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## RESEARCH ARTICLE

# FACILITATING MANAGEMENT BY OBJECTIVE AND WORKERS PARTICIPATION IN DECISION MAKING PROCESS IN ENTERPRENURIAL BUSINESSES IN NIGERIA

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### Abstract

This paper is designed to empirically investigate how Management by Objective (MBO) can facilitate workers participation in management decision making process within the context of Nigeria work environment. The study involved a survey of four hundred and fifty four (454) non management employees drawn from two sensitive sectors of Nigeria industrial clusters in Nnewi, Amambra state. Questionnaires and personal interview were the main research techniques adopted for data collected while percentage distribution and chi-square were used to analyze the data collected for the study. Results reveals that employee in both organizations exhibits a high interest in participation in the decision making process within their respective work places. The finding furthers shows that the actual level of involvement in management decision making by the employees was relatively low in spite of emphasis on MBO training and orientation programme introduced to employees. It was found that there is a positive relationship between education and employees involvement in decision making in Beta petroleum Limited. The study strongly advocate conscious enlightenment on the need for MBO orientation training and programs at all levels in the organization for workers to seize the opportunity of involvement in decision making and liberalizing management structure so as to allow for greater participation in management decision making.

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## INTRODUCTION

Several forward thinking entrepreneurial oriented businesses all over the world are conscious of the evolution of management by objective and workers participation in management decision making process. Management by objective is a process of defining objectives within an organization so that management and employees agree to the objectives and understood what they need to do in the organization in order to achieve them. The essence of management by objective is participative goals setting, choosing course of action and decision by management and low cadre workers in organizations. According to Odiorne (2010), opine that the system of management by objectives can be best described as a "process whereby the superior and subordinates jointly identify its common goals, define individuals major area of responsibility in terms of the results expected of him, and use these measure as a guides for operating the unit and assessing the contribution of each of the members contributions to decisions".

Management by Objective refers to any arrangement which is designed to involve low cadre employees (workers) in the important decision making within the work place. This implies that, rather than saddling only a group within the enterprise (for instance, management) with the responsibility of making decision, all those who are to be affected by these decisions including the subordinate workers would be involved in its formulation and implementation.

In a more recent development, authors and scholars have directed increasing attention to the issues on how management by objectives can facilitate workers participation through industrial democracy and competence development (Drake, 1993; Weiler, 1993; Kester and Pinaud, 1996; Kester, Zamnit, and Gold (2002); Postmes, Spears and Changir (2002); Kropohol (2013). These concerns are growing reflections and in-depth interest in finding pathways to make work more fascinating and satisfying in work place. This assumption rests on the benchmark that, the organizational strategy of high productivity, harmonious industrial relationship and competence development can be attained when employees at non-managerial level are allowed to be part of managerial decision making mechanism in an organization.

MBO is expected to stimulate workers participation which implies arrangements designed to involve workers to proactively or reactively participate in the enterprise management decision making process. This allows for workers contribution in the institution, formulation and implementation of decision within the enterprise.

Imaga (1994) contend that workers participation through the process of MBO consists basically in creating opportunity under suitable conditions for people to influence decision which affect them. It is a special case concerning delegation in which the subordinates gain greater control, greater freedom of choice with respect to bridging the communication gap between the management and workers. This tends to create a sense of belonging among the workers as well as promote emotional stability in the work place environment.

### **Statement of Problem**

The emergence of democratic value and participation in the world today has changed the thinking of workers in many entrepreneurial businesses world over. And this further has also promoted the concept of competence development which is a dynamic process which learning takes place over time and across level, it is also an avenue for new ideas and actions from individuals when taking decision regarding what concerns their welfare in the work place environment. However, employees are "cut in the web" on how to cope with authoritative management practices in the work place while living in an active democratic society which is the bane of basic fundamental freedom and expression of participation in work environment.

In addition, the denial of workers active involvement in decision making in spite of laudable effectiveness of MBO and competence development orientation is held to be one of the major causes of problems which are daily occurring in the employees' work place in the 21<sup>st</sup> century.

