FINANCIAL MANAGEMENT PRACTICES AND FINANCIAL PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN UNIVERSITIES IN CROSS RIVER STATE, NIGERIA

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Abstract

This study examined financial management practices and financial performance of small and medium enterprises in universities in Cross River State, Nigeria. Two research hypotheses were formulated to guide the study. Literature were reviewed in line with the variables studied. Survey research design was adopted. The population for the study was 560 Small and Medium Entrepreneurs operating in universities in Cross River State, Nigeria in 2020/2021 academic session. The sample of the study was 112 small and medium entrepreneurs selected using proportional and accidental sampling techniques. A validated researcher made four-point scale questionnaire titled “Financial Management Practices and Financial Performance of Small and Medium Enterprises Questionnaire” (FMPFPSMEQ) was used for data collection. The instrument was validated by three research experts. A reliability estimate ranging from .72 to .85 was achieved for the instrument using Cronbach Alpha reliability coefficient after a pilot test. The data gathered from the field were converted into values and analyzed using Pearson Product Moment Correlation (PPMC) at .05 level of significance. Findings revealed that there is a significant relationship between book keeping and saving practices and financial performance of small and medium enterprises in universities. Based on these, it was recommended among others that relevant regulatory authorities should not only require SMEs to file their monthly returns, they should also enforce sanctions on defaulting ones for failing to maintain the relevant records for their financial transactions. Doing so may stir compliance in recording business dealings and thus, lead to the gathering of sufficient business records for financial performance appraisal to be carried out.

Keywords: Financial management, practices, financial performance, small and medium enterprises, universities,

1. Introduction

The harsh realities present in almost every facet of the society nowadays has brought about economic recession, economic meltdown, job losses, excruciating poverty, disinvestment, etcetera all of which have adversely affected individuals, families and nations of the world including Nigeria. As a result, most persons have long taken to operating small and medium enterprises (SMEs) as a means of attaining self-sustenance and self-reliance. Thus, SMEs has for a long time carved a niche for itself as the lynchpin of major developed economies and portend to be the lifeline for developing and underdeveloped economies. This is premised on the truism that SMEs has established itself as an important contributor to employment opportunities, poverty reduction, income distribution as well as economic and export growth. Hardly will one go to any part of the world today including universities campuses without seeing SMEs operating in diverse forms and manners. No wonder they are adjudged to be the

key driver of major economies especially in a society where increased job losses are frequent occurrences.

In recent times, however, the spate at which some SMEs are either fizzling out, operating sub-optimally or unable to ascertain its net worth as at when due raises concern as to what exactly may be going on with such businesses. Since SMEs are set up for purposes of profit maximization and wealth creation, there are clearly financial management practices that are put in place to guide their operations, and non-adherence to these financial management practices may not augur well with the business concern. Conversely, the implementation of a fool proof financial management practice in business can guarantee to a reasonable extent a healthy financial performance. This is because adopting financial management practices like book keeping and savings practices may entrench probity, prudence, accountability and an unwavering going concern in a business where these practices are applied.

Fundamentally, some key performance indicators (KPIs) or key performance metrics are carefully crafted by experts to help business operators, their owners, the regulatory authorities as well as other users of such information ascertain with ease the financial health of any business of interest for decision making purposes. As interesting as this may appear, not all SMEs can be successfully appraised due to the fact that they do not comply with the tenets of available financial management practices. For instance, some SMEs are found wanting in business books and record keeping, others are not intentional about savings of the revenue they generate. The prevalence practices they adopt are; carrying out routine business transactions without recording as well as “generate and spend revenue” without saving which are both unethical business practices.

On an encouraging note, a 2019 Survey report on SMEs in Nigeria conducted by the National Bureau of Statistics (NBS) in collaboration with SMEDAN, revealed that the SME sector in Nigeria was found to be strategically positioned to absorb up to 80 percent of jobs, improve per capita income, increase value addition to raw materials supply, improve export earnings, enhance capacity utilization in key industries and unlock economic expansion and GDP growth. Doubtlessly. SMEs seem to be the prime accelerator in its penetration of the problem of harrowing unemployment, abysmally piteous economic outlook and pauperized per capita income especially in a country like Nigeria.

