

Impact of Management by Objectives in Enhancing Sustainable Organisational Performance in Hotels

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Abstract

This study analysed the contribution of MBO in enhancing sustainable organisational performance. Previous studies have revealed that MBO contributes to enhancing the profitability of hotels, increasing the performance of employees, improving the effectiveness of operating processes and enhancing the service provided within hotels. The study was conducted via a questionnaire method. Separate questionnaires were administered to managers and employees of 5 star hotels. The data were analysed using the Statistical Analysis for Social Sciences (SPSS, version 25). The results indicated that hotel managers are in favour of the application of MBO as it contributes towards the achievement of their personal goals as well as the goals of the hotel. The employees also showed a willingness towards implementing MBO thanks to its advantages that assist in enhancing sustainable organisational objectives. The study recommends the activation of the MBO in hotels owing to its contribution towards enhancing the performance, achieving the targeted profitability and enhancing the sustainability of organisations.

Keywords: Management by objectives, MBO, sustainability, organisational performance, Hospitality

Introduction

Nowadays, in functional strategies, short- and medium-term plans are a paramount requirement however, these strategies focus on achieving goals on a small scale within institutions. Long-term strategies have therefore become important because they are broader and more comprehensive (Kyriakopoulos, 2012). According to Antoni (2005) and Ashfaq (2018), objectives are required in every area where performance and results directly and vitally affect the survival and prosperity of a business. It is therefore necessary to define the objectives for each employee and then compare their performance against the defined objectives. A sophisticated technique to assess the individual performances of employees, as well as the performance of an organisation, has been developed and evaluated by renowned researchers (Drucker, 1954). Management by Objectives (MBO) is an administration strategy which is used for resolving the knowledge problems from the managers' side. The prospect of this strategy relies on the principal positioning of participation within the company's goals (Ntanos & Boulouta, 2012). MBO can also be a management approach that energises the manager and his/her subordinates to refine the set objectives in relation to the requirements (Antoni, 2005). Furthermore, MBO can also be a scientific and arranged approach that allows both managers and employees to specialise in achievable goals and realise the foremost ideal outcomes by using the organisations' available resources (Cai & Hu, 2005; Paul, 1997).



Drucker (1954) argues that setting objectives and observing progress are the key determining factors of the successful functioning of the organisations, thus these factors should permeate the entire organisation, from top to bottom. As such, a need arose for a competent administration to monitor and achieve the goals, which was termed by Drucker as Management by Objectives (MBO) (Rosemary & Evans, 2016).

According to Drucker (2010), setting objectives is necessary for every area, wherein actions and the consequential results are crucial for the survival and prosperity of any organisation. In this regard, every business organisation should formulate objectives bearing in mind the market position, innovation, productivity, physical and financial resources, profit, activities and development of managers, activities and attitudes of employees as well as social responsibility. Workers, regardless of their position within the company's hierarchy, want to be made aware of their employer's expectations of them as well as what benefits and what salary they will earn by serving their role in the organisation. It is therefore necessary to manage the objectives that provide the detailed information about the organisation (Ntanos & Boulouta, 2012). MBO is an approach that is established upon a goal setting philosophy and is sometimes used in non-profit and public sector organisations. MBO begins with establishing the organisational objectives and then stimulating those objectives within every level of the organisation with the purpose of achieving the set objectives (Fisher, 2009).

MBO functions as kind of administrative design called "participatory management" or "consultative management", which describes a kind of management in which employees are encouraged to contribute ideas towards identifying and setting organizational goals, problem solving strategies and decision making processes which directly affects them (Curtin, 2009). This process of formulating objectives is participatory between the manager and his/her subordinates, where a manager and his or her subordinates sit together in order to refine the specific objectives within a gaggle timeframe. The subordinates are then directly responsible for achieving those objectives (Burdzińska & Flak, 2017; Gotteiner, 2016; Kristiansen, 2016). MBO is a systematic and intensive process which designates grades of success to an organisation. The appraisal of the grades of accomplishment at each level, and the utilisation of knowledge for the localisation of the sources of the organisation or firm, will always be achieved by the active participation of the entire staff body (Flak, 2013; Gotteiner, 2016). According to Mullins (2005), MBO can also serve as a technique where management sets specific goals for the workers to accomplish within a tough and fast time frame (Derek & Heather, 2005).

Organisations are designed by people to push individuals in order to achieve their objectives individually. Hence, the organisations become the means of survival for the people. MBO studies have indicated that the implementation of this approach has become widespread over the past three decades (Paul, 1997). In both private and public sectors, the share of Fortune 1000 companies using MBO has nearly tripled - from 27 percent in 1981 to 79 percent in 2008 (Curtin, 2009). Despite its widespread, global use, MBO has endeavoured to demonstrate its viability. Studies examining the effectiveness of MBO have indicated that the implementation of MBO has generated mixed results and questions have therefore been raised which concern the circumstances under which it is effective (Antoni, 2005). This intrinsically points to the contingency approach. Out of 70 studies conducted, 68 found that MBO generates productivity gains and only 2 studies found losses (Antoni, 2005; Paul, 1997; Tomás, Rodríguez & Robaina, 2004). Tahir, Shafkat and Mohammed (2008) described MBO as a process involving the establishment and communication of organisational goals; the setting of individual goals in line with the organisational goals, and the periodic and final review of performance in relation to the organisational goals.



