Small Business Enterprises (SBEs) Survival and the Moderating Role of Financial Management Practices: Evidence From Lagos State, Nigeria.

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Abstract: *The study delves into the impacts of financial management practices on small business enterprises in Lagos State, Nigeria. The main objective of the study is to examine how financial management practices has influenced SBEs survival in Lagos State, while minor objectives are to examine whether working capital management affects profitability of SBEs, investigate if financial investment decision has an effect on return on investment of SBEs and assess if the accounting information system affects the growth of SBEs. The survey research design has been employed in this study and the simple sampling technique has been used to draw the sample from the population. A total of 234 questionnaires have been administered to both Primary and Secondary Schools that are privately operated in Lagos State, Nigeria. Out of the 234 questionnaires administered, 224 questionnaires have been retrieved and 187 (76.6%) have been found useable and analyzed. Statistical tools such as simple percentage analysis, correlation and regression have been used to analyze the data collected using the statistical package for social sciences (SPSS). The results have revealed that working capital management has a significant effect on the profitability of SBEs. The study has also revealed that financial investment decisions has a significant effect on return on investment of SBEs. It has been recommended that basic financial accounting education should be acquired by operators of SBEs for meeting basic requirement in evaluating financial investment before investing. Effort should be geared by SBEs owners and employees to utilize the available financial management information and accounting tools they have.*

Key words: *Financial Management Practices, Small Business Enterprises (SBEs), Survival, Lagos State, Nigeria.*

JEL Classification: *M49, M19, N87*

I. Introduction

Small Business Enterprises (SBEs) are seen as a driving force for the promotion of an economy (Khan & Jawaid, 2004) and they contribute immensely to the economic development of any country (Abor & Quartey, 2010). In Nigeria the SBEs sector contributes 20% to Gross Domestic Product and it provides employment to over 1.5 million people, which accounts for 90% of total non-farming private sector workers (UIA, 2008). The benefits of SBEs in Nigeria economy cannot be overemphasized. SBEs play significant role in employment and income generation, producing import, substituting mitigating rural-urban drift and mobilization of local resources (Ernst & Young, 2011).

Despite the significant contribution of SBEs to the Nigerian economy, the potentials of the SBEs have not been exploited fully and this is a concern of all stakeholders in the economy (UNCTAD, 2002; Ekanem, 2010; Tushabomwe-Kazooba, 2006). These very concerns are abounding elsewhere in the world (Cookey, 2001; Ihembe, 2000) At the height of a number of initiatives undertaken by the government of Nigeria aimed at improving and promoting the business environment, reducing the cost of compliance with business regulations, the reforms have not improved the situation as the performance of SBEs in Nigeria is still below the expectations (UIA, 2008; Ernst & Young, 2011) and this poses a threat to the Nigerian economy since SBEs are great contributors to the GDP. Some suggestions are advanced for the SBEs under performance such as poor access to finances (Louis & Opondo, 2003) and general lack of strategic resources, consistent with the resource dependency theory propounded by Barney (1991). Indeed SBEs undergo a serious predicament (Grant, 1996).

Moreover, extant studies (e.g. Degryse et al., 2011; Raheman et al., 2007) explain performance trends in small business enterprises in Spain, Pakistan and identify efficient working capital as a major predictor of SBEs survival, competitiveness and overall performance. Their findings are not at variance with Erasmus (2010) results that financial practices determine the level of performance of SBEs. Other scholars like Nguyen (2001) share the same view and argue that efficient cash flow management practices enable SBEs to be profitable in Vietnam. However, other scholars' findings like Abuzayed's (2012) in his study on working capital management in Ghana, argue that cash management of SBEs depends on the mind set and experience of the owners. Synthesizing existing studies in the broad area of explaining SBEs' performance indicates a clear dearth of studies examining multiplicative effect of various constructs of financial management practices like working capital management, financing, investing, financial reporting and analysis and accounting information system on performance of small business enterprises.

