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Mismanagement Challenges Among Manufacturing Firms In South-South Nigeria

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Abstract: *The study focused its empirical verification on three key areas which are very fundamental to the study, viz: delay in decision making, internal control system and lack of strategy. The population covered 235 selected manufacturers from the registered manufacturing firms in the area. Under the study, we have a sample size of 147 which was determined by Taro Yamene technique. Source of data was through primary and secondary means and the instrument used for the collection was also questionnaire which was administered by the researcher. 130 copies of the questionnaire were returned (88% response rate to the questionnaire). Data were analyzed through chi-square method. The result revealed that there is a positive significant relationship between delay in decision making, internal control system, lack of strategy and mismanagement. The study recommended that delay in decision making should be avoided by manufacturing firms to discourage manipulation and favoritism that promotes mismanagement. Again, corporate strategic planning that make provision for participation in the management decision making that will give a managerial vision is also advised.*

Introduction

According to Kabiru (2009), embezzlement and mismanagement is the greatest obstacles to achieving the millennium development goals in developing countries. Mismanagement is a common phenomenon in developing countries (El-Nafabi, 2011).

South-South region is endowed with natural resources. This makes the region unique among other regions of the nation. Performances of the South-South in terms of productivity suppose to be unique as well, especially in the manufacturing industries. output is blessed with the type of resources the area is blessed with. The allocation to most of the states in the area is awesome compare to other states. This in turn suppose reflect on the grass root manufacturing industries, but our expectation is not yet met. Research and studies has proven to us that our resources (Natural and human) is continuously mismanaged and misappropriated. Even our funds are also mismatched by authorities. This over the years has become a worrisome phenomenon. Although this study is narrowed down to the effect of mismanagement among manufacturing firms in the area. The study intends to draw the attention of the manufacturing firms to proper management of resources. Mismanagement has crippled manufacturing firms because there is no proper and adequate attention to the employees. Besides, managers and directors has equally failed because there is no defined control system put in place to achieve set goal. Yale University (200) asserts that internal control is a process effected by organization's board members, administration and staff designed to effectively and efficiently achieve operational, financial and compliance objectives. The essence of putting machinery in place is to have a close watch to the work operation, avoid mismanagement and to achieve the set goal of the firms.

Review of Related Literature: Mismanagement has become critical and fundamental issues as far as the success of organization are concerned. Attentions of many scholars are drawn to the concept. Mismanagement is to handle or mismanage available resources but not according to design plan of the organization. This should be conscious or unconscious effort. In other words, this could be deliberate or unknown to the manager. This has become a common practice almost in all sectors (Education technology, Agriculture, Communication, Distribution, Services etc). This has equally encumbered with the growth and development of every nation of the world.

Joubert&Vanrouyen (2005) state that many schools in South Africa are faced with significant problems of mismanagement, managerial incompetence, lack of leadership and limited capacity. In a globalized world, it is not possible for a country that wishes to be internationally competitive to function without confronting the positive and the negative influences of global trends (Paul Etal, 2016). This pandemic as constringed so many organization over decades especially manufacturing firms because they lack the competence on how the materials and funds should be control or handle. No device put in place to monitor the activities of the firm. Lack of knowledge, legislation and skills poor monitoring and control of funds, unavailability of financial policies, omission of act against culprits, and lack of honesty, openness and trust worthiness is the major causes of mismanagement (Paul etal 2016).

Attentions of manufacturing firms are to the fact that adequate monitoring and attention should be given to every activities of the organization.

Mismanagement and Delay in Decision Making: The ability of the decision maker to choose the best option that is capable of achieving the set objective or solving the problem demand structured decision guideline (James & Edwin, 2017). They also state that people would make economically rational decision if only they could gather enough information. Organizations faced a lot of challenges because the managers has managed but not according to plan and design of the organization. Leadership style not according to the decision of the firm is always an avenue for the firm to achieve little or no result. This is the component of mismanagement.

Because so many interest are involved in the policy making process, it can take a very long time to reading and implement decision (Brad, 2003). Most of the decision makers (private and public organization) are blind folded with favouritism to the detriment of the organization. This automatically creates room for delay, which encourages mismanagement and misappropriation of resources. Manipulation of processes and decision is a challenge to organization today. According to (Brad, 2003), parties who see delay as an advantage and do not want a certain rule made or passed law have figured out ways to manipulate the system in order to delay decision or even kill a proposal . Delay in decision making that is man-made end up with the manipulation and mismanagement of organization resources and distort organizational processes as well.

Mismanagement and Internal Control System: Internal control of an organization is a device put in place to checkmate the activities of that organization and to make sure that there is adherence to stipulated work policy. Because there is no monitoring device in manufacturing firms, employee seems to handle operations the way it seems right to them. Internal control system is fundamental to the success of every organization. When there is no adherence to stipulated work procedure in any organization, mismanagement syndrome must set in. miller (2003) states that poor internal controls leads to asset misappropriation, mismanagement, corruption, organizational fraud and fraudulent financial statements.

Osmond (2011) asserts that organizations implements internal control basing on the nature of their business and regularly audit them (Internal controls) to ensure the adequacy. According to Adeyeye (2004), the leaders in Nigeria do not show respect to the rule of law especially judicial decisions and that this hampers the legal to adequately release its objectives. When this happens, the implication is mismanagement of fund because there is no respect to rule of laws that guide the work procedures.