Literature review

Advantages and Disadvantages of MBO

Anand, Sahay and Saha (2005) considered MBO as a strategic measurement to reinforce the performance of a firm. MBO is an approach wherein self-control stems from classical management methods and its wide scope of use includes evaluating teamwork effectiveness (Burdzińska & Flak, 2017). It is worthwhile mentioning that MBO features a strong reference to a positive management philosophy. The MBO may be a method of motivating employees by managerial practices that are perceived positively by employees. These practices include: commonly negotiated goals, an autonomy in establishing and using means to realise goals, and periodical monitoring of work performed by team members. It therefore also supports the accomplishment of other management functions (planning, organising and controlling) (Larsson & Hanberger, 2016; Wu, 2005) and improves employees' motivation to realise organisational goals (Derek & Heather, 2005; Islami, Mulolli & Mustafa, 2018; Kristiansen, 2016; Rosemary & Evans, 2016). MBO encourages managers and employees to be committed to specific achievements by specialising in results and realising employees' commitments, control and coordination towards goal accomplishment (Cao, Xu, Zhou, Zheng & Piao, 2009). MBO increases employees' loyalty, reduces turnover rates and helps the employees ascertain their strengths and weaknesses. Additionally, it helps the organisation anticipate change and delineate concrete steps which will elucidate goal achievement rates (Cai & Hu, 2005; Petkova, 2017).

Kristiansen (2016) pointed out that MBO contributes towards employees feeling empowered in their jobs and believing that they possess the talent, attitudes and opportunities to manage change which consequently affects work-related self-efficacy and social support. MBO also offers several advantages to practicing administrators. According to Verboncu and Vrincut (2014), performance measurement is predicated on the quantitatively or qualitatively expressed standards for every objective and the most significant advantage of MBO is that it makes the self-control of one's own performance by each manager possible. MBO also assists administrators in designing diverse functions (Aydin & Dube, 2018; Yanagizawa & Furukawa, 2016). MBO has the potential of allowing managers to realise the commitments of subordinates since the goals and objectives are not imposed on them, rather they are set after due consensus between managers and subordinates (Deac, Cioc, Deaconu, Frăsineanu, Ioniț & Jiroveanu, 2014). MBO establishes clear objectives for businesses and this can help businesses increase their profitability and productivity in addition to increasing their market share and reputation (Cao et al., 2009). Schermerhorn (1984) highlighted that MBO facilitates the goal of revenue generation as set by any enterprise since the process of set goals contributes to an increase in the percentage of sales which confirms the development of performance in general and achieves sustainability in the organisational performance. Higher productivity is therefore a clear advantage of the MBO process.

There are also however factors that contribute to the failure of MBO. This failure is attributed to the variability of definitions of any term and confusion around its meaning, multiple disparities and other problems in MBO's implementation process (Gotteiner, 2016; Szelagowska-Rudzka, 2015). The factors that contribute to the failure of MBO include: a lack of an appropriate incentive system; a lack of top management support; inadequate training; the introduction of MBO into organisations without prior consideration of its viability and appropriateness (Rodgers & Hunter, 1991; Ugwu, 2012); the decadence of the hierarchical model which does not fit into the new-era management, and the calling for higher degrees of participative management coupled with a lack of innovation (Anand et al., 2005). The disadvantages of implementing the MBO include significant consumption of time, possible

conflicts between managers and subordinates and additional problems at various hierarchical levels (Aydin & Dube, 2018).

MBO process steps and sustainability

The implementation of MBO entails five essential steps. In MBO processes, monitoring, motivating, controlling and awarding each person and each organisation are equally as important as objective setting. MBO resembles an active and discontinuous circle wherein the introduction of a required strategy or method is completed after reaching any result (Ashfaq, 2018). The MBO process begins with the company’s ‘mission statement’ wherein tthe senior management sits together to discuss the future direction of the organisation (Aminu, 2019). The second step is to develop objectives for all workers across all levels of the organisation. This step focuses on specialty units, divisions, groups and other workers (Vasile, 2018). The third step is to encourage participation on goal setting - all individuals should be involved in the goal setting process (Maciekowich, 2018; Mullins, 2005). The fourth step is to monitor progress. Whenever targets are set, the progress of achieving those targets should be closely observed (Cheng, 2017).