In addition, because of the above-mentioned dearth of studies, this study employs financial management practices as a multidimensional construct to provide a relevant trajectory for understanding financial performance of SBEs. Profit maximization and business growth as components of business performance are still considered the major goals of business enterprises. Profits are desirable by the business to ensure a long term survival of the business and that is why there are many business start ups in Nigeria. Whereas Nigeria has the highest rate of business start-ups, it is also among the countries with the highest number of SBEs that perform poorly and close business before the end of the first year of their start (Ernst & Young, 2011; Namatovu et al., 2010; Tushabomwe-Kazooba, 2006). This forms an area of concern to the owners of SBEs, more specifically, if the attainment of such goals is constrained. Poor business performance has for long remained unexplained, especially in the third-world countries perspective, where the SBEs occupy a large part of the economy. The lack of sufficient study on the multiplicative effect of various constructs of financial management practices, affecting SBEs in the developing economy, including Nigeria, has been the motivating factor for this study.

II. Literature Review

1. Small Business Enterprises

Small business enterprises as a concept defy universal definition both among academics and practitioners. It has been both relative and dynamic, varying from country to country, even overtime and among industries. It depends to a large extent on a country's level of development, identifiable number of employees, relative size, initial capital outlay, sales volume, financial strength, comparison with past standard and type of industry (Adamu, 2005; Ihyembe, 2000; Onwumere, 2000; Osuagwu, 2000).

Ogundele (2007) defined small scale industry as a manufacturing establishment that employs fewer than 10 people and whose investments on machinery and equipment do not exceed N600, 000 (Six hundred thousand naira). The National Council of Industry (NCI) in July 2001, made an attempt to define SBE in order to guide the Bank of Industry (BOI) in its allocation of funds to different categories of enterprises. In its classification micro/cottage enterprises were those with capital investment of not more than N1.5million (excluding land but including working capital) and/ or a maximum of 10 workers while small business enterprises consist of those with capital investment of over N1.5million but no more than N50 (excluding land but including working capital) and/ or work force range of 11-100.

In the view of Megginson, Byrd and Megginson (2003) a small business sometimes called a micro business is any business that is independently owned and operated, it is not dominant in its field, and does not engage in many new or innovative practices. It may never grow large and the owners may not want it to, as they prefer more relaxed and less aggressive approach to running the business. They manage their business in a normal way, expecting normal sales, profit and growth. In other words, they seek a certain degree of freedom and, ideally, a certain degree of financial independence.

Udechukwu (2003), also defined small and medium-size enterprises as "an enterprise with a labour size of 11-300 workers or total cost of N50million to N200 million including working capital but excluding cost of land. Small and Medium-size Enterprises Development Agency of Nigeria (SMEDAN) official definition in Adelaja (2004), sees Micro enterprises as those with assets no more than N1million (excluding land) and employing no more than 10 people and small scale enterprises as those with assets no more than 50 million and employing not more than hundred people. Salako (2004), stated that enterprises employing below 500 workers are generally regarded worldwide as SBEs. He further remarked that in Nigeria, manufacturing, processing and servicing industries employing fewer than 300 workers are not defined as SBES. In Adams (2007) the centre for Industrial Research and Development at the Obafemi Awolowo University, Ile Ife defines Small Scale Enterprises as those with total assets in capital equipments, plants and working capital not exceeding N250,000 and employing no more than 50 full-time workers.

Ariyo (2009) alluded that Nigeria's SBEs is an umbrella term for firms with fewer than 250 employees. Small and medium equity investment scheme (SMEIS) in 2007, for the purpose of the scheme defined small and medium scale enterprise as an enterprise with a maximum asset base of N1.5billion (excluding land and working capital) and with no lower or upper limit of staff. This definition is subject to review by Banks committee from time to time. According to Sanni (2009), a small business is that business with more than five employees and fewer than 20 employees. SBEs have constantly played a vital role in the socio-economic development of a jurisdiction. The significant role SBEs play in the development of output, employment and economic growth is acknowledged universally (Beyene, 2002; Lukács, 2005). In Asia, small enterprises make up more than 90 per cent of the industries in Indonesia, Philippines, Thailand, Hong Kong, Japan, Korea, India and Sri Lanka, and account for 98 per cent of the employment in Indonesia, 78 per cent in Thailand, 81 per cent in Japan and 87 per cent in Bangladesh (Fadahunsi & Daodu, 1997; Lukács, 2005). In Europe, SBEs make up 99.8% of all European enterprises, provide 66% of its jobs and account for 65% of its business turnover. SBEs account for 99 per cent of all enterprises in the UK, 58.8 per cent of private sector employment and 48.8 per cent of private sector turnover.

