International Journal of Academic Accounting, Finance & Management Research(IJAAFMR)
ISSN: 2643-976X
Vol. 4 Issue 10, October - 2020, Pages: 108-118

Assessment of Financial Management Practices on Development of Small Scale Enterprises (A Case Study of Ondo State)

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Abstract*: This study focuses on assessment of financial management practices on development of small scale enterprises in Ondo state, Nigeria. The specific objectives are to: identify the type of book keeping practice of SSEs in Ondo State; examine the process of managing cash flow and credit among SSEs in Ondo State; assess how SSEs control their stock with respect to working capital and accounts receivables in Ondo State; examine the challenges of SSE with respect to financial management practices in Ondo State. This study adopted a cross-sectional survey design. The technique used for sampling method is a* ***non-probability sampling technique.*** *Primary data was used in this study and questionnaire was used as research instrument. The primary data was obtained using properly structured questionnaire administered to the respondents from selected small scale firms. Data collected was analyzed using simple percentages and frequency of respondent. The study concluded that most of the respondents do sometimes practice financial management .The results further revealed that most of the respondents totally agreed to the importance of financial management. The study brought to light that most of the respondents do not have the will to sell on credit to their customers. It was also concluded that most of the respondents only do investigations about their client when the need arises representing. It was also deduced that most of the respondents do purchase goods on credit from their suppliers representing. However, it was concluded that most of the respondents engaged in short term investment. The study revealed that most of the respondents face challenges in the management of their finances. The overall study indicated that financial management practices is very critical in all business enterprises irrespective of the size and location*

Keywords: Financial management practices, Small scale enterprises, book keeping, development, Ondo State

1. INTRODUCTION

Small scale enterprise is one of the pillars for economy sustainability. The major challenges facing Small scale enterprises are poor financial management practices. For business to thrive well with profit maximization there must be adequate and proper financial management practices. One of the functional areas of management which plays pivotal role in the success of any small business is financial management (Agyei-Mensah, 2010). The raising of the needed funds to finance the firm's assets and activities, effective allocation of funds between competing uses, and ensuring that the funds are used effectively and efficiently in order to accomplish the desired goal of the business is termed financial management (McMahon, Holmes, Hutchinson, & Forsaith , 2008). Financial management is concerned with all areas of management involving not only the sources and uses of finance in the enterprise but also the financial implications of investment, production, marketing or personnel decisions and the total performance of the enterprise (Suraz, 2011).

Most Small and medium enterprises use simple financial systems and are unable to hire qualified staff to initiate and oversee the formulation and implementation of financial practices (Makori, 2013). The use of inferior financial management systems and lack of skilled personnel leads to poor management of financial resources which translates into poor business performance. An enterprise will survive in the dynamic and competitive environment if it can innovate, properly manage its financial practices and functions, which means better performance and increased productivity.

In spite of the invaluable contributions of small scale enterprises, they are fraught with a myriad of challenges threatening the very fabric of their survival. It is argued that a larger number of Small scale enterprises (SSE) do not survive beyond their fifth anniversary (Westhead & Matlay, 2005). This is supported by a study undertaken by Boachie et al (2005) which showed that 60% of SMEs in Ghana fail within the first five years of existence. A number of reasons have been suggested as accounting for the non-performance of Small Scale enterprises (SSES) (Musa & Ibrahim, 2014; Adebisi & Gbegi, 2013). Despite numerous roles attributed to financial management practices on development of Small scale enterprises, few owners of SSEs incorporated financial management practices to their business while majority neglected the practices as result of uncared attitude and inability to employ qualify personnel and financial experts. As part of measure to appraise the function of financial management in small scale enterprises, there is a need for continuous research to assess the financial management practices on growth and development of small scale enterprises. Hence, the current study focuses on assessment of financial management practices on development of small scale enterprises in Ondo state.