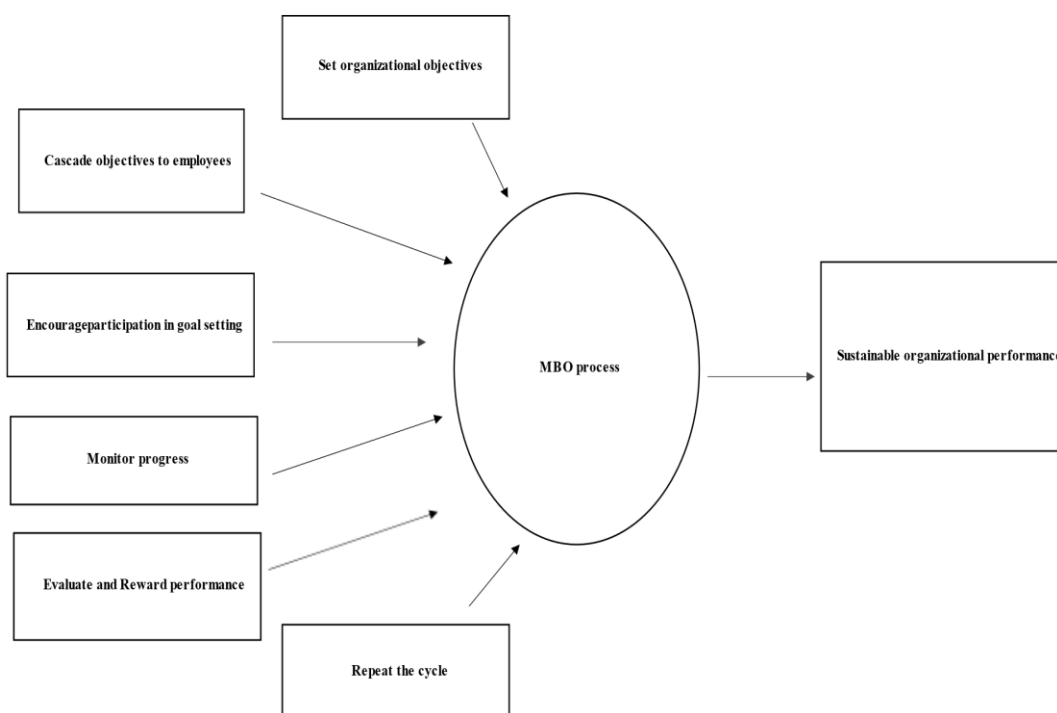


Figure 1: The theoretical model of the study

The fifth and final step is to evaluate and reward performance. In this step, owing to their contributions, the individuals feel valued and they gain inspiration to continue performing (Cheng, 2017). After this, it is crucial to repeat the cycle. Sustainable organisational performance is a product of achieving all of the steps of MBO. This represents a more integrated way into the consciousness of corporate organisational responsibility, learning and the development of creating profit and being efficient on the marketplace, which is meant to



support long-term sustainable organisational goals and outcomes by balancing people, the state of wellbeing and prosperity (Cheng, 2017). It is therefore appropriate to note that MBO is not just a management tool/strategy, but rather a contemporary management technique that, when properly understood and applied, helps in the appropriate coordination of available resources (men, money, materials, and machines) which consequently achieves common goals and sustainability in performance at the organisational level (Li, Frenkel & Sanders, 2011). The success, sustainability and survival of each organisation lies within the appropriate understanding and application of the management technique/tool.

Organisational performance and MBO

The concept of organisational performance is key to businesses since the foremost objective of companies is to generate profit (Glykas, 2011; Olanipekun, Abioro, Akanni, Arulogun & Rabi, 2015). King, Kenyatta and Iravo (2013) stated that one of the most important questions in business has always been why some organisations succeed and why others fail. Olanipekun et al. (2015) asserted that for an organisation to be successful it must record high returns and identify performance drivers from the very highest to the lowest levels of the organisation. Mose, Njihia and Magutu (2013) highlighted that performance measurement tools help firms in monitoring performance, identifying the areas that need attention, enhancing motivation, improving communication and strengthening accountability (Mutindi, Namusonge & Obwogi, 2013; Weihrich, 2000). In MBO, the employees are evaluated by their individual performances, therefore if they are good at achieving their goals, they become valuable to the organisation. MBO can also be an approach or process which transforms a firm's goals into individuals' goals (Armstrong, 2009; Ashfaq, 2018). MBO facilitates in setting the organisational self-analysis, planning, goals and achievement. In organisational goal setting, personal goals are established between managers and subordinates and organisational goals are used as a benchmark for employee's evaluation within the design process (Qureshi & Hassan, 2013). Perceptive planning is required when applying MBO in any corporation for the sake of certifying buy-in (Lewis, Packard & Lewis, 2011). MBO is the most popular technique for organisations nowadays. It directs more and more attention to the achievement of the set goals through the contribution of all connected employees of an organisation. In MBO, the outcomes and required performances of individuals and firms are predictable in both the short-term and the long-term (Lindberg & Wilson, 2011).