Therefore, the SBE sector can be considered of great importance in the contribution of job creation and income generation. On this issue, Stone (World Bank: Facts about small business, 1997) stated that 'SBEs create more employment than large enterprises, with a lower investment per job created.

Small business definition is still generating a lot of controversy in the world today. It has been defined differently by many scholars, economists, managers and governments. Despite the fact that there are millions of small business outfits today, attempts to produce a universally accepted definition of what small scale business is, have been futile efforts. The question has always been "how small" is small business? This has made it difficult to define a small business. Small business means different things to different people. Definitions vary from country to country depending on their economic and political situations. Owing to the circumstances stated above, various definitions have hitherto, been based on the following characteristics: the business's total assets, relative position of the firm within its industry, nature of management, profit earning, sales volume and number of employees or a combination of two or more of these variables. According to Nwoye (2002), there are specific measures and approaches to promote small business enterprises in Nigeria. The approaches are as follows: (1) Developing industrial estates especially those that promote links between large and small enterprises and making available common services and technical assistance; (2) Devising alternative means of securing loans that are acceptable to lenders and feasible for borrowers; (3) Strengthening of institutional support or credit delivery to SBEs; (4) Government departments should be required to patronize these goods by small and micro enterprises and criticize them to improve standard and become more competitive; (5) Emphasis should be laid on the development and use of technologies that are environmentally friendly and whose maintenance will be readily available; (6) Establishment of research unit to conduct research and feasibility studies, new technologies, domestic and foreign market demand, subcontracting opportunities, identifying potential suppliers and eliminating other high cost facing small scale entrepreneurs in search of information, This information should be made available free of charge to the entrepreneurs of Small Business Enterprises (SBEs).

2. Financial Management

According to Pandey (1999) and Kehinde (2011), financial management is that managerial activity which is concerned with planning and controlling of the firm's financial resources. He describes it as both theoretical and practical in nature. It includes the acquisition, allocation and management of firms' financial resources. Kehinde (2011) pointed out that it has today, been identified with the totality of how the firm raises finance, where the firm sources funds, the cost of such funds, the alternative methods of utilizing such funds and the final benefits, accruing from the use of such funds. Van Horne and Wachowicz (2005), opines that financial management is concerned with the acquisition of finance and management of assets with some overall goal in mind. In the view of Akinsulire (2006), financial management connotes responsibility for obtaining and effectively utilizing the funds necessary for the efficient operation of an enterprise. The finance function centers on the management of funds, raising and using them effectively. It, therefore, covers all functions concerned in attempting to ensure that financial resources are obtained and used in the most effective way to secure attainment of the objectives of the organization.

The College Accounting Coach (2008), defined financial management as the efficient and effective planning and controlling of financial resources, so as to maximize profitability and ensure liquidity for an individual (called personal finance) government (called public finance) and for profit and non-profit organizations / firms (called corporate or managerial finance). This generally involves balancing risks with profitability.

According to Anumaka (2009), financial management can be described as the structuring of the financial system and process to promote efficient, accurate and timely execution of finance / accounting functions in order to provide an organization (be it private or public) with reliable information and analysis to measure its performance. It is, therefore, part of total management that is concerned with raising funds in the most economic and suitable manner and using these as profitably or as cost – effectively as possible. www.smallbusinessnotes.com (2010) sees financial management as the process of managing the financial resources, including accounting and financial reporting, budgeting, collecting accounts receivable, risk management, and insurance for a business.

2.1. Working Capital Management (WCM)

Working capital management efficiency is vital, especially for manufacturing and construction firms, where a major part of assets is composed of current assets (Horne & Wachowitz, 2000). The profitability, liquidity tradeoff is important because if working capital management is not given due consideration, then the firms are likely to fail and face bankruptcy (Kargar & Blumenthal, 1994; Raheman & Nasr, 2007). The significance of working capital management efficiency is irrefutable (Filbeck & Krueger, 2005). Working capital is known as life giving force for any economic unit and its management is considered among the most important functions of corporate management. Every organization whether, profit-oriented or not, irrespective of size and nature of business, requires necessary amount of working capital and it is the most crucial factor for maintaining liquidity, survival, solvency and profitability of business (Mukhopadhyay, 2004). WCM is fundamental while using liquidity and profitability as a comparison among firms and it entails decision of the amount and composition of current assets and the financing of these assets (Eljelly, 2004). The greater the relative proportion of liquid assets, the lesser the risk of running out of cash, all other things being equal. All individual components of working capital including cash, marketable securities, account receivables and inventory management play a vital role in the performance of any firm.

