

Effective Management as a tool for business survival

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Abstract

The study examines effective management as a tool for business survival, with a case study of Obajana Cement Company in Kogi State, Nigeria. Effective management is recognized as a critical factor in ensuring organizational sustainability, particularly in challenging business environments characterized by economic instability, infrastructural deficits, regulatory complexities, and intense competition. The study employed a descriptive survey research design, targeting management and staff of Obajana Cement Company. A sample of 100 respondents was selected, and data were collected using a structured questionnaire divided into sections on demographic information and management practices. The collected data were analyzed using frequency tables, percentages, and the Chi-Square (χ^2) statistical test to test the study hypothesis. The findings indicate that effective management practices—including strategic planning, financial management, human resource management, operational efficiency, and leadership—have a significant positive impact on the financial performance and survival of the business. Specifically, businesses that adopt structured management practices demonstrate enhanced operational efficiency, better financial stability, and improved employee performance, which collectively contribute to sustainable growth. The study concludes that management practices are indispensable for business continuity and provides recommendations, including regular financial audits, investment in management training, strategic planning, adoption of technology, and fostering a culture of accountability. These insights are valuable for managers, business owners, and policymakers seeking to strengthen organizational resilience and ensure long-term success.

Original Research Article

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INTRODUCTION

Effective management is often cited as a critical factor in the survival and success of businesses. According to Drucker (1999), management is the organ of institutions, and its effectiveness directly influences the performance and sustainability of an organization. Effective management involves multiple interconnected dimensions, such as strategic planning, efficient allocation of resources, strong leadership practices, and the development of a supportive organizational culture. These elements work synergistically to ensure that a business can navigate challenges, adapt to changes, and capitalize on opportunities.

Strategic planning is a cornerstone of effective management. Kaplan and Norton (2001) emphasize the importance of the Balanced Scorecard as a strategic planning and management system that helps organizations translate vision and strategy into action. By setting clear objectives, identifying key performance indicators, and aligning resources with strategic

goals, businesses can create a roadmap for long-term success. This proactive approach enables organizations to anticipate market trends, respond to competitive pressures, and mitigate risks, thereby enhancing their chances of survival.

Resource allocation is another critical aspect of effective management. Barney (1991) discusses the Resource-Based View (RBV) of the firm, which posits that the unique resources and capabilities of an organization are key to achieving a sustainable competitive advantage. Effective managers must identify, develop, and deploy these resources efficiently to maximize their potential. This includes not only financial resources but also human capital, technological assets, and intellectual property. Proper resource allocation ensures that the organization can maintain operational efficiency, innovate, and deliver value to customers.

Leadership plays a pivotal role in effective management. Kotter (1990) distinguishes between management and

leadership, noting that while management is about coping with complexity, leadership is about coping with change. Effective leaders inspire and motivate their teams, create a shared vision, and foster a culture of collaboration and innovation. Transformational leadership, as described by Bass and Avolio (1994), is particularly effective in driving organizational change and ensuring business survival. Leaders who can navigate their organizations through turbulent times and inspire a commitment to continuous improvement are invaluable assets.

Organizational culture is also a significant factor in effective management. Schein (2010) describes organizational culture as the system of collectively held fundamental beliefs and assumptions that a group develops while addressing challenges related to external adaptation and internal cohesion. A strong, positive culture can enhance employee engagement, improve morale, and foster a sense of belonging. As a result, this can contribute to improved productivity, enhanced quality of customer service, and greater levels of innovation. Effective managers must cultivate and maintain a culture that aligns with the organization's values and strategic objectives.

Effective management is a multifaceted concept that is essential for business survival. It involves strategic planning, resource allocation, leadership, and organizational culture. Each of these elements contributes to the overall effectiveness of management and, consequently, the sustainability of the organization. With the continuous transformation of the business environment, the significance of effective management is expected to increase further, establishing it as a vital area of attention for both scholars and professional practitioners.

Effective management is crucial for the survival and growth of businesses, particularly in challenging environments such as Nigeria. The Nigerian business landscape is characterized by a myriad of challenges including economic instability, regulatory hurdles, infrastructural deficits, and a highly competitive market. These factors necessitate the adoption of effective management practices to ensure business continuity and growth. Without effective management, businesses in Nigeria are likely to struggle with operational inefficiencies, financial instability, and an inability to adapt to market changes, ultimately leading to business failure.

