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Mutually set-targets and organizational performance

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ABSTRACT

Organizations want to succeed but require people to do the necessary task that would eventually translate into success or performance. Setting targets over time has always been a potent strategy to deliver organizational objectives. However, setting targets to derive the necessary benefits is one thing and the delivery is just another. Over time it has become a tradition for most organizations to set their targets in isolation, and completely devoid of the involvement of the employees. The study is an investigation of the import of mutually set targets on employees' effectiveness and organizations performance in selected banks. A structured questionnaire was used to acquire data from a sample of 340 respondents. Data for the study was analysed using descriptive statistics and Pearson Coefficient Correlation statistical technique. The study reveals that the more targets are mutually set the more effective the employees and the more productive organization become in terms of performance. The study also reveals that various associated factors, including a non-consideration or non-involvement in setting targets, non-conducive work environment and poor reward system, among others are key factors that can go a long way to demotivate workers, enhance employee turnover and to that extent scurry the performance of the organization. *Inter alia*, the study recommends that management commit to change policy and restructure divisive organizational policy that negates mutuality in setting targets for the organization. Develop and facilitate convergence sessions that conglutinates all categories of employees and management to integrate and bond beyond work interface.

Key words: Target setting, mutually set-targets, organization, employee effectiveness, employee turnover.

INTRODUCTION

The greatest single impact factor on organizational performance is people and any work organization that must succeed must have a workforce that is skilled and knowledgeable in performing tasks. Also, organizations cannot succeed by just doing the routine or assuming to be effective without well designed strategy. One of such strategies in achieving desired goals and aspiration is by aligning to structured target-setting. What we have decided to term – mutually set targets. Although this is the case but in the course of this work we shall continuously be using the term target setting, yet the goal in the work is to have clarity on the import of mutually set targets. Target-setting underlies a clear process laid out by an organization to enhance her performance in terms of anticipated outcomes. It is a strategy which employees must keep up with to deliver value for the organization, and vice versa. This is so because once organizations meet their end-year target, the concept of equity implies that employees are equally rewarded (Asmus et al. 2015). Target-setting in any industrial setting or establishment, therefore, serves as a platform for the identification of basic aims which do not only serve as directions but also control the activities that constitute "performance" of the organization at any given time. Target-setting is therefore an attempt to make presentable what has been identified as an intended or expected end.

Most organizations, especially banks, design and set their targets at the top level. Draft (1988) cited in (Rolfsen, 2013:48) opined that, "it is the obligation of senior level managers in an organization to ensure that the organization goes all-out to achieving high level performance". This therefore implies that managers should set the desired levels of performance for any periods in question. This they can do by setting specific targets against which individual performance can be measured but in agreement with the employees themselves. 'A properly conceived goal energizes employees and directs their thoughts and behaviors towards improved performance' (Locke, 1981) and this is because goals have a pervasive impact on employee behaviour and performance in organizations and administrative practice (Locke & Latham, 2002 cited in Lunenburg, 2011). As stated by Murayama and Elliot (2012) cited in Barends et al. 2016), target-setting efforts must not be to generate an internal competitive climate in the organization, rather it should be performance driven. Granting this is the case, other scholars (Locke et al., 1981; Locke and Latham, 1990, Ogbewere and Dunmade, 2014) have maintained that mutually set targets in a work place no matter how strenuous or difficult it appears, generates the most acceptance by employees and sets the tone for greater individual performance that culminates in the organizations general performance (Mills, 2002; Stup, 2003; & Mooney, 2009). The argument is basically that employees are motivated by the mere fact that the organization's planned target embeds their own input as well, and that is clearly a milestone for them.

Target-setting is an essential recipe for any organization that wants to get somewhere and of course the banks are particularly enthusiastic about long term aspirations that are achievable even within a short-term regime. As stated earlier, the object of target-setting is to deliver value for the organization going forward. However, central to this, is to enhance performance amongst employees for measurable outcomes that could be used to monitor performance indices of the organization. Such target would also enhance the understanding of individual employee's efficiency and of course enhance improvement opportunities (Khan, 2009; Teo & Low, 2016). Banks, as one type of organizations are interested in a large customer base and profits that can be shared and or distributed as dividends to appease their shareholders and in order to achieve performance. In setting these targets, employees are very essential in this equation to drive their effectiveness. Setting target in a work place whether bank or industries does not inexplicably mean it can be achieved in a vacuum because set target actually specifies performance; as such targets must align with job design to enhance quality employee engagement for maximum performance output (Armstrong, 2009: 467). Such quality engagement equally means that setting targets and meeting the targets must be done harmoniously amongst workers. Cooperation amongst workers or employees is reinforced by the state of their work environment, resources available to carry out task and of course what accrues to them in terms of reward. It is very good to play safe when setting targets, because targets that are not specific or time-bound in most cases can produce more dramaturgical impacts, and if not chosen carefully or if used in unsuitable situations, they can also have undesired and harmful consequences (George, 2015). According to Acasus (2014: 8), "Targets are an essential element of a delivery effort. However, they need to be defined and used carefully." This is the rationale behind why most organizations define and set targets mutually with employees in order to avoid resentment that may impact on industrial harmony or undermine anticipated outcomes and lead to employee turnover. This paper is an effort to