Efficient management of working capital plays an important role of overall corporate strategy in order to create shareholder value. Working capital is regarded as the result of the time lag between the expenditure for the purchase of raw materials and the collection from the sale of the finished goods. The management of working capital can have a significant impact on both the liquidity and profitability, which goes a long way in determining the success and survival of the company (Shin & Soenen, 1998). The main purpose of any firm is to maximize profit. But, maintaining liquidity of the firm is also an important objective. The problem is that increasing profits at the cost of liquidity can bring serious problems to the firm. Thus, the strategy of firm must maintain a balance between these two objectives. It is a dilemma in working capital management to achieve the desired tradeoff between liquidity and profitability (Smith, 1980; Raheman & Nasr, 2007).

Gill et al. (2010) and Mensah-Agyei (2012) point out that there exists a direct relationship between WCM and firm liquidity. Effective working capital management provides the firm with adequate liquidity both to pay its short-term maturing obligations as they fall due and to conduct the firm's day to day operations. Inability to manage working capital efficiently is a major cause of SBE failure. Importance of WCM in managing cash flow and cash conversion cycle (CCC) is a critical component of overall financial management for all firms, especially those which are capital rationed and more reliant on short-term sources of finance (Walker & Petty, 1978; Cosh & Hughes, 1994; Baños-Caballero, García-Teruel & Martínez-Solano, 2010). The link between credit management/financial management and corporate performance was given as an area for further investigation in the study of Peel, Wilson and Howorth (2000). A lengthening of the cash operating cycle means more investment in working capital. Attempt to reduce this cycle to a reasonable level generally leads to improved profitability (Deloof, 2003; Padachi, 2006; Karaduman et al. 2011). A poor WCM can affect all areas of the firm's operations, creating problems such as delay in production, accumulation of unpaid invoices, suppliers withholding delivery against payment of long outstanding bills, unable to meet interest charges, thereby escalating the level of outstanding debt, postponing major repairs and maintenance among others. According to Kolay (1991) 'this may affect the availability of inputs, thereby lowering capacity utilization, worsening internal cash generation and, consequently, worsening working capital position'.

Hypothesis 1: Working capital management does not have a significant effect on the profitability of SBEs.

2.2. Investment

According to Brigham (1995), capital budgeting might be more important to a smaller firm than to its larger counterparts because of the lack of access to the public markets for funding. Capital budgeting has attracted researchers over the past several decades. McMahon et al. (1993) claimed the earliest study of capital budgeting of SBEs was reported by Soldofsky (1964). During 1961, Soldofsky interviewed 126 owners of small manufacturing businesses in Iowa and the results were published in 1964. Regarding capital project selection techniques, there were several surveys conducted by previous researchers such as Soldofsky (1964), Luoma (1967), Taylor Nelson Investment Services (1970), Hankinson (1979), Grablowsky and Burns (1980), Proctor and Canada (1992), and Block (1997). Soldofsky's (1964) study results show around 58 percent of respondents used payback period methods whereas only 4.1 percent employed accounting rate of return technique. Block's (1997) survey of 232 small businesses in the USA indicated that payback method remains the dominant method of investment selection for small businesses, whereas large corporations widely incorporate discounted cash flow models in financial analysis of capital investment proposals (Proctor and Canada, 1992). This is not evidence of a lack of sophistication as much as it is a reflection of financial pressures put on the small business owners by financial institutions. Payback period was used to evaluate capital projects by 51 percent of respondents, while 30 percent reported use of some variation of accounting rate of return. Only 10 percent reported use of discount cash flow methods such as net present value (5 percent) and internal rate of return (2 percent). This finding is consistent with the Soldofsky (1964), Louma (1967), and Grablowsky and Burns (1980) findings of a tendency in using simple and complicated methods of capital investment project evaluation.

