

¹ The Roles of Record Keeping In the Survival and Growth of
² Small Scale Enterprises in Ijumu Local Government Area of Kogi
³ State

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Received: 26 May 2012 Accepted: 18 June 2012 Published: 2 July 2012

8 Abstract

9 Record keeping is the recording of business transactions in systematic manner so that the
10 financial position of an organization can be ascertained at any point in time. It has become
11 the foundation on which modern businesses depends. The objective of this paper therefore is
12 to look at the records to be kept by an organization, their features and the importance of
13 book/record keeping to the growth of an organization. Data were collected using the primary
14 and secondary sources. The primary sources include the use of questionnaire and personal
15 interview while existing literature forms the bulk of the secondary source. The data collected
16 were presented using table while chi-square was used in analyzing the data. It was found out
17 from the data analysis that majority of our respondents do not keep business records and
18 therefore do not even know whether their businesses are growing or not. It is therefore
19 recommended that small scale entrepreneurs to keep up to date and accurate records of their
20 business. They should also avail themselves of training opportunities related to record
21 keeping. They should also endeavour to record their transactions on a daily, weekly or
22 monthly basis (as the case may be)

Index terms— Bookkeeping, Growth, Survival, Entrepreneurs, Small Scale.

24 *New Terms* - Bookkeeping, Crown, Survival, Entrepreneurs, Small Scale.
25 couldn't accurately remember what they had spent between that period of time. We asked them why? While
26 some chorused "because we did not write them down" others chorused "because we did not keep the records".
27 This therefore, goes to show that record keeping is not only inevitable for individuals, it is the organizations life
28 wire. If nothing at all, from the above, record keeping helps us to know what is spent and what it is spent for.
29 This is the crux of this paper -examining the roles and importance of record keeping in the survival and growth
30 of small scale enterprises.

It is very interesting to note that even in the Bible, record keeping is of great importance to God and to individuals. In the Book of Esther chapter 6:1, we read that the king could not sleep and he commanded to bring "the book of records" and it was found "written" in the Book, how Modecai saved the life of king Ahasuerus. That was how Modecai, already destined to be killed was honoured. The importance of record keeping can therefore, not be overemphasized both in our contemporary lives and particularly in our businesses.

35 therefore, not be overemphasized both in our contemporary lives and particularly in our businesses.
36 Jesus Christ was able to overcome the temptation of Satan through the WRITTEN WORDS. When Satan
37 tempted him at first, Jesus replied "it is written" (Mathew 4:4). Again, to the second temptation, Jesus answered
38 again, that "It is written" (Mathew 4:10) and finally to the final temptation, Jesus answered again that "it is
39 written". This goes to show the importance of written records at all times.

39 written. This goes to show the importance of written records at all times.
40 In Islam, the issue of record keeping is important. Even though, the words written records were not used, the
41 Quran used words like Prescribed, Decreed and Ordained. For example, in the holy Quran, sura 2 v 183, it was
42 written there that fasting has been prescribed to you as it was to the people before you. This means that fasting
43 has long been written for them to observe.

1 a) A Brief History On Ijumu Local Government

44 Ijumu local government with its headquarter at Iyara was re-created in 1991. It was first created in the old
45 Kwara in 1983 but was scrapped in 1984 by the then military government. The council consists of 16 wards.

46 The local government (LG) has natural resource endowment. The minerals include clay, columbite, dolomite,
47 cassiterite (tin ore), kaolin, marble, tantalite, cashew, palmoil, plantain, cocoa e.t.c. The LG also has great
48 agricultural potentials i.e. arable land farm is available in large quantity. However, the people of the local
49 government are enjoying the quality of life they should. They live in poverty and are not enjoying the basic
50 necessities of life.

51 In the field of education, the local government is constrained by dilapidated classrooms, congestion,
52 unacceptable students-teachers ratio, inadequate teaching and learning materials and facilities. All these hinder
53 the provision of qualitative basic education.

54 In the area of health, there are only 40 health facilities in the local government, relative to its population of
55 119,929 (a ratio of 1:2900). This is high, unacceptable and is responsible for the decline in health care delivery.

56 Agriculture is still at the subsistence level, thereby making farmers and members of the local government
57 vulnerable to poverty. This invariably hinders food security in homes and invariably, the entire local government.

58 In the area of rural infrastructure, most of the communities (particularly the agricultural communities) are
59 inadequately linked by feeder roads to the market. Access to safe drinking water is also constrained by incessant
60 breakdown of hand pump boreholes and erratic electricity supply to the state owned water works in the L.G. ??.
61 headquarters. In the area of rural market, farm produce are exchanged in many of its rural markets scattered
62 around the communities-but the market lacked the basic physical features of a market, such as permanent
63 structures (lock up shops, sanitary facilities, e.t.c.).

