
An Evaluation of the Impact of Effective Management on the Growth and Profitability of New Industries (A Case Study of Alba-Bello Trading Company Zaria)

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ABSTRACT

Since the major objective of any business is to maximize profit and increase shareholders earnings, minimize cost and ensure continuity, the need for effective management on all businesses to ensure growth and portability becomes inevitable. Many scholars observed that the reasons why most companies experience slow growth and profitability is due to in most cases lack of effective management of both human and material resources. The study revealed that effective management played a vital role in getting Alba-Bello Trading Company to its pride of place. To conduct the research, a questionnaire was drafted and distributed, and the result obtained from the analysis revealed that even though effective management of resource is obtainable in Alba-Bello trading company, a lot still need to be done to sustain the successes of the company, as there was still dissatisfaction on management/employee relationship.

Keywords: impact, industry, effective management, profitability and growth.

BACKGROUND OF THE STUDY

Scarce resources actually call for effective use of all available management skills to put the resource into proper use for both growth and development of a company. Effective use of resource can be achieve through proper planning, organizing, coordination, directing and controlling of the resource and these are most often referred to as the core functions of management.

Chaudau (1987) revealed the application of some managerial techniques as far back as 5000BC, when the ancient people use written records in assisting government operation, the Egyptian pyramid build as early 3000BC require the organized efforts of over 100, 000 people. Management is therefore an essential part of life. No wonder late president of United State, John F. Kennedy said “The role of management in our society is critical to human progress”.

In Nigeria today, because we are a developing economy, there are many infant industries managing scarce resources and poor infrastructures, what attracts the research is to look into how effective management impacts on the growth and profitability of new industries.

Statement of the Problem

The success or otherwise of any organization be it profit or non profit concern is based on the effective utilization of the management functions. While some organizations find it difficult to achieve their objectives due to the lack of the basic knowledge and application of the management functions, some have succeeded due to the effective utilization of these functions.

The study seek to find out what are these management functions, what role do they play in the organizational success, does Alba-Bello trading company use the management functions effectively?

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Objective of the Study

The objective of this study is to evaluate the impact of effective management on the growth and profitability of new industries with Alba-Bello Trading Company Zaria as a case study

The specific objectives of the study include the following:

1. To identify the reason for lack of qualified personnel in infant industries
2. To investigate the unreasonable high rate of unqualified employees
3. To assess the causes of lack of motivation in new industries
4. To examine the inadequacy of finance for new industries
5. To find out why management of infant industries are always unable to implement the agreement reached with their staff
6. To find out whether Alba-Bello Trading Company is making use of effective management functions towards its growth and profitability.

Significance of the Study

The study tries to portray the need for effective maximization of effective management among infant industries on their growth and profitability. The study will also serve as a thought provoking insight for studies, and serve as reference material to carry out future research on this area. It will also go a long way to widened the scope of the researcher's knowledge in the subject matter

Scope of the Study

The scope of this study covers effective management functions in infant industries with special interest in Alba-Bello Trading Company limited Zaria.

By this, the research will be able to evaluate the impact of effective management function which will lead to ascertain its contribution and impact on the growth and profitability of Alba-Bello Trading Company which will also provide a basis for making objective conclusions.

Research Questions

Based on the problem at hand, in the objective above the research work will seek to answer the following questions:

1. Why is there low response to the development of infant industries in Nigeria despite all Government's efforts in this regard?
2. What factors militate against lack of qualified personnel in infant industries.
3. What causes lack of motivation among the staff of infant industries
4. What causes high rate of unqualified employees in infant industries
5. What causes inadequate finances for the effective take up of infant industries
6. What causes lack of implementation of agreement reached with staff of infant industries and management
7. How is Alba-Bello Trading company making use of effective management function on its growth and profitability

Statement of Hypothesis

Given the objective and the research questions raised above, the study will draw a hypothesis with which it will be able to tackle the problem as follows:

Ho: there is no significant relationship between growth and profitability of infant industries and effective managerial functions.

Hi: there is significant relationship between growth and profitability of infant industries and effective managerial function.

LITERATURE REVIEW

The concept of effective use of management function as highlighted in this study is not entirely new. Over the years, there have been efforts by industries, researchers, at finding more effective ways of using the management functions in pursuing growth and profitability of organizations especially the infant industries.