The implications of these denials of a worker greater control and participation in work place will repudiate the notion of high productivity, career development, and abysmal contribution of personal initiatives. To be more specific, the refusal of management in work organizations to recognize the contributions of subordinates' through greater involvement in its management decision making is seen as a way denying them of injecting new innovative ideas and this is capable of creating negative characteristics of work life and human disaffection. A worker should be seen as a social being that brings his personality, competences, feelings, aspiration, hopes, anxieties and attitude to work place and is hopeful and expected to derive satisfaction, recognition and meaning in its work place environment. The implication here is that, if the situation is allowed to continue, workers will have a long way to go before they can achieve career advancement and job satisfaction.

However, when the worker discovers that his work does not provide him the much desired opportunity to realize his potentials through participation in decision making and exhibiting all he has learnt (for instance through lack of strict adherence to basic principles of MBO and competence development) he tends to engage in negative characteristics like apathy, low commitment, and low productivity. The implication of these negative tendencies resulting from poor application of MBO and competence development has therefore generated serious debates and argument among scholars interested in evaluating MBO as a panacea to workers participation in management decision making for greater efficiency and promotion of healthy work place environment.

### **Objective of Study**

The central objective of the study is to determine the level of MBO as a catalyst to workers participation in managerial; decision making in the Nigeria entrepreneurial businesses. The specific objectives are to:

1. Evaluate the extent of management by object practice as a driving force to the decision making process mechanism in entrepreneurial businesses.
2. Establish the factors that can create workers dissatisfaction and negative characteristics if denied to participate in decision making process.

3. Determine factors which can stimulate the efficiency of management by objective and competence development to facilitate the level of workers participation in work place.

### **Rational for the study**

The rational for the study is to create a bench mark of the need to chart a new course of career advancement and reduction in the level of denial and dissatisfaction among workers when not allowed to participate in decision making process even with the knowledge of appropriate MBO motivational techniques.

The involvement of workers in management decision is seen as referring to a set of knowledge, skills and personality variables, which related to successful behaviour designed to stimulate high productivity and good work attitude in work place.

The study is also designed to look into new areas of changes that may occur if flexibility is added to decision making process in work places to pursue strategic corporate goals of the organization.

### **Review of Literature**

A major development in the literature has been on the conceptual model of facilitating MBO as catalyst to workers participation in management decision making in work place. Odiorne (2010) described MBO as a process whereby superior and subordinate managers of an organization jointly defined its common goals, define each individual major interest in terms of responsibility and results expected of him and use these measures as guides for operating the unit and assessing the contribution of each of its members.

Hall and Humble (2007) further describes MBO as a “dynamic system which seeks to integrate the company’s need to clarify and achieve its profits and growth goals with the managers need to contribute and develop the structure of the work place. It is seem as a demanding and rewarding style of managing an organization.

Mills (1997) identified four basic forces underlying the clamour for MBO to facilitate workers participation. Firstly, it acts as motivational force-it gives individual opportunity to use imagination and creativity to accomplish the task and mission.

The second was that it facilitates effective planning – it compels managers and subordinates to think of planning by results and removing obstacles from goals attainment.

The third was an intellectual and moral booster- it raises employee morale through participation decision making and the way communication between managers and subordinate.

The last force is what Mills (1997) called the revolution of competence development. Crossan et al (1999) support this charge, under this proposition; organizational learning is presented as a dynamic process. This process is dynamic because learning by workers in organization takes place over time and across levels and it also creates a tension between assimilating new learning by workers (what has been referred to as feed-forward) and exploiting or using what has been learned already by workers (or feedback). The feed-forward process is used as an avenue for new ideas and actions from the individual to the group to the organization. While at the same time what has already been learned is feedback from the organization to the group and individual levels which influence the way people think and act when synergizing decision making process at managerial levels.

Levine and Tyson (1990) also linked Mills dimension to workers participation in management decision as increasing interest in workers participation in management decision which is traceable to a number of MBO facilitated factors.

First, is the real or anticipated political pressure which emanates from human being as social animal with the intention to extend the popular democratic dispensation in the larger society to the economic sphere, second, is the growing pressure on the collective bargaining system arising from continuing difficulties from negotiating in the context increasing disenchantment with dialogue of confrontation. Third, is the endemic problem within the modern industrial system which may tend to encourage employers to consider experimenting with different form of participations. Lastly, the growing interest in participation was encouraged by the problems associated with denying powerful groups of work group to formally and legally express their rights (Mills 1997).

