International Journal of Social Sciences and Management Review

Volume: 02, Issue: 03 "May-June 2019"

ISSN 2582-0176

MANAGEMENT BY OBJECTIVE AS AN EFFECTIVE TOOL FOR ENHANCING ORGANIZATIONAL PRODUCTIVITY

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ABSTRACT

The success of every organization is measured on the altar of its goal attainment through achieved organizational productivity. Unlike some efficiently managed organizations with high success rate across the globe especially in Nigeria; most organizations are left at the mercy of failure as a result of management-employees challenges due to irregularities in organizational task environment despite the abundance of managerial processes in existence that could be adopted and practiced. In relation to this, this paper attempts to draw a connecting line between improving organizational productivity, employee performance and organizational management through a managerial process referred to as management by objective (MBO). It highlighted the processes involved in the process, its objectives, elements, strengths and weaknesses; before finally recommending the best practices to be adopted in using Management by Objective (MBO) to foster optimum organizational productivity.

Keywords: Management, Management by Objective, Organization, Organizational productivity, Nigeria.

1.0 INTRODUCTION

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. Therefore, organizational productivity in all ramifications is an integral focus for every organization as it not only measures their determinant component but also determines their achievement of profit and attainment of organizational goal. 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. Often, 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

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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. In the words of Onyishi (2018), 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 managers 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. At the bridge of such manager-employee gap lies management by objective which advocates for the communication of organizational goals and objectives to the employees by the managers, defining managerial responsibilities in terms of expected results, measuring performance and productivity against the communicated goals and objectives; in essence as a medium of making the employees: understand their purpose and duties in the organization, shape their attitude and behavior accordingly to the job, motivate them and make them highly productive.

2.0 TERMINOLOGICAL CONCEPTUALIZATIONS

To facilitate a comprehensive understanding of the content of this paper, a conceptual clarification and terminological familiarization is undertaken underneath. Among the terms operationalized and clarified are: Management, Management by Objective, Organization, Organizational productivity, Organizational Objectives and Communication.

2.1 Management: Management as a term does not enjoy a consensus definition from writers and scholars as the term has been approached from different standpoints. According to Drucker (1974), it is that managerial action having synergetic effect in which a productive entity is created, that turns out more than it receives as inputs. Ogunna (1999) in his own purview conceives management as the process of utilization of financial, material and manpower resources of an organization for the accomplishment of its set objective. In the words of Onwubiko and Kemjika (2014), management refers to those who are at the apex of the organization's hierarchy saddled with the responsibility of planning, staffing, organizing, directing and controlling on one hand, and those at the shop floor (workers) whose responsibility is to implement decisions made by those at the apex of the organization. Approaching from another perspective, Obiajulu and Obi (2004), viewed management as a discipline or body of knowledge concerned with how to reach organizational goals by working with and through people and other resources.

Deductive from the assertions of the above scholars is that management can be seen as a process, a body of people and as an academic discipline (field of study). But no matter how it is conceived, it has its focus on the combination and utilization or of allocation of organization's inputs (human, material and financial resources) by planning, organizing, directing and controlling for the purpose of producing outputs (goods and services or whatever the objects are) desired by customers so that the organizational objectives are accomplished. In contextualization of this term in this paper however, it is considered as a process and as a body of people who work with and through others to achieve organizational objectives.

2.2 Management by Objective: Management by Objective is a process whereby the superior and the subordinate managers of an organization jointly identify its common goals, define

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Volume: 02, Issue: 03 "May-June 2019"

ISSN 2582-0176

each individual's major areas of responsibility in terms of the results expected of him, and use those measures as guides for operating the unit and assessing the contributions of each of its members (Odione, 1965). It is a new style in organizational management that is geared towards employee effectiveness. Little wonder, Ademolekun (1983) defined the term as a system which seeks to improve the performance of an organization and motivate, assess and train employees by integrating their personal goals with the objectives of the organization. Inferably, management by objective is a human resource management exercise concerned with involving managers and their subordinates jointly in developing specific goals and objectives in order to achieve the ends of employee effectiveness and organizational productivity. In the practice of management by objectives, organizational goals and targets are united with that of its managers, the managers (superior and subordinate) identify objectives in major areas of responsibility in which the men (employees) will work, the managers design an action plan to achieve expected results in those areas and set performance standard for acceptable work, and they consequently measure actual results achieved against those projected plans and standards. Hence, this managerial style links the performance of the managers to the objectives of their units/section and through them, to the overall/corporate goals of the organizations.