2 Conceptual framework

2.1 Small and Medium Enterprises (SMEs) and financial performance

In spite of the well-acknowledged impact that SMEs have made globally, there seem to be no universally accepted definition for it. Ibrahim (2015) penned that the common parameter for defining SMEs are number of employees, sales volume, relative size, initial capital outlay, independent ownership and financial strength. Pinar, Mylenko, and Saltane (2011) flatly stated that the most common definitions used by regulators are based on the number of employees, sales and/or loan size. According to them, the most common among the three is the number-of-employees’ criterion. This is because, sixty-eight countries provided information on the SME definition criteria used by their financial regulators. Out of this number, fifty of them use the number-of-employees’ criterion, and 29 out of these 50 also use the other two criteria. On the other hand, 41 regulators use maximum sales value criterion and 15 use maximum loan value criterion to define SME. From the foregoing, therefore, number of employees and sales volumes are probably the most preferred parameters used in defining SMEs. Factually, it may

be believed that the heterogeneous nature of the SMEs as well as the nature of the economy they operate might make establishing a single accepted definition for it unrealistic.

Essentially, SMEs like other categories of businesses require periodic financial performance evaluation to ascertain whether or not they are justifying their continuous existence. Ibrahim (2015) chronicled that financial performance assessment especially with regards to SMEs are revealers of growth potencies, earning prospects as well as liquidity and stability chances. Tran and Nguyen (2019) opined that financial performance analyses help businesses appraise and consider the implementation of germane economic benchmarks with a view of formulating development strategies and effective business plans. On their parts, Kaplan and Atkinson (1998) posited that the use of financial performance indicators as a touchtone for determining organization's performance is one of the ceremonially most common business tools because it is anchored on the principle of profitability assessment which is an important measurable goal of a firm. Corroborating the need for financial performance, Onduso (2013) acknowledged that it has an effect on an organization's wellbeing as well as its survival. Be that as it may, performance is a complex concept which can be determined using various yardsticks. In it broad sense, it may be viewed as the extent to which an individual or an organization achieves her predetermined goals and or objectives. In a narrow sense, and with particular reference to an enterprise, performance is often times carried out based on the final result of an undertaking in terms of financial outcomes like: efficiency, liquidity, profitability and capital structure (Lodewyckx, Lotter, Rhodes, Seedat & Claase, 2007) or non-financial outcomes such as customer satisfaction, repeat purchase rate, customer base, etc. (Le & Nguyen, 2020). Concerning financial performance which is the focal point of this study, Murphy, Trailer and Hill (1996) highlighted the following indicators among others as useful financial performance evaluation criteria for assessing the financial health of entities including SMEs: profitability, sales revenue, growth, and efficiency. To successfully measure them, the scholars mentioned the following ratios as helpful: return on sales, return on assets, net profit margin, market share growth, return on investment and change in net income among others. In view of the unparalleled significant of SMEs, a World Bank (2022) report estimated that 600 million jobs will be needed by 2030 to absorb the growing global workforce, which makes SMEs development a high priority area for many governments around the world including Nigeria whose economic growth has witnessed unexplainable retardation culminating in a spiral of recessions (Edet & Akpo, 2019).

2.2 Financial management and financial performance

Financial management is the operational activity of a business that is responsible for obtaining and effectively utilizing the funds necessary for efficient operations. It can also be termed an application of general managerial principles to the area of financial decision making. It is concerned with three key activities viz. anticipating financial needs, acquiring financial resources, and allocating funds in business. While financial management practices are critical to the success of any business, an inefficient financial management leads business enterprises to serious pitfalls (Lakew & Rao, 2014). According to Fell (2010), careless financial management practices are the causation of business enterprises failure. Regardless of whether it is an owner-manager or hired-manager, if the financial decisions are wrongly selected and applied, the company's profitability will be gravely affected. Consequently, SMEs profitability could be depleted because of inefficient financial management practices. Raj (2004) argued that an articulate financial management practices drives the profitability of business organizations with the help of strong financial control measures in place such as budgetary control, ratio analysis and CVP analysis.

Neely, Adams and Kennerley (2002) sees performance measures as means in which the efficiency and effectiveness of actions may be quantified in a bid to providing meaningful indicators of whether failure or growth has been achieved. Matsoso and Benedict (2016) contended that despite the acceptance of financial performance appraisal in businesses, it cannot be expressly said that all SMEs have succeeded in todays' challenging world due to their poor reported profits, slow or crawling growth and the frequent extinction of many of them especially after few years of commencement. If financial performance seems incapable of keeping SMEs truly afloat as the case should be, the researchers of this paper in a train of thoughts has reasoned that there is a dire need for financial management practices to be introduced as fitting measures to combat the spate of SMEs flame-out. And after a careful look into the many plausible remedies to the lackluster and languid financial performance of SMEs in universities in Cross River State, this study considered investigating book keeping and savings as appropriate financial management practices vis-a vis SMEs financial performance.