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comprehend the influence of mutual target-setting, how it impact on the employees effectiveness and generally on organization performance in selected banks in Port Harcourt, Rivers State, Nigeria. The paper is structured into six sections. Whereas section one gives an introductory background to the work, section two outlines the elemental aspects of the work in terms of the objectives, research questions, and the stated hypothesis. In section three, the methodology of the work is discussed while section four explicates the socio-demographical information's. In section five the data is analized and discussed further in section six.

Objectives

The aim of this study is to investigate the interface between target-setting, employee effectiveness and organizational performance using selected banks in Port Harcourt, Rivers state. The study has the following specific objectives;

- To examine the significance of mutually set targets on employees' effectiveness and organizations performance in selected banks in Rivers state.
- To ascertain the factors that can influence employees' turnover and undermine organizational efficiency in the selected banks.

Research Questions

- What is the extent to which mutually set targets can impact on employee effectiveness and organizational performance?
- What are the identifiable factors that can influence employee's turnover and undermine efficiency in the selected banks?

Research Hypothesis

- The more targets are mutually set the more effective employees and organizations' performance in the selected banks.

RESEARCH METHOD

The study locale is the FBN and GTB banks in Port Harcourt, Rivers State, Nigeria. First Bank Plc represents the old generation banks while Guaranty Trust bank represents the new generation bank. The banks were purposively chosen on the basis that the author could access information from them and the fact that these two banks are "go to banks". The combine population of the two banks is given as 1085, as shown in the Table 1.

Table 1: Population distribution of Banks, Number of branches and staff strength of First Bank Plc and Guaranty Trust Bank.

Name of Bank	Number of Branches	Staff strength
First Bank Plc	35	682
Guaranty Trust Bank	15	403
Total	50	1085

Source; Personnel records (2018)

The paper employed both the purposive and simple random sampling techniques. The purposive sampling technique was used to select the two banks as earlier mentioned. As

Black (2010:18) stated, "Researchers often believe that they can obtain a representative sample by using a sound judgment, which will result in saving time and money". For the purpose of administering questionnaire, the simple random sampling (SRS) technique was deployed. Each of the respondents that form the sample size was allotted numbers, put in a bag and handpicked without replacement until the required respondents for the study was secured. This process provided everyone in the population equal opportunity of being chosen. The sample size was determined by the use of the Taro-Yamane technique. This resulted into a total sample of 452. After the distribution and collection of data with the utilization of the questionnaire, 340 questionnaires were retrieved and used in this study. Data for the study was analyzed using Pearson Correlation analysis, at 0.05 level of significance. Taro-Yamane technique is denoted with the below formula;

$$n = \frac{N}{1 + N(e)^2}$$

Where,
n = preferred sample size
N= size of the population
e= 95% (0.05) confidence limit.

Socio-Demographic Information of Respondents

Table 2: Socio-Demographic characteristics of respondents.

Banks	Respondents	AGE	Frequency	Percentage
FBN	215	20 – 30 30 – 40 40 - 50 Above 50	35 138 30 12	16 64 14 6
GTB	125	20 – 30 30 – 40 40 - 50 Above 50	42 56 20 7	33.6 44.8 16 5.6
Total	340	20 – 30 30 – 40 40 - 50 Above 50	77 194 50 19	22.6 57.1 14.7 5.6
Bank	**Respondents**	**SEX**	**Frequency**	**Percentage**
FBN	215	Male Female	163 52	75.8 24.2
GTB	125	Male Female	57 68	45.6 54.4
Total	340	Male Female	220 120	64.7 35.3
Bank	**Respondents**	**MARITAL STATUS**	**Frequency**	**Percentage**
FBN	215	Married	162	75.3