64 The absence or near absence of all these, i.e. the inability of the rural population to access quality livelihood,
65 safe drinking water, health care facilities, energy, required nutrition, basic education, motorable roads, sanitary
66 facilities and markets has left majority of the local government at the mercy of poverty. The widows, orphans,
67 abandoned children and the physically challenged are most vulnerable to the burden of poverty.

68 From the above scenario, the local government realized that one of the things to do to reduce rural poverty
69 was to support the establishment of small scale enterprises. In other words, it realized the need for the
70 transformation of the local government from the predominant agrarian economy to the supportive secondary
71 and tertiary productive sectors. This transformation can best be achieved through a well developed, appropriate
72 and articulated small and medium enterprises (SMEs) scheme. The local government was therefore to create the
73 enabling environment for the development of SMEs through private public partnership. The local government
74 promised to support the establishment of 100 SMEs in 2011, 50 cassava processing enterprises, oil palm processing
75 and cashew production.

76 Much as the local government was desirous to assist the SMEs because of the significant roles they can play
77 in reducing unemployment, youth restlessness and invariably rural poverty, the SMEs have not been living up to
78 expectations. Many of them failed within the first year of their establishment. The problem arose majorly from
79 management incompetence. On further investigation, it was revealed that most of the owners lack elementary
80 knowledge of book keeping and the people employed by them were not better either. What effect has it had on
81 the local governments attempt at transforming the rural areas? b) Statement of Research Problem Many authors
82 have written on the subject of small scale business failure. Many reasons have been given for their failures. The
83 problem however, remains that many of the authors did not link business failure to the lack of or inadequate
84 record keeping.

85 According to Uzoma (1991), the causes of business failure includes competition, lack of capital, location
86 and premature expansion. ??sagbemi (1981) assets that the major factors responsible for small business failure
87 includes lack of luck, insufficient money, insufficient preparation, lack of business connections, low level of business
88 education, lack of experience, poor health, lack of managerial ability etc. According to Osuala (1993), the causes
89 of business failure includes management incompetence, lack of experience, lack of capital, over investment in fixed
90 assets, poor customer credit practices, unplanned expansion and improper attitudes such as laziness, extensive
91 vacationing, overextension and unethical behaviour.

92 Infact, according to Onuoha (1998) in their survey of over 317 entrepreneurs in Aba, Nnewi, Onitsha,
93 and Porthacourt, it was discovered that the following were given as the reasons for business failures -lack of
94 capital, inadequate sales, insufficient preparation, heavy operating costs, inventory difficulties, lack of business
95 connections, bad debts, lack of management ability, poor credit practices, lack of luck, low level of business
96 education, poor location, unplanned expansion programmes, poor health and poor knowledge of the market.
97 Most of these authors saw business failure arising from reasons other than those related to record keeping.

98 However, in recent times, increased attention has been focused on the importance of inadequate record keeping
99 as a source of business failure.

100 In 1993, Dun and Bradstreet a company that operates a credit rating service in the United States finance
101 accounted for 47.3%, Economic factors 37.1%, Disaster 6.3%, Neglect 6.3%, Fraud 3.8%, Strategy 1.0%, and
102 Experience 0.6%, (Longenecker, Moore, Petty, 1997).

103 The crux of this research work therefore, is to look at the importance of record keeping to the growth and
104 survival of some selected small scale business organizations in Ijumu Local Government Area of Kogi State.

106 2 i. Objectives of the study

107 The objectives of this paper include:

108 1. An examination of the role of small scale enterprises in the economy. 2. To examine the objectives of record
109 keeping by an organization, the records to be kept and the basic features of such records. 3. To examine the role
110 of record keeping to the growth and survival of small scale enterprises.

111 ii. Hypothesis formulation A hypothesis was formulated for testing H_0 : Inadequate record keeping does not
112 have any significant effect on the growth and survival of small scale enterprises in Ijumu Local Government Area.
113 H_1 :

114 Inadequate record keeping has significant effect on the growth and survival of small scale enterprises in Ijumu
115 Local Government Area.

116 ii.

117 3 Literature Review

118 Small scale enterprises has been defined variously by many individuals and institution using various yardsticks
119 such as numbers of employees, volume of sales, value of assets, or the volume of deposit in banks.

120 Central Bank of Nigeria defined small scale enterprises as all businesses with a total assets investment of less
121 than one million, an annual turnover of less than one million and with a total number of employees of less than
122 fifty. (World Bank Mapping 2001).

