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RELATIONSHIP BETWEEN MANAGERIAL SKILLS AND EFFECTIVE MANAGEMENT OF SMALL AND MEDIUM ENTERPRISES IN BAUCHI METROPOLIS

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Abstract
This study relationship between managerial skill and effective management of small and medium enterprises in Bauchi metropolis. The main purpose of the study was to determine the relationship managerial skill on effective management of small and medium enterprises in Bauchi metropolis. The study was guided by three objectives, with corresponding research questions and null hypotheses. Relevant literature related to the study was reviewed. The design for the study was descriptive survey. The population of the study comprised 263 Managers/owners of small and medium business enterprises. The researcher sampled 159 subjects using proportionate random sampling technique. The instrument for data collection was developed by the researcher from adaptation from the existing instruments; financial management skill; Marketing skill; Communication Skill; The instrument was validated by 4 experts. The instrument was tested and reliability coefficient of 0.80 was obtained. The research questions were answered using descriptive statistics (demographic, mean and standard deviation) while the hypotheses were tested using correlation analysis. The study revealed that financial management skill, has high skill relationship on effective management. Marketing skill; has moderate skill significance relationship on students' for been self-reliant. Communication skill; has large extent influence on effective management. Based on the results, it was recommended, that parents should educate and encourage their children to be business-oriented upon; Stakeholders like managers/owners, Parents, government, NGO's, and scholars should create public awareness programmes that will help to promote small and medium businesses from collapses, values, and beliefs that encourage business creations; The manager/owners should be encouraged to embrace effective management or training in order for them to become self-reliant and wealth creators; The Government should make accessible loans available for manager/owners as they are doing now so as to start up their businesses; managerial skills and training should upheld, increase awareness and change the mind-set of the individual/managers/owners toward imbibing small and medium business enterprises culture and reduce over reliance on government.

Keywords: Managerial, skills, effective, small, enterprises

Introduction

The importance of managerial skills in sustaining Small and Medium Enterprises (SMEs) cannot be overstated. While equipment and capital are essential, they alone cannot generate profit or sustain a business without effective human input. Furthermore, SMEs play a key role in driving a nation's economic development, serving as a major engine for growth and innovation. These enterprises are fundamental to long-term economic expansion and employment opportunities. Despite their substantial contributions to societal progress, many SMEs fail within their early years due to poor management. Effective managers must possess specialized skills that enhance their

performance and their team's success, regardless of the organization's size or their position within it. Skill refers to the capability, expertise, or competence needed to perform specific tasks efficiently. In a managerial context, these skills are the qualities necessary to execute business processes effectively and achieve optimal organizational outcomes. (Marcus et al, 2023).

Ahmadu and Ahmadu (2021) argue that managerial skills are fundamental to a firm's superior performance and competitive edge. Theoretically, resources that are valuable, rare, difficult to imitate, and irreplaceable (VRIN) are key drivers of a firm's competitive advantage. Strong managerial capabilities can serve as one such resource, fostering business growth and long-term sustainability. However, many SMEs struggle due to inadequate managerial skills among leadership, which hinders capital accumulation, increases employee turnover, and limits their ability to adapt to globalization and technological advancements. As a result, these businesses often experience stagnation or decline (Logose, 2022)

Globally, small and medium-sized enterprises (SMEs) are widely regarded as key drivers of economic growth and development (Lwesya et al, 2021; Nishantha & Kawamura, 2011; Stanislous & Mornay, 2011; Taraki, 2019). These businesses significantly contribute to employment generation, innovation, regional progress, and social stability. According to a 2008 UNEP report, SMEs accounted for more than 50% of GDP and approximately 63% of total employment, both formal and informal. In Africa, informal SMEs dominate the sector, prompting governments to implement policies and strategies to support their growth and transition into the formal economy. The SME sector attracts many entrepreneurs due to its lower barriers to entry, including easier access to startup capital, technology, management resources, and the ability to adapt quickly to market changes compared to larger corporations (Vandenberg, 2009). Despite their importance, SMEs in developing and emerging economies face numerous challenges. These include unfavorable investment policies and business climates (Aikaeli, 2012; ESRF, 2016; Mkenda & Rand, 2020), supply-side limitations (Juma & Said, 2016; Mkenda & Rand, 2020; Pasape, 2018), and financial constraints (Mkenda & Rand, 2020; Pasape, 2018). Additionally, research underscores the critical role of business training, entrepreneurial skills, and marketing expertise in fostering SME success (Kazimoto, 2014; Kotorri & Krasniqi, 2018; Mbago, 2013).