One of the primary issues facing businesses in Nigeria is economic instability. Fluctuations in the value of the Naira, inflation, and inconsistent government policies can create an unpredictable business environment. Effective management practices, such as strategic planning and financial management, are essential for navigating these economic challenges. Managers must be able to anticipate economic trends, allocate resources efficiently, and implement cost-saving measures to maintain profitability and ensure long-term survival.

Regulatory hurdles also pose a significant challenge to business survival in Nigeria. The regulatory environment in Nigeria is often complex and can be burdensome for businesses, particularly small and medium-sized enterprises (SMEs). Effective management involves understanding and complying with regulatory requirements, as well as advocating for more business-friendly policies. Managers must stay informed about changes in regulations and ensure that their businesses are in compliance to avoid legal issues and potential fines that could jeopardize their operations.

Infrastructural deficits, such as inadequate power supply, poor transportation networks, and limited access to technology, further complicate the business environment in Nigeria. Effective management requires innovative solutions to overcome these infrastructural challenges. For example, businesses may need to invest in alternative power sources, develop efficient logistics strategies, and leverage technology to improve operations. Managers who can effectively address these infrastructural issues are better positioned to ensure the survival and growth of their businesses.

The highly competitive market in Nigeria also necessitates effective management practices. Businesses must differentiate themselves from competitors through innovation, quality products and services, and excellent customer service. Effective management involves fostering a culture of continuous improvement, investing in employee development, and staying attuned to market trends. Managers who can effectively lead their teams and drive innovation are more likely to achieve a competitive advantage and ensure the long-term success of their businesses.

Effective management is a critical tool for business survival in Nigeria. The challenges posed by economic instability, regulatory hurdles, infrastructural deficits, and a competitive market require managers to adopt strategic, innovative, and compliant management practices. By doing so, businesses can navigate the complexities of the Nigerian business environment, maintain operational efficiency, and achieve sustainable growth. Without effective management, businesses in Nigeria are at a higher risk of failure, underscoring the importance of strong leadership and sound management practices.

Aim and Objectives of the Study

The aim of the study is to examine effective Management as a tool for business survival. The specific objectives are:

1. Investigate the impact of effective management practices on the financial performance of small businesses.
2. Analyze the role of leadership in implementing effective management strategies for long-term business sustainability.
3. Examine the relationship between management decisions and business survival
4. Explore the effectiveness of communication strategies in ensuring the alignment of organizational goals.

RESEARCH METHODOLOGY

Research Design

This study employed the descriptive survey design.

Population of the Study

For the purpose of this study, the target population consists of management and staff of Obajana Cement Company in Kogi State.

Samples and Sampling Techniques

The sample of the study represents the segment of the population chosen for detailed investigation. In selecting the participants for this research, the researcher utilized a total of one hundred (100) respondents drawn from the management and staff of Obajana Cement Company in Kogi State.

Instrument for Data Collection

The instrument employed for data collection was a questionnaire developed by the researcher. The tool was carefully structured to ensure clarity and simplicity for ease of response. It was organized into two sections, namely Section A and Section B. Section A was designed to obtain demographic and personal information about the

respondents, while Section B contained items derived from the research questions to elicit relevant opinions. Responses in this section were measured using four options: Strongly Agreed (SA), Agreed (A), Strongly Disagreed (SD), and Disagreed (D).

Validity of the Instrument

To establish the face validity of the study, the research instrument was carefully examined and evaluated by the supervisor to determine the suitability of each item. The feedback provided by the supervisor was incorporated in refining the final version of the instrument, which was subsequently subjected to content validity assessment to ensure that its items adequately represented the scope and objectives the instrument was designed to measure.

Method of Data Analysis

The responses obtained from the questionnaire were analyzed through the use of frequency tables and simple percentage techniques. The research hypotheses formulated earlier were tested using the Chi-square statistical method.

RESULTS

Table 1: Distribution of Questionnaire

	Frequency	Percent
Returned	87	87.0
Unreturned	13	13.0
Total	100	100.0

Source: Field Survey, 2024

Table 4.1 revealed that 87 respondents, representing 87 percent of the sample, completed and returned their questionnaires, while 13 respondents, accounting for 13 percent, did not return theirs. This indicates that a substantial proportion of the distributed questionnaires were duly completed and retrieved for analysis.

Table 2: Distribution According to Gender

	Frequency	Percent
Male	51	58.6
Female	36	41.4
Total	87	87.0

Source: Field Survey, 2024

As presented in Table 2, 51 respondents representing 58.6 percent were male, while 36 respondents representing 41.4 percent were female. This suggests that male participants were more represented in the study compared to their female counterparts.