123 The National Economic Reconstruction Fund (NERF) defined small and medium enterprises with a criterion
124 that projects to be financed by the firm should have a total fixed asset cost (including land) of not more than
125 N10million.

126 The Industrial Research Unit of Obafemi Awolowo University defined small scale business as one whose total
127 asset in capital, equipment and working capital are less than N250,000 and employing fewer than 50 full time
128 workers.

129 The Federal Ministry of Industry (in respect of the small scale industries credit scheme) sees small scale
130 industry as any manufacturing, processing or service industry with capital investment not exceeding N150,000 in
131 machinery and equipment alone.

132 According to Atijosan (1998), a small business is any manufacturing, processing or servicing industry that
133 satisfies any or all of the following conditions: i) Capital, but excluding cost of land and not excluding N750,000
134 ii) Staff strength not exceeding 50 persons and wholly Nigerian owned iii) A manufacturing, processing or servicing
135 industry, exceeding the units of investment stated is relatively small compared to prevalent size of plant and the
136 technology is fairly labour intensive.

137 For the purpose of this work, we shall adopt the definition of Atijosan (1998) i.e. small scale enterprises have
138 capital of not exceeding N750,000, excluding the cost of land and having a staff strength of not more than 50
139 people.

140 The importance of small scale enterprising cannot be overemphasized in any economy. According to Onuoha
141 (1998), their roles include -stimulation of indigenous entrepreneurship, transformation of traditional industry,
142 creation of employment, linkage effects, utilization of resources, contributes to regional activity, and cooperation,
143 reduction in rural-urban immigration, interdependence of business, innovation, increase in standard of living.

144 According to Ibenta (2005), small scale enterprises have received increasing attention in recent years because
145 this sub-sector of the economy makes a significant contribution to employment, value-added production, feeder
146 industry services, industrial dispersal and development of local technology. Longnecker, Moore, and Petty (1997)
147 sees the contribution of small scale enterprises to include the provision of new jobs, introduction of innovation,
148 stimulation of economic competition, aiding big businesses and the production of goods and services efficiently.
149 According to Okafor, (2000), this is made possible by the SME's industrialization strategy that is characterized
150 by small size, simple management structures, simple production technology, fast growth potentials based on the
151 exploitation of local resources endowment.

152 Small scale enterprises are catalysts for world's economic growth and development which have
153 dominated the industrial sector of both developed and underdeveloped countries. ??ruwa (2006) believed that
154 Nigeria's industrial sector is dominated by small and medium scale enterprises (SMEs) which accounts for 90%
155 in terms of number of enterprises, as compared with other developed countries where more than 98% of all
156 their enterprises belong to SME sector, about 80% of the total industrial labour force in Japan is SME, 50% in
157 Germany, 46% in USA are employed in smaller firms. Similarly the International Finance Corporation (IFC) and
158 Corporate Affairs Commission in 2001 further justified that Nigeria's industrial sector is

159 The Roles of Record Keeping In the Survival and Growth of Small Scale Enterprises in Ijumu Local dominated
160 by SMEs, estimated to be about 90% of the sector employing less than 50% of the people (HPACI 2002). Given
161 the place occupied by the SMEs in Nigeria's industrial sector, it is expected that the success of the Nigerian
162 economy would be partly dependent on the success of the SMEs. Nwoye (1991) pointed out clearly that SMEs
163 are catalysts for Nigeria's economic growth and development. He believe that through so many SMEs, Nigeria
164 has great potentials for success and growth, sales of large volume of goods e.t.c. Even though, some of them have
165 adequate capital, many of them fail due to poor financial management operations.

166 Record keeping has become the foundation on which the totality of modern business depends. This is because
167 without it, it will be impossible to ascertain the level of profitability and the level of business susceptibility

7 D) PETTY CASH BOOK

168 to fraud. Record keeping and good record management is also essential for any corporate body to function
169 effectively.

170 According to Vickery (1973), it's the art of recording pecuniary or business transactions in a regular and
171 systematic manner. In the words of Onuoha (1998:321), it is the art of recording business transactions in such a
172 systematic manner so that the financial position of the business can be ascertained readily at anytime.

173 The Longman Dictionary defined record or book keeping as writing about something or put on a computer
174 so that the information is stored for use. Osaze and Anao (1990), Ajayi (1997), Aruwa (2005) and Reed (2005)
175 described book or record keeping as the art of keeping record of figures of all transactions in a regular and
176 systematic manner, such that the records kept will provide various books of account which would be in permanent
177 form or for the purpose of providing means by which an enterprise can be conducted in an orderly manner.