MBO in tourism and hospitality

Every organisation, including tourism organisations, works in accordance with a set of specified objectives. Organisational objectives are the rationale for establishing a tourism organisation and the organisation is managed in line with the organisational objectives. The role of organisational objectives is to generate positive economic results (such that the revenues are greater than expenses) (Krale, 2011). In hotels, the two most important principles of MBO are commitment and feedback (Abdelatif & Aboelenin, 2019). The foremost principle of MBO is to assure that each employee of a hotel has a clear understanding of his/her objectives and is well aware of his/her individual roles and responsibilities. The employees are held directly responsible for achieving their own intended goals, which in turn achieves the greater objectives of the organisation (Concepcion, 2008). It is important that the objectives of the hotel company relate to each other. The higher-level managers set objectives for his or her subordinate managers of lower levels, who then set the objectives for their departments and their teams (Krale, 2011). Organisational performance measurement is the process of quantifying actions (Armstrong, 2009) and has been part of the



hospitality industry for an extended period of time as a crucial component of the decision-making process since it allows hotel management to make decisions that would ensure the absolute best results (Ivankovič, Jankovič & Peršič, 2010).

Methodology

In this study, two separate survey questionnaires were designed for hotel managers and guests in order to determine the effectiveness of implementing the policies of MBO in enhancing sustainable organisational performance in the context of Egyptian hotels. During the period of January to April 2021, we obtained data via hotel visits and by distributing survey forms to both managers and employees through email owing to the inability to travel due to the suspension of international tourism movement because of the COVID-19 pandemic. In total, 25 forms were distributed to hotel managers of 25 five-star hotels of which we received 23 valid forms for analytical purposes. 250 forms were distributed to the employees of five-star hotels, of which 230 forms were analytically valid. The two questionnaires were designed according to Rosemary and Evans (2016). All variables were measured using Likert's pentagonal scale; 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree. The twenty-fifth Edition (version 25) of Statistical Analysis for Social Sciences (SPSS) was used for the analysis. The collected data were analysed using a quantitative method of statistical analysis via Statistical Analysis for Social Sciences (SPSS, version 25). The aim of the statistical analysis was to evaluate the items of the questionnaires using factor analysis of the forms of managers and guests individually. The correlation and regression analyses between the variables of the study were also undertaken.

Demographic data of the respondents

The respondents' demographic profile is represented in Table (1) below:

Table 1: The respondents' demographic profile

Demographics	Characteristics and Classification	Frequency	Percentage
Gender	Male	196	85.5
	Female	34	14.8
	Total	230	100
Age	Under 30 years	65	28.3
	30-45 years	131	57
	Above 45 years	34	14.8
	Total	230	100
Educational Level	College graduate	165	71.7
	Postgraduate	65	28.3
	Total	230	100
Position	High management	25	10.9
	Supervisor	77	33.5
	Operation level	128	55.7
	Total	230	100
Work Experience	Less than 5 years	94	40.9
	5-10 years	71	30.9
	More than 10 years	65	28.3
	Total	230	100

Table 1 illustrates that, out of 230 respondents, 196 respondents (85.5%) are males, while the remaining 34 respondents (14.8 %) are females. Among these respondents, 65 respondents (28.3%) are below 30 years of age, 131 respondents (57%) belong to the age group of 30-45 years and 34 respondents (14.8%) are above 45 years of age. In terms of educational level, 71.7% of respondents are college graduates, while 28.3% of respondents are postgraduates. In terms of their position, about 10.9% of respondents are working at high-management level,



77 respondents (33.5%) are working at inter-mediate level / supervisors and 128 respondents (55.7%) are working at the operational level. Regarding work experience, 94 respondents (40.9%) have work experience of less than 5 years, while 71 respondents (30.95%) have work experience of 5 to 10 years and 65 respondents (28.3%) have work experience of more than 10 years.

Results

Factor analysis was performed with one as the Eigen value to improve the strength of the factors. Afterwards, three factors were extracted when the rotation converged in their iterations. The two factors were MBO practices and sustainable organisational performance (SOP). The 37 items in the questionnaire were categorised as a measure of MBO in enhancing organisational performance (Table 2).