Hypothesis 2: There is no significant effect of financial investment decisions on return on investments of SBEs.

2.3. Financing

Thevaruban (2009) examined small scale industries and their financial problems in Sri Lanka. He underscored that SMEs of small scale industries in Sri Lanka find it extremely difficult to get outside credit because the cash inflow and savings of the SMEs in the small scale sector is significantly low (Ganesan, 1982). Hence, bank and non-bank financial institutions do not emphasize much on credit lending for the development of the SBEs. Finance has been identified as the most difficult problems of the SBEs in USA and external finance is more expensive than internal finance (Pettit & Singer, 1985; Watson et al., 1998; Datta, 2010). Due to lack of access to external finance (private placements and initial public offerings of varying sizes), SBEs rely on bank loans as compared to their larger counterparts (Berger et al., 2001; Bracker et al., 1988). Ssendaula (2002) lists factors that have discouraged banks from lending to SBEs. Among them are poorly compiled records and accounts; low levels of technical and management skills; outdated technologies; lack of professionalism and networking; lack of collateral; lack of market outlets due to poor quality and non-standardized products; poor linkages and limited knowledge of business opportunities. In addition, most businesses, such as those dealing in foodstuffs, have been affected by a lack of proper storage facilities. This has been a major limitation on business success because most agricultural products require preservation and have an inelastic demand meaning that even if their prices are lowered, quantity demanded can increase in that same proportion to clear the market of surpluses.

For SBEs to be successful in their operations, the financial manager of a firm is expected to make some crucial decisions in the business and these decisions include financing decisions, short term finance as regards net working capital, investment decisions, dividend decisions and financial reporting (Ang, 1992; Ross et al., 1999). The strong points of financial management practices in the SBE sector have long attracted the attention of researchers. Depending on different objectives, researchers emphasize different aspects of financial management practices. McMahon, Holmes, Hutchinson and Forsaith (1993) and McMahon and Holmes (1991) summarized their review of financial management practices in Australia, the UK and the USA that financial management practices have been adopted at large and in their review, the context of financial management practices includes the following areas: accounting information systems, financing decisions, investing decisions.

2.4. Accounting Information Systems

D'Amboise and Gasse (1980) studied the utilization of formal management techniques in 25 small shoe manufacturers and 26 small plastic manufacturers in Quebec, Canada and found that 88 percent of the businesses used a cost accounting system. Regarding accounting standards, DeThomas and Fredenberger (1985), in a survey of over 360 small enterprises in Georgia, found that the standards of financial record keeping were very high. In addition to cheque and deposit receipts, around 92 percent of respondents had some form of record keeping. Regarding the

use of financial information, DeThomas and Fredenberger's (1985) study indicated that 96 percent of the respondents had financial statements prepared, the responsibility for evaluating and using the information was within the business itself and only four percent relied on an outside accountant's services. In the survey of 69 small enterprises across the USA, Farhoodman and Hryck (1985) reported on the most important applications of computers, and it was found out that accounting was rated as the highest percentage. Similarly, Palmer (1994) interviewed 36 small independent retail owner-managers and found that 33 percent of the sample businesses used computerized accounting systems. Reviewing previous research results shows that accounting and financial management applications dominated the use of computers in small and medium enterprises in the North America in 1980's and 1990's. Williams (1986) evaluated the adequacy of accounting records for 10 570 failed and surviving small enterprises operating throughout Australia. The findings are compatible with Peacock's (1986, 1987, and 1988) that a significant proportion of owner-managers kept inadequate accounting records. Holmes (1987) conducted a survey of accounting information requirements of 928 small enterprises operating in Sydney, Melbourne and Brisbane. Fifty-seven percent of the respondents indicated they used the journal/ledger (double entry) systems. This finding is rather in contrast to Peacock's (1987) types of records maintained by failed enterprises, where only 2.1 percent of respondents were found to use double entry systems.

Hypothesis 3: There is no significant relationship between accounting information system and the growth of SBEs.