178 Bookkeeping is the recording of financial transactions. Transactions include sales, purchases, income, and
179 payments by an individual or organizations. Bookkeeping is usually performed by a bookkeeper. Bookkeeping
180 should not be confused with accounting. The accounting process is usually performed by an accountant. The
181 accountant creates reports from the recorded financial transactions recorded by the bookkeeper and files forms
182 with government agencies. There are some common methods of bookkeeping such as the Single-entry bookkeeping
183 system and the Double-entry bookkeeping system. But while these systems may be seen as "real" bookkeeping,
184 any process that involves the recording of financial transactions is a bookkeeping process.

185 A bookkeeper (or book-keeper), also known as an accounting clerk or accounting technician, is a person who
186 records the day-to-day financial transactions of an organization. A bookkeeper is usually responsible for writing
187 the "daybooks." The daybooks consist of purchases, sales, receipts, and payments. The bookkeeper is responsible
188 for ensuring all transactions are recorded in the correct day book, suppliers ledger, customers ledger and general
189 ledger. The bookkeeper brings the books to the trial balance stage.

190 4 a) Bookkeeping systems

191 Two common bookkeeping systems used by businesses and other organizations are the single-entry bookkeeping
192 system and the double-entry bookkeeping system. Single-entry bookkeeping uses only income and expense
193 accounts, recorded primarily in a revenue and expense journal. Single-entry bookkeeping is adequate for many
194 small businesses. Double-entry bookkeeping requires posting (recording) each transaction twice, using debits and
195 credits.

196 5 b) Single-entry system

197 The primary bookkeeping record in single-entry bookkeeping is the cash book, which is similar to a checking
198 (cheque) account register but allocates the income and expenses to various income and expense accounts. Separate
199 account records are maintained for petty cash, accounts payable and receivable, and other relevant transactions
200 such as inventory and travel expenses.

201 6 c) Daybooks

202 A daybook is a descriptive and chronological (diary-like) record of day-to-day financial transactions also called a
203 book of original entry. The daybook's details must be entered formally into journals to enable posting to ledgers.
204 Daybooks include: ? Sales daybook, for recording all the sales invoices.

205 ? Sales credits daybook, for recording all the sales credit notes. ? Purchases daybook, for recording all the
206 purchase invoices. ? Purchases credits daybook, for recording all the purchase credit notes. ? Cash daybook,
207 usually known as the cash book, for recording all money received as well as money paid out. It may be split into
208 two daybooks: receipts daybook for money received in, and payments daybook for money paid out.

209 7 d) Petty cash book

210 A petty cash book is a record of small value purchases usually controlled by imprest system. Items such as coffee,
211 tea, birthday cards for employees, a few dollars if you're short on postage, are listed down in the petty cash book.

212 We can therefore say record keeping is the systematic control of an organizations record throughout their
213 life cycle, in order to meet operational business Y needs, statutory and fiscal requirements and community
214 expectations.

215 The objectives of record keeping are many. This is more so when it is realized that information is every
216 organization's most basic and essential asset and in common with any other business asset, recorded information
217 requires effective management. The specific objectives of record keeping include the following: Longenecker,
218 Moore, Petty (1997:477). According to the National Archives of Scotland (2005), the guiding principle of
219 management is to ensure that information is available when and where it is needed in an organized and efficient
220 manner and in a well maintained environment. These principles include the fact that the records must be: 1.
221 Accurate: records must accurately reflect the transactions they document. 2. Authentic: it must be possible
222 to prove that records are what they purport to be. 3. Accessible: must be readily available when needed. 4.
223 Complete: must be sufficient in content, context and structure. 5. Comprehensive: it must record the complete
224 range of an organization's business. 6. Complaint: records must comply with any record keeping requirements

225 resulting from legislation, audit rules etc. 7. Effective: records must be maintained for specific purposes and the
226 information contained in them must meet those purposes.

227 **8 It is critical to business survival**

228 Even a study of British business failure in 1992 reported the perception of owners and overwhelmingly, the owners
229 identified problems in operational management as the major reasons for their failures and this included poor book
230 and record keeping, under capitalization and poor debt management. Most small business management decisions
231 lack careful analysis and their financial records are at best fragmentary (Longenecker et. al. 1997).