2.3 Organization: Organization in the words of Edgar (1970) is the rational co-ordination of the activities of a number of people for the achievement of some common explicit purpose or goal through the division of labour and function and through a hierarchy of authority and responsibility. In this sense, organization is seen as a managerial principle and process which focuses on the combinational utilization of human, material and financial resources for the purpose of attaining a set objective/goal. From another perspective, Hodge and Anthony (1984) conceived organization as a group of two or more people working co-operatively towards a common objective. Implicitly, in their conception, organization is viewed as group of people or as represented by the institutional structure in which administration or management takes place.

To maintain an operational framework with contextual significance, organization is conceived in this paper as an established formal structure comprising of people with cooperative interactional ability, harmonized under one rule and goal (though with different personal/sectional objectives) with the aim of achieving the ends of a collective effort.

2.4 Organizational productivity: Alan (2008) asserted that productivity is the rate at which an employer, company or country produces goods and the amount, produced compared with how much time, work and money is needed to produce them. The implicit of this is that productivity is concerned about how well people combine resources such as raw materials, labour, skills, capital, equipment, land, intellectual property, managerial capability and financial capital to produce goods and services. It is a measure of the capability or performance of a person, machine, organization etc., in converting inputs into valuable outputs. In cognizance of the afore-stated, productivity in the context of this paper tows this line and is nothing but the capability of an organization to achieve both its objective and satisfy its client through transforming its available resources into valuably desirable output.

2.5 Communication: Communication is simply a process of exchanging understandable information between two or more persons or parties using a specifically known medium (Eze,

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Volume: 02, Issue: 03 "May-June 2019"
ISSN 2582-0176

2015). In the words of Chester (1938), it is the means by which people are linked together in an organization to achieve a common purpose. Drawing conclusion from the assertions of the two scholars, one can say that communication is both a tool for connecting people and a process of exchanging ideas and information with others. In lieu of this, this paper contextually conceives communication as a social instrument that links two or more people (parties) together in a process of interactive exchange of comprehensive ideas, knowledge, feelings and information geared towards the achievement of a social, personal or group goal.

3.0 THEORETICAL FOUNDATION

There is no scintilla of doubt in the fact that any idea not subjected to a theoretical support is a disgrace to philosophical truth. In line this, this paper adopts the principles of management by objective as its' theoretical framework.

The principle of management by objective was theorized by Peter. F. Drucker in 1954. The principle lays emphasis on the need to establish objectives in all areas where performance affects the health of the enterprise (organization). It focuses basically on the achievement of result or organizational goal as well as management in line with goal accomplishment. The principle of management by objective advocates for the integration of the employees and subordinates in the managerial and work functions of the organizations so as to give room for innovation and creativity. It lays emphasis on the fact that organizations that produces quality output and accomplish their goals are the ones that has good communication system and as such advocated for establishment of strong information flow system within the organization.
In applying the theory to this discourse, the theory justifies that the reason for poor performance of many organizations in the achievement of organizational productivity is because they lack the requisite managerial mechanism needed to foster enhance organizational productivity. Organizations are not productive because organizational policies are imposed on the employees, autonomy is taken away from them, the only channel of communication is command from superior to subordinates, and the employees psyche is affected which makes them become complacent towards organizational work. This is the benchmark upon which organizational productivity is low among various organizations. However, should organizations follow the overlying assumptions of the management by objective principle, there is a high probability percentage that their productivity will be enhanced to the maximum desired.

4.0 MANAGEMENT BY OBJECTIVE: ELEMENTS, OBJECTIVE AND PRACTICAL PROCESS

Management by objectives as a process entails the identification, clarification, setting of goals and objectives, making of decisions, setting of priorities and post-priorities and integrating of the workers into the organizations and directing them towards the organizational goals and purpose (Okoye, 1997). From the above assertion, it is visibly clear that it is not devoid of the constituent components otherwise referred to as elements. In the words of Sayles and Strauss (1981), the elements of management by objective include: goal setting, participation and appraisal. This means that for efficient practice of the process of management by objectives, the goals and or objectives of the organization must be established and conveyed to both the managers and the employees; this will ensure the joint

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Volume: 02, Issue: 03 "May-June 2019"

ISSN 2582-0176

participation of both the managers and the employees in the attainment of the organizational objective. It also express that the participation of the managers and the employees will pave way for easy assessment of the performance of the managers, the employees and the organization in general.

