



ROLE OF MANAGEMENT SKILLS IN BUSINESS ORGANISATION

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ABSTRACT

In India, Small and Medium Enterprises is the base of Indian Economy. The life of Indian peoples is very much dependent on the production of this sector. In Indian Economy are progress & developed the Small and Medium Enterprises and such in these sector are developed in India, before and after independence. The training and skills ecosystem workshop verified the results of the field research and provided explanations about the reasons for the key findings: for example, the workshop participants explained that the majority of the SMEs are family-owned enterprises which, in general, are not institutionalized. It depends on the vision and/or willingness of the owner of the company to invest in training. Most of the time, SME owners think that investment in training equals a waste of money but at the same time never consider the cost of continuing to employ staff without proper training/skills. There is the fear that trained personnel would leave the company when their skill levels increase after training. The workshop revealed the need for collaboration and communication between the public organizations and NGOs responsible for training/skills development in SMEs, as well as the need for enhancing the governance system at local, regional and national level in order to eliminate overlaps and fill the gaps in the system. Studies have shown that SMEs focus on management skills to ensure a long run performance of their firms. The world, in the twenty first century, is unprecedentedly embracing entrepreneurship development as a more sustainable way of ensuring employment generation and economic development. This came to be against the back drop of the shrinking ability of

governments and big organizations to create and provide job opportunities for the ever increasing job seekers.

KEYWORDS - Entrepreneur, Entrepreneurial Capabilities, Entrepreneurial Success, Management Skills, Small and Medium Enterprises (SMEs), Developed Economy, Job Opportunity etc.

INTRODUCTION

In India, Small and Medium Enterprises is the base of Indian Economy. The life of Indian peoples is very much dependent on the production of this sector. In Indian Economy are progress & developed the Small and Medium Enterprises and such in these sector are developed in India, before and after independence. The training and skills ecosystem workshop verified the results of the field research and provided explanations about the reasons for the key findings: for example, the workshop participants explained that the majority of the SMEs are family-owned enterprises which, in general, are not institutionalized. It depends on the vision and/or willingness of the owner of the company to invest in training. Most of the time, SME owners think that investment in training equals a waste of money but at the same time never consider the cost of continuing to employ staff without proper training/skills. There is the fear that trained personnel would leave the company when their skill levels increase after training. The workshop revealed the need for collaboration and communication between the public organizations and NGOs responsible for training/skills development in SMEs, as well as the need for enhancing the governance system at local, regional and national level in order to eliminate overlaps and fill the gaps in the system. Studies have shown that SMEs focus on management skills to ensure a long run performance of their firms. Thus, owing to the increase in SMEs in the trade sector in Makurdi town, Benue State, this study examined the relative contribution of management skills to the success of these SMEs. A survey research method was adopted for the study, while systematic sampling technique was employed to gather data using questionnaires. The generated data were analyzed using Principal Component Analysis (PCA) and regression analysis. It was found that the highest relative contribution was made by skills for planning and budgeting for a marketing strategy that provides attractive range of products, followed by skills to act quickly on detecting changes in the environment, skills for assessing sales problems as a way of maintaining good customer relations, skills to focus on product quality so as to capture a sizeable market share, and management expertise skills to attract and keep

competent employees. The study recommends that trade entrepreneurs should be sensitized to concentrate on learning and developing the identified skills.

OBJECTIVES OF RESEARCH STUDY

1. To study the conceptual background of Management Skill in SMEs.
2. To study the Role played by Management Skill in SMEs.
3. To study the supporting the development of leadership and management skills in SMEs.

HYPOTHESIS

1. In Indian Economy are progress & developed the Small and Medium Enterprises and such in these sector are developed in India, before and after independence.

RESEARCH METHODOLOGY

For the present research study the data pertaining to the above objectives was collected and reviewed the literature on the topic concerned. The literature was thus collected by visiting various libraries. Some Government offices were also visited for getting office record and statistical data. The secondary data is also collected from various websites.