2.3 Financial metrics or key indicators used in evaluating SMEs performance

Beaver (2021) put forward many financial metrics or key indicators to help evaluate business performance including SMEs. According to the author, these businesses can identify and chose the ones relevant and helpful to monitor their success and growth. Below are some of these financial performance indicators that SMEs can adopt:

a. **Gross Profit Margin:** This is an intermediate, but core measure of the profitability and efficiency of a business. Gross profit is net sales less cost of goods sold (COGS), that is, the direct cost of producing the items sold. It is calculated as gross profit divided by net sales, and is usually expressed as a percentage. The formula is expressed thus:

   Gross profit margin= Net sales-COGS/ net sales x 100%

b. **Net Profit Margin:** This is the total measure of how much profit a business makes after accounting for all expenses. It is calculated as net income divided by the revenue. Net income is usually termed the finest metric of profitability because it is the profit left after deducting all operating and non-operating costs including taxes. It is usually expressed as a percentage. The formula is given as:
   Net profit margin= Net income / Revenue x 100%

c. **Current Ratio:** This reveals a business's short-term liquidity. It is the ratio of a business current assets to current liabilities. Current assets are those that can be converted into cash within a year, including cash, account receivable and inventory. Current liabilities are all liabilities that falls due within a year, including account payable. Notably, a current ratio below one may be a timely caution that the business has insufficient convertible assets to meets its short-term obligations. The formula for current ratio is:
   Current ratio= current assets/current liabilities

d. **Working Capital:** Like the current ratio, working capital compares a business current assets with its current liabilities. However, it expresses the result in absolute values instead of ratio. While, low working capital may reveal that a business will likely have hard times meeting its financial obligations, high working capital may be a pointer that it is not utilizing its assets maximally. The formula is given as:
   Working capital = current assets - current liabilities

e. **Quick Ratio/ Acid Test:** The quick ratio is a liquidity risk metric that measures the ability of a business to meets its short-term obligations by converting quick assets into

cash. Quick assets are those current assets that can be converted into cash without discounting or writing down the value. Simply put, quick assets are current assets less inventory. The quick ratio is referred to as acid test ratio because it is used to measure the financial might of a business. It reflects the business's ability to raise cash quickly to cover its debts if it faces cash flow problems. Businesses usually go for a quick ratio that is above one. The formula for quick/acid test ratio is expressed thus:
Quick ratio = Quick assets / current liabilities

f. **Gross Burn Rate:** This is used to measure the rate at which a business uses up its available cash to cover operating expenses. The higher the burn rate, the faster the business will run out of cash except it can mobilize more fund or receives additional financing. Creditors and investors often focus on a business's gross burn rate when contemplating whether to avail funding. It is worth stating that gross burn rate is often used as a metric by loss- generating start-ups. The formula is given as:
Gross burn rate = Business cash / monthly operating expenses

g. **Current Accounts Receivable Ratio:** This ratio shows the timeliness to which the business's customers pay their bills. It is calculated as the total value of sales that are unpaid but still within the business's billing terms compared with the total balance of all account receivables. Generally, a higher ratio is considered better because it indicates fewer past-due invoices, and a low ratio may mean that the business is facing challenges collecting money from customers, implying a possibility of future cash flow problems. The formula is given as:
Current accounts receivable = (Total accounts receivable – Past due accounts receivable) / Total accounts receivable

h. **Current Accounts Payable Ratio:** This financial metric is used in determining whether a business settles its bills on time. It is the total value of supplier unsettled bills divided by the total value of all accounts payments. If the ratio is high, it implies that the business is paying its bills on time and vice versa if the ratio is low. The formula for current accounts payable ratio is:

Current accounts payable = (Total accounts payable – Past due accounts payable) / total accounts payable.

i. **Accounts Payable Turnover:** This is a liquidity measure that reveals how fast a business pays its suppliers. It considers how many times a business pays off its average account payable balance in a period, usually yearly. It is a core indicator of how a business manages its cash flow. A higher ratio indicates that a business pays its bills faster. The formula for account payable turnover is:
Account payable turnover = Net credit purchases / Average accounts payable balance for the period.