Table 2: Factor analysis for the questionnaire given to managers

Variables			MBO	SOP
MBO practices	MBO1	Developing the objectives of hotel in line with new technologies	0.633	0.117
	MBO2	Sustaining and motivating staff for continuous improvement in achieving hotel objectives.	0.880	0.192
	MBO3	Building shared decision making, collegiality and peer support among staff and employees given the appropriate authority and responsibility for effective management by organisation	0.852	0.144
	MBO4	Unleashing the potential capacities that already exist in staff.	0.903	0.170
	MBO5	Effectiveness in achievement of the hotel services development plan	0.882	0.292
	MBO6	Setting community involvement objectives and determining outcomes	0.831	0.321
	MBO7	Designing, implementing and evaluating achievement of the hotel's goals	0.712	0.194
	MBO8	Developing the organisation and operational procedures involved in staff appraisals.	0.657	0.540
	MBO9	Your hotel is achieving its objectives because it adopted MBO.	0.861	0.092
	MBO10	A workforce that is respected, energised and enabled to achieve objectives.	0.733	0.091
	MBO11	Activating the active participation in hotel management by employees and the community	0.774	0.029
	MBO12	Staff willingness to seek feedback of their own job effectiveness.	0.687	0.347
	MBO13	Taking active steps by staff in supporting their own development	0.833	0.147
	MBO14	Staff adherence to hotel laws, which are manifest in all day-to-day activities.	0.605	0.198
	MBO15	Management by goals is a greater opportunity to continue to be successful in employee achievement.	0.841	-0.230
	MBO16	Management by goals contributes to real empowerment of employees to make decisions.	0.741	0.023
	MBO17	To what extent do you think motivation determines employee output of work or performance?	0.760	0.021
	MBO18	Is it true that MBO helps obtain total commitment of all the employees to work together to achieve a common goal?	0.877	0.210
Sustainable organisational performance	SOP1	Do you think that good and prompt salary improves performance of the employees and organisational performance in terms of achieving a common goal?	0.137	0.513
	SOP2	Do you think that promotion when due improves performance of the employees and organisational performance in terms of achieving a common goal?	0.157	0.887
	SOP3	Do you think that good relationship with management improves performance of the employees and organisational performance in terms of achieving a common goal?	0.513	0.695
	SOP4	Do you think that recognition of achievement improves performance of the employees and organisational performance in terms of achieving a common goal?	0.093	0.924
	SOP5	How often does the organisation send its staff for training?	0.244	0.856
	SOP6	How is the relationship between you and employees?	0.138	0.795
	SOP7	The hotel manager directs the tasks according to the goals of the hotel.	0.213	0.839
	SOP8	The employees participate in setting the hotel goals.	0.267	0.554
	SOP9	The hotel manager is concerned about achieving goals within a specified time.	0.070	0.817
	SOP10	The manager shapes hotel goals so that they are measurable.	0.331	0.711
	SOP11	My organisation possesses tangible and intangible assets that have enhanced its profitability.	0.052	0.733



SOP12	There is a timely achievement of set goals by the organisation.	0.410	0.698
SOP13	In my organisation, new product development has improved over the last three years.	0.527	0.545
SOP14	There is an increased level of successful and innovative products and services provided by my organisation.	0.022	0.577
SOP15	There has been improved effectiveness in the organisation's operations.	0.129	0.875
SOP16	In my organisation, there has been increase in our customer base.	0.456	0.695
SOP17	We have been able to meet and surpass our revenue target in the last two years.	0.376	0.823
SOP18	There has been improved profitability over the last two or three years.	0.031	0.765
SOP19	In my organisation, there has been increased growth in market share.	0.456	0.576

The analysis extracted a three-factor solution, each with Eigen values above one, which explains 55% of the total variance compared to 17% that was explained by Salama and Abdelsalam (2021). This indicates that more factors can affect MBO and OP when more items are generated using expert opinions. Kaiser Meyer Olkin (KMO) was 0.610, indicating a good level, and the study variables are high, with good measurement quality and therefore suitable for examining the study variables. The Measurement of Sampling Adequacy (MSA) was found to be above 0.7 for all the 37 items based on the rotated component matrix.

Statistical analysis of managers' responses

According to the descriptive statistics, the dependent variable in the manager questionnaire (Cronbach's alpha value $\alpha=0.801$) indicates a trend towards activating MBO in hotels in order to improve the quality of organisational performances. The questionnaire has shown MBO to be reliable in field applications besides having a high degree of stability. The results also indicate the readiness demonstrated by hotel managers as well as employees in applying the principles and concepts of MBO as they believe that by applying MBO, they can activate modern technological means in management as well as the possibility of motivating workers to achieve the planned hotel goals in addition to other practices that support the application of MBO within the hotel, which contribute to supporting sustainable organisational performance. This is presented in Table 3.