Koontz and Weihrich (1980) on their own opined that the elements of management by objective are five in number and are:

1. Preliminary setting of objectives at the top; which emphasizes the establishment of organizational targets and goals by the management from whence it will be communicated to the employees for implementation.
2. Classification of the organizational role; which hinges on the division and assignment of the functions that every member of the organization is to play in order to achieve the set objectives.
3. Setting of subordinate objectives; which advocates for the establishment of the objectives of the functions assigned to every member of the organization in specificity.
4. Relating goals with resources; this emphasizes on the matching of organizational goals with the available organizational resources to ensure that it is capable of producing output especially in regards to the attainment of organizational goal.
5. Recycling objective; this hinges on rolling over the organizational objectives which were not achieved unto another productive year so that it will be worked on again.

The above elements form the practical step-by-step process of practicing management by objective in the organization. From another dimension, Okoye (1997) discussed the elements in relation to the practical process of conducting management by objective under four headings:

1. Establishing or setting objectives: This has to do with having the key people affected by the objectives to agree on the major objectives for a given time period, usually one year. Hence, the objectives to be set must be attainable, unambiguous and verifiable.
2. Development of action plans: This requires sequential listing of specific duties that must be accomplished, who to accomplish them, how and when to accomplish them. This helps to clearly define the responsibility of each worker in achieving organizational goal and the procedure to evaluate the accomplishment of these goals.
3. Progress review and feedback: This requires monitoring the progress of the organization in the achievement of its goal. This is to determine whether there are difficulties inhibiting accomplishment of the set objectives according to time, target and standard specification. At the end, organizational goals establishers evaluate actual result to determine the objectives to establish for the next period.
4. Self control: this requires inculcation into the employees the spirit of self discipline, commitment and hunger to contribute their best towards the achievement of the organizational goal. This can be achieved through motivation, discipline and rule and will help to co-ordinate and control the efforts of employees towards goal attainment and productivity.

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5.0 MANAGEMENT BY OBJECTIVE AND ORGANIZATIONAL PRODUCTIVITY: THE NEXUS

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. Inferably, management by objective has an element of establishing objectives ahead of other organizational management functions. It also has the doctrine of providing strategies for the achievement of the objectives. 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. Practically, one can argue that management by objective which connotes collaborative planning and execution is more productive that any other forms of management especially those that resort to organizational imperialism on the employees. Hence, management by objective connects itself to productivity through its elements and constituents. This might invariably be the rationale upon which Ademolekun (1980) saw management by objective as "an organizational approach aimed at enhancing the overall performance of an organization…" since organizational productivity is measured by overall performance of an organization both in turning inputs into desired valuable outputs and in the competence, effectiveness and commitment of organizational managers and employees.

6.0 STRENGTHS AND WEAKNESSES OF MANAGEMENT BY OBJECTIVES

Virtually every idea, event, concept, assumptions, phenomenon, presumptions, suppositions etc have the notable two sides of a coin. Hence, they all have positive and negative values especially as regards to impacts or consequences. In lieu of this, management by objective is no sacred cow as it shares in this universal characteristic. Management by objective therefore possesses the underlying advantages to any organization where it is adopted and practiced:

1. Strong and continuing collateral relationship and co-ordination: it helps to build the working relationship between the management and the workers since it assumes that managerial behavior is better than managerial personality and that this behavior is defined in terms of specific results to be achieved against established goals rather than in terms of common goals for all managers or common method of managing.
2. Efficient planning and innovation: it helps to foster efficient and effective planning in an organization. This is because objectives and strategies for achievement of objectives being established under management by objective as a plan comes through joint brainstorming from both the managers and the employees. Hence, alternatives are well scrutinized before the best is selected. The joint involvement of the managers and the employees also paves way for employee's innovative contributions through technical ideas based on specialization.
3. Direction of work activities towards organizational goal: Management of objective helps to direct work activities towards the dimension of achieving organizational goal. This is possible through division of function among employees and assignment of a

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specific objective to each of the function shared among employees. The achievement of these objectives collectively is geared towards the achievement of the organizational goal as the objectives forms the goals itself.

4. Timely organizational goal achievement: it helps to ensure that organizational goals are achieved on time. This is possible since the immediate and long term needs of the employees and the managers are earlier known in terms of their work demand. Hence, management by objectives prepares talent upon targets ahead of time.
5. Obliteration of paucity in organizational communication: it helps to ensure open channel of communication in an organization. This is possible as communication flows collegially lateral between employees and managers during objective establishment in management by objective, downwardly to the subordinates from the superiors in form of communication of objectives and upwardly from the subordinates to the superior in form of feedback.