2.5. Financial reporting and analysis

Bookkeeping alone without preparing reports is likely not to be fundamental in aiding decision making unless proper reports are prepared and analyzed to attach a meaning, so as to help decision makers. D'Amboise and Gasse (1980) found that small manufacturers in shoe and plastic industries in Quebec, Canada formally undertook the analyses based on financial statements and revealed that manufacturing firm's managerial decisions were largely based on the financial reports prepared. DeThomas and Fredenberger (1985) further stressed that small enterprises regularly obtained summary financial information in the form of traditional financial statements (balance sheets, profit and loss statements, fund statements), the remainder being bank reconciliation and operating summaries whereas no business was regularly receiving cash-flow information. The study further found that 61 percent of respondents felt the financial statements provided the information they required for planning and decision-making. However, a smaller percentage reported that they had used financial statement information formally as part of managerial evaluation, planning and decision making, utilized financial ratio analysis, and few even made simple historical comparisons. Thomas and Evanson (1987) examined the extent to which financial ratios were used in a specific line of small retail business and tested for a relationship between the use of financial ratios and business success (in Michigan, North Carolina, Nebraska, Rhode Island and Washington). However, through regression analysis, there is no significant relationship between earnings-to-sales and the number of financial ratios used by the owners in operational decision-making. When efforts were made to include the effects of other managerial practices and variations in business environments, no association between the use of individual ratios and total earnings or total sales was found.

III. Methodology

The population of this research study covers Private Primary and Secondary Schools in Alimosho LGA of Lagos state. There are 581 schools registered by Lagos State Government (http://www.lagosschoolsonline.com, 2016) in Alimosho LGA. The research was carried out among the Account Officers of each school. The total numbers of primary schools are 325 and secondary are 256.

The survey research design was employed in this study and the simple sampling technique was used to draw the sample from the population. A total of 234 respondents make up the sample size of the study, the respondents within the sample size received a questionnaire. 224 questionnaires were collected, 37 being not valid, therefore, 187 questionnaires were found useful and analyzed. Statistical tools such as simple percentage analysis, correlation and regression were used to analyze the data collected using the statistical package for social sciences (SPSS).

The data required for the research study were generated from primary and secondary source of information. The primary data were obtained basically from the questionnaire filled by the participants while the information was elicited from the account record books of the participating schools.

The questionnaire was drafted from the research questions. Section A requests information on personal data respondents. The 5 Likert-scale questionnaire was designed in section B.

Validity of the Research Instrument

To ensure the validity of the research instrument in this study, the content validity was adopted. The questions in the questionnaire were related to the subject matter under investigation, and it was also attested that they were unambiguous, so as to avoid a situation whereby the instrument lacks measurement scale.

Table 1: Analysis of Responses to Research Questions

S/N	WORKING CAPITAL MANAGEMENT	SA	A	UD	D	SD
1.	The owner of the business is involved in preparation of budget	42(22.5%)	102(54.5%)	21(11.2%)	8(4.3%)	14(7.5%)
2.	The owner of the business has bank account which is different from owner's account	65(34.8%)	82(43.8%)	14(7.5%)	12(6.4%)	14(7.5%)
3.	Cash budget is helpful in decision making in SBEs	96(51.3%)	65(34.8%)	-	26(13.9%)	-
4.	There is liquid cash to run the business on a daily basis	71(38%)	77(41.2%)	6(3.2%)	33(17.6%)	-

5.	Financial management practice have led to prudence in SBEs	52(27.8%)	76(40.6%)	13(7%)	46(24.6%)	-

S/N	ACCOUNTING INFORMATION SYSTEM	SA	A	UD	D	SD
6.	The owner/manager is in charge of recording transactions	73(39.0%)	70(37.4%)	14(7.5%)	14(7.5%)	16(8.6%)
7.	The business accounting system used is informal	42(22.5%)	97(51.9%)	21(11.2%)	9(4.8%)	18(9.6%)
8.	The accounting department is properly staffed and operated efficiently	67(35.8%)	78(41.7%)	13(7.0%)	10(5.3%)	19(10.2%)
9.	The accountant is in charge of recording transactions	39(20.9%)	93(49.7%)	37(19.8%)	7(3.7%)	11(5.9%)
10.	The business uses computer assisted software in recording transactions	49(26.2%)	90(48.1%)	18(9.6%)	10(5.3%)	20(10.7%)
S/N	**FINANCIAL INVESTMENT**	**SA**	**A**	**UD**	**D**	**SD**
11.	SBEs have better access to investment decision due to financial management practice	38(20.3%)	94(50.3%)	22(11.8%)	9(4.8%)	24(12.8%)
12.	Financial management practice facilitates investment decision in SBEs	79(42.2%)	64(34.2%)	5(2.7%)	10(5.3%)	29(15.5%)
13.	The business has cash for investment in long-term projects	70(37.4%)	72(38.5%)	15(8.0%)	9(4.8%)	21(11.2%)
14.	The business invests in non-current assets	44(23.5%)	96(51.3%)	19(10.2%)	11(5.9%)	17(9.1%)
15.	The business invests in real estate	66(35.3%)	82(43.8%)	13(7.0%)	9(4.8%)	17(9.1%)

