



The Impact of Mutually Set Target on Employees' Effectiveness and Organizational Performance in Selected Banks in Port Harcourt

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Abstract

This study empirically investigates the impact of mutually set targets on employees' performance in selected banks in Port Harcourt, Rivers state, Nigeria. The study adopted descriptive survey design to achieve its aim. The sample size was determined using Taro-Yamane formula. Three research questions guided the study. Structured and validated questionnaires were used to obtain information from a sample of 340 respondents. Data for the study was analyzed using means and standard deviation. Findings from the study indicate that mutually set target have an impact on staff effectiveness and increase interaction between organizational performances. The study also reveals that the more targets are mutually set the more effective the employees and the more productive organization becomes. Besides illuminating on the underlying factors that engender employee performance, the study further reveal that reinforcing employee competencies is the key success factor that underpins organizational performance. The study recommends that organizations should be committed to change management and restructure divisive organizational policy that negates mutuality in setting targets for the organization.

Keywords: Employees, Effectiveness, Organizational Performance, Banks, Port Harcourt.

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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 a well-designed strategy. One of such strategies in achieving desired goals and aspiration is by aligning to structured target-setting. Target-setting underlies a clear process laid out by an organization to enhance its performance in terms of anticipated outcomes. It is a strategy which employees must keep up with to deliver value for the organization, and in turn for themselves. This is so because once organizations meet their end of year target, the concept of reward administration implies that employees are equally rewarded (Asmus, Karib, Mohnena & Reinhart, 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 (Rolfson, 2013) opined that, the obligation of senior level managers in an organization is 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. A properly conceived goal energizes employees and directs their thoughts and behaviour towards improved performance (Locke, 2004) 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 explained 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 enhance and direct employee's consciousness and effort towards goal-relevant actions and away from goal-irrelevant ones and particularly affect performance'.

Although this is the case, other scholars (Locke & Latham, 1990, Ogbewere & 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. The argument is basically that employees are motivated by the mere fact that the organization's planned targets had 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 objective 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 enhance improvement opportunities (Khan & Jabbar, 2013). Banks, as organizations are interested in a large customer base and profits that can be shared or distributed as dividends to appease their shareholders. In setting these targets, employees are very essential in this equation as such targets are powerful motivators in themselves.

Setting target in a work place whether bank or industries does not inexplicably mean it can be achieved in a vacuum because set targets actually specifies performance; such targets must align with the job design to enhance quality employee engagement for maximum performance output (Armstrong, 2009). Such quality engagement equally means that setting targets and meeting them must be done harmoniously amongst workers. Cooperation amongst workers or employees is reinforced by the state of their job satisfaction or what we would call here ‘motivation’, with what is set, 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 dramatic impacts, and if not chosen carefully or if used in unsuitable situations, they can also have undesired and harmful consequences (Georg, 2015).

Objectives of the Study

The aim of this study is to investigate the impact of mutually set target on employees’ effectiveness using selected banks in Port Harcourt, Rivers state, Nigeria.

- To examine the impact of mutually set targets on employees’ effectiveness
- To ascertain the factors that can influence employees’ performance
- To investigate the impact of workers’ motivation on organizational performance

Research Questions

- What is the link between mutually set target and employee effectiveness in the organization?
- What are the identifiable factors that can influence employees’ performance in the organization?
- How does workers’ motivation influence organizational performance?

Theoretical framework

Equity theory and Goal Setting Theory

For the purpose of theoretical understanding we have utilized two theories for the explanation of this work. The study of Equity theory was developed by J. S. Adams in the early 1960s. Equity Theory deals with social relationships and fairness/unfairness, it is also known as ‘The Social Comparisons Theory or Inequity Theory’ (Gogia, 2010). Equity theory emphasizes a situation where employees compare their job inputs and outputs with others in the organization – primarily in an attempt to reduce the perceived inequities. Equity theory focuses on determining whether the distribution of resources is fair to both relational partners. Equity is measured by comparing the ratio of contributions (or costs) and benefits (or rewards) for each person. According to Adams, employees seek to maintain equity between the inputs that they bring to a job and the outcomes that they receive from it against the perceived inputs and outcomes of others. The believe is that people value fair treatment which causes them to be motivated to keep the fairness maintained within the relationships of their co-workers and the organization. The three primary assumptions of equity theory are that:

- Employees expect a fair return for what they contribute to their jobs, a concept referred to as the "equity norm".
- Secondly, employees determine what their equitable return should be after comparing their inputs and outcomes with those of their coworkers. This concept is referred to as "social comparison".
- And thirdly, employees who perceive themselves as being in an inequitable situation will seek to reduce the inequity either by distorting inputs and/or outcomes in their own minds ("cognitive distortion"), by directly altering inputs and/or outputs, or by leaving the organization (Carrell & Dittrich, 1978).