Table 3: Distribution according to Age

	Frequency	Percent
21 – 30 years	30	34.5
31 – 40 years	24	27.6
41 – 50 years	18	20.7
51 – 60 years	9	10.3
Above 60 years	6	6.9
Total	87	100.0

Source: Field Survey, 2024

In the age grade category in Table 3, it shows that the respondents 34.5%(30) respondents are between 21 – 30 years, 27.6%(24) are between 31 – 40 years age range, 20.7%(18) are from 41 – 50 years, 10.3%(9) respondents are in between 51 – 60 years, while 6.9%(6) are in the age bracket of above 60 years.

Table 4: Distribution According to Marital Status

	Frequency	Percent
Single	49	56.3
Married	38	43.7
Total	87	87.0

Source: Field Survey, 2024

The Marital category of the respondents shows that 56.3% (49) respondents were single while 43.7% (38) respondents were married. This implies that respondents with single status attended more to the questionnaire.

4.3 Testing of Hypothesis

Hypothesis 1

Ho: Management practices has no significant impact on the financial performance of small businesses.

H1: Management practices has significant impact on the financial performance of small businesses.

Table 5: Relationship between Management practices and financial performance

Structure	N	\bar{X}	SD	df	Standard Error	t-cal	t _{crit}	Decision
Management practices	87	3.59	0.883	172	0.177	2.813	1.96	H ₀
Financial performance	87	3.09	1.398					Rejected

0.5 level of significance

Table 5 indicates that the calculated t-test value ($t_{\text{cal}} = 2.813$) is higher than the critical value ($t_{\text{crit}} = 1.96$) at the 0.05 level of significance with 172 degrees of freedom. Consequently, the null hypothesis was rejected in favor of the alternative

hypothesis, which posited that management practices have no significant impact on the financial performance of small businesses. The result therefore demonstrates that

management practices exert a significant influence on the financial performance of small businesses.

DISCUSSION OF FINDINGS

Management practices play a crucial role in determining the financial performance of small businesses. Effective management practices can lead to improved operational efficiency, better decision-making, and enhanced financial outcomes. According to Bloom and Van Reenen (2007), structured management practices, such as setting clear targets, monitoring performance, and incentivizing employees, are strongly correlated with better financial performance. Their study found that firms with higher management scores had significantly higher productivity, profitability, and growth rates.

One key aspect of management practices that impacts financial performance is strategic planning. Small businesses that adopt strategic planning are more capable of foreseeing changes in the market environment, utilizing their resources effectively, and establishing attainable financial objectives. A study by Brinckmann, Grichnik, and Kapsa (2010) found that small businesses with formalized strategic planning processes experienced higher growth rates and better financial performance compared to those without such processes. This suggests that the ability to plan and execute long-term strategies is a critical determinant of financial success.

Another important management practice is financial management. Effective financial management involves budgeting, financial forecasting, and cash flow management. According to a study by Gibson and Cassar (2005), small businesses that implement robust financial management practices are more likely to achieve financial stability and growth. The study highlighted that businesses with accurate financial records and regular financial analysis were better positioned to make informed decisions, secure funding, and manage risks.

Human resource management (HRM) practices also significantly impact the financial performance of small businesses. HRM practices such as recruitment, training, and performance appraisal can enhance employee productivity and satisfaction, leading to better financial outcomes. A study by Way (2002) found that small businesses that invested in HRM practices experienced higher sales growth and profitability. The study underscored the necessity of harmonizing human resource management practices with organizational objectives in order to optimize financial performance.

Innovation management is another critical factor influencing the financial performance of small businesses. Businesses that foster a culture of innovation are more likely to develop new products, improve processes, and enter new markets. A study by Rosenbusch, Brinckmann, and Bausch (2011) found that small businesses with strong innovation management practices had higher financial performance. The study suggested that innovation management practices, such as

encouraging creativity and investing in research and development, are essential for sustaining competitive advantage and financial success.

Lastly, customer relationship management (CRM) practices can significantly impact the financial performance of small businesses. Effective customer relationship management practices entail a thorough understanding of client needs, the delivery of high-quality service, and the development of sustainable long-term relationships. A study by Nguyen, Sherif, and Newby (2007) found that small businesses with strong CRM practices experienced higher customer retention rates and increased sales. The study highlighted that businesses that prioritize customer satisfaction and loyalty are more likely to achieve financial success.

