

Business Managers' Ratings of Operational Management Strategies for Success of Small and Medium Enterprises in Enugu State

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Abstract: The need for SMEs to thrive in the Nigerian economy necessitated the study to determine business managers' ratings of operational management strategies for success of SMEs in Enugu State. One research question guided the study and two null hypotheses were tested at 0.05 level of significance. The design of the study was a descriptive survey. Population of the study was all the managers of the 911 registered SMEs in Enugu State. A sample of 220 managers was selected using proportionate stratified random sampling technique. This comprised 196 managers of small and 24 managers of medium enterprises. Instrument for data collection was a structured questionnaire titled "Managers' Ratings of Operational Strategies for Success of Enterprises Questionnaire (MROSSEQ)" validated by three experts. A reliability coefficient of 0.87 was established using test-retest method and Pearson Product Moment Correlation Coefficient to obtain the value. Mean and standard deviation were used to analyze data relating to research questions while z-test was used to test the null hypotheses. Findings revealed that operational management strategies were highly relevant to the success of SMEs in Enugu State. Also gender and years of experience did not influence the opinions of the SME managers regarding the relevance of operational management strategies for success of their enterprises. Consequently, it was recommended among others that SMEs business managers in Enugu State should make concerted efforts to adopt the operational management strategies identified in this study and also engage themselves in the training that will educate them more on operational management strategies in order to keep their businesses viable.

Keywords: management, operational strategy, Small and medium enterprise (SME).

1. INTRODUCTION

Management as a discipline has attracted the attention of academicians and practitioners to a very great extent during the last few decades. The basic reason behind this phenomenon is the growing importance of management in day to day life of people. Management is invariably defined as the process of getting things done through the effort of others, getting from where we are to where we want to be with the least expenditure of time, money and efforts, or coordinating individual and group efforts towards super-ordinate goals (Bajijumon, Ottuparammal, Jahfarali, & Venugopalan, 2011). Management is the process of creating and sustaining an enabling environment in which individuals can effectively and efficiently work together to accomplish a set of goals. Operational management strategies are the coordinated plans of action that are relevant and which the managers could adopt in practice to achieve effectiveness and efficiency in their businesses.

The creation and sustenance of SMEs in Nigeria has been a major concern to the Nigerian government, foreign and local investors as well as business owners generally. Aremu, Aremu and Olodo (2015), buttressed this fact when they studied the SMEs situation in Nigeria. The authors pointed out the study of Nigerian Economic Summit Group in 2002 which highlighted that about 70 percent of small enterprises in Nigeria failed within the first five years of operation. The federal government of Nigeria has made genuine attempts to ensure that Nigerians play active and worthwhile roles in the development of the economy through the emphasis on entrepreneurship and creation of small and medium enterprises. SMEs have been recognized as the engine room for the development of any economy because they form the bulk of business activities in a growing economy like that of Nigeria. Hence, great efforts have been made by the Nigerian government to support and sustain SMEs and to reduce their failure rate by setting up many regulatory bodies, commercial institutions. The government thus enacted several laws, acts and policies that favour SMEs in the country. One of the steps taken by the

Federal Government to support SMEs include the provision of direct financial assistance to small business organizations through, the establishment of specific financial and non-financial institutions. In 2001 for example, the Nigerian Agricultural and Cooperative Bank, Bank of Industry, the Nigerian National Mortgage Bank (NINAM Bank), the non- governmental micro credit institutions which consist of finance companies and community banks was established to render special financial services to SMEs in Nigeria (Tijani-Alawe, 2004).

Despite these attempts by the government, many SMEs are still going into liquidation or operating on low profit margins and low market share thereby not meeting up to expectations. This has been attributed to so many factors such as poor managerial ability among managers, high cost of technological facilities, economic instability, inaccessibility of adequate fund for smooth running of their businesses, inadequate infrastructure such as light, water and good road network. Poor managerial ability among managers is at the topmost (Okoli & Ezenwafor, 2015). Hence, there is the crucial need to look into the operational management strategies utilized by SMEs managers in order to decipher what leads to their failure.

Business managers as used in this study refer to persons that are responsible to the day to day management of the enterprise operation. They could be hired personnel, but in most cases are the entrepreneurs and owners of the business. They are therefore in a good position to rate the operational management strategies relevant for success of their enterprises. The business is successful if they are able to achieve their business goals. It is against this background that the study was concerned to determine in the opinion of the managers the operational management strategies relevant to the success of SMEs in Enugu State.

