(22)

J-M-E

JOURNAL OF MANAGEMENT AND ENTREPRENEUR

© Rosefet Academic Publication

Journal of Management and Entrepreneur
Vol. 1, No. 1, July 2009

EDITOR- IN- CHIEF
Prof. Leo Paul Dana
Department of Management
University of Canterbury
Private bag 4800, Christchurch
New Zealand
Leo.Dana@canterbury.ac.nz

Rosefet Academic Publication
rap@gmail.com

Journal of Management and Entrepreneur
Vol. 1, No. 1, July 2009

Published by:

International Research & Advanced Studies
University of Port Harcourt P.O. Box 264,
Choba, Port Harcourt, Rivers State Nigeria

In Collaboration

Rosefet Academic Publication
1wofe Road, Port Harcourt.

© Rosefet Academic Publication

First Published 2009

All right reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, Photocopying, recording otherwise, without the prior permission of the copyright owner.

EDITORIAL BOARD

EDITOR-IN-CHIEF
Prof. Leo Paul Dana
Department of Management
University of Canterbury, ChristChurch
New Zealand
Leo.Dana@canterbury.ac.nz

EDITORS
Prof. Jan M. Ulijn
Department of organization Science and Marketing
Eindhoven University of Technology
P.O Box 513, 5600 MB Eindhoven
Netherlands

Prof. Carin Holmquist
Center for Entrepreneurship and Business Creation
Stockholm School of Economics
P.O. Box6501, SE- 11383 Stockholm
Sweden

Dr. Ugwuonah Geraldine E.
Department of Marketing
University of Nigeria
Enugu Campus, Enugu State, Nigeria
ugwuonhg@yahoo.com

Dr. Ernest Lytia Molua
Department of Economics and Management
University of Buea
Cameroon

Prof. Sara Carter
Department of Management and Organization
University of Stirling
173 Cathedral Street, Stirling FK94LA
United Kingdom

Prof. Mohammed Chowdhury
Department of Accounting
Monroe College
29 East Fordham Road, Bronx, NY
United States of America

Dr. Uzoma J. F. Ewurum
Department of Management
University of Nigeria, Nsukka
Enugu State
Nigeria
ujfewurum@yahoo.com

Dr. Isaac A. Ayandele
Department of Business Management
University of Uyo, Uyo
Akwa Ibom State,
Nigeria
yinksure@yahoo.com

Dr. Mukoro Dick Oluku
Department of Accounting
Covenant University
Ota, Ogun State, Nigeria
Mukst2000@yahoo.com

Dr. Bello Sabo
Department of Business Administration
Ahmadu Bello University
Zaria, Kaduna State
Nigeria

(Editor and Editorial members do not receive any remuneration. These positions are voluntary)

Table of Content

Journal of Management and Entrepreneur
Volume 1 Number 1, July 2009
© Rosefet Academic Publication

MANAGEMENT AND ENTERPRISE DEVELOPMENT IN NIGERIA

Mukoro Dick Oluku
Department of Accounting
Covenant University, Ota, Ogun State, Nigeria
mukst2000@yahoo.com

ABSTRACT

Management development is currently about many things – making sure that the candidate has right sort of up-to-date specialized knowledge, functional know-how, skills training, management knowledge and job experience – but the one experience that distinguishes it from other field of learning is that, it seeks the opportunity to prove growth both to the enterprise and for all its staff. As a result, large organizations have strived over the last decade to promote additional entrepreneurial activity and to capture more opportunities than their normal product development systems seem to permit. This has provided entrepreneurship experts with plenty of food for though. However, the evidence is strong that nothing leads to failure like success. During the 1980s the idea of developing and supporting entrepreneurs with the main organization ("entrepreneurship") became more rapid. The paper suggests that, there should be an open door to the efforts of individual and teams working on innovations that spun off from the company's main product portfolio. In the end, capturing these opportunities led to additional growth and renewal of the organization/enterprise. The paper recommend that the organization should develop technique that uses leaderless discussion groups to develop awareness and sensitivity to oneself and others (sometime T-group training and laboratory training). Sensitivity training is not widely used today as an organization/enterprise development technique. Successful entrepreneurial organizations have come to realize that there is a central role for the very type of entrepreneurial activity that was present at the early formation of their business. The enterprises themselves must deliver by becoming entrepreneurial corporations.