1.1 Research Objectives

The purpose of the study is to assess the financial management practices and its impact on the development of Small Scale Enterprises (SSE) in Ondo State; the specific objectives of the study are to:

i. identify the type of book keeping practice of SSEs in Ondo State

ii. Examine the process of managing cash flow and credit among SSEs in Ondo State

iii. Assess how SSEs control their stock with respect to working capital and accounts receivables in Ondo State

iv. Examine the challenges of SSE with respect to financial management practices in Ondo State

1.2 Research Questions

The study was guided by the following research questions;

i. What type of bookkeeping is being practiced by SSE in Ondo State?
ii. What is the process of managing cash flow and credit among SSE in Ondo State?
iii. How does SSE control their stock with respect to working capital and accounts receivables in Ondo State?
iv. What are the challenges impeding the financial management practices of SSEs in Ondo State?

2. LITERATURE REVIEW

2.1 Conceptual Review

Financial Management Practices

Financial management practices are the standard operating procedures developed by an entity to assist in executing accounting, financial reporting, budgeting and other financial activities (Wolmorans, 2015). They are the activities performed by the accountant and financial officers in budgeting and asset management and control. Every component of the financial practices serves towards supporting the entity policies and mission through the establishment of accountability and providing the instructions needed to complete tasks (Kamande, 2015).

The success of most SMEs is attributed to sound financial practices and management of financial resources alongside creative marketing skills and good start-up idea. The presence of adequate initial start-up financing and good accounting system although vital to the development of effective financial management practices, they are only the starting points in the process of having a sound financial system (Marembo, 2013). The implementation of an effective financial practices system enables the business owners to control and maintain budgetary and future financial forecasting capability

2.2 Empirical Review

2.2.1 Trade-off Theory

Trade-off Theory was put across by Zechner (1989). The theory argues that attainment of optimal liquidity level is the ultimate aim of any organization. This is largely because it will imply that the firm is in a position to strike a balance between the cost of holding cash and the benefits accrued thereafter. The theory thus states that the financial policy of the firm is complicated more when there is presence of external financing which involves asset management and the liability clause. The firm can therefore gain profitability through weighing off the borrowing cost against the end result benefit. In this case, the cost of borrowing includes bankruptcy cost and payment of interest.

2.2.2 Modern Portfolio Theory

Modern Portfolio Theory was initiated by Harry Markowitz in explaining uncertain future. The theory put a line of difference between the risk of assets' portfolio against the entire portfolio's risk (Amenc and Le Sourd, 2003). As such, the efficiency of the portfolio is largely determined by the set of assets which either return highly on a particular risk or a lower risks for a certain level of return. Therefore, the investor may opt to reduce the risk of accruing negative return through holding the portfolio of different assets so as to avoid the risk of higher loss (Brealey and Myers, 2003).

Therefore, there is a strong need to measure and integrate the risks which are involved in firms especially those that invest heavily on financial instruments. The theory's proposition is that the financial management strategies should act to ensure that risk managed by diversifying their asset investments in case one of them fails. The theory also provides a guideline on how investments should be undertaken in the SMEs so as to ensure maximal gains. According to this theory, all the financial management practices including working capital management, financing practices and cash budgeting should all be complementary to each other in fostering financial security and stability in the SMEs which is theorized to translate to improved performance.

2.2.3 The Contingency Theory

Contingency Theory was proposed by Pike, (1986). The theory seeks to put across various business concepts and their applicability in the organizations. The Contingency Theory holds that organizations have differing structures in terms of the contextual factors like environment and technology (Henri, 2006). The theory therefore argues that effective resource allocation is obtained when there is a fit between the corporate design setting and the financial system operationalization. Therefore, the implementation of advanced investments is not a sure guarantee of better performance.

