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

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I. BACKGROUND TO THE STUDY

Sometimes in October, 2000 a workshop was organized for about a hundred and twenty (120) participants. It was on a Thursday and all of them were asked to accurately say how much money they had spent between Monday and that time on thursday. After thinking about three to four minutes, many of them started mentioning various amounts but immediately they mentioned them, they'll remember they did not include some items and they give another figure. This went on and on for the next three minutes.

Then, the participants were asked to write down what they had spent between monday and thursday. After about ten minutes, they ALL AGREED that they couldn't accurately remember what they had spent between that period of time. We asked them why? While some chorused "because we did not write them down"

others chorused "because we did not keep the records".

This therefore, goes to show that record keeping is not only inevitable for individuals, it is the organizations life wire. If nothing at all, from the above, record keeping helps us to know what is spent and what it is spent for. This is the crux of this paper – examining the roles and importance of record keeping in the survival and growth 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 Modcai saved the life of king Ahasuerus. That was how Modcai, 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.

Jesus Christ was able to overcome the temptation of Satan through the WRITTEN WORDS. When Satan tempted him at first, Jesus replied "it is written" (Mathew 4:4). Again, to the second temptation, Jesus answered again, that "It is written" (Mathew 4:10) and finally to the final temptation, Jesus answered again that "it is written". This goes to show the importance of written records at all times.

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

a) A Brief History On Ijumu Local Government

Ijumu local government with its headquarter at Iyara was re-created in 1991. It was first created in the old Kwara in 1983 but was scrapped in 1984 by the then military government. The council consists of 16 wards. By the 2006 population census, the local government had a population of 119,929.

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

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

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

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

In the area of rural infrastructure, most of the communities (particularly the agricultural communities) are inadequately linked by feeder roads to the market. Access to safe drinking water is also constrained by incessant breakdown of hand pump boreholes and erratic electricity supply to the state owned water works in the L.G.A. headquarters.

In the area of rural market, farm produce are exchanged in many of its rural markets scattered around the communities-but the market lacked the basic physical features of a market, such as permanent structures (lock up shops, sanitary facilities, e.t.c.).

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

From the above scenario, the local government realized that one of the things to do to reduce rural poverty was to support the establishment of small scale enterprises. In other words, it realized the need for the transformation of the local government from the predominant agrarian economy to the supportive secondary and tertiary productive sectors. This transformation can best be achieved through a well developed, appropriate and articulated small and medium enterprises (SMEs) scheme. The local government was therefore to create the enabling environment for the development of SMEs through

private public partnership. The local government promised to support the establishment of 100 SMEs in 2011, 50 cassava processing enterprises, oil palm processing and cashew production.

Much as the local government was desirous to assist the SMEs because of the significant roles they can play in reducing unemployment, youth restlessness and invariably rural poverty, the SMEs have not been living up to expectations. Many of them failed within the first year of their establishment. The problem arose majorly from management incompetence. On further investigation, it was revealed that most of the owners lack elementary knowledge of book keeping and the people employed by them were not better either. What effect has it had on the local governments attempt at transforming the rural areas?

b) *Statement of Research Problem*

Many authors have written on the subject of small scale business failure. Many reasons have been given for their failures. The problem however, remains that many of the authors did not link business failure to the lack of or inadequate record keeping.

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

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

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

In 1993, Dun and Bradstreet a company that operates a credit rating service in the United States conducted a survey of what they considered to be the causes of business failure. The result showed that

finance accounted for 47.3%, Economic factors 37.1%, Disaster 6.3%, Neglect 6.3%, Fraud 3.8%, Strategy 1.0%, and Experience 0.6%, (Longenecker, Moore, Petty, 1997).

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

i. Objectives of the study

The objectives of this paper include:

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

ii. Hypothesis formulation

A hypothesis was formulated for testing

Ho: Inadequate record keeping does not have any significant effect on the growth and survival of small scale enterprises in Ijumu Local Government Area.