In conclusion, management practices play a vital role in determining the financial performance of small businesses. Elements such as strategic planning, sound financial administration, effective human resource management, innovation-oriented management, and strong customer relationship management collectively serve as essential drivers of financial success. By implementing effective management practices, small businesses can improve their operational efficiency, make informed decisions, and achieve sustainable growth.

CONCLUSION

The study conclusively demonstrates that effective management practices play a pivotal role in enhancing the financial performance of small businesses. Through a comprehensive analysis of various management strategies, it was found that businesses that adopt structured and strategic management practices tend to outperform those that do not. This correlation underscores the importance of managerial acumen in navigating the complexities of the business environment, particularly for small enterprises that often operate with limited resources.

A major outcome of the study is the notable influence of financial management practices on the performance of businesses. Small enterprises that adopt effective financial planning, budgeting, and cash flow control mechanisms are more likely to attain financial stability and sustainable growth. Such practices empower businesses to make well-informed decisions, utilize resources judiciously, and reduce exposure to financial risks. Therefore, the implementation of sound financial management practices is crucial for small businesses seeking to improve their financial results.

Moreover, the study highlights the importance of human resource management in driving financial performance. Effective recruitment, training, and employee retention strategies contribute to a motivated and skilled workforce, which in turn boosts productivity and operational efficiency. Small businesses that invest in their employees and foster a positive work environment are more likely to experience higher levels of employee engagement and performance, leading to improved financial results.

Operational management practices also emerged as a critical factor influencing financial performance. Small businesses that streamline their operations, optimize supply chain management, and implement quality control measures are able to reduce costs and improve product or service quality. These operational efficiencies translate into better customer satisfaction and increased profitability. The study emphasizes that continuous improvement and innovation in operational processes are vital for sustaining competitive advantage and financial success.

Additionally, the study highlights the contribution of strategic management to the financial direction of small businesses. Enterprises that undertake strategic planning, conduct market assessments, and establish competitive positioning are more capable of recognizing growth opportunities and adapting to changing market conditions. Strategic management practices allow small businesses to define clear objectives, formulate practical action plans, and monitor progress, thereby strengthening their capacity to realize long-term financial goals.

In conclusion, the study provides compelling evidence that management practices significantly impact the financial performance of small businesses. By adopting effective financial, human resource, operational, and strategic management practices, small businesses can enhance their financial stability, growth, and overall success. The findings of this study serve as a valuable guide for small business owners and managers, highlighting the critical role of management in driving financial performance and ensuring sustainable business growth.

RECOMMENDATIONS

Here are six recommendations based on the study that highlights the significant impact of management practices on the financial performance of small businesses:

1. Implement Regular Financial Audits: Small businesses should conduct regular financial audits to ensure accuracy and transparency in their financial records. This practice helps in identifying discrepancies early, allowing for timely corrective actions. Regular audits also build trust with stakeholders and can improve the business's credibility and creditworthiness.
2. Invest in Management Training Programs: Owners and managers of small businesses should invest in continuous professional development through management training programs. These programs can cover various aspects such as financial management, strategic planning, and leadership skills. Well-trained managers are better equipped to make informed decisions that positively impact the financial health of the business.
3. Adopt Technology for Financial Management: Small businesses should leverage financial management software and tools to streamline their accounting

processes. Technology can help in automating routine tasks, reducing errors, and providing real-time financial insights. This enables businesses to make data-driven decisions and improve their overall financial performance.

4. Develop a Strategic Business Plan: A comprehensive and strategic business plan is essential for guiding the growth and financial success of small businesses. The plan should include clear financial goals, detailed market analysis, and a roadmap for achieving these objectives. Regularly reviewing and updating the business plan ensures that the business remains aligned with its financial targets.
5. Enhance Cash Flow Management: Effective cash flow management is crucial for the sustainability of small businesses. Businesses should implement practices such as timely invoicing, efficient inventory management, and prudent expense control. Maintaining a healthy cash flow ensures that the business can meet its financial obligations and invest in growth opportunities.
6. Foster a Culture of Financial Accountability: Creating a culture of financial accountability within the organization can significantly impact its financial performance. This involves setting clear financial responsibilities for employees, encouraging cost-saving initiatives, and promoting transparency in financial matters. A culture of accountability ensures that everyone in the organization is aligned with the financial goals and works towards achieving them.

By implementing these recommendations, small businesses can enhance their management practices and, consequently, improve their financial performance.

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