The structure of equity in the workplace is based on the ratio of inputs to outcomes. Inputs are the contributions made by the employee for the organization. Employees input into the organization are what yields profits and returns for the organization. If the organization is not performing, the employees are however inefficient. More so, in many instances an organization can be doing very well financially and otherwise but the employees are not generally or individually satisfied. This dissatisfaction is usually linked with reward administration. Workers are capable of understanding their effort, but once they make comparison between their efforts, what the organization is getting and what comes back to them, the interpretation would be that of fairness and unfairness. This has an untold repercussion on the organization. Employees may engage in work to rule system that undermines work in terms of meeting set targets.

Secondly, goal setting theory is based on the view that challenging objectives should aid and improve workplace performance. In this theory, it is assumed that an employee is committed to the firm's goals and desires to make a positive contribution. It is important that the set goals are also perceived as achievable. In 1990, Locke and Latham published their seminar work, "A Theory of Goal Setting and Task Performance" (Lock & Latham, 1990). In this book, they reinforced the need to set specific and difficult goals, and they outlined three other characteristics of successful goal setting. In addition, five goal setting principles were developed by Locke and Latham (2002). These principles indicate that; to motivate, goals must be properly defined, goals must be challenging, there must be commitment to goals, and there also has to be feedback to goals delivery.

One of the most important characteristics of goals is the level of challenge. People are often motivated by achievement, and they will judge a goal based on the significance of the anticipated accomplishment. When you know that what you do will be well received, there is a natural motivation to do a good job.

Rewards typically increase for more difficult goals. People who believe that they will be well compensated or otherwise rewarded for achieving a challenging goal, will boost their enthusiasm and drive to get it done.

Goals must be understood and agreed upon if they are to be effective. Employees are more likely to "buy into" a goal if they feel they were part of creating that goal. The notion of participative management rests on this idea of involving employees in setting goals and making decisions.

The last factor in goal setting theory introduces two more requirements for successes. For goals or assignments that are highly complex, special care must be taken to ensure that the work does not become too overwhelming.

The whole point of goal setting is to facilitate success. Therefore, the conditions surrounding the goals should be made in such a way that do not frustrate or inhibit people from accomplishing their objectives. They will then need to be motivated. Motivation is a spring board to an opportunity of success. Where goals are set and met, conditions of employees require that they be rewarded. The combination of these theories to the understanding of the subject matter of this work is quite relieving and explicit. It has revealed the need to understand that workers are always making comparison as against their effort vis-à-vis the organization.

METHODS

Research Design

The researchers adopted survey research design. This is because survey research design makes a correlation research possible. Questionnaire was used in getting information from staff of the banks.

Population of the Study

The target population of this study include staff of First Bank Plc and Guaranty Trust bank. These two banks were purposively chosen on the basis that the researcher could access information from them. The population of the two banks is one thousand and eighty-five (1085). The Population of the two selected Banks is as shown below:

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: First bank, 2018, Guaranty Trust bank, 2018

Sample and Sampling Techniques

Two sampling techniques were adopted for this study which includes purposive and the simple random sampling method. In order to achieve the accurate sample size for the study, the Taro-Yamane formula was deployed. Based on the computation, a total of four hundred and fifty-two (452) was adopted as the sample size.

DATA PRESENTATION

This section is mainly on presentation and elucidating the data from the field work which include socio-demographic information of the respondents. Following this is the descriptive analysis of the research questions.