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

II. LITERATURE REVIEW

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

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

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

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

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

According to Atijosan (1998), a small business is any manufacturing, processing or servicing industry

that satisfies any or all of the following conditions:

- i) Capital, but excluding cost of land and not excluding N750,000
- ii) Staff strength not exceeding 50 persons and wholly Nigerian owned
- iii) A manufacturing, processing or servicing industry, exceeding the units of investment stated is relatively small compared to prevalent size of plant and the technology is fairly labour intensive.

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

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

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

Small scale enterprises are catalysts for catalysts for world's economic growth and development which have dominated the industrial sector of both developed and underdeveloped countries. Aruwa (2006) believed that Nigeria's industrial sector is dominated by small and medium scale enterprises (SMEs) which accounts for 90% in terms of number of enterprises, as compared with other developed countries where more than 98% of all their enterprises belong to SME sector, about 80% of the total industrial labour force in Japan is SME, 50% in Germany, 46% in USA are employed in smaller firms. Similarly the International Finance Corporation (IFC) and Corporate Affairs Commission in 2001 further justified that Nigeria's industrial sector is dominated by SMEs, estimated to be about 90% of the sector employing less than 50% of the people (HPACI 2002). Given the place occupied by the SMEs in Nigeria's industrial sector, it is expected that the

success of the Nigerian economy would be partly dependent on the success of the SMEs. Nwoye (1991) pointed out clearly that SMEs are catalysts for Nigeria's economic growth and development. He believe that through so many SMEs, Nigeria has great potentials for success and growth, sales of large volume of goods e.t.c. Even though, some of them have adequate capital, many of them fail due to poor financial management operations.

Record keeping has become the foundation on which the totality of modern business depends. This is because without it, it will be impossible to ascertain the level of profitability and the level of business susceptibility to fraud. Record keeping and good record management is also essential for any corporate body to function effectively.

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

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

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

A bookkeeper (or book-keeper), also known as an accounting clerk or accounting technician, is a person who records the day-to-day financial transactions of an organization. A bookkeeper is usually responsible for writing the "daybooks." The daybooks consist of purchases, sales, receipts, and payments. The bookkeeper is responsible for ensuring all transactions are recorded in the correct day book,

suppliers ledger, customers ledger and general ledger. The bookkeeper brings the books to the trial balance stage.

a) *Bookkeeping systems*

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

b) *Single-entry system*

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

c) *Daybooks*

A daybook is a descriptive and chronological (diary-like) record of day-to-day financial transactions also called a *book of original entry*. The daybook's details must be entered formally into journals to enable posting to ledgers. Daybooks include:

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

d) *Petty cash book*

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

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

The objectives of record keeping are many. This is more so when it is realized that information is every organization's most basic and essential asset and in common with any other business asset, recorded

information requires effective management. The specific objectives of record keeping include the following: Longenecker, Moore, Petty (1997:477).

1. To provide an accurate, thorough picture of operating results.
2. To permit a quick comparison of current data with prior years operating results and budgetary goals.
3. To offer financial statement for use by management, bankers and prospective creditors.
4. To facilitate the prompt filing or reports and tax returns to regulatory and tax collecting government agencies.
5. To reveal employees fraud, theft, waste and record keeping errors.
6. To allow for fast, accurate, and reliable access to records, ensuring the timely destructions of redundant information and the identification and protection of vital and historically important records.
7. It is necessary when a firm is seeking fund from a bank for expansion.

A good record keeping system has some basic features. They include the following:

1. Simple to use
2. Easy to understand
3. Reliable
4. Accurate
5. Consistent
6. Designed to provide information on a timely basis.

According to the National Archives of Scotland (2005), the guiding principle of management is to ensure that information is available when and where it is needed in an organized and efficient manner and in a well maintained environment. These principles include the fact that the records must be:

1. Accurate: records must accurately reflect the transactions they document.
2. Authentic: it must be possible to prove that records are what they purport to be.
3. Accessible: must be readily available when needed.
4. Complete: must be sufficient in content, context and structure.
5. Comprehensive: it must record the complete range of an organization's business.
6. Complaint: records must comply with any record keeping requirements resulting from legislation, audit rules etc.
7. Effective: records must be maintained for specific purposes and the information contained in them must meet those purposes.
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