In the 1990s, the attributes of MBO has been explained as offshoot of industrial democracy which allows for workers involvement in the initiation, formulation, implementation of management decisions in organizations (Adewumi, 1991). In a related development, Freeman and Rogers (1993:13) linked MBO with industrial democracy and called it employee representation. They went further to stress that MBO has the tenacity to ignites industrial democracy and encourage worker participation in management decision making. Employee’s representation connotes greater influence of workers in several aspects of work. It is an avenue that promotes management to meet the new demand of workers in work place through efficient participatory system. Verna and Cutcher – Gershonfield (1991) contend that MBO has an impact on employee participation in management decision. They further argued that, there is positive relationship between MBO and joint

consultative governance. This concept was developed by Verna and Cutcher- Gershanfield (1991) who defined it as: “on going formal process where workers and their immediate supervisors or union and management bear joint responsibility for making decisions which may be narrow (for instance, involving a single issues) or it may be broader covering a wide range of issue”. Joint consultative governance would then be taken to imply statutory arrangements that are meant to provide equal decision making power to subordinate employees.

Studies have also focused on the effect of MBO on workers performance, (Monahan, 2000; Kelly and Harrison, 1992, Lawler et al, 1992). These studies note that MBO participation programmes designed for workers have positive or in some cases, ambiguous effect on productivity. Furthermore, MBO, and employee participation in decision making establishes element of interactions so that the effects on performance are stronger than the effect on the individual practices themselves, (Cooke, 1994).

Kester and Thomas (1981) have demonstrated that there is a fast growing interest in the development of MBO programmes to facilitate workers participation in developing countries. In their studies, they found one form of MBO programme or the other in these countries as a system of human dynamics, this explain the new way of understanding human functioning in work place. These MBO programmes are tailored as part of Man-centered development strategy. This concept identifies that the interactions between management and workers are achieved through three universal principles thinking, values and structural objectivity. For instance, in Nigeria, the ideas of MBO programmes designed to facilitate workers participation formed an important aspects of new methods and innovations in human relations.

In Nigeria the institutionalization of MBO as a facilitating mechanism of workers participation in management decision within the nation’s formal organizations was propounded by many reputable scholars. Fashoyin (1992); Adewumi (1993) and Imaga (1994) they suggested that MBO has a great extent to facilitate workers participation in management decision making by creating a sense of belonging, raising workers productivity and ensuring rapid socio-economic development.

Adewumi (1990:7) contends that the organization is guided by the underlying philosophy of MBO. This implies that the injection of MBO in many organizations has provided the avenue through which management and workers come together to participate in management decisions be anchored on the premise of feelings and communication. Adewumi (1993:76) argued further, that the only avenue for the realization of MBO and workers participation in management decision making in Nigeria is through promotion of MBO. The implication here is that, these human universal principles combine and interplay of MBO in specific ways can form what can be describe as managerial behaviour at work.

However, it is evident that management by object in Nigeria business organization “is still a stroll in the garden” or “a tea party” because of frailty of the system. Consequently, such arrangement cannot confer effective participation right to average Nigeria workers.

## **THEORETICAL FRAMEWORK**

Rousseau (1956) opine that, through participation in decision making, individual sense of freedom is increased since it give him a very real degree of control over the course of his life and structure of his environment. Again it serves to increase the value of individual freedom by enabling him to be his own master. This suggests that if one is “strongly attached to a goal, one is willing to expend more effort to reach it than if one were less committed to it”. The perception of the participatory efforts of workers appears to have been influenced by of the participating democratic theories. While the principle of “self – fulfilling prophecy is that whenever we predict that something will happen, we will do everything possible to make it happen”, this is based on the human relations theory. These two notions will form the bench mark for our study. The human relations theory is based on the premise that the co-operation of workers is desirable for the attainment of the objectives of high productivity.

He suggests that workers who go through MBO programmes participate better in management decision making process. It also follows that the human relations theory allows workers to have a feeling that the organization accords them recognition by involving them in decision making process.

The participating democratic theory posits that increase participation is likely to increase the feeling of political efficiency that ordinary citizens posses.