INTRODUCTION

In some ways, the question of management development alone can be thought of as a misnomer even in contemporary. industrial society, since in most respects business is concerned not just with the development of a few managers, but with many. Certainly, for the future, Human Resource Development probably better describes what the business world is about, in this regard then simply management development.

The amount of overt attention paid to developing indirect controls may depend on the dynamics of the particular enterprise or company. Those organizations in relatively stable environments ad evidencing little growth may develop indirect control with really trying. Individuals may face a long, step-by-step process in moving to positions of real authority and responsibility. In so doing, they gain a value system through long years of experience, almost by osmosis.

One of my colleagues spent a holiday in a large firm in a rather static industry, some where in the South-South states. Upon his return, he said "I understand now why the "X" enterprise is so static. It takes 40 years for anyone to reach a position which allows him to make decisions which have any effect. By that time he/she knows only one way to do it.
In other, more dynamic industries and enterprises, there is an influx of people from the outside and the progress may be relatively rapid up through the hierarchy. In this case more overt attention may be paid to developing consistent value systems through out the organization. Elaborate orientation programmes may be put on for few employees. Periodical company training programs may be held for supervisors, foremen, lower – middle management, upper – middle management, and top management. Those development programmes are carried on in addition to training for specific skills or functions within the organization. The emphasis is often on general management philosophy and its application on a particular company or enterprise. Scott (2002) describes this approach:

> "Development is not be confused with other types of instruction used in Business. Operative training, supervisory training, technical training, and education have fairly clear, commonly understood objectives. Development is considered here as the planned influence of individual psychological process. Its purpose is to gain from an employee an attitudinal commitment to the philosophy, value, and goals of a business organization."

It is likely that many organization members become completely conditioned or developed into day's complex environment. We are part of pluralistic society and belong to many organizations simultaneously. Conformity might be induced by the organization was isolated from its environment and if its participants were totally committed to its purpose only. In general, people become less tractable as they become better educated. This trend alone would seem to indicate extreme difficult in the future in "developing" employees to narrowly construed or generational value systems

On the other hand, it is important that general agreement be reached on important issues such as enterprise's objectives or purposes and other pertinent areas of concern to top management (its development). A degree of vagueness may be necessary to foster compromise and commitment. The control function at higher levels must be sophisticated and flexible enough to meet changing conditions. It is designed to keep the organization endeavors in a dynamic equilibrium while progressing towards operational objectives. In direct control involves a considerable amount of subjective appraisal on the part of top managers. Decisions require wisdom born of intelligence and experience.

MANAGERMENT VITALITY

There is this unique element which is the need and objective of developing some people – call them success orientated managers – who will be sough to exercise, in the very best sense of the world, the finest qualities of leadership on the work environment. This will bring real achievement to an enterprise and reverse the trend away from the bureaucratic, self-perpetuating and self protecting managers we know so well today.

Management development is currently about many things – making sure that the candidate has the right sort of up – to – date specialize knowledge, functional know how, skills training, management knowledge and job experience – but the one element that distinguishes it from other fields of learning is that of seeks the opportunity to provide growth for all staff. Management vitality must go even further. It is recognized that it, gain the real vitality for managers, development must embrace in at least some men and women the element of achievement orientations among their qualities of leadership.

NEED MUST

Why do we have a management development system at all? First, and perhaps, most obviously, because the right man or woman should be available at the right time and in the right place for the job that needs to be filled. No company can operate on its capital and marketing resources alone. We all know from experience, occasionally bitter experience, that the greatest constraint on growth and development in a business has on many occasions been a shortage of executive talent in a particular situation. The right person, at the right place and at the right time, is the first and basic reason for management development.

Secondly, management development has an important part to play in encouraging and providing the opportunity for personal growth and development. We live in a world in which the inspirations and expectations of the individual form an important part of the social context of business. Work should be done, and in deed has become, a place within which personal growth can take place, and where at least some of their career expectations can be met.

Thirdly, society increasingly expects business to provide for the optimum utilization of human resources. Certainly, the company for its purposes must have a manager ready to do the jobs that require doing. At least some of the expectation of the individual – especially for personal growth can be met in the work environment; but society also expects business to provide the appropriate work for people – work that has regard for human dignity and allows for the development of human potential. To under utilize people doing jobs that in some circumstances machines ought of be doing may in some instances be an affront to human dignity and human resourcefulness.