- 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. According to Appleby (1978) if the records are kept over a period of time, they give background picture which can help organizational change. Continuing, he said it is not only accounting records that must be kept. Infact personal records enable an accurate evaluation of personnel to aid administration of job selection. The specific benefits of record keeping include the following:

1. It helps to avoid business failure (Onuoha 1998)
2. It is useful for financial management planning and control
3. It helps to make sound decisions
4. It gives background picture which helps organizational change.
5. It is critical to business survival

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

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

Clauteir and Under down (2002), H0dget (1992), Ajayi (1997), Reed (2005) and Aruwa also emphasized that small scale businesses must keep proper and adequate records or books not only for the orderly conduct of the enterprise but also because it helps entrepreneurs reduce the possibilities of early failure, increase chance of business survival, serve as a basis for planning and controlling business operations, increases the chances of profitability and also helps to keep business in a sound and healthy state to face competition. They emphasized that small scale entrepreneurs must keep the following records, if they want to succeed; source documents (invoice, receipt, bank teller e.t.c.) which are recorded in subsidiary books (purchases and sales day books e.t.c.) and posted to different ledgers (debtors, creditors and the general

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

III. METHODOLOGY

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

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

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

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

Non-probability sampling method (purposive sampling method) was used. This is the deliberate selection of the particular units of the universe

constituting a sample on the basis that the small mass so selected out of the huge one will be typically representative of the whole. On the basis of this, it was decided that instead of going round the whole communities, it was better to choose the five largest communities in the local government and distribute the questionnaires there. The respondents so chosen are bigger and more experienced. Their answers are therefore more reliable and can be used for generalisation.

A total of 200 questionnaire were distributed in five communities in Ijumu Local Government Area of Kogi State i.e. 40 questionnaires per community. The communities chosen are Ayetoro Gbede, Iyara, Ekinrin Ade, Iyamoye and Ogidi. These communities were chosen because they are the five largest communities in the Local Government Area. A total of 172 questionnaires were returned out of which 150 were correctly filled. Our analysis is therefore based on 150 respondents.

a) Methods of data analysis

Data collected were analyzed using both the qualitative and quantitative methods.

The analytical tools used in analyzing the data collected for the study include descriptive statistics and chi-square. The descriptive statistics used were tables, percentages. Chi-square was used to test the hypothesis formulated. The formulae for chi-square used is

$$X^2 = \frac{\sum (F_o - F_e)^2}{F_e}$$

Where

F_o = observed frequency from the respondents.

F_e = expected frequency

X^2 = chi-square

The degree of freedom = $(r-1)(k-1)$

Where

r = no of rows

K = no of columns

1 = constant value.

b) Data presentation

Table 1 : Analysis of Respondents by Age, Sex, Marital Status and Educational Qualification

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			Divorce	4	WAEC	58
50-60	15					OND/NCE	10
		F	60			Nursing	5
						First Degree	2
Total	150		150		150		150

Source : Field Study, 2011

Table 2 : Types of Small Scale Entrepreneurs Surveyed

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

Source : Field Survey, 2011

From table 1, we can see that majority of the respondents are in the age bracket between 30 and 50, (73%). This is not surprising because some of the small scale enterprises identified require strength (energy) i.e. Automobile mechanic, block making, welding, and spare part. This selling is also evident when we look at the sex distribution of respondents. 60% are males and 40% are females. This can be explained by the fact that most of the jobs are male dominated i.e. the four jobs mentioned above are exclusively for men while the remaining are shared by both men and women. Majority of the respondents are also married. Majority of the respondents have one form of education or the other. Where necessary i.e. patent medicine store, the owners are nurses.

1. What type of business do you operate?

Table 3 : Table showing types of business ownership.

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

Source : Field Survey, 2011

From table 3 above, it is observed that 90% of the respondents (majority) own their businesses (sole proprietorship) while the remaining 10% are into partnership, family businesses or the coming together of two-three friends (block making and automobile mechanic).

2. How long have you been in business?

Table 4 : length of time the people have been in business

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

Source : Field Survey, 2011.

Table 4 above, shows the percentage of respondents that has been in business between 1 – 5 years, (47%), 6 – 10 years (33%), 11 years and above (20%). At least 50% of the respondents have been in business for over five years.