Table 3. Statistics for the managers questionnaire

Variables			Means	STD	Grade
MBO practices	MBO 1	Developing the objectives of hotel in line with new technologies	4.09	.60	agree
	MBO 2	Sustaining and motivating staff for continuous improvement in achieving hotel objectives.	3.8	.89	agree
	MBO 3	Building shared decision making, collegiality and peer support among staff and employees given the appropriate authority and responsibility for effective management by organisation	3.9	.67	agree
	MBO 4	Unleashing the potential capacities that already exist in staff.	3.9	.64	agree
	MBO 5	Effectiveness in achievement of the hotel services development plan	4.09	.79	agree
	MBO 6	Setting community involvement objectives and determining outcomes	3.8	.82	agree
	MBO 7	Designing, implementing and evaluating achievement of the hotel's goals	3.7	.99	agree
	MBO 8	Developing the organisation and operational procedures involved in staff appraisals.	3.9	.63	agree
	MBO 9	Your hotel is achieving its objectives because it adopted MBO.	3.6	1.08	agree
	MBO 10	A workforce that is respected, energised and enabled to achieve objectives.	3.3	.97	Neutral
	MBO 11	Activating the active participation in hotel management by employees and the community	3	.71	Neutral
	MBO 12	Staff willingness to seek feedback of their own job effectiveness.	2.9	.70	Neutral



	MBO 13	Taking active steps by staff in supporting their own development	4	.74	agree
	MBO 14	Staff adherence to hotel laws which are manifest in all day-to-day activities.	3.2	.89	Neutral
	MBO 15	Management by goals is a greater opportunity to continue to be successful in employee achievement.	3.6	.51	agree
	MBO 16	Management by goals contributes to real empowerment of employees to make decisions.	2.7	.82	Neutral
	MBO 17	To what extent do you think motivation determines employee output of work or performance?	3.1	.90	Neutral
	MBO 18	Is it true that MBO helps obtain total commitment of all the employees to work together to achieve a common goal?	4	.67	agree
Sustainable organizational performance	SOP1	Do you think that good and prompt salary improves performance of the employees and organisational performance in terms of achieving a common goal?	2.7	1.07	Neutral
	SOP2	Do you think that promotion when due improves performance of the employees and organisational performance in terms of achieving a common goal?	3.9	.79	agree
	SOP3	Do you think that good relationship with management improves performance of the employees and organisational performance in terms of achieving a common goal?	3.9	.76	agree
	SOP4	Do you think that recognition of achievement improves performance of the employees and organisational performance in terms of achieving a common goal?	3.1	.85	Neutral
	SOP5	How often does the organisation send its staff for training?	3.4	1.2	agree
	SOP6	How is the relationship between you and employees?	3.7	.86	agree
	SOP7	The hotel manager directs the tasks according to the goals of the hotel.	3.5	.73	agree
	SOP8	The employees participate in setting the hotel goals.	4.1	.76	agree
	SOP9	The hotel manager is concerned about achieving goals within a specified time.	3.8	1.07	agree
	SOP10	The manager shapes hotel goals so that they are measurable.	3.2	.72	Neutral
	SOP11	My organisation possesses tangible and intangible assets that have enhanced its profitability.	4.1	.73	agree
	SOP12	There is a timely achievement of set goals by the organisation.	4	.71	agree
	SOP13	In my organisation, new product development has improved over the last three years.	4.4	.50	agree
	SOP14	There is an increased level of successful and innovative products and services provided by my organisation.	3.4	.50	agree
	SOP15	There has been improved effectiveness in the organisation's operations.	4	.64	agree
	SOP16	In my organisation, there has been increase in our customer base.	3.2	.72	Neutral
	SOP17	We have been able to meet and surpass our revenue target in the last two years.	3.4	1.08	agree
	SOP18	There has been improved profitability over the last two or three years.	2.9	.74	Neutral
	SOP19	In my organisation, there has been increased growth in market share.	3.4	.99	agree

The regression coefficient between SOP as an independent variable and MBO as a dependent variable is shown in Table 4.

Table 4: Regression coefficient between (MBO and SOP)

Model	B	Std. Error	Standardised Coefficients Beta	t	Sig.
(Constant)	88.130	13.664	-	6.450	0.000
SOP	.344	.201	.351	1.717	0.000

Dependent Variable: MBO.

By analysing the regression coefficient between sustainable organisational performance (SOP) as an independent variable and MBO as a dependent variable, we found a regression coefficient beta = .351. Thus, whenever there is an application of management strategies with goals, which include relying on technological means in management as well as continuous motivation of workers and support for the process of delegating authority to employees, this



has led to the development of the organisational performance of the hotel and consequently to the achievement of the previously planned goals.

Table 5: Correlation matrix relationship between MBO and SOP

		MBO	OP
MBO	PCA	1	0.351**
	Sig. (2-tailed)	0.000	0.000
SOP	PCA	0.351**	1
	Sig. (2-tailed)	0.000	0.00

Statistical analysis of employees' responses

By analysing employees of Egyptian hotel, statistical results were obtained and are shown in Table 6.