Management development, a part of the human resources activity of a business contributed both to the well being of business by having a well trained and prepared management, and the well being of the individual by providing growth opportunities and greater job satisfaction that can come only from professional competence. It must also distinguish between the achievement – motivated leaders and the officers. Well-planned management development contributed to the maximization of the use of scarce and valuable management/entrepreneurial talent.

THE SIX KEY PHASES OF ENTERPRISE GRWOTH - AND SOMETIMES EXTINCTION - COMMON TO ALMOST EVERY ENTERPRISE

Entrepreneurship is widely recognized as an activity that creates values. This, in turn, is usually seen as starting a new venture – recognizing an opportunity, fashioning it to suit

the entrepreneur, acquiring the resources to pursue it and then capturing the opportunity by creating a company.
However, without discounting the importance e.g. starting a business – for nothing occurs without the start – the value is really created as the enterprise grows, creates jobs, satisfies the needs of more and more customers and in process, makes money for the stockholders. All of which creates value for society. A growing company continues to create value if it spawns more and more new products or services, creates more jobs, pays more taxes and so on – that is renews itself after each product cycle. This paper describes the different periods, phases or stages of growth most successful companies experience and the nature of the changes that occur.

Each stage of growth has its own challenges and these challenges can be approached in a number of ways. One such framework has developed in the early 1980s and has been used ever since by entrepreneurs and consultants. It was re-examined in 1994, updated (five stages, one with two sub-stages, became six stages) and deemed by several hundred owner/managers to be applicable in helping them assess what skills and resources were needed both for the present and the future. Owners who can assess the stages at which their companies are operating can use the framework to understand better existing problems and anticipate further challenges.

The framework covers six stages of enterprise development – diagram below. Each stage is characterized be an index of increasing size, complexity and/or dispersion and described by five management factors; managerial style, organizational structure, extent of formal systems; major strategic goals and owners' involvement in the business.

STAGE 1: CONCEPTION/EXISTENCE

In this stage, the company has not really come in existence. This is because a) it is still somewhat conceptual, or b) it has not solved the problem of obtaining customers, or c) it cannot deliver the product or service contracted for in the necessary quantity or with the necessary quality. Some key questions are:

- Can we expand from that one key customer to much broader sales base?
- Can we develop the product from a pilot production process to a production basis?
- Do we have enough money to cover the considerable cash demands of this start-up phase?