3. Do you keep proper written records?

Table 5 : Responses on whether respondents keep proper written records or not.

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

4. Why don't you keep proper written records?

Table 6 : Table showing why respondents don't keep proper written records

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

Source: Field Survey, 2011

Table 6, shows that 69% of the 130 respondents do not know how to keep proper records, 14% of the respondents said it is time consuming, 8% said they own their businesses, so they don't have to keep proper

written records while the remaining 9% said they keep the records in their heads. We can therefore see that majority of the respondents do not know how to keep written records.

5. Do you have a bank account?

Table 7 : Table showing whether respondents have bank accounts or not.

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

Source : Field Survey, 2011

Table 7 shows that 80% of the respondents have a bank account, while 20% of the 150 respondents do not have a bank account. Majority of the respondents therefore have bank account despite the fact that they don't have written records.

6. Why did you open a bank account

Table 8 : Responses on why respondents opened bank accounts.

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

Source : Field Survey, 2011

From table 8, we can see that majority of the respondents (50%) opened bank accounts only for them to keep their money or deposit their sales. Only 20(17%) ever thought of opening the account on their own for the benefit of getting financial assistance from the banks. For 28 respondents (23%), they were persuaded to open the account. They did not open the accounts on their own volition.

7. Have ever applied for bank loan?

Table 9 : Table showing whether respondents applied for bank loan before or not.

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

Source : Field Survey, 2011.

From the table above, it is observed that 83% of the 120 respondents who have bank accounts applied for bank loan before now while 17% never did.

8. Were you granted the loan?

Table 10 : Table showing number of respondents who had been granted bank loan

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

Source : Field Survey, 2011

Table 10 above shows that 15 out of the 100 respondents were granted the loan they applied for, while 85% were not granted the loan. Majority of the applicants were not granted the loan they requested for.

9. Why were you not granted the loan?

Table 11 : Table showing why respondents were not granted bank loan.

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
improper preparation of the loan request	6	7
Total	85	100

Source : Field Survey, 2011

It is observed in the table above, that 60(71%) of the 85 respondents were not granted the loan because they had no proper record keeping. 14(16%) because of their inability to justify the loan. 6(7%) because of their improper preparation for the loan request, and 5(6%) were not granted the loan for other reasons.

10. Why don't you have a bank account?

Table 12 : Table showing why respondents do not have 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	24

I do not have enough money to put in the bank		
I prefer cooperative to the bank		
Total	30	100

Source : Field Survey, 2011.

From table 12, we can see the reasons given by the respondents on why they do not have bank accounts. Majority of them 10(33%) do not have bank account because the bank do not assist them; 7(24%) said they prefer cooperative groups, while 6(20%) said the bank's requirements are too many for them to cope with. We can see that a greater percentage (53%) of the reasons for not opening a bank account has to do with problems associated with the banks.

11. Are you experiencing growth in your business?

Table 13: Responses on whether respondents are experiencing growth or not.

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

Table 15: Calculation of Chi-Square

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

$$F_e = \sum F_o / N = 70/5 = 14$$

From the table, the value of calculated X^2 is 86.99 and the table value of at 5% level of significance with df of 6 is 9.488. The decision rule state that reject H_0 if table value is less than the calculated and vice versa.

Since calculated value (86.99) is grater than the table value (9.488), therefore the H_0 is hereby rejected. It is therefore concluded that inadequate record keeping has effect on the survival and growth of small scale

respondents are not due to various reasons .23%, are experiencing growth. Majority of the respondents therefore do not know whether they are experiencing business growth or not.

12. Why don't you know whether you are experiencing growth or expansion in your business or not?

Table 14 : respondents opinion on if whether they experiencing expansion in their business or not.

RESPONSES	NO. OF RESPONDENTS	PERCENTAGE
Because I don't keep records	45	64
Because I do not care to know	8	11
Nobody has mentioned it to me	6	9
I have not caught the sales clerk stealing	3	5
We do not do stock taking	8	11
TOTAL	70	100

Source; Field Survey, 2011.