Small and Medium Enterprises (SMEs) play a pivotal role in Nigeria's economic transformation, serving as crucial catalysts in shifting the nation's economic focus from agriculture to services (Central Bank of Nigeria, 2024). Recent CBN statistics reveal that SMEs contribute a substantial 46.3% to Nigeria's GDP (2024), demonstrating their fundamental importance to national productivity and economic expansion. The Nigerian Bureau of Statistics (2024) indicates there were nearly 39.7 million MSMEs operating by December 2023, generating about 84% of employment opportunities nationwide. This data underscores SMEs' vital contribution to job creation and socio-economic progress across multiple sectors.

Therefore, from the foregoing statement above, it is clear that managerial skills can contribute to the effective management or success of SMEs. This is owning to the fact that they may be able to contribute to the provision of solutions to the challenges of inadequate management that plague SMEs. It is in this regard, this study examines the managerial skills such as financial management skill, marketing skill, communication skill, time management skill, and interpersonal relation skill on effectives management of small and medium business enterprises in Bauchi metropolis.

Statement of the Problem

Small and Medium Enterprises (SMEs) play a pivotal role in economic development through employment generation, poverty alleviation, and economic diversification (Bamidele & Owolabi, 2024). However, recent trends show alarming rates of SME closures marked by declining sales, unsustainable operational costs, and mounting debts (Nkosi, Ahmed, & Mensah, 2024), transforming once-thriving markets into landscapes of abandoned stores (Mbatha, 2024).

This study, therefore, addresses these gaps by examining the interplay of managerial skills in this specific context to develop more applicable growth strategies for local SMEs, particularly in Bauchi metropolis. Consequently, the relationship of managerial skills on effective management of small and medium enterprises includes; financial management skill, marketing skill, communication skill, has been observed as the determining factors for managerial skills by many researcher (Mwangi & Adeola, 2024; Bamidele & Owolabi, 2024; Kamara & Gupta, 2024; and Jamal, 2024; El-Sayed, 2024.) This has been topics of discussion among experts in the fields of managerial skills across the globe. However, the present study intends to determine the relationship of managerial skills on effective management of small and medium enterprises particularly in Bauchi metropolis.

Research Questions

The following research questions were formulated to guide the study.

1. What is the relationship between financial management skills on effective management of small and medium enterprises in Bauchi Metropolis?
2. What is the relationship between marketing skills and effective management of small and medium enterprises in Bauchi Metropolis?
3. What is the relationship between communication skills and effective management of small and medium enterprises in Bauchi Metropolis?

Research Hypotheses

The following research hypotheses were formulated to guide the study;

Ho_1: Financial management skills have no significant relationship on effective management of small and medium enterprises in Bauchi Metropolis.

Ho_2: Marketing skills have no significant relationship on effective management of small and medium enterprises in Bauchi Metropolis.

Ho_3: Communication skills have no significant relationship on effective management of small and medium enterprises in Bauchi Metropolis.

Methodology

This study adopted a descriptive survey research design. The study aimed to determine the existing conditions concerning the managerial of three skills on effective management of small and medium enterprises. A descriptive survey design was deliberately chosen because of its suitability for studies that involve determining, assessing, and reporting a given situation as it exists (Cohen et al. 2011; Creswell, 2012; & Orodho et al., 2016). Other advantages considered for choosing a descriptive survey were that the design enables the collection of data on a large scale within a short period. The population for the study consists the entire 263 current registered small and medium business enterprises within Bauchi metropolis. The research used simple random sampling techniques of 159 respondents; Random sampling techniques give each element of the sample a chance of being selected. The instrument for data collection will be validated by the specialist in Measurement and Evaluation on management, Faculty of Management Technology of Abubakar Tafawa Balewa University, Bauchi, and Faculty of Management Science and Entrepreneurship of

Bayero University Kano (BUK) and including my supervisor for face validation. The reliability (internal consistency) of Relationship of Managerial Skills and Effective Management of Small and Medium Enterprises (REMSEMSMEs) is determined using the Cronbach alpha method. A structured item questionnaire for Relationship of Managerial Skills and Effective Management of Small and Medium Enterprises was developed based on research questions and literature reviewed. The questionnaires were administered to the managers/owners of the small and medium-sized business enterprises. The modified five-point Likert-type rating scale was adopted for the questionnaire, responses were of the types: Strongly Agreed, Agreed, Neutral, Disagreed, and Strongly Disagreed. The instrument will be collected from the respondents personally by the researcher. The data collected for the study was analyzed in two stages as follows: In the first stage, the demographic profile of the respondents and the research questions for the study were analyzed using, frequency, percentage, Mean and standard deviation. Therefore, any null hypothesis that P-value is more than ($p>0.05$), was accepted and alternative hypothesis was rejected and any null hypothesis that P-value is less than ($p<0.05$), was rejected and alternative was accepted (Orodho, *et al*., 2016). Statistical Package for Social Science (SPSS version 23) was used for analyzing the data.