j. **Days Payable Outstanding:** This performance measure turns account payable turnover into number of days. It is another means of calculating the speed at which a business pays for purchase obtained on vendor credit basis. A lower value connotes that the business is paying faster. The formula for its calculation is:
Days payable outstanding = (Accounts payable x 365 days) / Cost of goods sold

k. **Accounts Receivable Turnover:** This is a measure of how effective and timely a business collects money from its customers. It reflects the number of times the average account receivable balance is converted to cash during a stated period of time typically a year. It is gotten by dividing net sales by average account receivable balance during the period. A higher account receivable turnover is generally good. The formula is:

Account receivable turnover = sales on account / average accounts receivable balance for the period.

l. **Days Sales Outstanding:** This metric converts the accounts receivable turnover into an average time in days. It is a measure adopted by businesses to determine how quickly customers pay their bills, and it is the average number of days required to collect accounts receivable payments. A lower value implies that customers are paying faster. The formula is: Days sales outstanding =365 days / accounts receivable turnover

m. **Inventory Turnover:** This operational efficiency metric indicates the number of times the average balance of inventory was sold in a period usually a year. In general, a low inventory turnover ratio may be mean that the business is buying too much inventory or that sales is weak; a higher ratio on the other hand, could indicate less inventory or stronger sales. An extremely high ratio could reveal that the business does not have enough inventory to meet demand, thus slowing sales. The formula is:
Inventory Turnover = Cost of goods sold / average inventory balance for the period.

n. **Days Inventory Outstanding:** This metric is used in determining how quickly a business sells its inventory. It measures the average number of days required to sell an item in inventory. It converts the inventory turnover metric into number of days. The formula is: Days inventory outstanding = 365 days / inventory turnover

o. **Cash Conversion Cycle:** This calculate how long it takes a business to convert an amount invested in inventory into cash received from customers. It takes into consideration both the time it takes to sell inventory and the time it takes to collect payment from customers. It is expressed in days. The formula is:
Cash conversion cycle = Days inventory outstanding + Days sales outstanding

2.4 Theoretical framework

This study was grounded on the dynamics of financial management theory by Van Loon's (1993).

Van Loom views the differences in the level of sophistication of accounting instruments between and within organization as differences in developmental stages. He argued that the developmental stage of an organization's accounting instruments should be in sync with the developmental stages of two other organizational aspects, which are, the planning attitude of the managers and the other decision makers, and the expertise of the employees who perform the accounting tasks. He put forward five stages of the dynamics of financial management which are; unplanned stage, budgeting- system stage, annual-planning stage, long-range planning stage and strategic planning stage.

In the first stage which is unplanned stage, he explained that managers and decision makers who are in this stage concentrate primarily on the organization's activities, without systematically paying attention to the financial consequences of these activities. The only financial information that they do use is information which is produced because the organization is legally liable to disclose to its external participants, such as information provided by the annual account. This information is retrospective in nature. Hence, this stage implies that retrospective financial information in compliance with the external accounting requirements be produced.

From the second stage forward, managers and decision makers seek for information on the expected future financial situations. In the second stage which is budgeting system stage, managers request budgets that are based on trends in financial figures of the past. Typically, in

this stage, the budget identifies a number of cost and revenue categories. In a bid to control the organization, managers' aim at keeping the actual costs and revenues in each of these categories within the amounts specified in the budget.

The third stage is the annual-planning stage. Under it, managers and decision makers consider the financial situation explicitly as a result of the organization's activities. While in the budgeting-system stage budgets places restrictions upon the activities, in the annual-planning stage, short-run plans for the activities are the inputs for the budgets. This means that, in this stage, managers start the planning process by formulating tentative plans for the operating activities.

In the fourth stage which is the long-range planning stage, decision makers also request information on the long-term financial consequences of their decisions. Compared with the annual-planning stage, the long-range planning stage requires additional accounting expertise for the assessment of the long-term financial consequences of decisions, and for the translation of long-run plans into budgets

The final stage is the strategic planning stage. At this stage, managers and decision makers formulate explicitly the overall objectives that they intend to realize. The document that describe these objectives is referred to as strategic plan. Apart from the overall objectives, this plan covers the organization's strength and weaknesses, and the market opportunities and threats.

The implication of Van loom's theory to this study is that for SMEs to operate successfully to a point of carrying out financial performance appraisal, it has to pass through various distinct yet interrelated stages in its operational activities. The culmination of the transactions its carries out provides the financial information needed for measurability and analysis in line with predetermined budget. And where deviations are observed, immediate corrections are deployed so that the year-long plan, long- range plan as well as the strategic plans of the business could be attained. This of course can only be made possible when financial management practices such as book keeping and saving practices are consciously implemented.