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

enterprises in Ijumu Local Government Area of Kogi State.

c) Summary of findings

Below are our findings from our data analysis:

- (1) Majority (87%) of the small scale entrepreneurs interviewed does not keep proper written records.
- (2) Majority (69%) of the small scale entrepreneurs who do not keep proper written records said its because

they do not know how to keep the records. Other reasons given for not keeping their records include the fact that it is time consuming, they can keep the record of their sales in their heads and due also to the fact that they own their businesses.

- (3) Majority (80%) of our respondents, even though they do not keep their book, they have bank accounts.
- (4) Half (50%) of the respondents who have bank accounts have it purposely for the safety of their money sales. 23% were actually persuaded to open the banks accounts while 17% (12) people opened for the reason that (may be) one day, the banks may come to their aid.
- (5) Entrepreneurs who do not have bank accounts said they don't because the banks requirements are too many and they do not have enough money to put there. Majority of them however said the banks do not assist them.
- (6) Majority (80%) of the entrepreneurs surveyed has also applied for bank loan.
- (7) Out of the total number of people that applied for bank loan, only 15% were granted. Majority of them were not granted.
- (8) Majority (71%) of the loan applications rejected arose from the fact that the business organizations did not keep the record of their activities. Other applicants were unable to justify the need for their loan request. The remaining requests were rejected because the loan requests were not properly prepared.
- (9) It was found out that many of the small scale entrepreneurs interviewed did not even know whether their businesses are growing or not. 70 (64%) of the respondents do not know whether their businesses are growing or not. 25 (23%) of the respondents said their businesses are growing.
- (10) Many of the respondents 45 (64%) who said they did not know whether their businesses are growing or not said they do not know because, they did not keep the record of their activities. Others did not care to find out (11%). 11% also did not do stock taking.

IV. DISCUSSION OF FINDINGS

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

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

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

The small scale entrepreneurs are yet to fully appreciate the role of the banks (Commercial and Microfinance) as partners in progress. Even though, many of them opened banks accounts, they did not open objective of seeking assistance for expansion. Many of them opened the bank accounts primarily for the safety of their sales (50%). 23% of them were even persuaded before they went to open the account they opened. Only 17% of the respondents are of the opinion that the opening of the account might lead to a working relationship with the bank in the future.

Despite the fact that only 7% of the respondent opened their accounts with the intention that one day, they could benefit from the bank, in form of one assistance or the other, majority of them (83 %) have applied for bank loan – possibly because of lack of finance or the required fund. However, only 15% of those that applied for the loan were granted when asked why the loans were not granted to majority (71%) of the applicants, it was discovered that the banks rejected the applications because most of the business organizations did not keep their records. Most of the records required/requested by the banks were not readily available or could not be provided by the small scale entrepreneurs. They include sales records, purchase record, inventory records, accounts receivable records etc. These are the records needed by the banks which will keep them “make up their mind” a bond loan request. This should not be as this has gone to slow that record keeping is important for the organization, not only for its own internal use but also in case of financial assistance from banks for expansion. Some of them couldn't justify the need for the loan while the remaining could not prepare their loan request properly. Entrepreneurs should endeavour to have basic knowledge of book keeping so as to record their day to day transactions.

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

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

V. CONCLUSION

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

Many entrepreneurs think that employing capable hands to keep adequate data of business operations is the concern of the big business only. Little did they know that good accounting services can help keep their business in sound state. Therefore, for them to achieve good financial management, there must be proper and adequate record or book keeping of all business transactions.

a) Recommendations

1. It is recommended that sole-proprietorship and partnership businesses should employ sales clerk, (if they can afford it) who have knowledge of book keeping and they should cultivate the habit of preparing trading, profit and loss account.
2. Business enterprises should have corporate accounts and run them well
3. The government should organize seminars that will teach entrepreneurs on how to keep proper written records entrepreneurs themselves as a matter of policy should on their own go for seminars that

would teacher improve their record keeping knowledge.

4. Microfinance banks should work with SSE to open account with them and encourage them to keep their daily sales in the banks
5. Entrepreneurs should avail themselves of the opportunist to learn book keeping.
6. Stock taking should be done on a monthly basis.

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.

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