Results

Research Question One

The output of descriptive statistics presented in Table 3 indicated that all the items of the variables Financial Management skill were had a mean score of above 3.0. The mean scores of Financial Management Skill items range between 3.65 and 4.20. The grand mean of items under Financial Management Skill is 4.01 which are also above the benchmark of 3.0. The results showed that Financial Management Skill determine the effective management of small and medium enterprises in Bauchi metropolis.

Table 1: Descriptive Statistics of Financial Management Skill on Effective Management

S/N	Items	Mean	SD	Remark
1	Proper bookkeeping practices improve financial decision-making in my SME.	4.12	0.89	Agreed
2	I regularly prepare analyze financial statements for my business.	3.98	0.92	Agreed
3	Cash flow management skills help my SME avoid operational disruptions.	4.20	0.85	Agreed
4	I have adequate skills to secure financing for business growth.	3.65	1.10	Agreed
5	Financial planning significantly contributes to my SME's profitability.	4.08	0.91	Agreed
	Grand Mean	**4.01**	**0.934**	Agreed

Source: Field work (2025)

Research Question Two

The descriptive statistics of the Marketing Skill documented in Table 4 revealed that the mean score of respondents in all the measurement items of Marketing Skill are greater than 4.10. That is, all the items are having the mean score of above 3.0 with a grand mean of 3.85. This

suggests that the respondents agreed that Marketing Skill determine the effective management of small and medium enterprises in Bauchi metropolis.

Table 2: Descriptive Statistics of Marketing Skill on Effective Management

S/N	Items	Mean	SD	Remark
1	I effectively target my ideal customers	3.68	1.12	Agreed
2	Digital marketing skills have helped grow my customer base	3.45	1.20	Agreed
3	I regularly analyze competitors to improve my offerings	3.82	1.05	Agreed
4	Pricing strategies significantly impact my sales performance	4.01	0.98	Agreed
5	Marketing skills are crucial for my SME's survival in Bauchi	4.10	0.95	Agreed
	Grand Mean	**3.85**	**1.06**	Agreed

Source: Field work (2025)

Research Question Three

The descriptive statistic was carried out to ascertain the mean response of the respondents concerning the influence of the communication skill on effective management of small and medium enterprises in Bauchi metropolis. The statistical evidence documented in table 3 showed that the mean scores of all the five items are above 3.0 while the grand mean of communication skill was found to be 4.26. This implies that the communication skill determines effective management of small and medium enterprises in Bauchi metropolis.

Table 3: Descriptive Statistics of Communication Skill on Enterprises Management

S/N	Items	Mean	SD	Remark
1	Clear communication with employees improves productivity	4.32	0.80	Agreed
2	I effectively negotiate with suppliers and vendors	4.25	0.84	Agreed
3	Customer complaints are resolved through effective communication	4.38	0.82	Agreed
4	Written communication skills help in business documentation	4.06	0.90	Agreed
5	Communication breakdowns have negatively affected my business	4.27	0.86	Agreed
	Grand Mean	**4.26**	**0.844**	Agreed

Hypothesis One

Financial management skill has no significant relationship on effective management of small and medium enterprises in Bauchi metropolis;

The statistical evidence documented in Table 8 revealed that the variable financial management skill had a correlation coefficient value of 0.62, *p*-value =0.000. This indicated a significant relationship of the variable in the study, that is, the financial management skill has a

significant positive on effective management of small and medium enterprises. This result does not support the prediction of null hypothesis one H_{o1} that financial management skill has no significant relationship on effective management of small and medium enterprises in Bauchi metropolis. This implied that a Financial Management skill is one of the relationships of effective management of small and medium enterprises in Bauchi metropolis.