2.3 Empirical Review

Oluoch, (2016) conducted a study on the impact of cash management practice on the returns of the SMEs. The study was guided mainly by the liquidity theories and hold that the cash management practices have a positive influence on the performance. The study took place in Eldoret CBD with the data being collected using questionnaires to the sampled respondents. Both descriptive and inferential statistics were used in the data analysis. The study found out that the cash management practices had a significant positive impact on the performance. This study ascertained the same positive relationship on the SMEs in Kericho

Nguyen (2014), accessed the relationship that existed between financial management practices and returns of SMEs in Australia. The study adopted an exploratory design in obtaining information pertaining to the study. The study established that most SMEs evaluate and review their capital projects prior to making any investment decisions. The study further found that though the SMEs highly regarded their fixed asset managements, they still had insufficient knowledge. The study however focused entirely on the asset management practices without considering other practices that may be present. This current study addressed other financial management practices employed by the SMEs including working capital management and sources of finances

Waweru and Ngugi, (2014) conducted a study on the impact that financial management practices have on the performance of firms. The study used questionnaires in the data collection and random sampling was used in the data collection. Content analysis was employed to analyse the qualitative data. The study found out that financial innovations influence the performance of Micro and Small Enterprises in Kenya to a very great extent. On the contrary, the other variables had minimal impact on how the SMEs performed, thus indicating inconsistency in the study's findings. The current addressed this though establishing the exact relationship that exists between the research variables.

Hamza *et al*, (2015) investigated the cash management practices and performance of SMEs in Northern Region of Ghana. The study employed the descriptive cross sectional survey that allowed the collection of primary quantitative data by the use of structure questionnaires. The study found that the cash management efficiency had a positive impact in ensuring that the SMEs were successful. The study was however compared in an international setting and thus cannot be compared locally. The current study addressed this through providing a local empirical evidence from Kericho County

3. METHODOLOGY

3.1 RESEARCH DESIGN

The cross-sectional survey design was used to obtain the needed data for research objectives and questions. The questionnaires were administered to respondents within a specific period.

3.2 Area of the study

This research work was conducted in Ondo State, Nigeria. Ondo state was created out of former Ondo province of former Western state in 1976. It is bounded by the states of Kwara and Kogi on the north, Edo on the east, Delta on the southeast, and Osun and Ogun on the west and by the Bight of Benin of the Atlantic Ocean on the South.. The area is amalgamation of urban and rural structures characterized by various businesses and industrial set-up. Its capital is Akure.

3.3 Population of the Study

The population of the study consists of the manager or Owner of selected Small business enterprises in Ondo State. Population of two hundred and thirty five (235) small scale enterprises was considered and total number of two hundred and thirty five (235) questionnaires were administered and retrieved from the managers of the selected enterprises.

3.4 Sample and Sampling Technique

The sample used in this study was composed of 235 small scale businesses based in Ondo State. There was no sampling frame in this study as it was difficult to obtain a single list of all Small business enterprises operating in Ondo State. This method is a non-probability sampling technique and the researcher used knowledge and professional judgment to determine and selects units as well as quantity to be sampled and considered for the work among the small scale enterprises in Ondo State. The convenience sampling technique considered respondents who were readily available, and who formed part of the target population. To determine the adequacy of the sample size (n = 235) used in this study, two considerations were made. The first was the historical reference technique, which gave reference to previous but similar studies in supply chain management (Huang, Boon & Xiaoming 2015; Mafini & Muposhi 2017; Younis et al. 2016). These studies used sample sizes ranging between 50 and 600 respondents. The second consideration was to use the standard put forward in a survey conducted by Wolf et al. (2013) that examined sample size requirements for common applied structural equation modeling (SEM). In that study, it was discovered that sample sizes ranging between 30 and 460 respondents produced meaningful patterns of association between parameters. Therefore, the total sample size of n = 235 cases was accepted for data analysis in this study. The profile of the small scale businesses that participated in the study is presented in Table 1.