232 Many writers however, did not see any link between business failure, growth and survival from the point of
233 record keeping -even though Onuoha (1998) said "to be able to ascertain the condition of the business at any
234 point in time, there is the need to depend on accurate records and financial statements"

235 Claueteir and Under down (2002), H0dget (1992), Ajayi (1997), Reed (2005) and Aruwa also emphasized that
236 small scale businesses must keep proper and adequate records or books not only for the orderly conduct of
237 the enterprise but also because it helps entrepreneurs reduce the possibilities of early failure, increase chance
238 of business survival, serve as a basis for planning and controlling business operations, increases the chances of
239 profitability and also helps to keep business in a sound and healthy state to face competition. They emphasized
240 that small scale III.

241 **9 Methodology**

242 The major source of data used is the primary source. Data were collected using questionnaires. Secondary data
243 were also used to complement whatever information was obtained from the primary data. The secondary data
244 sources include textbooks, journals, newspapers etc.

245 Ijumu Local Government Area was chosen for thoroughness. Even though it is only one of the 21 local
246 government areas in the state, whatever is obtained could be used for generalization. Non random sampling was
247 used i.e. the five largest communities were chosen as sample because 80% of the small scale enterprises in the
248 local government are located in those communities. Whatever is obtained here can also be used for generalization
249 as the situation remains virtually the same all over the state.

250 There were too many small scale enterprises to choose from. This is because apart from pure water production,
251 patent medicine store and possibly the running of a restaurant, most of the small scale businesses did not see the
252 need for the registration of their businesses with the government and the law is not too forceful about it. It is
253 therefore difficult to say with precision the number of those enterprises that obtains in the local government.

254 An approximate total number of 600 enterprises were in existence as at the time of the survey (approximate
255 because a large number were not registered). Some of the figures were obtained from the umbrella organizations of
256 the associations. The six hundred is broken down as follows:- Pure water production (8), Automobile mechanics
257 (160), Hair dressing and barbing saloon (88), Restaurant (48), Spare part sellers (60), Provision and cosmetics
258 stores (76), Block making industry (38), Welders (38), Business centres (38) and Patent medicine stores (46).

259 Non-probability sampling method (purposive sampling method) was used. This is the deliberate selection of
260 the particular units of the universe constituting a sample on the basis that the small mass so selected out of the
261 huge one will be typically representative of the whole. On the basis of this, it was decided that instead of going
262 round the whole communities, it was better to choose the five largest communities in the local government and
263 distribute the questionnaires there. The respondents so chosen are bigger and more experienced. Their answers
264 are therefore more reliable and can be used for generalisation.

265 A total of 200 questionnaire were distributed in five communities in Ijumu Local Government Area of Kogi
266 State i.e. 40 questionnaires per community. The communities chosen are Ayetoro Gbede, Iyara, Ekinrin Ade,
267 Iyamoye and Ogidi. These communities were chosen because they are the five largest communities in the Local
268 Government Area. A total of 172 questionnaires were returned out of which 150 were correctly filled. Our analysis
269 is therefore based on 150 respondents. a) Methods of data analysis Data collected were analyzed using both the
270 qualitative and quantitative methods.

271 The analytical tools used in analyzing the data collected for the study include descriptive statistics and chi-
272 square. The descriptive statistics used were tables, percentages. Chi-square was used to test the hypothesis
273 formulated. The formulae for chi-square used is $\chi^2 = \sum \frac{(O - E)^2}{E}$ (F e)

274 **10 Where**

275 F o = observed frequency from the respondents. F e =expected frequency χ^2 =chi-square The degree of
276 freedom= $(r-1)(k-1)$ Where r = no of rows K =no of columns F o -F e)

277 1=constant value.

278 b) Data presentation Source : Field Survey, 2011

279 From table 1, we can see that majority of the respondents are in the age bracket between 30 and 50, (73%). This
280 is not surprising because some of the small scale enterprises identified require strength (energy) i.e. Automobile
281 mechanic, block making, welding, and spare part. This selling is also evident when we look at the sex distribution
282 of respondents. 60% are males and 40% are females. This can be explained by the fact that most of the jobs are
283 male dominated i.e. the four jobs mentioned above are exclusively for men while the remaining are shared by

284 both men and women. Majority of the respondents are also married. Majority of the respondents have one form
285 of education or the other. Where necessary i.e. patent medicine store, the owners are nurses. Source : Field
286 Survey, 2011

287 **11 What type of business do you operate?**

288 From table 3 above, it is observed that 90% of the respondents (majority) own their businesses (soleproprietorship)
289 while the remaining 10% are into partnership, family businesses or the coming together of two-three friends(block
290 making and automobile mechanic). Source : Field Survey, 2011.