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		Single Divorced Widow	50 0 3	23.3 0 1.4
GTB	125	Married Single Divorced Widow	58 67 0 0	46.4 53.6 0 0
Total	340	Married Single Divorced Widow	220 117 0 3	64.7 34.4 0 0.9
Bank	Respondents	EDUCATIONAL STATUS	Frequency	Percentage
FBN	215	BSc/HND MSc PhD	180 32 3	84 15 1
GTB	125	BSc/HND MSc PhD	88 37 0	70.4 29.6 0
Total	340	BSc/HND MSc PhD	268 69 3	78.8 20.3 0.9
Bank	Respondents	Category of Staff	Frequency	Percentage
FBN	215	Management Junior	75 140	35 65
GTB	125	Management Junior	35 90	28 72
Total	340	Management Junior	110 230	32 68

Source: Author's field work

Table 2 shows that overall, a vast majority of the respondents in both banks are within the age category of 30 – 40, accounting for 57.1% (194) of the sample, whilst 5.6% (19) of the respondents are within the above 50 age bracket. As shown, FBN has the highest number of persons or respondents within the 30 – 40 age brackets (64% or 138). Information on the age distribution readily points to the fact that respondents in the sample or banks as it were, are relatively young. There are more males (64.7% or 220) than females (35.3% or 120) in the sample. Relatively, more of the male respondents are found in FBN 75.8% (163), while GTB has more female population (54.4% or 68). From same Table 2, majority of the larger sample, 64.7% (220) are married. However, 75.3% (162) of the respondents in FBN are married, 53.6% (67) of respondents in GTB are single. A portion, 1.4% (3) of the respondents in FBN is within the widow category. Educationally, more of the respondents 29.6% (37) in GTB have relative hedge over those in FBN 15% (32) in terms of master's degree qualification. Respondents in banks, (84% or 180 and 78% or 88) are mainly holders of a first degree or HND equivalent. A small percentage, 0.9% (3) of the respondents in FBN have a PhD qualification. Furthermore, 68% (230) of the sample population are in the junior staff category of both banks vis-à-vis 32% (110) in the management category.

In trying to comprehend the organizational performance of the case banks, we introduced a financial measure. Tables 3 and 4 show the financial performance of the two studied banks from 2012 to 2016. It shows how much these banks make as profits before taxation and post taxation. The financial performance shown here is however a key performance indicator for measuring how organizations perform.

Table 3: Financial performance (Profit before Tax) of case banks, 2012 – 2016

	2012	2013	2014	2015	2016
FBN	N83.3 Billion	N76.8 Billion	N81.4 billion	N2.8 Billion	N53.5 Billion
GTB	N100.1 Billion	N100.4 Billion	N110.4 Billion	N113 Billion	N154 Billion

Source: FBN Annual report (2016, 2014 and 2012), GTB Annual Report (2016, 2014, 2012).

Table 4: Financial performance (Profit after Tax) 2012 – 2016

	2012	2013	2014	2015	2016
FBN	N71.1 Billion	N59.4 Billion	N75.1 Billion	N37 Billion	N50 billion
GTB	N85.3 Billion	N85.5 Billion	N89.2 Billion	N94.3 Billion	N126.8 billion

Source: FBN Annual report (2016, 2014 and 2012), GTB Annual Report (2016, 2014, 2012),

Test of Hypothesis

H_O: The more targets are NOT mutually set the more effective employees and organizations' performance in the selected banks.

H_1: The more targets are mutually set the more effective employees and organizations' performance in the selected banks.

Table 5: PPMC SPSS output for Hypothesis.

Variables	N	Mean	S. D	Corr. Index r	Critical R	Df	Sig(P)
Mutually set targets/effective employees	340	65.4122	6.3125	.734**	.052	338	0.000
Organizations' financial performance	340	16.3712	2.1043			338	

Note. ** $P < 0.05$.

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The above Table shows SPSS output for Pearson correlation statistics. It shows that mutually set targets/effective employees had a mean of 65.4122 and a standard deviation of 6.3125. More so, as indicated by Table 5, Organizations' financial performance has a mean of 16.3712 with standard deviation of 2.1043. The Pearson correlation between mutually set targets/effective employees and organizations performance is 0.734, this, therefore, establishes a strong positive relationship between the variables. Apparently, the calculated significance (p) value of 0.000 is less than the alpha (0.05) level of significance and the calculated (r) of 0.634 is greater than the critical (r) of 0.052. This suggests that the more targets are mutually set the more effective employees and the organizations' performance. The null hypothesis is thus rejected.