With the above objectives keep in mind the instructed Interview Method and Desk Research Method was basically adopted. The Secondary Data is collected from various reference books related to Small and Medium Enterprises, Entrepreneurship, Entrepreneurship Management Skill, Commerce & Management, and Marketing & Finance etc. For said research study secondary data is also collected from the National and International Research Journals which are related to Commerce, Management, Marketing and Management Skill.

ROLE PLAYED BY MANAGEMENT SKILL IN BUSINESS ORGANISATION

Entrepreneurial learning capability and proactivity have been identified as key dimensions of management skills. Entrepreneurial learning capability has been emphasized in different ways in literature about entrepreneurial capabilities: high-level learning involving the identification and use of new combinations of resources (Sharma and Vredenburg, 1998); the entrepreneurial obligation to innovate and develop workers' skills; discovery of talent, ideas and exterior technologies (Russo and Foute, 1997). Young and Tiller (2006) defined it as entrepreneurial capability to generate and generalize ideas that impact multiple frontiers

and business practices, by means of specific business administration initiatives. This capability is composed of three fundamental parts: (1) acquiring, discovering, creating and promoting ideas; (2) sharing ideas internally in the enterprise and; (3) detecting and correcting problems that may lead to failures in the two previous parts.

The proactivity of a business enterprise is considered to be a favourable contribution to the achievement of entrepreneurial success (Barba-Sanchez and Atienza-Sahuquillo, 2010; Agbim and Oriarewo, 2012). A proactive strategy promotes the adoption of a more advanced entrepreneurial stance. Knowledge, which can be considered the most important strategic resource, is among the resources generated by entrepreneurial learning capability. The ability (entrepreneurial learning) to share this knowledge is the most important factor in achieving and sustaining entrepreneurial success. Entrepreneurial learning capability does not only lead to the development of management skills but also to entrepreneurial success in terms of improved efficiency, cost reductions, higher productivity and it also triggers personal entrepreneurial skills. Enterprises with higher learning capability are more sensitive to changes and tendencies in the market. They are usually more flexible and answer more quickly than their competitors to such changes because entrepreneurial learning provides for the creation of new useful Knowledge for making decisions in the enterprise, allowing for more complete adaptation to the environment and increased efficiency capabilities (Fiol and Lyles, 1985; Snell et al., 1996; Brockmand and Morgan, 2003). Drucker (1985) suggested that to be successful, a business must meet four requirements of management skills which are: (1) marketing activities and an active business, (2) a strong financial base; (3) building effective top management teams; and (4) active role played by entrepreneurs. Sarasvathy (2001) also listed management skills as one of the factors that affect entrepreneurial performance apart from knowledge, relationships and social networks.

Richter and Kemter (2000) examined the factors that determine the success of small businesses. Their study compared successful and less successful organizations. Among the criteria for success are the change in the number of employees since the firm was established, market share, the valuation of economic development and sales issues. Richter and Kemter found that having the ability and competence to control and plan the whole business is an important management skill for business success. In addition, Richter and Kemter stated that more successful business owners have good management skills by offering a special service and paid attention to quality and design of their products or services. Cooperation with similar companies, a flat organizational structure, delegation of responsibility and nurturing management capabilities are also management skills that determine business success.

Appostilidis (1977) outlined six characteristics for successful entrepreneurs. All six cases were on management skills. The characteristics are the ability to detect and respond quickly to market changes and the appropriate changes in buying habits, having an attractive product range to gain market share which is in accordance with the firm's size and ability, to have sufficient capital, possess management expertise and create a master plan for growth. All these business management skills are essential for the success of entrepreneurs.