## **METHODOLOGY AND DATA SET**

Two indigenous manufacturing organizations in the oil and gas industry were used for the study. The study adopted the case study approach for the purpose of conducting an empirical investigation on the issue of workers participation in management decision making in Nigeria work environment. The study was conducted between the months of October to December 2014 Main data were collected both through the primary and

secondary sources. Primary sources of data were derived from the questionnaire and in-depth interview while the secondary sources were got from company records, bulletins, and other official documents. The adoption of these tools helps to collect both quantitative and qualitative data. The questionnaire was in three sections- the first contained questions on respondents' personal data, the second on the level of worker participation while the third is on worker participation.

The study population comprises of workers in two selected organizations in Nnewi, Anambra State South – East, Nigeria, namely; Beta oil Nigeria Limited and Amazon Products Nigeria Limited. The work places are therefore in a mono- cultural environment that is within the Ibo geo- cultural area .A total of four hundred and fifty four (454) subjects drawn from the two selected organization constitute the sample for the study. The subjects were selected through a combination of clustering and systematic sampling methods. The organizations are fairly comparable in size, product, technology, capital structure age of business.

### Hypotheses

The following testable hypotheses were formulated to guide the attainment of the research objectives. There is a relationship between MBO programmes and the level of involvement in decision making in such that:

1. There is a positive relationship between employees with higher job responsibility with MBO orientation to participate effectively in management decision making than workers with lower job responsibility.
2. Higher educational qualification does sufficiently account for influence in management decision making than workers with lower educational qualification.

**Table 1: Sex Distribution of respondents**

Sex	<u>Beta Oil Nigeria Limited</u>		<u>Amazon Products Nigeria Limited</u>	
	No	%	No	%
Male	120	66.6	154	56.2
Female	60	33.4	120	43.8
Total	180	100.0	274	100.0

Source: Author's Field Work, 2014.

**Table 2: Age Distribution of respondents**

Age group	<u>Beta Oil Nigeria Limited</u>		<u>Amazon Products Nigeria Limited</u>	
	No	%	No	%
25 years or less	70	38.8	106	38.7
Between 35-45 years	82	45.6	130	47.4
46 years and above	28	15.6	38	13.9
Total	180	100.0	274	100.0

Source: Author's Field Work, 2014.

**Table 3: Respondents Educational Qualification**

Educational Qualification	<u>Organization</u>			
	<u>Beta Oil Nigeria Limited</u>		<u>Amazon Products Nigeria Limited</u>	
	No	%	No	%
Primary sch. Cert	4	2.2	12	4.4
Sch. Cert. & Equivalent	74	42.2	86	31.4
OND, NCE certificate	60	33.3	128	46.7
First Degree	22	12.2	32	11.7
Post Graduate	18	10.0	16	5.8
Total	180	100.0	274	100.0

Source: Author's Field Work, 2014

**Table 4: Distribution of respondents by frequency of involvement in the decision making process of the work place**

**Frequency of involvement**                      **Organization**



Sex	<u>Beta Oil Nigeria Limited</u>		<u>Amazon Products Nigeria Limited</u>	
	No	%	No	%
Not at all	50	27.8	28	10.2
Occasionally	86	47.8	152	55.5
Often	40	22.2	90	32.8
Total	180	100.0	274	100.0

Source: Author's Field Work, 2014

**Table 5: Positive Relationship between respondents' educational level and involvement in management decision making**

Organization	Educational Level	<u>Involvement In Decision Making</u>			Total
		None	Occasionally	Often	
<u>Beta Oil Nigeria Ltd</u>	Low	6(50%)	4(33.3%)	4(16.6%)	14(100%)
	Moderate	14(10.3%)	68(50%)	54(9.7%)	136(100%)
	High	2(5%)	10(25%)	28(36.7%)	40(100%)
	Sub- total	28(15.6%)	86(47.8%)	132(36.7%)	180(100%)
$X^2 = -14.77; df=4; p<05$					
<u>Amazon Products Ltd</u>	Low	8(18.2%)	28(63.6%)	8(18.2%)	44(100%)
	Moderate	20(9.4%)	114(53.8%)	76(36.80%)	212(100%)
	High	4(22.2%)	10(55.6%)	4(22.2%)	18(100%)
	Sub- total	32(11.7)	152(53.5%)	90(32.8%)	18(100%)
$X^2 = 3.74; df=4; p>05$					