Discussion of findings

The Null hypothesis (HO) in the set hypothesis was rejected. Pearson correlation coefficient statistical test was computed to quantify the link between the variables. Findings, revealed the relationship to be statistically associated, meaning a strong positive relationship (r =0.734, N = 340, p = 0.000). The implication of this is that, the more targets are mutually set the more effective the employees as well as the organization in terms of performance. This finding, therefore, suggests that employee involvement in business decisions in setting targets motivates the employees' capacity to be effective and this strengthens efforts for the organization in this case, bank to achieve her strategic goals. This finding, however, is in tandem with the work of Akuko et al. (2013) and Cokins, (2009). Mutually set goals or targets translate to cooperation at the work place between employees and management, in such scenarios work would be harmonious devoid of 'undoings'. As a measure, organizational performance was measured in terms of financial progress. A quick look at some of the secondary data reassures this finding when in Tables 3 and 4 we can see the performance of the banks in terms of profit before tax and profit after tax. In 2015 as shown in both Tables, whereas FBN performance was relatively poor, that of GTB for that very year was outstanding compared with previous years (2012 to 2014). It's a given that the Nigerian economy faced relative hardship, yet in the midst of that, GTB performed very well. The gap here can be attributed to employee development which underscores employees' effectiveness. Respondents (particularly those of FBN in the course of interview) expressed dissatisfaction with training, innovation and knowledge improvement system in their bank. As a given again, no organization can break even when people (employees) are in different space with management. Building capacity for competence to meet strategic objective is key in business. In order to enable her staff meet strategic goals in the event of Nigeria's economic circumstance, GTB provided resources and strategies to assure competence. This they did by reinforcing the skills set of her employees through a regime of capacity building initiatives specifically targeted at the core segments of their business as it relates to customer management (GTB, 2016). More so, they actively promoted the wellness of employees by implementing health awareness programs such as the Orange Walk, Health Week and health checks. They also leveraged on employee recognition programmes such as the 'Round of Applause" and "Celebrating Excellence" initiatives to inspire employees and enhance organizational performance in the midst of economic recession. All these put together plus the

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involvement in setting targets for the organisation strengthened GTB employees to work smartly and achieve the financial performance shown in Tables 3 and 4.

In the analysis of the research question, - "What are the identifiable factors that can influence employee's turnover and undermine efficiency in the selected banks?" respondents were asked if they have any dissatisfaction that could provoke them to exit the bank. The respondents totally agreed that they usually feel dissatisfied at some point in their employment, and even less committed in the work and to the organization due to their estrangement and non-participation in determining targets for the organization. They feel disconnected when targets are handed down devoid of their knowledge and when they have to deliver set targets that do not convey equity in terms of inputs. A weighted mean score was used to understand and explain the weight of their responses, which however was quite high and thus clearly depicts respondents position as to their preferences and what can lead them out of the organization and at the same time undermine performance in the work place. Obviously, a non-conducive work environment that despises mutuality and or collaboration between employees and management can go a long way to demotivate workers and to that extent scuttle performance.

CONCLUSION

As shown in this study, the more targets are mutually set the more effective the employees and the more performance trajectory the organization gains. The import of this is basically that cooperation between management/labour and, or employees is a major milestone in gaining traction towards a better atmosphere for the organization. No bigger pressure is possible in a manager-employee relationship than lack of corporation within that space. As Jaja described, lack of corporation is one basic factor crumbling any managerial effort and achievement of targets or objectives. And to gain this traction, a lot more is required to sustain organizational performance and though clearly besides building competence in organization, clear understanding between the forces (management and workers) of the organization is imperative. Otherwise if relationship is trained and the work environment creates dissatisfaction for employees, organization may eventually lose genuine and brilliant workforce. Therefore, going forward, it is recommended here that organizational leadership ddemonstrates commitment by building a harmonious workplace where cooperation overshadows class or group segregation. Demonstrate commitment to change via active communication with employees that flows from bottom – up with regards to quarterly targets. Evaluate and review employee service delivery that engenders customer satisfaction and carry out routine reward administration. In the final analysis, target-setting in organization is a contemporary issue that has been researched deeply although not in Nigeria's settings. The literature happens to exist but the dynamics of target setting in small organizations is not practically known. It would be pleasant to see literature and research that focuses on the dynamics of target-setting in small businesses, perhaps looking at a large population set up. More so, an expansive or perhaps geopolitical study of how telecommunication companies manage their target-setting process to deliver value and the immediate role of motivation in that space would also be a milestone in research one would like to see.

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