Source: *field survey, 2016*

Table 1 above reveals responses of respondents to research questions. 77% of the respondents agreed with the first statement on the table, 78.6% agreed with the second statement, 86.1% agreed with the third statement, 79.2% agreed with the fourth statement, 68.4% agreed with the fifth statement, 76.4% agreed with the sixth statement, 74.4% agreed with the seventh statement, 77.5% agreed with the eighth statement, 70.6% agreed with the ninth statement, 74.3% agreed with the tenth statement, 70.6% agreed with the eleventh statement, 76.4% agreed with the twelfth statement, 75.9% agreed with the thirteenth statement, 74.8% agreed with the fourteenth statement and 79.1% agreed with the fifteenth statement. This implies that the majority of the respondents agreed with all questions raised under investigation.

IV. Results and Testing of Hypotheses

This section discusses the results and hypotheses testing for this study.

Hypothesis 1: Working capital management does not have significant effect on profitability of SBEs.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.238a	.057	.052	.55155

a. Predictors: (Constant), working capital

The coefficient of determination (R2) as indicated above means that working capital management contribute 5.7% of the success recorded in profitability of SBEs. This implies that working capital management had effect on profitability of SBEs. However, the result indicated that working capital management might have an effect on profitability but there are some other resources that can contribute higher percentage to the profit of the school rather than working capital management.

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.382	1	3.382	11.118	.001b
	Residual	56.278	185	.304		
	Total	59.660	186			

a. Dependent Variable: profitability

b. Predictors: (Constant), working capital

The table showed that the model is statistically significant because the p value of 0.001 is lower than 0.005. This implies that working capital management had a significant effect on the profitability of SBEs. Then, the alternative hypothesis should be accepted.

Hypothesis 2: There is no significant effect of financial investment decisions on return on investments of SBEs.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.431a	.186	.168	.220

a. Predictors: (Constant), financial investment decisions

The coefficient of determination (R2) as indicated above showed that the variance of 18.6% success recorded in return on investments of SBEs is attributed to financial investment decisions. This indicates that financial investment decisions had an impact on return on investments of SBEs.

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.508	1	.508	10.510	.002b
	Residual	2.224	185	.048		
	Total	7.733	186			

a. Dependent Variable: return on investment

b. Predictors: (Constant), financial investment decisions

The table also showed that the model is statistically significant because the p value of 0.002 is lower than at 0.005 level of significance. This implied that financial investment decisions had a significant effect on return on investments of SBEs.

Hypothesis 3: There is no significant relationship between accounting information system and the growth of SBEs.

Correlations

	Accounting information system	Growth	
Accounting information system	Pearson Correlation	1	.323**
	Sig. (2-tailed)		.000
	N	187	187
Growth	Pearson Correlation	.323**	1
	Sig. (2-tailed)	.000	
	N	187	187

**. Correlation is significant at the 0.01 level (2-tailed).

The result above shows the correlation result of the relationship between accounting information system and growth of SBEs. The result (r = .323) indicates that there is a positive correlation between accounting information system an d the growth of SBEs which is also significant because the p-value of 0.000 is lower than the level of significance of 0.005

Decision

Null hypothesis is rejected while the alternative hypothesis is accepted. This implies that there is a significant relationship between the accounting information system and the growth of SBEs.