Other meritocratic (positive) features of Management by objective include: improvement of motivation among employees and managers, making organizational goals clearer and increasing its awareness, better use of human resources, clear standard of control, reduction in role conflict and ambiguity, encouragement of goal commitment, easy and accurate identification of problems, provision of more objective appraisal and reward criteria, more effective delegation of function, integration of task and human orientation, personnel development, easy alteration of objectives to meet changing circumstances and time, ensure that objective are realistic, development of result-oriented managers, improvement of quality of work because of periodic performance review, ensure employee participation etc.

On the other hand, management by objective's other side of the coin (negative side) which complements its characteristic as a social science phenomenon hinges on the underlying facts expressed here:

1. There's always great difficulty in the achievement of organizational objective due vagueness, ambiguity and unoperationalizability especially in public sector organizations.
2. It creates room for sub-optimalism (sub-optimization) which makes most organizational goals unachievable. This is usually seen in a scenario where managers set arbitrary, undemanding and easily attainable objectives or goals.
3. Since management by objective uses qualitative managerial instrument, it is always very difficult to measure its' achievement of a set goal usually in quantifiable manner especially where there is difference in perception and value orientation.
4. There is always error in performance appraisal standard when management by objective is used. This is because it uses standards that is inapplicable to all workers and which often times is devoid of the consideration of situational and environmental influences (factors).
5. Management by objective is also time consuming as it adopts a systematic procedure that has at its' core the operationalization of bureaucratic processes which is in all ramifications marked by red-tape (unnecessary delay).

Other negativities of management by objective include: lack of support of top management, undue emphasis on qualitative goals, unwillingness to work out goals, no valid measure for achievement etc.

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7.0 MANAGEMENT BY OBJECTIVE AS A TOOL FOR ENHANCING ORGANIZATIONAL PRODUCTIVITY: THE BEST PRACTICES.

There is an unequivocal relationship between management by objective and organizational productivity. Whereas the former advocates for a symbiotic work relationship between the management and the employees rather than the conventional "superior-subordinate" status-quo that have been in existence from time immemorial, the latter focuses on the output of the performance of the management and employees when combined with other work-related resources like finance and materials. Deductively, organizational productivity is a function of management vis-à-vis management by objective. This simply infers that when management by objectives is lapsed, the organizational output becomes poor and vice versa. Therefore, to ensure organizational productivity is enhanced, management by objective should be implemented in line with the criteria below:

1. There should be integration and enlightenment of all members of the organization (management and employees) on the system and processes of management by objective programme.
2. The organizational board or top management team must set corporate objective that it seeks to pursue. This objective must be definite, specific, well-redefined, realistic, attainable, measurable, limited in time, finite in number, accurate and consistent with the overall goal of the organization.
3. There should be measurability of objective in any work situation which must tow the line of defining objectives in terms of organizational results, output or achievement rather than activities.
4. There must be strong multi-dimensional communication system with at least a vertical-reciprocal (top-down and bottom-up) flow of information in defining and implementing organizational objectives so as to integrate all organizational actors in the organizational productivity.
5. There must be diversification of organizational objectives in such a way that it forms an interconnected system of individualistic objectives in order to ensure its accomplishment within limited time.
6. The organization must ensure maximum participation of employees and subordinates in goal setting so as to give room for creativity and innovations and foster a higher sense of belonging, responsibility, hard-work and commitment among them.
7. Each and every organizational position must be made autonomous and inter-dependent so as to reduce unnecessary interference in work activities.
8. Continuous cum periodic review of organizational productivity in the dimension organizational objective and feedback must be embarked upon in order to create opportunities for taking necessary steps to adapt to any unanticipated organizational events in the environment.
9. There must be constant periodic evaluation and appraisal of management-employee performance in relation to organizational productivity. This should be done in a two-way feedback mechanism where employees self-appraise themselves and are thereafter appraised by the management, and in the same vein, the management self-appraise itself and thereafter is appraised by the employees.

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Volume: 02, Issue: 03 "May-June 2019"

ISSN 2582-0176

10. Management by objective should establish a work-related reinforcement such as reward, monetary bonus or other incentives as a means to propel motivation within the system.

8.0 CONCLUDING REMARKS

The focus of every organization is to achieve its' objective. This is usually done through the enhancement of the organizational productivity. However, with trends in the failure of many managerial practices to yield positive output or enhance the productive outcome of organizations, there have been need to develop a fool-proof managerial mechanism that will not only increase the performance of organizational management but that of the employees and the organization in its entirety. This has resulted in the adoption of Management by Objective by Peter .F. Drucker in 1954. Though with lapses, management by objective seems a veritable mechanism to enhance organizational productivity and if there is a strict adherence to the best practices stipulated above, then, organizational productivity and the attainment of organizational goal falls within realms of certainty.

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