291 **12 How long have you been in business?**

292 Table 4 above, shows the percentage of respondents that has been in business between 1 -5 years, (47%), 6 -10
293 years (33%), 11 years and above (20%). At least 50% of the respondents have been in business for over five years.
294 Source: Field Survey, 2011 ??able 6, shows that 69% of the 130 respondents do not know how to keep proper
295 records, 14% of the respondents said it is time consuming, 8% said they own their businesses, so they don't
296 have to keep proper written records while the remaining 9% said they keep the records in their heads. We can
297 therefore see that majority of the respondents do not know how to keep written records. Source : Field Survey,
298 2011

299 **13 Do you keep proper written records?**

300 **14 Do you have a bank account?**

301 Table 7 shows that 80% of the respondents have a bank account, while 20% of the 150 respondents do not have
302 a bank account. Majority of the respondents therefore have bank account despite the fact that they don't have
303 written records. Source : Field Survey, 2011

304 **15 Why did you open a bank account**

305 From table 8, we can see that majority of the respondents (50%) opened bank accounts only for them to keep
306 their money or deposit their sales. Only 20(17%) ever thought of opening the account on their own for the
307 benefit of getting financial assistance from the banks. For 28 respondents (23%), they were persuaded to open
308 the account. They did not open the accounts on their own volition. 7. Have ever applied for bank loan? Source :
309 Field Survey, 2011.

310 From the table above, it is observed that 83% of the 120 respondents who have bank accounts applied for bank
311 loan before now while 17% never did. 8. Were you granted the loan? Source : Field Survey, 2011

312 Table 10 above shows that 15 out of the 100 respondents were granted the loan they applied for, while 85%
313 were not granted the loan. Majority of the applicants were not granted the loan they requested for. 9. Why were
314 you not granted the loan?

315 **16 Y**

316 It is observed in the table above, that 60(71%) of the 85 respondents were not granted the loan because they had
317 no proper record keeping. 14(16%) because of their inability to justify the loan. 6(7%) because of their improper
318 preparation for the loan request, and 5(6%) were not granted the loan for other reasons. 10. Why don't you have
319 a bank account? From table 12, we can see the reasons given by the respondents on why they do not have bank
320 accounts. Majority of them 10(33%) do not have bank account because the bank do not assist them; 7(24%)
321 said they prefer cooperative groups, while 6(20%) said the bank's requirements are too many for them to cope
322 with. We can see that a greater percentage (53%) of the reasons for not opening a bank account has to do with
323 problems associated with the banks. 11. Are you experiencing growth in your business? Source; Field Survey,
324 2011.

325 From the above table, it can be seen that majority of the respondents (60%) do not know whether their
326 businesses are growing or not because they did not keep the records of the business. The remaining 36% did not
327 care to know, did not do stock taking or said it has not mentioned to them.

328 **17 c) Summary of findings**

329 Below are our findings from our data analysis:

330 (1) Majority (87%) of the small scale entrepreneurs interviewed does not keep proper written records. (2)
331 Majority (69%) of the small scale entrepreneurs who do not keep proper written records said its because the fact
332 that it is time consuming, they can keep the record of their sales in their heads and due also to the fact that they
333 own their businesses. (3) Majority (80%) of our respondents, even though they do not keep their book, they have
334 bank accounts. (??) Half (50%) of the respondents who have bank accounts have it purposely for the safety of
335 their money sales. 23% were actually persuaded to open the banks accounts while 17% (12) people opened for
336 the reason that (may be) one day, the banks may come to their aid. (5) Entrepreneurs who do not have bank
337 accounts said they don't because the banks requirements are too many and they do not have enough money to

338 put there. Majority of them however said the banks do not assist them. (??) Majority (80%) of the entrepreneurs
339 surveyed has also applied for bank loan. (??) Out of the total number of people that applied for bank loan, only
340 15% were granted. Majority of them were not granted. (??) Majority (71%) of the loan applications rejected
341 arose from the fact that the business organizations did not keep the record of their activities. Other applicants
342 were unable to justify the need for their loan request. The remaining requests were rejected because the loan
343 requests were not properly prepared. (9) It was found that many of the small scale entrepreneurs interviewed did
344 not even know whether their businesses are growing or not. 70 (64%) of the respondents do not know whether
345 their businesses are growing or not. 25 (23%) of the respondents said their businesses are growing. (10) Many of
346 the respondents 45 (64%) who said they did not know whether their businesses are growing or not said they do
347 not know because, they did not keep the record of their activities. Others did not care to find out (11%). 11%
348 also did not do stock taking.