Table 1: Profile of participating Small Scale Enterprises in Ondo State, Nigeria

S/N	Variable	Categories	n	%
	Firm Classification	Food Processing and Beverages	24	10.21
		Clothes and Clothing	18	7.66
		Wood and Wood products	15	6.38
		Business services	22	9.36
		Farms tools and Agricultural products	12	4.74
		Electricians	17	7.23
		Pharmacy stores	20	8.51
		Supermarkets	25	10.64
		Chemical products	15	6.38
		Aluminum and Aluminum products	16	6.81
		Bottled and Sachets water	24	10.21
		Block Industry	27	11.49
TOTAL			235	100

Source: Researcher's Survey, 2020

An analysis of the statistics in Table 1 indicates that Block Industry were the majority in the sample (11.49%; n = 27), followed by SMEs in the Supermarkets (10.64%; n=25), Food processing and Beverages (10.21%; n=24), Bottled Water and Sachets water (10.21%; n=24), Business services (9.36%; n=22), Pharmacy stores (8.51%, n=200 Clothes and Clothing (7.66%, n=18), Electricians (7.23%,; n=17), Aluminum and Aluminum products (6.81%; n=16), Chemical products (6.38%; n=15), Wood and Wood products (6.38%; n=15), while Farms tools and Agricultural products had 4.74% (n=12).

3.5 Research Instrument

Primary data was used in this study and questionnaire was used as research instrument. This was designed to obtain vital information in line with the stated objectives and research questions. The questionnaires were distributed to two hundred and thirty five (235) respondents in two hundred and thirty five (of twelve categories)selected small business firms in Ondo state (Table 1). The completed (filled) questionnaires were retrieved back after some days they were giving to the respondents.

3.6 Validity and reliability of research Instrument

The constructed questionnaire was submitted to the experts for critical, analytical and logical appraisal and assessment of contents and statements in the instruments and this then made the instrument valid for the study. To ensure proper reliability of the instrument, the questions were not ambiguous to respondents in order to avoid the impression of different interpretation or constructed in a way that give different meaning that could generate inaccurate and inconsistent responses when instrument is repeatedly objectivity with no leading question as to answer desired.

3.7 Method of data collection

The primary data was obtained using properly structured questionnaire administered to the respondents from selected small scale firms. The questionnaire contained multi –choice question so that the respondents can answer and fill it without much problem, and to know the opinions, ideas and experiences of the respondents.

3.8 Method of data analysis

Data collected was analyzed using simple percentages and frequency of respondents.

4. RESULT AND DISCUSSION

4.1 Socio Demographics of Respondents

Table 2: Socio Demographics of the Respondents

S/N	CLASSIFICATION	ITEMS	FREQUENCY	PERCENTAGE	TOTAL
1	Gender	Male	155	65.96	100
		Female	80	34.04	
2	Age	20-30	58	24.68	100
		31-40	145	61.70	
		41 and above	32	13.62	
3	Religion	Christianity	95	40.43	100
		Islam	136	57.87	
		Other specify	4	1.70	
4	Marital Status	Single	92	39.15	100
		Married	143	60.85	
5	Educational Qualifications	WASC/G.C.E/HND /B.Sc	220	93.62	100
		M.Sc	15	6.38	

Source: Researcher's Survey, 2020

Table 2 shows the demographic characteristics of the respondents. From the table, 155(65.96%) of the respondents are male, while 80(34.04%) of the respondents are female. The age of the respondents showed that 58(24.68%) lies between the age range of 20-30 years while 145 (61.70%) lies within the age 31-40 years and 32(13.62%) are 41 years and above. Also from the table, 95(40.43%) of the respondents are Christians while 136(57.87%) of the respondent are Muslims but 4 (1.70) of the respondents did not specify their religion. The marital status of the respondents showed that 93(39.15 %) are single while 143(60.85%) of the respondents are married. It is shown in the table that 220(93.62%) possess WASC/GCE /B.Sc/HND and 15(6.38%) has M.Sc.

