

**THE IMPACT OF MANAGEMENT PRACTICES ON  
PRODUCTIVITY IN THE ERITREAN FISHING  
INDUSTRY**

by

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## **DECLARATION**

I, Kibrom Shumdehan Ghebrit declare that the study on “The impact of management practices on productivity in the Eritrean fisheries industry” was concluded by me. I also compiled this research report and all the sources used or cited are acknowledged by means of a complete reference:

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## **ABSTRACT**

In today's highly competitive business environment where survival of the fittest is considered the norm, business managers are increasingly striving to attain a position of competitive advantage in order to excel their competitors by effectively and efficiently utilising their resources. A better management practice at all levels of an organisation is a method that is increasingly accepted as a single best way to improve productivity. Improved productivity enables firms to meet all their business obligations to employees, suppliers, stakeholders and the government and to still remain competitive. To take advantage of the benefits to be realised from improved productivity, managers are expected to deal thoughtfully with their internal and external business environment. Thus, unless they understand the effects of their actions on their companies' performances, all their day to day actions might end up counterproductive.

The objective of this study was to determine the degree of application of certain management practices in the private companies of the Eritrean fisheries industry and to investigate whether a relationship exists between the management practices and total factor productivity. In doing so, six internal management practices were identified and examined in connection to their impacts on total factor productivity in the private companies operating in the Eritrean fisheries industry. The management practices identified are productivity measurement, employee training and participation, organisational communication, customer focus, product quality and leadership and competitive environment. In 2003, the industry consisted total of 12 companies of which eight were surveyed in this study. Through detailed examination of the primary and secondary empirical data collected, first, the companies were classified into two major groups as being the High and the Low - total factor productivity companies. Following the classification, whether the degree of application of the identified management practices by each company has an impact on the total factor productivity was examined. Data analysis was based on both descriptive and inferential statistics. The ITEMAN and

SAS computer software packages were used to analyse the survey responses of the 41 participating managers.

The hypotheses were tested through a mean difference method and the Mann-Whitney *U* test statistics was utilised to analyse the significance of the differences in mean management practices ( $\mu$ MPs).

The results of the study confirmed that each of the six - mean internal management practices ( $\mu$ MPs) for groups of companies classified as HTFP companies were significantly higher than for those groups of companies classified as LTFP companies. Thus, it was concluded that a direct and positive relationship exists between management practices and TFP in the surveyed companies. Besides, the results of percentage comparison of some external factors affecting productivity between the two groups of companies also confirmed a positive relationship to productivity. Generally, it was concluded that the companies in the Eritrean fisheries industry are low productive mainly because of the prevailing low level of management practices.

The managerial implication of these findings is that the managers of the companies in the industry should give special attention to improve the identified internal management practices as they have direct impact on their performance.

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