V. Discussion of Findings

The result of hypothesis one, tested above, is not quite in variance with the study conducted by Garcia-Teruel et al, (2007), which has found that a significant negative association exists between working capital management and SBEs profitability. In variance to the findings of Garcia-Teruel (2007), the results from the study conducted by Uyar (2009) indicate significant positive correlations between working capital components with firm's performance in Malaysia.

The major findings of this study confirm the works of Abanis et al (2013) that few of the businesses have cash for investment in long term projects. These businesses vary in type and nature. Baldacchino (1995; 1999) highlighted that SBEs in Small Island states such as Fiji as compared to their counterparts lack the investment capital that can be permeated in the development of SBEs. Most of the owners are not endowed with working capital management experiences. This makes them tie up the cash of the business to the assets, which will not add value to the business.

However, the utilization of these noncurrent assets is doubted, as the findings have shown low and improper utilization. This has a big effect on the utilization of funds in generating income which affects the overall profitability of the businesses. Though some of the SBEs may have cash for investment, the majority of them invest without evaluating the investments. This puts the initial amount invested at stake as some of the businesses may not be viable.

The findings from the second hypothesis further reveal that the investments made are not always reviewed after a certain period of time. This means that if the investment goes bad on the way, there is no way to know how to bring it back on track and thus the initial investment is lost. Similarly, few of the SBEs invest in real estate.

From the third hypothesis, the result of the analyses confirm the works of Peacock's (1985, 1987). The findings reveal that few of the SBEs in Nigeria were fully utilizing accounting information systems and that contributed to their failure. However, some other studies conducted in developed nations disagreed with the findings, showing that most of the SBEs were mostly utilizing accounting information systems. D'Amboise and Gasse (1980) studied the utilization of formal management techniques in 25 small shoe manufacturers and 26 small plastic manufacturers in Quebec, Canada, and found that 88 percent of the businesses used accounting information systems. Based on the findings of this study, the following conclusions have been drawn: The Theory of Pecking Order (Myers 1984) which states that Management has a preference to choose internal financing before external financing was proven in this study in the aspects of SBEs using internally generated funds as compared to borrowed funds.

The study was able to bridge the gaps that were not covered by the previous studies since none of the studies had looked into financial management and business efficiency of SBEs in Nigeria. The study has brought up new knowledge on how SBEs apply financial management practices and the weaknesses that were revealed in their current operations, hindering their efficiency in terms of survival and business growth.

VI. Conclusion

Based on the findings of this study, the following conclusions have been drawn:

The study has revealed significant positive correlations between working capital components with firm's performance in Nigeria. It has been revealed that most of SBEs working capital which is crucial to the survival of their business is unnecessarily tied up thus reducing liquidity capacity of their business.

The investments made are not always reviewed after a certain period of time. This means that if the investment goes bad on the way there is no way to know how to bring it back on track and thus the initial investment is lost.

Though some of the SBEs may have cash for investment, the majority of them invest without evaluating the investments. This puts the initial amount invested at stake as some of the businesses may not be viable.

The findings reveal that few of the SBEs in Nigeria were fully utilizing accounting information systems and that contributed to their failure. However, some other studies conducted in developed nations disagreed with the findings showing that most of the SBEs were mostly utilizing accounting information systems.

VII. Recommendation

From the findings of this study the following recommendations are to be considered to address the observed shortfalls:

The study suggests to the owners of SBEs that the careful management of working capital is vital for the survival of their firms. Poor management of working capital means that funds are unnecessarily tied up in the idle assets thus reducing liquidity and also the ability to invest in more profitable ventures.

Small business owners should endeavor to obtain basic education and also strive to meet basic requirement needed in evaluating financial investment before investing.

A training centre should be established by government agencies for entrepreneurs engaged in small-scale business to impact the knowledge of financial management. Small business owners and employees should attempt not to only acquire knowledge and understanding, but also to utilize the available financial management information they have.

Employment of financial management experts by small business owners as the business expands should be considered. Small business owners should be actively involved directly or through their employed financial management experts in various financial management techniques that would enable the firm to identify the various sources of finance and allocate them appropriately to maximize the value of the firm. From the foregoing, it can be inferred that proper generation, allocation and utilization of funds with skill and competence in addition to an enabling environment, availability of funds, incentives and other contributory factors will aid the growth of small businesses.

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