4.2 Background of the Small Scale Enterprises

Table 3: Background of the Business

S/N	VARIABLE	ITEMS	FREQUENCY	PERCENTAGE	TOTAL
1	Type of Business Organization	Sole Proprietorship	165	70.21	100
		Partnership	70	29.79	
2	Number of firm branches	1-2	118	50.21	100
		3-4	83	35.32	
		5 and above	34	14.47	
3	Number of employees	1-2	10	4.26	100
		3-4	47	20	
		5 and above	178	75.74	
4	Number of years business has been in operation	3-4	94	40	100
		5 and above	141	60	
5	Type of service provided by business	Buying and Selling	220	93.62	100
		Service provider	15	6.38	

Source: Researcher's Survey, 2020

Table 3 shows that 165(70.21%) of the respondents practice sole proprietorship business while 70(29.79%) of the respondents operate as a partnership. Also, 118 (50.21%) of the respondent has between 1-2 branches in Ondo State, 83 (35.32%) of the respondents has between 3-4 branches while 34 (14.47%) has 5 and above braches of the firm in Ondo State. The table above also revealed that 10(4.26%) of respondents have between 1-2 employees, 47 (20 %) respondents have between 3 and 4 employees while 178 (75.74%) have between 5 and above number of employees in their firm. Also, 94(40%) of respondents agreed that their business has been in operation between 3 to 4 years while 141(60%) of respondents established 5 and above years of experience in operation. Again, 220 (93.62%) of the respondents provided buying and selling as service provider while 15(6.38%) aims at service provider.

Table 4: Use of Financial / Bookkeeping Management Practices

Bookkeeping Practices	Frequency	Percentage
Always	89	37.87
Sometimes	122	51.91
Never	24	10.21
Total	235	100

Source: Researcher's Survey, 2020

From Table 4, the results showed that out of the total valid response of 235, with regards to the financial management practices of the Small Scale Enterprises (SSEs) in Ondo State, 37.87 % always practice financial management, 51.91% sometimes practice financial management and 10.21% never practice financial management. Therefore, it could be concluded that most of the SSE sometimes practice financial management and this had a considerable portion of 89.78%. The result obtained is in line with the work of some authors Bismark et al (2018), Agyei-Mensah (2012) and Abanis et al (2013) that reported that financial management is very vital and crucial in any business enterprises.

Table 5: Financial management is important in business growth

Importance of Financial management	Frequency	Percentage
Agree	108	45.96
Strongly Agree	115	48.94
Disagree	8	3.40
Strongly Disagree	4	1.70
Total	235	100

Source: Researcher's Survey, 2020

From above Table(5), the results showed that out of the total valid respondent of 235, regarding to the importance of financial management, 45.96% agreed to the importance of financial management,48.94% strongly agreed, 3.40% disagreed to the importance of financial management and 1.70% disagreed strongly. Therefore, it is concluded that most of the SSEs agreed that financial management is very vital in the management of their business enterprise. This represented a bigger portion of the views thus, 94.9% of the sample size. The current work is in line with view of authors such as Bismark et al (2018), Abanis et al (2013), Appah (2011) and Smirat (2013)that all attested that financial management is critical in every business growth

Table 6: Types of Financial Records Keeping Used

Types of Financial Records Keeping	Frequency	Percentage
Cash Book	82	34.89
Sale Day Book	79	33.62
Purchase Day Book	11	4.68
General Ledger	54	22.98
I keep no records	9	3.83
	235	100

Source: Researcher's Survey, 2020

From Table 8 above, the results showed that out of the total valid response of 235 in respect to the type of record keeping used by the SSEs, 34.89% use cash book for recording transactions, 33.62% also used sales day book, 4.68% uses the purchase day book, 22.98% also uses the general ledger while 3.83% keeps no records. The data obtained in this work revealed that most of the SSEs uses more of the cash book and sales day book as compared to the other type of book keeping. This result agrees with the works of Bismark et al (2018), Vohra & Dhillon (2014) and Lasher (2010), they are of opinion that records keeping are very important in the management of every business enterprise not matter the size and that cash book and sales day book have edge over other type of bookkeeping.