349 IV.

350 18 Discussion Of Findings

351 The importance of small scale enterprises cannot be overemphasized in any economy -be it developed or
352 developing. They feed the large industrial concerns with raw materials, they employ a large number of Nigerians
353 and they stimulate indigenous entrepreneurship, utilization of rural resources and the development of local
354 technology.

355 Majority of the small scale enterprises interviewed did not keep a record of their activities. Many of them do
356 not keep the records because they do not know how to keep the records or that they kept the records in their
357 heads. Others said it is time consuming.

358 Whatever the reasons adduced timely and accurate records must be kept by business organizations so that
359 they can achieve the objectives for which they were set up. Whatever record is kept in the head is only for a
360 time being and it is misleading as it could be forgotten even within the shortest period of time.

361 The small scale entrepreneurs are yet to fully appreciate the role of the banks (Commercial and Microfinance)
362 as partners in progress. Even though, many of them opened banks accounts, they did not open objective of
363 seeking assistance for expansion. Many of them opened the bank accounts primarily for Y they do not know how
364 to keep the records. Other reasons given for not keeping their records include the safety of their sales (50%). 23%
365 of them were even persuaded before they went to open the account they opened. Only 17% of the respondents are
366 of the opinion that the opening of the account might lead to a working relationship with the bank in the future.

367 Despite the fact that only 7% of the respondent opened their accounts with the intention that one day, they
368 could benefit from the bank, in form of one assistance or the other, majority of them (83 %) have applied for
369 bank loan -possibly because of lack of finance or the required fund. However, only 15% of those that applied for
370 the loan were granted when asked why the loans were not granted to majority (71%) of the applicants, it was
371 discovered that the banks rejected the applications because most of the business organizations did not keep their
372 records. Most of the records required/requested by the banks were not readily available or could not be provided
373 by the small scale entrepreneurs.

374 They include sales records, purchase record, inventory records, accounts receivable records etc. These are the
375 records needed by the banks which will keep them "make up their mind" a bond loan request. This should not
376 be as this has gone to slow that record keeping is important for the organization, not only for its own internal
377 use but also in case of financial assistance from banks for expansion. Some of them couldn't justify the need for
378 the loan while the remaining could not prepare their loan request properly. Entrepreneurs should endeavour to
379 have basic knowledge of book keeping so as to record their day to day transactions.

380 The few small scale entrepreneur who were not having bank accounts said they don't because the banks
381 requirements are too many while others said they don't have the money to keep in the bank. If they have kept
382 their books, they possible would have been able to boost their sales and have the money to keep in the bank.
383 However, majority of those who do not have bank account said why should they, since bank does not assist them.
384 Even though the situation is like this, the banks can bend backward to do more work about encouraging the
385 entrepreneur, to keep their money in the banks so that they can benefit from bank loan. They can relate their
386 conditions without necessarily compromising their standard.

387 Many of the entrepreneur surveyed do not even know whether they are experiencing growth in their business
388 is because records are not kept of their activities they don't any point in time, they don't know whether there's
389 increase in sales or not, they don't know (accurately) how much they are knowing or how much they are owing
390 them. All these are the ingredients for business growth and survival. Many of them are just running the enterprises
391 not bothering to know whether it is growing. Many said they "believe" the business is growing because, there's
392 no evidence of decline. This however is not true because by the time they will realize it, the business must have
393 collapsed. The surest way to know is by the records kept OVER TIME. A comparative analysis can then be
394 made over (either) a year or minimally six months. Even though some alleged they have not caught the sales
395 clerk stealing, they could be stealing without their written records; they could be stealing without knowledge.
396 Since fraud can be committed even through written records, it is MORE DANGEROUS not to keep any at all.

397 19 V.

398 **20 Conclusion**

399 Managers must keep accurate, meaningful, and timely information if they are to make good decisions. This is
400 particularly true concerning financial information about a firm's operations. Experience suggests that inadequacy
401 of the accounting system is a primary factor in small business failures. Small business organization should the
402 keep the necessary records not only to survive but also to grow. As a matter of policy, entrepreneur should keep
403 the following records -sales record, purchase record, accounts receivable records, inventory records, stock records
404 on daily, weekly or monthly basis (as the case my be).

405 Many entrepreneurs think that employing capable hands to keep adequate data of business operations is the
406 concern of the big business only. Little did they know that good accounting services can help keep their business
407 in sound state. Therefore, for them to achieve good financial management, there must be proper and adequate
408 record or book keeping of all business transactions. To see that poverty reduction is sustained, many people have
to keep their records so as to ensure the survival of the small and medium scale enterprises.^{1 2}



Figure 1: 4 .