2. OPERATIONAL MANAGEMENT STRATEGIES RELEVANT TO THE SUCCESS OF SMES

Management is seen as that field of human behaviour in which managers plan, organize, staff, direct, and control human and financial resources in an organized group effort in order to achieve desired individual and group objectives with optimum efficiency and effectiveness (Subedi, 2007). Considering the operational management strategies relevant to the success of SMEs, Baijumon et al. (2011) emphasized the strategy of planning as the most crucial and foremost function of management. They buttressed that within this function, plan is created to accomplish the mission and vision of the business entity. Under the mission, the reason for the establishment of the organization is considered, while under the vision, the destination of the business entity is considered. The plan must define the time component and to plan necessary resources to fulfill the plan. According to the authors, plan of the organization is developed together with required personnel. The methods of leading people are clarified and controlling instruments for monitoring the realization of plans are also known. The guiding idea in the making of mentioned items is the realization of the objectives and fulfilling the mission and vision of the business entity. Baijumon et al. went ahead to discuss that planning is the process of setting goals and choosing the means to achieve those goals. A sound planning is imperative for the successful achievement of the goals in the desired direction. As it is rightly said, a well-planned business is half done. It involves setting of objectives and goals, designing appropriate strategy and course of action, and framing plans and procedure etc, for execution of the proposed activities under the project. Planning may be broadly defined as a concept of executive action that embodies the skills of anticipating, influencing and controlling the nature and direction of change. They advised that each organization should make a good first step, a good plan, because without it the organization takes a great risk of mistakes and thus compromising the business (Baijumon et al., 2011).

Another strategy is organizing which is the second function of managers. Where they had previously prepared plan, they establish an appropriate organizational structure for the business. In part, they determine the ranges of management, type of organizational structure and authority in the organization. The managers also determine the types and ways of delegating responsibilities and lines of communication. The organization and its subsystems are placed under the plan, which was created as part of functions, i.e. planning. Organizing basically involves analysis of activities to be performed for achieving organizational objectives, grouping them into various departments and sections so that these can be assigned to various individuals and delegating to them appropriate authority so that they can carry out their work properly. In performing construction and organization in particular, managers must pay attention to formal and informal lines of communication, because if these lines are not adequately monitored, the possibility is collision between them, resulting in delays and / or even failure to achieve the goal (Baijumon et al., 2011).

The strategy of staffing is another aspect of management function which involves hiring and assigning people to carry out tasks (Subedi, 2007). It is a continuous and vital function of management. After the objectives have been determined, strategies, policies, programmes, procedures and rules formulated for their achievement, activities for the implementation of strategies, policies, programmes, etc. identified and grouped into jobs, the next logical step in the management process is to procure suitable personnel for manning the jobs. Since the efficiency and effectiveness of an organization significantly depends on the quality of its personnel, and since it is one of the primary functions of management to procure qualified and trained people to fill various positions, staffing has been recognized as a distinct function of management. It comprises several sub-functions:

- a. Manpower planning involving determination of the number and the kind of personnel required.
- b. Recruitment for attracting adequate number of potential employees to seek jobs in the enterprise. c. Selection of the most suitable persons for the jobs under consideration.
- c. Placement, induction and orientation.
- d. Transfers, promotions, termination and layoff.
- e. Training and development of employees.

As the importance of human factor in organizational effectiveness is being increasingly recognized, staffing is gaining acceptance as a distinct function of management. It need hardly any emphasis that no organization can ever be better than its people, and managers must perform the staffing function with as much concern as any other function (Pal, 2007).

Directing is another strategy through which management initiates actions in the organization. It is a function of management which is related with instructing, guiding and inspiring human factor in the organization to achieve organizational objectives. It is a function to be performed at every level of management. Directing is a continuous process and it continues throughout the life of the organization. It is initiated at the top level in the organization and follows to the bottom through the hierarchy. It emphasizes that a subordinate is to be directed by the superior only (Bajijumon et al.,

2011). Pal (2007) pointed out that jobs assigned to subordinates have to be explained and clarified. The subordinates have to be provided guidance in job performance and they are to be motivated to contribute their optimum performance with zeal and enthusiasm.

Another management strategy as observed by Ajoma (2005) is controlling with effect to ensure and maintain standard and enterprise success. According to Pal (2007) this function ensures that the divisional, departmental, sectional and individual performances are consistent with the predetermined objectives and goals. Deviations from objectives and plans have to be identified and investigated, and corrective action taken. Deviations from plans and objectives attract feedback from managers, and thus all other management processes including planning, organizing, staffing and directing are continuously reviewed and modified, where necessary. Control process tries to find out deviations between planned performance and actual performance and to suggest corrective actions wherever these are needed. Controlling is a forward looking function as one can control the future happenings and not the past. Every manager has to perform the control function in the organization. It is a continuous process and control system is a co-ordinated integrated system (Bajijumon et al., 2011).