**Table 6: Positive Relationship between respondents' job responsibility and involvement in management decision making**

Organization	Job Responsibility	<u>Involvement In Decision Making</u>			Total
		Not at all	Occasionally	Often	
<u>Beta Oils Nig Ltd</u>	Low cadre	16(21.6%)	40(54.1%)	18(24.3%)	74(100%)
	Moderate cadre	6(7.5%)	32(40%)	42(52.5%)	80(100%)
	High cadre	2(16.7%)	6(50%)	4(33.3%)	26(100%)
	Sub- total	24(14.5%)	78(47.0%)	64(38.5%)	180(100%)
$X^2 = 6.54 ; d.f.=4; p<05$					
<u>Amazon Products Ltd</u>	Low cadre	16(16.0%)	60(60%)	24(24%)	100(100%)
	Moderate cadre	10(6.4)	86(55%)	60(85.5%)	156(100%)
	High cadre	0	2(33.3%)	4(66.7%)	18(100%)
	Sub- total	26(9.9%)	148(56.5%)	88(33.6%)	274(100%)
$X^2 = 6.54; df=4; p>05$					

## DISCUSION OF FINDINGS

The study ascertained the extent to which gender participate more in decision making process between Male and Female in the work place. As shown in Table 1, the Male workers were more interested in decision making process than female workers. The study went on to find out the age distribution that is active. Table 3 reveals that, middle age took a dominant position perhaps largely due to their involvement in social and political activities in the conventional political endeavours.

The study further examined the chances of respondents by frequency of involvement. The result on Table 4 demonstrated generally low involvement. But on further scrutiny, we found out that workers in Amazon Products Nig. Lt exhibited more zeal and commitment towards involvement in decision making than their counter part in Beta oil Nig. Ltd. This may not be unconnected to greater knowledge of principle of management by objective.

In related study that examined if there is any positive relationship between educational level and workers involvement in decision making. Table 5 reveals that, workers with moderate educational cadre are more active and significant. This variation may be as a result of management attitude of not considering junior workers contributions toward decision making.

Table 6 shows that job responsibility and involvement in management decision are positively significant. The major difference in the level of involvement between in the two different work place is as a result of the complexity of the nature of the job done.

## CONCLUSION AND RECOMMENDATION

We can see from the findings of the study that workers in the study work places are generally not much involved in the management decision making within their respective organizations. On the other hand, the workers generally demonstrated high interest in management decision making. The study therefore confirmed that while the workers demonstrated positive attitude because of MBO programmes and orientation towards involvement in decision making, the actual level of involvement they exercise is negative. However, we found that workers in Amazon Products Nigeria Limited demonstrated more involvement in management decision making more than their counterparts in Beta oil Nigeria Limited largely due to decision making process which depend on significant degree on their cognitive style (Meyers, 1992). This implies that workers in the industrial manufacture sectors are more involved in management decision making than those in the petroleum sector of the Nigeria economy. Workers who are subject of this study generally demonstrated willingness to accept the responsibility of involvement in management decision making whenever such opportunity arises.

However, may hold the view that, the management decision making is the preserve of the management. This implies that while the workers are willing to accept the responsibility of greater involvement in management decision making they are not ready to challenge the management in this regard.

Finally, from the respondents' assessment of management attitude towards workers participation, it could be concluded that the management in the Nigeria work environment are not favorably disposed towards granting workers significant measure of involvement in management decision making notwithstanding the knowledge and training acquired from MBO orientation. This finding would lead us to conclude that a lot needed to be done to change the current negative disposition of the Nigerian management towards workers involvement in management decision making. More importantly, the current obstacles against effective workers participation in Nigeria could be improved through:

- Enlightenment program for workers on their right to seize the opportunity of involvement in decision making.
- Provision of monetary and other incentive for workers to encourage them sustain the current interest in participation.
- Liberalizing management structure so as to allow for greater workers involvement, and lastly.
- MBO training programmes for workers in management function as a way of properly equipping them on their decision making role.

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