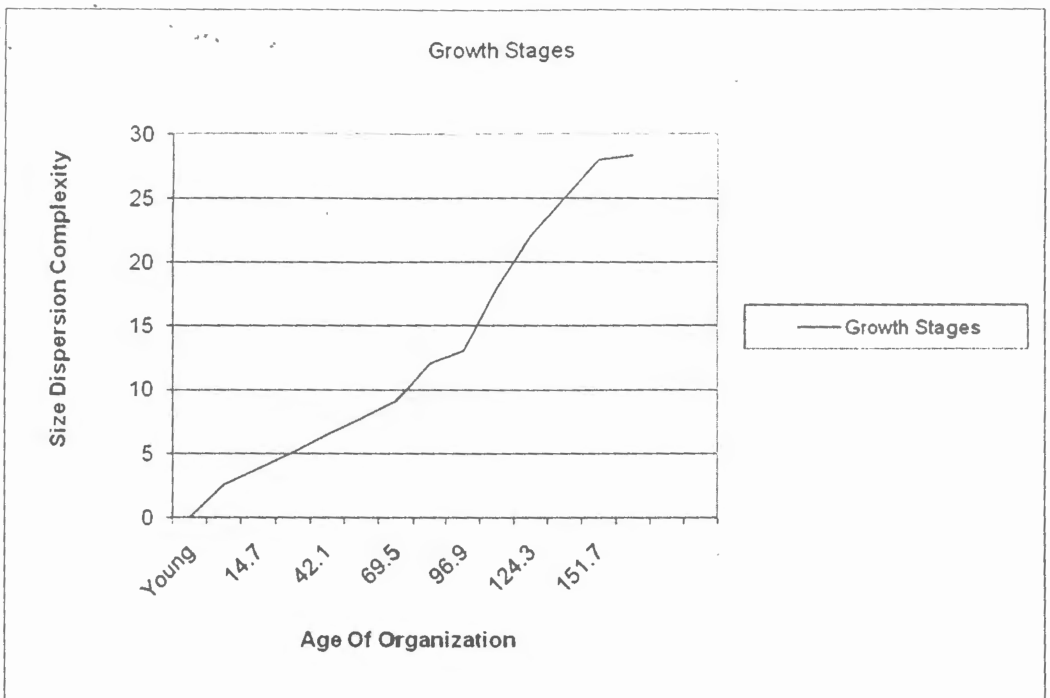

DIAGRAM 1: GROWTH STAGES

The enterprise is a simple one; the owner does everything and directly supervises subordinates, who in the main are of average competence. Systems and formal planning are minimal to non-existence. The company's strategy is simply to remain alive. The owner of the business, perform all the important tasks and is the major supplier of energy, direction and with relatives and friends, capital.

Companies in the conception/existence stage range from newly started restaurants and the retail stores to high technology manufacturers that have yet to stabilize either production or production quality.

Many such companies or products never gain sufficient customers acceptance to become viable. In these cases, the owners close the business when the start up capital runs our and if they are lucky, sell the business for some of its asset value. In other cases, the owners cannot accept the demands the business places on their time, finance and energy and they quit. The companies that remain in business become stage II enterprises.

Stage ii: Survival

In reaching this stage, the business has demonstrated that it is a workable business entity. It has enough customers and satisfies them sufficiently with its products or services to keep them. The key problem thus shifts from mere existence to the relationship between revenues and expenses. The main issues are as follows:

- In the short run, can we generate enough cash to break-even and to cover the repair or replacement of our capital assets as they wear out?

- Can we, at a minimum, generate enough cash flow to stay in business and to finance growth to a size that is sufficiently large, given our industry and market niche, to earn an economic return on our assets and labour?

The organization is still simple. The company may have a limited number of employees supervised by a sales manager or a general foreman. Neither of them makes major decisions independently but instead carries the rather well-defined orders of the owner.

System development is minimal. Formal planning is usually limited to cash forecasts and project plans. The major goal is still survival and the owner is still synonymous with the business.

In the survival stage, the enterprise may grow or develop to the size and profitability and move on to stage III or it may, as many companies do, remains at the survival stage for a long term.

These companies are often "hobby" type businesses where the owner enjoys, for example, skiing and so runs a ski shop and non-economic aspects of the enterprise are positive. Also, these can be family businesses, such as small restaurants employing a number of extended family members. They operate these businesses until they die or retire and while some are sold or passed on to children who wish to change them, most cease operating and drop out of sight.

Stage iii: Profitability and Stabilization

In this stage, the enterprise has developed and it has attained true economic health, has sufficient size and control and product market penetration to ensure economic success and earns average or above average profits. The company can stay at this stage indefinitely provided environmental change does not destroy its market niche or effective management reduce its competitive abilities.

Many companies continue for long periods in the stability stage. The product market niche of some does not permit growth – this is the case for many service businesses in small or medium sized slowly growing communities and for franchise holders with limited territories.

Other owners actually choose this route. If the company can continue to adapt to environmental changes, it can continue as is, be sold or merged at a profit or subsequently be stimulated into growth. If the company can adapt to changing circumstances as was the case with many automobile dealers in the late 1970s and early 1980s, it will either fold or drop back to a marginally surviving company.

Stage iv: Profitability And Growth

In this stage the owner-manger consolidates the company and marshals resources for growth. He takes the cash and established borrowing power of the company and puts it to risk to finance growth. If it is successful, the growth company may make a commitment to a higher growth rate and transition to stage V – the take-off stage. Indeed, stage IV is often a first attempt at growing, say regionally, before making a total commitment to growth. If a stage IV company is unsuccessful, the cause may be detected in time for the company to shift to stage III. If not, stage II may be possible prior to bankruptcy or a distress sale.

Stage v: Maturity Stage/Fully Developed Stage

The greatest concerns of a company entering full development or the stage of maturity, first, to consolidate and control the financial gains brought on by rapid growth and, second to retain the advantages of small size including flexibility of response and entrepreneurial spirit.

The corporation must expand the management force fast enough to eliminate the inefficiencies that growth can produce and professionalize the company by use of such tools as budgets, Management by Objective (MBO) and standard cost systems – and do this without shifting its entrepreneurial qualities.