Consequently, small and medium enterprise managers need to acquire the managerial competencies required to effectively carry out these management strategies of planning, organizing, staffing, directing and controlling. Darr (2007) identified a number of these competencies which include; conceptual competency, technical managerial/clinical competency, interpersonal/collaborative competency, political competency, commercial competency and governance competency.

Therefore, the operational management strategies are relevant to the success of SMEs if effectively carried out by managers of SMEs in Enugu State.

2.1. Research Question

This research question guided the study:

How relevant do SME business managers rate operational management strategies for success of enterprises in Enugu State?

2.2. Hypotheses

The following null hypotheses were tested at 0.05 level of significance.

1. There is no significant difference in the mean ratings of male and female managers of small and medium scale enterprises on the relevance of operational management strategies for success of their businesses in Enugu State.
2. There is no significant difference in the mean ratings of experienced and less-experienced managers of small and medium scale enterprises on the relevance of operational management strategies for success of their businesses in Enugu State.

3. METHOD

The study used a descriptive survey design. The study was carried out in Enugu State in South East of Nigeria. The population of the study comprised all the managers of the 911 (812 small enterprises and 99 medium enterprises) registered SMEs in Enugu State. The sample of the study was 220 (196 managers of small enterprises and 24 managers of medium enterprises). Proportionate stratified random sampling technique was used to select the sample.

The instrument for data collection was a structured questionnaire titled "Managers' Ratings of Operational Strategies for Success of Enterprises Questionnaire (MROSSEQ)". It consisted of two parts, part A and part B. Part A sought information about the respondents' personal data such as gender and years of experience while part B covered the research question and contained 10 items on operational management strategies. The instrument was validated by three experts. Reliability of the instrument was determined using test-retest method of reliability by administering it twice within an interval of two weeks to 20 SMEs business managers who were not part of the population. Pearson's Product Moment Correlation Co-efficient was used to analyze the data and a reliability coefficient of

0.87 was obtained. A direct delivery procedure was used in administering the instrument to the respondents with the help of three research assistants. At the end of the exercise, two hundred and two (202) copies of the questionnaire which represents 92 percent returns rate were retrieved and finally used for data analysis. Data collected were analyzed using mean and standard deviation to answer the research questions. Z-test was used to test the null hypotheses at 0.05 level of significance. The responses to the items in the questionnaire were scored as follows:

Keys	Ratings	Boundary limits
Very Highly Relevant (VHR)	5	4.50 – 5.00
Highly Relevant (HR)	4	3.50 – 4.49
Moderately Relevant (MR)	3	2.50 – 3.49
Slightly Relevant (SR)	2	1.50 – 2.49
Not Relevant (NR)	1	0.50 – 1.49

The research questions were interpreted using the above real limits. The null hypotheses were not rejected if the calculated z-value was less than the critical z-value while the null hypotheses were rejected if the calculated z-value was greater than or equal to the critical z-value at 0.05 level of significance.

4. RESULTS

Table1. Respondents' mean ratings on the relevance of operational management strategies for success of enterprises in Enugu State

S/N	Items on operational management strategies	Mean	SD	Remark
1	Encouraging innovations through effective planning.	4.60	0.583	Very Highly Relevant
2	Delegating authority to subordinates.	3.70	1.027	Highly Relevant
3	Utilizing staff advice appropriately.	3.99	0.944	Highly Relevant
4	Rewarding staff performance in order to motivate higher performance.	4.49	0.818	Highly Relevant
5	Ensuring adequate staff personnel records.	4.09	0.812	Highly Relevant
6	Keeping abreast of and using new techniques of planning.	3.97	0.987	Highly Relevant
7	Spotting errors and effecting changes in subordinate through	4.02	0.900	Highly Relevant
8	Recruiting competent employees for the organization.	4.34	0.913	Highly Relevant
9	Placing employees appropriately within the organization.	4.11	1.036	Highly Relevant
10	Training and developing personnel to meet staffing needs of the	4.43	0.918	Highly Relevant
	Cluster mean	4.17		Highly Relevant

The data contained in Table 1 indicated that encouraging innovations through effective planning is very highly relevant for success of enterprises. Other items in the table were rated highly relevant. The cluster mean value of 4.17 showed that items on operational management strategies are highly relevant for success of small and medium enterprises. This implies that managers of SMEs in Enugu State require these operational management strategies to effectively control human and material resources in their businesses in order to achieve success.