Table 2: Socio-Demographic Characteristics of Respondents

Banks	Respondents	AGE	Frequency	Percentage
FBN	215	20 – 30	35	16
		30 – 40	138	64
		40 - 50	30	14
		Above 50	12	6
GTB	125	20 – 30	42	33.6
		30 – 40	56	44.8
		40 - 50	20	16
		Above 50	7	5.6
Total	340	20 – 30	77	22.6
		30 – 40	194	57.1
		40 - 50	50	14.7
		Above 50	19	5.6
Bank	Respondents	SEX	Frequency	Percentage
FBN	215	Male	163	75.8
		Female	52	24.2
GTB	125	Male	57	45.6
		Female	68	54.4
Total	340	Male	220	64.7
		Female	120	35.3
Bank	Respondents	MARITAL STATUS	Frequency	Percentage
FBN	215	Married	162	75.3
		Single	50	23.3
		Divorced	0	0
		Widow	3	1.4
GTB	125	Married	58	46.4
		Single	67	53.6
		Divorced	0	0
		Widow	0	0
Total	340	Married	220	64.7
		Single	117	34.4
		Divorced	0	0
		Widow	3	0.9
Bank	Respondents	EDUCATIONAL STATUS	Frequency	Percentage
FBN	215	BSc/HND	180	84
		MSc	32	15
		PhD	3	1
GTB	125	BSc/HND	88	70.4
		MSc	37	29.6
		PhD	0	0
Total	340	BSc/HND	268	78.8
		MSc	69	20.3
		PhD	3	0.9
Bank	Respondents	CATEGORY OF STAFF	Frequency	Percentage
FBN	215	Management	75	35
		Junior	140	65
GTB	125	Management	35	28
		Junior	90	72
Total	340	Management	110	32
		Junior	230	68

Source: Author's field work

Table 2 shows that overall, majority of the respondents in both banks are within the age of 30-40, accounting for 57.1% (194) of the sample while 5.6% (19) of the respondents are above the age of 50 age. Information on the age distribution readily points to the fact that respondents in the sample banks are relatively young.

There are more males in the sample, 64.7% (220) as against 35.3% (120) females. Comparatively, more of the male respondents are found in FBN 75.8% (163), while GTB has more female respondents (54.4% or 68).

As shown in the table, majority of the larger sample, 64.7% (220) are married. It indicates that 75.3% (162) of the respondents in FBN are married, while 53.6% (67) of respondents in GTB are single. A fraction, 1.4% (3) of the respondents in FBN is within the widow category. There are no divorce related issues in the study sample.

Educationally, the table shows that respondents in the sample are comparably educated with diverse academic qualifications. As shown on the table, more of the respondents 29.6% (37) in GTB have relative hedge over those in FBN 15% (32) in terms of Master degree qualification. Respondents in banks, (84%) or 180 and (78%) or 88 are mainly holders of a first degree or HND indicate the ones with first degree as well as those with HND equivalent. An infinitesimal percentage, 0.9% (3) of the respondents in FBN have PhD qualification. This is very indicative of the fact that banks hire highly educated staff/employees.

Research Question 1: What is the link between mutually set targets and employees’ effectiveness in the organization?

Table 3: Mean and Standard Deviation Scores of Responses to RQ1

Items on the questionnaire	Weighted Scores of Agreed	Weighted Scores of Disagreed A	Total Weighted Scores	Weighted Mean (\bar{X}) Score	SD	Remarks
12	1006	34	1040	3.0588	1.7489	Agreed
13	807	93	900	2.8235	1.6269	Agreed
14	905	55	960	2.8382	1.6803	Agreed
16	1122	48	1170	3.4411	1.8550	Agreed
17	989	41	1030	3.0294	1.7405	Agreed
Total	4829	271	5100	3.0382		

Source: Author’s field work, 2017

Table 3 shows response to items on the survey instrument in view of the first research question. The fourth (4th) question on the table (item 16) reverberated remarkable answers, as it produced weighted score of 1122 and 3.4411 as the average weighted mean score higher than all the other items. This suggests that the respondents believed that once they can have a clearer understanding of their banks target, it will rather be easy to fulfil and achieve.

Other items on the questionnaire also have average mean scores that surpass the criterion margin. Positive response to the questionnaire items however implies adherence to the import of mutually set targets and its corresponding impact on the performance of the bank. The table reveals that overall, research question one (RQ1) has a total of 3.0382 as the weighted score; which by inference suggests that the respondents generally agree that when targets are mutually set, it makes the workers to be quite effective in delivering.

Research Question 2: What are the identifiable factors that can influence employee’s turnover and efficiency?