Variables			Means	STD	Grade
MBO practices	MBO1	Developing the objectives of hotel in line with new technologies	3.4	1.2	agree
	MBO2	Sustaining and motivating staff for continuous improvement in achieving hotel objectives.	3.1	.95	Neutral
	MBO3	Building shared decision making, collegiality and peer support among staff and employees given the appropriate authority and responsibility for effective management by organisation	2.7	1.2	Neutral
	MBO4	Unleashing the potential capacities that already exist in staff.	2.8	1	Neutral
	MBO5	Effectiveness in achievement of the hotel services development plan	3.3	1	Neutral
	MBO6	Setting community involvement objectives and determining outcomes	3.5	.98	agree
	MBO7	Designing, implementing and evaluating achievement of the hotel's goals	2.8	.91	Neutral
	MBO8	Developing the organisation and operational procedures involved in staff appraisals.	2.9	.63	Neutral
	MBO9	Your hotel is achieving its objectives because it adopted MBO.	3.1	.67	Neutral
	MBO10	A workforce that is respected, energised and enabled to achieve objectives.	3.9	.94	agree
	MBO11	Activating the active participation in hotel management by employees and the community	3.2	1.1	Neutral
	MBO12	Staff willingness to seek feedback of their own job effectiveness.	3.7	.84	agree
	MBO13	Taking active steps by staff in supporting their own development	3.1	.94	Neutral
	MBO14	Staff adherence to hotel laws which are manifest in all day-to-day activities.	3.3	1.1	Neutral
	MBO15	Management by goals is a greater opportunity to continue to be successful in employee achievement.	3.1	.78	Neutral
	MBO16	Management by goals contributes to real empowerment of employees to make decisions.	3.1	.78	Neutral
	MBO17	To what extent do you think motivation determines employee output of work or performance?	4	.67	agree
	MBO18	Is it true that MBO helps obtain total commitment of all the employees to work together to achieve a common goal?	3.1	.78	Neutral
Sustainable organizational performance	SOP1	Do you think that good and prompt salary improves performance of the employees and organisational performance in terms of achieving a common goal?	3.1	.71	Neutral
	SOP2	Do you think that promotion when due improves performance of the employees and organisational performance in terms of achieving a common goal?	3.1	.71	Neutral
	SOP3	Do you think that good relationship with management improves performance of the employees and organisational performance in terms of achieving a common goal?	3.1	.71	Neutral
	SOP4	Do you think that recognition of achievement improves performance of the employees and organisational performance in terms of achieving a common goal?	3.1	.71	Neutral
	SOP5	How often does the organisation send its staff for training?	3.2	.92	Neutral
	SOP6	How is the relationship between your supervisor / boss?	3.2	.90	Neutral
	SOP7	The hotel manager directs the tasks according to the goals of the hotel.	3	.85	Neutral
	SOP8	The employees participate in setting the hotel goals.	2.7	.89	Neutral
	SOP9	The hotel manager is concerned about achieving goals within a specified time.	3.4	.94	Neutral
	SOP10	The manager shapes hotel goals so that they are measurable.	2.4	.81	Neutral
	SOP11	My organisation possesses tangible and intangible assets that have enhanced its profitability.	3.4	.81	Neutral
	SOP12	There is a timely achievement of set goals by the organisation.	3.2	1	Neutral
	SOP13	In my organisation, new product development has improved over the last three years.	3.2	1	Neutral



SOP14	There is an increased level of successful and innovative products and services provided by my organisation.	3.2	1	Neutral
SOP15	There has been improved effectiveness in the organisation’s operations.	3.2	1	agree
SOP16	In my organisation, there has been increase in our customer base.	3.2	.72	Neutral
SOP17	We have been able to meet and surpass our revenue target in the last two years.	3.2	.95	agree
SOP18	There has been improved profitability over the last two or three years.	3.2	1	Neutral
SOP19	In my organisation, there has been increased growth in market share.	3.2	.95	agree

Table 6: Statistics for the employees’ questionnaire

PCA: Pearson Correlation Analysis; the number of samples (n) = 22. ** Correlation is significant at the 0.00 level (2-tailed)

There is a strong correlation between the two study variables. A significant correlation at 1% suggests that hotel managers are convinced that management will implement the objectives to achieve the enhancement and development of the sustainable organisational performance of the hotel. The regression coefficient between SOP as an independent variable and MBO as a dependent variable is shown in Table 7.

Table 7: Regression coefficient between MBO and SOP

Model	B	Std. Error	Standardised Coefficients Beta	t	Sig.
(Constant)	68.692	1.914	-	35.893	0.000
SOP	.167	.030	.348	5.603	0.000

Dependent Variable: MBO

By analysing the regression coefficient between sustainable organisational performance (SOP) as an independent variable and management by objectives MBO as a dependent variable (Table 8), we found a regression coefficient beta = 34. When the hotel management seeks to implement management measures with goals, this has led to an increase in employee loyalty and high levels of performance have been achieved which leads to an increase in the level of organisational performance of the hotel.

Table 8: Correlation matrix relationship between MBO and SOP

		MBO	SOP
MBO	PCA	1	0.348**
	Sig. (2-tailed)	0.000	0.000
SOP	PCA	0.348**	1
	Sig. (2-tailed)	0.000	0.00

There is a strong correlation between the two study variables. A significant correlation at 1% suggests that the employees are convinced of the importance of implementing the objectives of the management strategy which achieves many of their career ambitions in order to accomplish the larger organisational goals of the hotel.