Table 7: Training or Workshops Attended by Respondents

Training or Workshops	Frequency	Percentage
Yes	75	31.91
No	160	60.09
Total	235	100

Source: Researcher's Survey, 2020

From Table 7, the results revealed that out of the total valid response of 235, in terms of workshop or training attended by the selected SMEs, 31.91% indicated yes while 60.09% were on the view that they did not attend any training. This showed that most of them had not had training on financial management practices in business. Follow up question to those who had some sort of training indicated that it had improved on the management of their finances. This outcome of the above results is related to the work of Bismark et al (2018), they reported that the high percentage of respondents did not attended the training while only few of respondent undergone training on financial management practices.

Table 8: Management of Cash Flow & Credit

Management of Cash Flow & Credit	Frequency	Percentage
Always	80	34.04
Sometimes	145	61.70
Never	10	4.26
Total	235	100

Source: Researcher's Survey, 2020

From Table 8 above, the data depicted that out of the total valid response of 235, 34.04% always use their budget to control their cash flow, 61.70 % sometimes control their cash flow with help of the budget whilst 4.26 % respondents have never use their budget or plan to control their cash flow. Therefore, it can be observe from the data that most of the respondent sometimes use budget for cash flow in their business. This result confirms with the view of Bismark et al (2018), Amoako et al (2014) and Smirat (2013) that budgeting is good for every business enterprise and that most respondents sometimes use budget for cash flow in their business.

Table 9: Recording of Transactions

Recording of Transactions	Frequency	Percentage
Always	122	51.91
Sometimes	91	38.72
Never	22	9.36
Total	235	100

Source: Researcher's Survey, 2020

From the above Table (9) the results show that out of the total valid response of 235, 51.91% always record all their transactions, 38.72 % sometimes record their transaction, while 9.36% have never record the transaction of their enterprise. It could be deduced that majority of the respondents sometimes record their transactions. The above thesis is related to work of Bismark et al (2018) that reported that majority of respondents sometimes record their transactions.

Table 10: Daily Bank Recordings

Money to bank	Frequency	Percentage
Daily	58	24.68

Weekly	119	50.64
Monthly	40	17.02
As Needed	18	7.66
Total	235	

Source: Researcher's Survey, 2020

The results from Table 10 shows that out of the total valid response of 235, as to how often they send money to the bank, 24.68% respondent send money to the bank daily, 50.64% send money to the bank weekly, 17.02% send money to the bank every month and 7.66% respondent send money to the bank as needed. From the results it could be concluded that most of the respondents send their money to the bank every week. This is in line with the work of Bismark et al (2018) that reported that majority of respondent send money to bank on weekly basis.

Table 11: Management of Working Capital & Accounts

Credit Sales	**Frequency**	**Percentage**
Yes	**89**	**37.87**
No	**146**	**62.13**
Total	**235**	**100**

Source: Researcher's Survey, 2020

From Table 11, the results showed that out of the total valid response of 235, in terms of credit sales to customers, 37.87% do sometimes sell on credit to customers while 62.13% do not wish to sell on credit to their customers. Therefore, it could be concluded that most of the respondent were not willing to sell on credit to their customers. This outcome confirms the view of Bismark et al. (2018), Amoako et al (2014) and Smirat (2013) that sales on credit is not a good management practice and it can affect the growth of a business enterprise.

Table 12: Credit Wealth investigations

Credit Wealth investigations	Frequency	Percentage
Always	11	4.68
Sometimes	58	24.68
Never	40	17.02
If need arises	126	53.62
Total	235	100

Source: Researcher's Survey, 2020

From Table 12 the results showed that out of the total valid response of 235, with regard to the credit wealth investigation before granting credit to customers, 4.68% always do investigations before granting credit, 24.68% sometimes do investigations, 17.02% never investigate before granting credit to their customers, whilst 53.62 % do investigation only when there is the need. This suggests that at least some of the respondents do credit wealth investigation before they sell on credit to their customers when the need arises. This is not far from the assertion of Bismark et al., (2018), Pieterson (2012) and Abanis et al (2013) on the issue of estimate of cash requirement.