The company/enterprise in the maturity has arrived. It has the advantages of size, financial resources, and managerial talent. The management team is well developed, if it can preserve its entrepreneurial spirit, it will be a formidable force in the market. If not, it may enter a seventh stage of sorts: ossification.

Ossification is characterized by a lack of innovative decision making and the avoidance of risks. It seems most common in large corporations whose sizeable market shares, buying power and financial resources keep them viable until there is a major change in the environment. This does not mean that the management team is not fully developed.

Unfortunately, for these businesses, it is usually, their rapidly growing competitors that notice the environmental change first Churchill (1997)

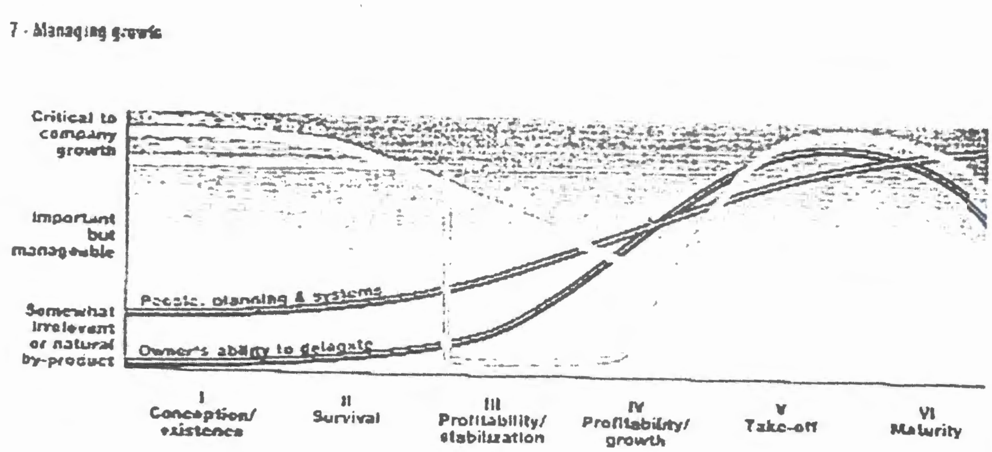

Figure 2: Management factors and stages

CONCLUSION AND RECOMMENDATIONS

Management Factors and Stages

The findings of the various studies involved in the development of the six – stages model strongly suggest that the levels of chief executive leadership/management skills, management team function and organizational culture are related to the financial performance of organizations. Chief executive and management teams who rate low in those skills have lower company financial performance than those who rate higher in the same areas.

Further, maintaining these skills as her organization grows can be challenging. In many companies, the higher the rate of sales growth, the lower the level of the organizational culture factors mentioned above that relate profitability. To maintain or improve profit margins, management must focus on those elements that apparently become more difficult to execute often or well as the company grows.

The changing nature of managerial challenge becomes apparent when one examine diagram above. On the early stages, the owners' ability to delegate is on the bottom of the scale since there are few employees to delegate to, but it becomes critical later as the company grows. In contrast, the owners' ability to do the job in these early stages gives life to the business. Small businesses are built on the owners' talents who had been developed earlier, have the ability to sell, produce, invent or whatever. This factor is thus of highest importance.

While each enterprise is unique in many ways, all face similar problems on the race of development and all are subject to great changes. That is why being an owner is so much fun and such a challenge.

Therefore, the paper recommends the definition given by Beckhavd (1999) on the application of managerial training and organizational development. He uses the term "manager development" to refer to progress a manager makes in learning how to manage. Managerial training on the other hand, pertains to the programs that facilitate the learning process. There is less agreement on what should be considered "Enterprise Development (ED)." Perhaps the most popular definition is by Beckhard (1980) who states "Enterprise development is an effort i) planned, ii) organization wide, and iii) manage from top to iv) increase organization effectiveness and health through v) planned interventions in the organization process, using behavioural science knowledge, but manager development concentrate on the progress individual make. These approaches are supportive of each other and should be integrated for improved management and enterprise effectiveness.

REFERENCES

R. Beckhard, Organization Development: Strategies and Models. Wesley Publishing Company, Inc (2004)

Financial Times – Sue Birley, Daniel F., Magyka 2002

Hay, M. and Khamshadik (1994)

Neil Churchill (2000)

Mukoro (2009/10) In press.