Meaning of Management

Chaudau (1987) posits that management is a problem solving process of effectively achieving organization's objectives through efficient use of scarce resources in changing environment.

Agwu (1990) also see management as a process of combining and utilizing or allocating organizational inputs (men, material, money and machines) by planning, directing, controlling and organizing for the purpose of producing output desired by customers so that the organization's objectives are accomplished.

Basic Functions of Management

Adewumi (1989) posits that in every organization, managers perform certain function for the purpose of achieving goals. The work done by managers will be concerned with performing the basic functions of planning, organizing, staffing, directing and controlling to achieve the objective of the firm.

Qualities of a Good Manager

Peter (1989) emphasized the need for managers to be skilled in the following:

- a. making effective decision
- b. communicating within and outside the organization
- c. proper use of control and management
- d. budget and planning of work
- e. Using analytical tools to arrive at tangible decisions and issues.

Management by Objectives

Felix (1914) posits that one of the newest approaches which have swept American industries in the last few years is management by objectives (MBO). It is a process by which managers and subordinates work together as a team to identify goals and setting up objectives and make plans together in order to achieve these objectives. This concept was popularized and advocated by Peter Drucker who emphasized that each job be directed toward the objectives of the whole business.

Meaning of Infant Industries

Odiome (1985) sees infant industries as young and growing industries which are competing for resources to enhance growth and expansion. They are firms struggling for market share and good management for the achievement of their corporate goals. Their goals mainly are profits, expansion growth and development. Most of these firms are decision takers because of their position in the industries, their size, production and sales, with their desire to achieve relatively large share of the market for profitability and growth. Thus, the need for good management through the provision of good leadership and teamwork and other management functions for the realization of the corporate objective.

Management Activity of Motivation

Taiwo, (1994) examined motivation as forces that induce human beings to approach their job positively in term of increase profitability and growth.

Control function of management

Chaudau (1987) posits that control as a continues process ensures that the performance lead to some determined goals which includes:

- ✓ Predetermine goals
- ✓ Measuring performance
- ✓ Comparing actual performance with expected performance
- ✓ Taking corrective action

RESEARCH METHODOLOGY

This has to do with the general procedure on how the study will be carried out in order to accomplish the objective of the study. The procedures and tactics for collecting information about the research problem and also look at the sources of data to be used in the study

Research Design

The researcher will use interview so as to enhance data collection with some questionnaires to be distributed. Simple percentages table will be used to analyze the data collected

Population of the Study

Samuel S. (2015) sees population as the number of people or item from which the sample will be drawn. Alba-Bello Trading Company Zaria has a total number of 35 permanent staff and 26 casual staff.

Sample and Sampling Techniques

The sample size of this study is 20 staff made up of 15 permanent and 5 casual staff of the company. The stratified sampling technique was used since the population is made up of permanent and casual staff.

Instrument of Data Collection

To effectively collect data for this research, the primary and secondary sources of data were used while the instrument for data collection is questionnaire and personal interview

Method of Data Presentation and Analysis

In order to carry out a good analysis of this study the simple percentages table with implication will be used to analyze the data and the chi-square to be used to validate the result of the analysis. The chi-square formula is $X^2 = \frac{\sum(F_o - F_e)^2}{f_e}$

Where X^2 = chi-square

F_o = observed frequency

F_e = expected frequency

DATA PRESENTATION AND ANALYSIS

Functions

Table 4.1. Managerial Function on infant industries have positive effect on the growth and profitability of the business

Variables	No of respondents	% of respondents
Yes	17	85
No	3	15
Total	20	100

Source: field survey, 2015

Since a higher percentage of the respondents 83.3% agreed that managerial function has impact on infant industries. Then it implies that the Alba-Bello have a functional management team that formulate policies and ensure its implementation.

Table 4.2. Present working condition satisfactory to the staff

Variables	No of respondents	% of respondents
Yes	17	85
No	3	15
Total	20	100

Source: field survey, 2015

Since a reasonable number of staff respondent Yes, it implies that majority of the staff are satisfied with the working condition with room for improvement

Table4.3. *can control enhance growth and profitability*

Variables	No of respondents	% of respondents
Yes	15	75
No	5	25
Total	20	100

Source: *field survey, 2015*

This shows that, 75% agreed that planning and control has impact on growth and profitability of infant industries. This implies that the infant industries need effective planning and control to succeed.