Table 13: Purchases on Credit

Purchases on Credit	**Frequency**	**Percentages**
Yes	**141**	**60**
No	**94**	**40**
Total	**235**	**100**

Source: Researcher's Survey, 2020

Results from Table 13 showed that out of the valid total response of 235, in terms of purchasing goods on credit from their suppliers, 60% purchase goods on credit from their suppliers and 49% do not purchase goods on credit. It could be deduced that most of the respondent does purchase goods on credit from their suppliers. This is similar to the assertion of Bismark et al. (2018) Pieterson (2012) on the issue of purchasing of goods on credit.

Table 14: Forms of Investment

Form of Investment	Frequency	Percentage
Short Term	119	50.64
Medium Term	68	28.94
Long Term	23	9.79
No Investment	25	10.63
	235	100

Source: Researcher's Survey, 2020

From Table above (14), the data depicted that out of the total valid response of 235, 50.64% do short term investment, 28.94% do medium term investment, 9.79% do long term investment while 10.63% does not do any investment. It could be concluded that most of the respondents engaged in short term investment. This finding was not different form that of Bismark et al. (2018), Quaye (2011) and Kasim et al (2015) who agreed that doing any kind of investment as a business enterprise assured the future survival of the business.

Table 15: Challenges of Financial Management Practices

Challenges	**Frequency**	**Percentage**
Yes	**199**	**84.68**
No	**36**	**15.32**
Total	**235**	**100**

Source: Researcher's Survey, 2020

From the Table 15, the data depicted that out of the total valid response of 235, in terms of challenges they face in the management of their business finances, 84.68% indicated 'Yes 'while 15.32% indicated 'No'. Therefore, it could be deduced that most of the respondents face challenges in the management of their finances. A follow up question to know the specific challenges, the list among others was low income earn, insufficient funds to operation, bad debit, unstable prices and lack of knowledge in financial management. This results is similar to the challenges posited by several authors such as Bismark et al.(2018), Abanis et al (2012), Quaye (2011) and Kasim et al (2015).

5. CONCLUSION AND RECOMMENDATIONS

5.1Summary

The study concluded that most of the respondents do sometimes practice financial management .The results further revealed that most of the respondents totally agreed to the importance of financial management It was deduced from the data obtained that most of the respondent use more of the cash book and sales day book as compared to the other type of book keeping. However, it came to light that most of them had not had training. The study brought to light that most of the respondents do not have the will to sell on credit to their customers. It was also concluded that most of the respondents only do investigations about their client when the need arises representing. It was also deduced that most of the respondents do purchase goods on credit from their suppliers representing. However, it was concluded that most of the respondents engaged in short term investment. The study revealed that most of the respondents face challenges in the management of their finances. Some of the challenges that were identified include the following, low income earn, insufficient funds to operate, bad debt, unstable prices and lack of knowledge in financial management.

5.2 Conclusion

The growth and development of Small Scale business have considerably been seen among other stakeholders in the business industry/enterprise with respect to financial management. The purpose of the study was to assess the financial management practices on development of Small Scale Enterprises. The overall study indicated that financial management practices is very critical in all business enterprises irrespective of the size and location.

5.3 Recommendations

After a thorough research on the impact of financial management practices on the growth and development of Small Scale Enterprises, the following recommendations were given based on the objectives; that series of financial training programmes should be arranged for Small Scale Enterprises to enable them sharpen and enhance their petty financial skills and to help them in their operations; that Small Scale Enterprises will engage the services of professional accountants to manage their finances and to help put the business on track; that external auditors be given the opportunity to audit the accounts of the Small Scale Enterprises; that deposits of Small Scale Enterprises be transferred/made daily to their banks instead of weekly; computerized system of recording all financial transactions could be introduced to make way for the manual recording system. Adopting and using these recommended strategies and ideas will put the Small Scale Enterprises on standards that will make them creditworthy and credible entity to be able to access credit facilities for expansion and growth.

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