Discussion

The results obtained highlight the readiness of hotel managers, as well as employees, to apply the principles and concepts of MBO as they perceive that in doing so, they can activate modern technological means in management as well as the possibility of motivating workers to achieve the planned goals of the hotel. This finding is in line with the opinion of Cao et al. (2009) who believed that businesses’ clear objectives play a vital role in their profitability, productivity, increased market share and reputation. MBO offers several advantages to practicing administrators. According to Verboncu and Vrîncut (2014), the most significant advantage of MBO is probably the very fact that for each manager, it makes self-control of his/her own performance possible. The performance measurement is predicated on the



quantitatively or qualitatively expressed standards for every objective. It assists administrators in designing diverse functions (Aydin & Dube, 2018; Yanagizawa & Furukawa, 2016). According to Abdelatif and Aboelenin (2019), most views and attitudes of the sample's individuals were positive (favourable) on implementing two certain principles of MBO (commitment and feedback), however their opinions were somewhat unfavourable on the implementation of the other principles. Furthermore, the results also indicate that despite implementing the principles of MBO moderately, it is still considered as one of the most vital methods of management used to improve the employees' performance through the optimal utilization of the available resources, whether they were human resources or material ones, in order to reach the desired level of performance.

This study has revealed that hotels achieved their objectives because they adopted MBO, wherein managers work with their subordinates in order to set out and clarify performance objectives that are consistent with the objectives of the work unit and the organisation as a whole. When this process is followed throughout all levels of the organisation, MBO helps refine the hierarchy of objectives as a series of well-defined chains. MBO contributes towards creating a stimulating environment for both management and employees by generating interaction between heads and subordinates and motivating them for the effective participation of the subordinates in achieving the goals of the hotel. This is consistent with Gotteiner (2016) who insisted that MBO is a systematic and intensive process which designates grades of success of an organisation, including the appraisal of the grades of accomplishment at each level and the utilisation of knowledge for the localisation of the sources of the organisation or firm. This is also consistent with Curtin (2009) who argued that MBO forms part of a larger administration called "participatory management" or "consultative management" since it is a kind of management through which employees within the lower levels are encouraged to contribute ideas towards identifying and setting organisational goals, problem solving and decision making. The application of MBO helps in defining the tasks and the goals of each individual; the time that he/she needs to implement MBO, and the training programmes that the individual needs to follow in order to achieve the desired goals. This is in line with Ntanos and Boulouta (2012), wherein they suggest that workers, regardless of the position they hold within the company's hierarchy, wish to know what their employer wants them to undertake as well as the benefits and salary they are to receive from their employer.

The results of the study showed an improvement in the production process thanks to applying the principles of MBO. This included the improvement in the effectiveness of operating processes in addition to developing the service provided in the hotel through the application of advanced training programmes as well as working on developing human capabilities to achieve the planned hotel goals. This is consistent with Abdelatif and Aboelenin (2019) who pointed out that MBO is considered one of the most vital methods of management used to improve the 'performance' through the optimal utilisation of the available resources, whether human or material, in order to reach the desired level of performance. It was also found that MBO motivates managers at all levels as well as the employees as everyone tends to work harder towards achieving the goals when they acknowledge and accept them as their own. This is consistent with Wu (2005) who mentioned that MBO has a strong connection with a positive management philosophy. MBO is a method of motivating employees by managerial practices that are perceived positively (commonly negotiated goals, an autonomy in searching and using means to achieve goals, self-controlling and periodical monitoring of work done by team members). The results indicate that managers are satisfied with achieving a profit margin by applying MBO. This is consistent with Schermerhorn (1984) who pointed out that MBO helps exceed the goal of



achieving revenues as the process of setting goals also contributes to an increase in the percentage of sales which consequently results in the development of performance in general and the achieving of sustainability in the organisational performance. Higher productivity is a clear advantage of the MBO process. The benefits that a company gains through the implementation of MBO are not only limited to increased productivity since an increase in employees' motivation and job satisfaction is also achieved. The MBO, in principle, helps the workers become a real team focused on both individual and organisational goals. Many of the employees show interest in improving their individual professional skills and some even undertake specialist training. The more the employees are willing to work in groups, the greater the benefits for the company as they learn their skills from each other.

Conclusion

MBO is a management system that realises many advantages for hotel establishments as it assists administrators in planning the function of hotels; increasing the profitability of hotels; developing the performance of employees; improving the effectiveness of operating processes and developing the service provided by hotels. Consequently, the management is successful in enhancing the sustainable organisational performance. The study therefore recommends the activation and implementation of the MBO in hotel establishments owing to its many advantages that contribute towards the development of an organisation's performance, achieving its targeted profitability and enhancing the sustainability of organisational performance.

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