SUPPORTING THE DEVELOPMENT OF LEADERSHIP AND MANAGEMENT SKILLS

Raising leadership and management skills is not simply a case of providing good quality development programmes – if it was we would be further advanced in our relative position to our competitor countries. Even the best development programmes and qualifications designed to improve leadership skills are regularly beset with problems over defining the key traits of leadership and clearly differentiating between leadership and management skills. Furthermore, there is no clear consensus on the most effective forms of delivery which engage managers in SMEs. Within the UK, the need to improve publicly-funded provision for leadership and management support is clear. There is no single or cohesive approach and, despite the efforts of brokerage services such as Business Link, employers are often either unaware of the offer or are unable to access appropriate levels of support due to the complexity of the offer. Furthermore, there is limited evidence to demonstrate that the current provision is clearly valued by employers and that it can demonstrate true impact upon business performance. BIS are addressing this through the provision of five Employee Engagement Guides, including one on leadership and management, which provide information and practical guidance to help employers adopt employee engagement techniques in their workplaces.

Moreover, with the downward pressure on public expenditure, any recommendation for improving leadership and management support must be considered in the context of achieving more and better for less public expenditure.

Employer networks

There is growing evidence to support the role of employer networks as a mechanism through which employers can invest in their own skills and, ultimately, those of their workforce. There are a number of bodies and agencies which already represent employer issues such as Chambers of Commerce, the Federation for Small Businesses, the Institute of

Directors and Sector Skills Councils. However, employer networks represent an opportunity for employers to directly engage with other employers to address issues around leadership and management.

Employers who were engaged in this review were unanimous in their opinion that peer-to-peer learning was a particularly effective way of developing their leadership and management capabilities. Employer networks can exist on a spatial or sectoral basis they form as a result of a series of drivers, but they usually coalesce for the purposes of accessing a specific skills need or to address wider business challenges. Networks of this nature provide an ideal environment for employers to share ideas, experiences and information which support the development of leadership and management skills. Collectively, employers have an enhanced capacity to navigate issues which surround leadership and management as well as an enhanced ability to navigate complex offers of support, such as the existing publicly-funded leadership and management offer.

Recommendations

Developing leadership and management skills has clear value in stimulating business productivity and overall economic competitiveness. Failing to ensure that businesses have the ability to effectively harness the skills of their workforce and identify areas for innovation and business growth puts at risk the UK's ambition of becoming a world leader in employment and skills.

Employer networks present a new opportunity for Government to create an environment which would truly stimulate effective leadership and management development, where employers can interact and share experiences of leadership and management as well as experience an enhanced capacity to navigate and explore the overall skills offer presented by Government. It is essential within the programme design of employer networks that Government adopts a facilitative role in supporting the establishment of networks, and ensures that ownership truly sits with the group's employer members. We therefore recommend that Government should:

1. Initiate action to raise awareness and promote the benefits of employer networks, e.g. through road shows, existing employer engagement channels and support programmes.
2. Provide seed-corn funding for groups of employers wishing to establish employer networks, e.g. through the development of repayable network 'start up' loans. A modest amount should be allocated from existing support programmes such as the

Train to Gain programme in England to support the establishment of networks. Co-financing from employers should be a key feature of any funding support.

3. Invest in improved information, advice and guidance for employers, e.g. by building strong inter-network links with the Leadership and Management Advisory Service in England enabling employers to make the right choices about where to invest in developing their leadership and management skills.

CONCLUSION

Management skills have been identified as one of the key factors for entrepreneurial success. It was found that entrepreneurial success in the trade sector is most associated with skills for planning and budgeting for a marketing strategy that provides attractive range of products, followed by skills to act quickly on detecting changes in the environment, skills for assessing sales problems as a way of maintaining good customer relations, and management expertise skills to attract and keep competent employees. The study therefore recommends the sensitization of the trade entrepreneurs who wish to develop their management skills to concentrate on the identified factors either through training or short courses. Also, the entrepreneurs can alternatively seek the services of a more skillful and committed employee. Further, future studies can focus on sectors such as manufacturing and services, and other skills that enhance entrepreneurial success such as technical skills and personal entrepreneurial skills.

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