Table 4: Mean and Standard Deviation Scores of Responses to RQ2

Items on the questionnaire	Weighted Scores of Agreed	Weighted Scores of Disagreed	Total Weighted Scores	Weighted Mean (\bar{X}) Score	SD	Remarks
18	756	204	960	2.8235	1.6803	Agreed
19	498	422	920	2.7058	1.6449	Agreed
27	876	231	1107	3.2558	1.8043	Agreed
28	722	255	977	2.8735	1.6951	Agreed
Total	2852	1112	3964	2.9146		

Source: Author’s field work, 2017

In the Table 4, item 27 resonates significant responses, as it generated a weighted score of 1107 and 3.2558 as the average weighted mean score higher than all the other items. This is suggestive of the fact that the respondents are in agreement that they usually feel dissatisfied and at some point, less committed when they are less involved in the target-setting process. Questionnaire items number 18, 19, and 28 all have particularized average mean scores of 2.8235, 2.7058 and 2.8735. Though not as high as item 27, these other items still outweigh the criterion margin of 2.5. Based item 29, monetary rewards are factors that enable employees to further commit to the realisation of organizations set goals. These positive responses largely indicate that there are identifiable factors that can influence employees to leave the organization and this also can undermine efficiency at the work place. Although responses to item 19 surpass the criterion margin, it still explains clearly that not all respondents across both banks totally align to responding in the positive. Generally, research question two (RQ2) has a total weighted score of 2852 and Weighted Mean Score of 2.9146.

Research Question 3: How does worker’s motivation influence organizational performances?

Table 4: Mean and Standard Deviation Scores of Responses to RQ3

Items on the questionnaire	Weighted Scores of Agreed	Weighted Scores of Disagreed A	Total Weighted Scores	Weighted Mean (\bar{X}) Score	SD	Remarks
9	598	402	1000	2.9411	1.7149	Agreed
10	786	204	990	2.9117	1.7063	Agreed
11	822	146	968	2.8470	1.6873	Agreed
20	180	570	750	2.2058	1.4852	Disagreed
30	867	132	999	2.9382	1.7141	Agreed
Total	3253	1454	4707	2.7687		

Source: Author’s field work, 2017

Table 4 shows the weighting of response to research question three (RQ3). None of the instrument items has a weighted mean score of three points and above. However, many surpassed the threshold of 2.5 criterion margin. As shown, the weighted mean score of item 9, 10, 11 and 30 are however, over the top of 2.5. The explanation here is that respondents agree

that both target-setting and the lack of motivation can actually impact on organizational performance. This impact could be positive or negative. Item 20 has a weighted mean score of 2.2058, obviously this is lower than the criterion margin of 2.5. It clearly indicates disagreement amongst the respondents (mainly FBN respondents) with a view to their dissatisfaction with training, innovation and knowledge improvement system that enable the fulfillment of task. Majority of the responses fall within Strongly Disagree meaning that a greater percent of these respondents find their respective organization training and development cum knowledge sharing pattern unsatisfactory. Item 20 of the instrument scored poorly, and it is the only item relatively lesser than the criterion margin.

CONCLUSION

The object of target-setting is to deliver value for the organization, however, central to this, is to enhance performance amongst employees for measurable outcomes that could be used to monitor performance indices of the organization. At the onset however, this study set out to understand the link between mutually set target and its impact on employee effectiveness, employee motivation and also ascertain the factors that influence turnover with direct focus on two banks (FBN and GTB) in Port Harcourt, Rivers state, Nigeria. The study has shown that as employees participate and are involved in determining set targets and goals of the organization and are clearly rewarded, their commitment to the work and organization would be clearly seen in the way the company operates or performs. Commitment to deliver as clearly depicted in this work is demonstrated in how the bank's customers rate the organization on the basis of the satisfaction they derive from service. Although this is the case, yet the choice of satisfaction also differs from customer to customer. But basically, to achieve such commitment, organization must communicate targets and motivate their workers to energize performance in their business.

Similarly, there is apparent understanding of the impact of the positive correlation found between the variables in the study. 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 them. As Iwarimie-Jaja (2012) described that 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 the key to that as this study has exposed is employee development.

Recommendations

The findings of this study reveal that target-setting and motivation have a positive correlation with organisational performance. In view of these facts, the following recommendations are made for the study:

- Commit to change policy and restructure divisive organizational policy that negates mutuality in setting targets for the organization
- Create and manage a proper reward management system that also involves health-related activities for employees.

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