Mismanagement and Strategy: Corporate plan of every organization that makes provision for every department of the organization to be involved in team work is called strategy. Strategy of every firm must carry every member of the organization along especially in the area of potential utilization. No manager can achieve set goal alone no matter how strategically that individual might be or the type of orientation received in the area of management. Resources of so many manufacturing firms have been mismanaged because the organization itself was not strategic enough to sough for the corporate ideas of the employees.

According to Stoner (1982), strategy is an integrated plan through which an organization achieves its objective. The author further states that strategy is the overall response of an organization toward its environment. Co-operation of employee is needed for managers to achieve plans that avoid mismanagement of human and natural resources of organization. Miller and Dess (1996) opine that strategy is the plan made or the action taken to help an organization fulfill its intended purposes. Chandler (1962) defines strategy as the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals. Plans of manufacturing firms must be back up with action and follow up to avoid mismatch of potentials that encumber with goal achievement.

Materials and Methods: The paper is actually designed to evaluate the effect of mismanagement among manufacturing firms in South-South in order to profer necessary solutions. The study employed primary and secondary sources of data collection. The population covered 235 manufacturers, selected from the manufacturing firms in the area under study. We have a sample size of 147 determined with the aid of Taro Yamene formula. The researcher administered 147 copies of questionnaire to the respondents and 130 copies were returned, we observed 88% response rate return by the respondents. The questionnaire was the major instrument for data collection. The chi-square tool wasthe instrument for data analysis, thus:

$$X^2 \frac{(Fo - Fe))}{Fe}$$

Sample size determination.

Taro Yamene formula was employed.

$S = \frac{N}{1+N^{cl2}}$

Where

S = Sample Size

N = Population size

I = constant

Cl = level of significant usually 0.05

Formula application:

$S = \frac{235}{1+235\ (0.05)^2}$

$S = \frac{235}{1+235\ (0.05\ x\ 0.05)}$

$= \frac{235}{1+(235\ x\ 0.0025)}$

$= \frac{235}{1+0.59}$

$= \frac{235}{1.59}$

n = 147 sample size

hypothesis Testing

Chi-square test was employed to test the hypothesis. The significance level chosen for the test is 5% (0.05), using the formula:

$X^2 = \Sigma \frac{(\text{Fo} - \text{Fe})^2}{\text{Fe}}$

Where X^2= Measurement of discrepancy existing between the observed and expected frequencies.

Fo = Observed Frequencies

Fe = Expected Frequencies

$\sum$ = Summation

Where the computed value of X^2 *exceeds* its critical (figure) value, then the null hypothesis (Ho) is rejected and the alternative hypothesis (H_1) is accepted and when the computed value of X^2 is $\leq$ the critical value, the null hypothesis is accepted.

This hypothesis has been chosen by the researchers.

Ho: There is no significant relationship between delay in decision making, internal control system, strategy and mismanagement.

H_1: There is a significant relationship between delay in decision making, internal control system, strategy and mismanagement.

Testing of Hypothesis

Degree of Freedom (Df) = (R – 1) (R – 1)

(3 – 1) (3 – 1) = 2 (2) = 4

Fe = $\frac{(Row)(Column)}{Total}$ = X^2 0.05 (Critical value) = 9.49

Table 1.1: Observed frequency (Fo) of the respondents opinion.

Opinion	**Delay in Decision Making**	**Internal Control System**	**Strategy**	**Total**
Positive Response	30	21	45	96
Negative Response	26	28	10	64
Indifferent	11	18	11	40
Total	67	67	67	200

Table 1.2: Expected frequency (Fe) of the respondents opinion.

Opinion	**Delay in Decision Making**	**Internal Control System**	**Strategy**	**Total**
Positive Response	32	32	32	96
Negative Response	21.3	21.3	21.3	64
Indifferent	13.3	13.3	13.3	40
Total	67	67	67	200

Table 1.3: Computed Chi-square

f_o	f_e	$f_o - f_e$	$(f_o - f_e)^2$	$\frac{(f_o - f_e)^2}{f_e}$
30	32	-2	4	0.125
21	32	-11	121	3.781
45	32	13	169	5.281
26	21.3	4.7	22.09	1.037
28	21.3	6.7	44.89	2.107

10	21.3	-11.3	127.69	5.994
11	13.3	-2.3	5.29	0.397
18	13.3	4.7	33.09	1.660
11	13.3	-2.3	5.29	0.397
				20.779

$X^2 = \Sigma\frac{(\text{Fo} - \text{Fe})^2}{\text{Fe}} = 20.779$

Thus: X^2 figure at 5% level of significant for Df = 4 X^2 0.05 critical value of 9.49 was obtained.

Decision Rule:

As observed, we obtained a computed value of 20.779> 9.49 the critical (table) value. Going by this, we accept the alternative hypothesis (H_1) which says there is a significant relationship between delays in decision making, internal control system, strategy and mismanagement. It could be deduced from the above result that delay in decision making, internal control system and lack of strategy significantly influences manufacturing firms because its performance is dependent on the independent variables in the area of study.

Conclusion and Recommendations: Based on the analysis and discussion of results, the researcher concludes that there is a significant positive relationship between delay in decision making, internal control system, strategy and mismanagement. Besides, the study concluded that delay in decision making, internal control system and strategy influenced mismanagement in the area under study.

The study recommended that manufacturing firms should make frank effort humanly possible to avoid delay in decision making that open doors for favoritism and manipulation that encourages mismanagement of resources, and corporate strategic planning that makes provision for all the units to participate in management decision making that will give employee a managerial vision is suggested also.

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