Table2. Summary of z-test analysis of male and female managers on the relevance of operational management strategies for success of enterprises.

Variable	N	X	SD	α	Df	z-cal	z-crit	Decision
Male managers	119	4.166	0.8986	0.05	200	-0.15	1.960	Not Rejected
Female managers	83	4.185	0.8914					Not Significant

Data presented in Table 2 indicated that at 0.05 alpha (α) value and degree of freedom of 200, the z-calculated value of -0.15 is less than the z-critical value of 1.960. The null hypothesis is therefore not rejected. This implies that there is no significant difference in the mean ratings of male and female managers of small and medium scale enterprises on the relevance of operational management strategies for success of their businesses in Enugu State.

Table3. Summary of z-test analysis of experienced and less-experienced managers on the relevance of operational management strategies for success of enterprises

Variable	N	X	SD	α	Df	z-cal	z-crit	Decision
Experienced managers	129	4.198	0.8871	0.05	200	-0.15	1.960	Not Rejected
Less-experienced managers	73	4.132	0.9096					Not Significant

Data contained in Table 3 indicated that at 0.05 alpha (α) value and degree of freedom of 200, the z-calculated value of 0.50 is less than the z-critical value of 1.960. The null hypothesis is therefore not rejected. This implies that there is no significant difference in the mean ratings of experienced and less-experienced managers of small and medium scale enterprises on the relevance of operational management strategies for success of their businesses in Enugu State.

5. DISCUSSION OF RESULTS

The findings of the study revealed that managers of SMEs in Enugu State unanimously rated all the operational management strategies as highly relevant for success of their enterprises. These include; encouraging innovations through effective planning (Bajumon et al., 2011); delegating authority to subordinates; utilizing staff advice appropriately; rewarding staff performance in order to motivate higher performance; ensuring adequate staff personnel records; keeping abreast of and using new techniques of planning; spotting errors and effecting changes in subordinate through proper staff control (Ajoma, 2005); recruiting competent employees for the organization; placing employees appropriately within the organization; training and developing personnel to meet staffing needs of the organization (Pal, 2007). This is due to the fact that a business appropriately managed is a business that can thrive. This finding collaborates with the findings of Darr (2007) who emphasized that small and medium enterprise managers require the managerial competencies needed to effectively carry out the management strategies of planning, organizing, staffing, directing and controlling. Furthermore, the results of hypotheses one and two revealed that SMEs managers in Enugu State irrespective of their gender and years of experience were of the same opinion in their mean ratings concerning operational management strategies relevant for success of enterprises.

From the tables 2 and 3, the z-calculated values of -0.15 and 0.50 respectively were obtained by the researcher compared with the z-critical value of 1.960 for business managers' responses based on gender and years of experience. This indicates that hypotheses one and two were not rejected as regards the relevance of operational management strategies for success of enterprises. The study disagrees with the assumptions of Okafor (2011) that gender and years of experience could be an influencing factor in the SMEs managers' ratings of operational strategies for success of enterprises. However, geographical location could cause the disparity between the findings of the present study and the findings of Okafor's study as Okafor's study was carried out in Anambra State while the present study was carried out in Enugu State. Therefore, geographical location could be the influencing factor in the SMEs managers' ratings of operational strategies for success of enterprises.

6. IMPLICATIONS OF THE STUDY

This study would expose business education students who would become future entrepreneurs to the skills and strategies required in management of their businesses in order to achieve success. The business managers as well would come to accept and imbibe the culture of effective strategizing in the management of their businesses so as to keep their businesses viable.

7. CONCLUSION

Based on the findings, all the operational management strategies were found highly relevant. Also, male and female managers of SMEs did not differ significantly in their opinions regarding the relevance of operational management strategies for success of enterprises. The opinions of experienced and less experienced managers of SMEs also did not differ significantly regarding the relevance of operational management strategies for success of enterprises.

8. RECOMMENDATIONS

Based on the findings of the study, the following recommendations are made:

1. SMEs business managers in Enugu State should make concerted efforts to adopt the operational management strategies identified by this study and also engage themselves in trainings that will educate them more on operational management strategies in order to keep their businesses viable.
2. Government should particularly be involved in making sure that SMEs in Nigeria thrive by promoting and sponsoring SMEs workshops and trainings in the nation. This will help build a vibrant and diversified economy.

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