409

¹Global Journal of Management and Business Research Volume XII Issue XIII Version I
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- b. Accounts payable
- c. Accruals
- d. Inventory records
- e. Bank records
- f. Sales records
- g. Payroll records
- h. Personnel records
- i. Cash records
- j. Purchase records

The benefits of record keeping cannot be over emphasized.

- 8. Secure: records must be securely maintained to prevent unauthorized access, alteration, damage, or removal.

The records to be keep by any organization include the following:

- a. Accounts receivable

Figure 2:

1

ledgers), and is checked by trial balance and subsequently, the final financial reports (balance sheet and income statement.)

Y

Age	No. of respondents	Sex	No. of respondents	Marital Status	No. of respondents	Educational Qualification	No. of respondents
20-30	25	M	90	Married	88	No Education	50
30-40	45			Single	58	Pri. Education	25
40-50	65	F	60	Divorce	4	WAEC	58
50-60	15					OND/NCE	10
						Nursing	5
						First Degree	2
Total	150		150		150		150

Source : Field Study, 2011

Figure 3: Table 1 :

20 CONCLUSION

2

S/No.	Type	No. of Respondents	Percentage (%)
1	Pure water production	10	6.66
2	Automobile mechanic	30	20
3	Hair dressing & barbing saloon	20	13.35
4	Restaurant	15	10
5	Spare part sellers	10	6.66
6	Provision and cosmetic store	20	13.35
7	Block making industry	10	6.66
8	Welders	15	10
9	Business centre	10	6.66
10	Patent medicine store	10	6.66
	Total	150	100

Figure 4: Table 2 :

3

Responses	No. of Respondents	%	Total Respondents	%
Sole	135	90	135	90
proprietorship	15	10	15	10
Partnership				
Total	150	100	150	100

Figure 5: Table 3 :

4

Responses	business	%
	No. of Respondents	
1 -5 years	70	47
6 -10 years	50	33
11 years & above	30	20
Total	150	100

Figure 6: Table 4 :

5

Responses	No. of Respondents	Total (%)
Yes	20	13
No	130	87
Total	150	100

Source : Field Survey, 2011.

It is observed in table 5, that 13% of the total respondents kept proper written records, while 87% do not keep proper written records. Majority of those interviewed therefore do not keep proper written records of their activities

Figure 7: Table 5 :

6

Responses	No. of Respondents	Total (%)
I don't know how to keep proper records	90	69
Its time consuming	18	14
I keep it in my head	12	9
I own the business. I don't have to keep any record	10	8
Total	130	100

Figure 8: Table 6 :

7

Responses	No. of Respondents	Total (%)
Yes	120	80
No	30	20
Total	150	100

Figure 9: Table 7 :

20 CONCLUSION

8

OPTIONS	NO. OF RESPONDENTS	PERCENTAGE
My son asked me to open it	10	8
Microfinance bank staff persuaded me to open	18	15
Safety of their sales	60	50
Maybe one day, the bank can assist us	20	17
Others	12	10
TOTAL	120	100

Figure 10: Table 8 :

9

Responses	No. of Respondents	Total (%)
Yes	100	83
No	20	17
Total	120	100

Figure 11: Table 9 :

10

Responses	No. of Respondents	Total (%)
Yes	15	15
No	85	85
Total	100	100

Figure 12: Table 10 :

11

Responses	No. of Respondents	Total (%)
Lack of proper record keeping in the shop	60	71
Inability to justify the need for the loan	14	16
others	5	6
		7
improper preparation of the loan request	6	
Total	85	100

Source : Field Survey, 2011

Figure 13: Table 11 :

12

bank accounts.

Responses	No. of Respondents	Total (%)
The bank's requirements are too many	6	20
The bank do not assist us	10	33
I can keep the money myself	3	10
	4	13
	7	

Figure 14: Table 12 :

13

Responses	No. of Respondents	Total (%)
Yes	25	23
No	15	13
I don't know	70	64
Total	110	100

Source : Field Survey, 2011.

In table 13, it is observed that 64% of the 150 respondents do not know whether they are experiencing growth in their various businesses, while 13% of the

Figure 15: Table 13 :

15

RESPONSE	F o	F e	F o - F e) 2	(F o -F e) 2 /F e	(F o -F e) 2
Because I don't keep the records	45	14	31	961	68.64
Because I don't care to know	6	14	-8	64	4.57
Nobody has mentioned it to me	3	14	-11	121	8.64
The sales clerk is honest	8	14	-6	36	2.57
We do not do stock taking					
TOTAL			70		86.99
F e =?F o /N= 70/5= 14					

Figure 16: Table 15 :

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