact of flexi time on organizational performance: evidence from the Nigeria Private Sector, *International Journal of Applied Behavioural Economics*, IJABE, 1(3), p. 16-27.
- [27] Robbins, S., Bergman, R., Stagg, I., & Coulter, M. (2000). *Management* (2nd ed.). Australia, Sydney: Prentice-Hall.
- [28] Sadiya, I. A., (2019). Impact of management by objectives (MBO) on the employee productivity in Vodafone Ghana. *Texila International Journal of Management. Special Edition* Apr 2019. DOI: 10.21522/TIJMG.2015.SE.19.01.Art006 ISSN: 2520-310X
- [29] Shaout, A., & Yousif, M. K. (2014). Performance evaluation—Methods and techniques survey. *International Journal of Computer and Information Technology*, 3(05) (2279-0764).
- [30] Tornike, K. (2018). The impact of strategic planning on organizational performance through strategy implementation. *Globalization and Business, International Scientific-Practical Magazine*.
- [31] Xhavit, I. Enis, M. & Naim M. (2018). Using management by objectives as a performance appraisal tool for employee satisfaction. *Future Business Journal* 4 (2018) 94-108