Table4.4. *Addressing problems militating against company growth and profitability*

Variables	No of respondents	% of respondents
Yes	17	85
No	3	15
Total	20	100

Source: *field survey, 2015*

While 17 said yes 3 said no meaning that majority agreed that for infant companies to grow and make profit there is need to address problems militating against them.

Table4.5. *Subordinate staffing have power at any level*

Variables	No of respondents	% of respondents
Yes	19	95
No	1	5
Total	20	100

Source: *field survey, 2015*

While 19 said yes, 1 said no, meaning that the company is operating a democratic leadership style organization where people’s opinions count in decision making.

Table4.6. *Staffing function facilitate growth and profitability in infant industries*

Variables	No of respondents	% of respondents
Yes	20	100
No	-	-
Total	20	100

Source: *field survey, 2015*

Since all the respondents agreed that motivation facilitate growth and profitability, then it implies that the more staff are motivate the more the work towards the growth and profitability of the organization.

Table4.7. *Room for creating good working relationship between workers and management*

Variables	No of respondents	% of respondents
Yes	20	100
No	-	-
Total	20	100

Source: *field survey, 2015*

The responds rate shows that there is a good working relationship between workers and management.

Test of Hypothesis

To conduct the test on the hypothesis the non-parametric statistical chi-square (X^2) will be use. We will be testing data from our questionnaire, to come up with accurate conclusion and recommendations.

To test the hypothesis data, table 1, 3, and 6 will be use as follows:

Option	Table 1	Table 3	Table 6	Total
Yes	18	15	20	53
No	2	5	-	7
Total	20	20	20	60

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$$E = \frac{\text{column total} \times \text{row total}}{\text{grand total}}$$

For question 1

$$E = \frac{53 \times 20}{60} = 17.7$$

$$E = \frac{7 \times 20}{60} = 2.3$$

Computation of chi-square (X^2) $F_o - F_e$

Fo	Fe	Fo - Fe	(Fo - Fe) ²	
18	17.7	0.3	0.09	0.017
2	2.3	-0.3	-0.09	-0.13
15	17.7	-2.3	-5.29	-0.20
5	2.3	3.7	13.69	1.609
20	17.7	2.3	5.29	-1
0	2.3	-2.3	-5.29	-1
Total				0.479

Degree of freedom is $(R - 1)(C - 1) = (2 - 1)(3 - 1) = 1 \times 2 = 2$

Table value is 5.991

Decision Role

Chi-square of 0.479 calculated, and a table value of 5.991, at 5% significance level. It then means that the H_0 should be accepted which says that there is no significant relationship between the growth and profitability of infant industries and managerial functions.

Discussion of Findings

After the analysis of the data collected for the study, the following were discovered.

1. Managerial functions have no impact on infant companies growth and profitability
2. It was discovered that Alba-Bello trading company has both skilled and unskilled workforce
3. That there is good human relations among the staff of Alba-Bello trading company
4. There are no problems militating against the company in terms of growth and profitability
5. There is low provision of welfare

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Summary

The study looked at the impact of managerial function on the growth and profitability of infant industries, with Alba-Bello trading company Zaria as a case study. Necessary data was gathered and analyzed, the source of data used are both primary and secondary sources.

CONCLUSION

The research work is on the evaluation of the possible impact of managerial functions on the profitability and growth of infant industries. The requirement of management to enhance profitability and growth in terms of their activities is enormous. Therefore, management has a lot to do if profitability and growth are to be achieved by infant industries. From the research conducted so far, we conclude that the impact of management function on the profitability and growth of infant industries has little or no effect on profitability and growth of infant industries. Therefore, making profitability and growth, the bedrock of infant industries in the nation's economy.

RECOMMENDATIONS

Based on the findings in the research, the following recommendations were made:

1. Since managerial function have little or no impact on growth and profitability of infant industries, then there is the need to explore other means of growth and profitability

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2. That the workforce of Alba-Bello trading company (skilled and unskilled) should be well motivated to avoid staff turnover to other rival companies.
3. That the good human relationship existing among the staff and management should be enhance and maintain
4. That effort should be intensified through research and development to find out the problems militating against infant industries.
5. That the low provision of welfare should be looked into by management to motivate staff members towards the achievement of the company’s goals and objectives.

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