Table 4: Correlation Analysis of Financial Management Skill on Effective Management

Variable	Correlation coefficients (r)	P-value	Decision
Financial Management	0.62**	0.000	Rejected

Source: Field work (2025)

Hypothesis Two

Marketing skill has no significant relationship on effective management of small and medium enterprises in Bauchi metropolis;

Evidence from the statistical outcome documented in Table 5 indicated the determinant of Marketing skill on effective management of small and medium enterprises was positive and significant with a correlation coefficient value of 0.51, *p*-value = 0.003. However, this result does not support the prediction of null hypothesis two H_{O2} that Marketing skill is not a relationship on effective management of small and medium enterprises. Furthermore, the result implies that effective management of small and medium enterprises is also determined by their marketing skill.

Table 5: Correlation Analysis of Marketing on Effective Management

Variable	Correlation coefficients (r)	P-value	Decision
Marketing Skill	0.51**	0.003	Rejected

Source: Field work (2025)

Hypothesis Three

Communication skill has no significant relationship on effective management of small and medium enterprises in Bauchi metropolis;

The result of correlation coefficient documented in Table 6 revealed that the communication skill had a correlation coefficient value of 0.73, *p*-value = 0.000. The result therefore, showed the significant positive relationship of communication skill on effective management of small and medium enterprises in Bauchi metropolis. Nevertheless, this result does not support the prediction of null hypothesis three H_{O3} that desires for independence is not a determinant of effective management of small and medium enterprises in Bauchi metropolis. The result further implies that communication skill is a strong relationship of effective management of small and medium enterprises in Bauchi metropolis.

Table 6: Correlation Analysis of Communication skill on Effective Management

Variable	Correlation coefficients (r)	P-value	Decision
Communication Skill	0.73**	0.000	Rejected

Discussion

This study investigated the relationship between managerial skills—specifically financial management, marketing, and communication skills—and the effective management of small and medium enterprises (SMEs) in Bauchi Metropolis. The overall findings demonstrate that all three managerial skill categories have a significant positive influence on effective SME management, highlighting the importance of these competencies in business success.

Financial management skills were found to have a strong and significant positive relationship with the effective management of SMEs. Participants reported proficient practices in bookkeeping, financial statement analysis, cash flow management, and financial planning, all of which contribute to improved decision-making, operational stability, and profitability. This finding aligns with existing literature that positions financial acumen as essential for maintaining business viability and growth.

Marketing skills also positively influenced SME management, albeit to a moderate extent compared to financial skills. The study participants agreed on the importance of customer targeting, competitor analysis, pricing strategies, and digital marketing in expanding customer bases and improving sales performance. These marketing competencies are critical for SMEs to remain competitive and adapt to changing market dynamics.

Among the managerial skills examined, communication skills exhibited the strongest positive correlation with effective SME management. Effective communication with employees, negotiation capabilities with suppliers, customer complaint resolution, and written communication were identified as key facilitators of productivity and stakeholder satisfaction. These findings reinforce the role of clear and strategic communication as a foundation for successful business operations.

The results support the resource-based view theory, emphasizing managerial skills as valuable and distinctive resources that grant SMEs competitive advantage and enhanced organizational performance. The collective influence of financial, marketing, and communication skills underscores the need for holistic skill development in SME owners and managers.

Finally, the study confirms that well-developed managerial skills are critical for the sustainability and growth of SMEs in Bauchi Metropolis. It recommends targeted training programs focusing on financial management tools, digital marketing strategies, and communication competencies to bridge skill gaps and improve SME performance.

Conclusion

The study conclusively establishes that well-developed managerial skills significantly enhance SME effectiveness in Bauchi Metropolis. Communication and interpersonal skills emerged as the most critical competencies, followed by financial management capabilities. While

time management skills were generally satisfactory, delegation and marketing skills - particularly digital marketing - require substantial improvement. These findings underscore the importance of holistic skill development for SME owners and managers to ensure business sustainability and growth in the competitive Bauchi market. The results align with resource-based view theory, confirming that human capital competencies serve as valuable, rare, and inimitable resources that drive SME performance.

Recommendations

Three key recommendations are proposed to enhance SME management effectiveness. First, SME owners should prioritize training in digital marketing and delegation strategies while adopting financial management tools to improve cash flow monitoring and financing access. Second, policymakers should develop targeted skill-development programs focusing on communication and interpersonal competencies and technology adoption incentives such as software subsidies. Third, educational institutions should design practical, modular training courses addressing specific skill gaps identified in this study, particularly in vendor negotiation and customer retention strategies. Implementation of these recommendations through public-private partnerships could significantly improve SME performance in the region.

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