2.5 Empirical framework

Book keeping is the process of recording a business financial transactions into organized accounts on a daily basis. It can also be said to mean the process of recording and organizing all the business transactions that have occurred in the course of a business. It is an integral part of accounting and largely focuses on recording day-to-day financial transactions. Financial transactions such as sales earned, interest received, revenue generated, taxes paid, workers' emolument as well as other operational expenses or overheads including investments amongst others are required to be recorded in the relevant books of accounts. Whether the business books are appropriately maintained or not will determine to a large extent if the financial performance of such a business can be ascertained. Book keeping is one of the fundamental aspects of financial management practices.

Amoako, Marfo, Gyabaah and Gyamfi (2014) emphasized the need for available and accurate financial information to the proprietors, government, creditors, regulatory authorities, suppliers, customers, host communities and indeed all those having vested interest in a business concern. They remarked that the absence of accurate record keeping may jeopardize timely decision making, the chances of accessing credit facility from lenders, as well as presenting the

business net worth before inquirers. Agbemava, Ahiase, Sedzro, Adade, Bediako, Nyarko & Kudo (2016) pointed out that most SMEs have consistently failed to maintain relevant accounting books and records. As a result, they have been keeping incomplete records if at all they keep any records of their daily transactions. Specifically, Aladejebi and Olademeji (2019) articulated that the owners of SMEs have unwittingly derecognized the usefulness of a well arranged book keeping and recording system that would have help them carryout financial performance measurement. Perhaps this may be the basis why Matsoso and Benedict (2016) surmised that poor record keeping or non- availability of accounting record keeping breeds mismanagement of scarce resources as well as presenting misleading financial performance position. Poor record keeping or outright refusal to maintain relevant records for a business entity may make it very difficult for anyone to distinguish between SME owner's personal transactions and the transactions of the business itself.

To this end, Aremu and Adeyemi (2011) clarified that the attitudes of most proprietors of SMEs towards their business records keeping suggest that they are usually coerced to prepare their business books especially when they are in need of tax clearance certificate which most times are sine qua none for contract bidding, or as criteria for accessing credit facility from lending institutions (Amoako, 2013). This seems true owing to the fact that except for the recent statutory requirement in Nigeria, most SMEs would hardly think of maintaining sound records of their transactions which forms the basis for the preparation of financial statements. Thinking of a complete accounting books for SMEs, Williams (2018) opined that a complete accounting books records and reveals at all times the financial inflows and outflows of assets, liabilities, income as well as expenses. Proper accounting records keeping Aladejebi and Oladimeji (2019) say begins with the identification, classification, summarizing, storage, protection, communication, retention and dissemination of information needed for the preparation of financial statements and financial performance measurement.

Savings, another financial management practice is the practice of consistently setting aside some portions of income not spent on current expenditures. Williams (2018) sees savings as that portion of disposable income that is not spent on consumption. In the words of Virani (2012), savings is scarifying the current consumption so as to increase the living standard and fulfilling the future daily needs. To Raj (2004), it means unspent present income either from employment or business transactions reserved for future use. He thus viewed savings in terms of net savings and gross savings. Net savings is when disposable personal income is higher than personal expenditure, while gross savings include net savings and depreciation allowances for future replacement of real assets (Olubukola, Kudzanai, Shepard, Thomas, Obert, 2021). Generally speaking, savings is an amount of something such as time or money that one does not need to use or spend, but could be used for investment to earn interest (profit) or be used to purchase assets such as buildings. Simply put, saving is postponing consumption, which is done by the households (individuals), the firms and the governments.

Contextually, savings is seen as one of the financial management practices that SMEs can adopt so as to keep track of their financial performance position. Jagadeesh (2015) noted that sufficient savings are considered an engine for economic growth as they necessitate capital accumulation and financial performance measurement. It is expected in business that when transactions are made, the inflow received be judiciously saved so that the financial performance of such a business can be readily appraised. Regrettably, most SMEs generate money through sales and they spend same without saving. As this occurs, it becomes increasingly difficult to ascertain whether the business is doing well or not. Raj (2004) noted that households generally save to cater future expenses and retirement, while business units

ought to save to finance future investment and government for infrastructural development. Failure to save by households produces a dependent population, whereas failure to save by business units and government affects growth potentials and results in underinvestment in infrastructure as well as misleading financial performance. Many young people see entrepreneurship in which SMEs are part of as a viable means of self-employment and a prosperous future but, may be constrained by sheer lack of capital. However, a major problem is that many do not have the propensity to save or are inconsistent in saving. According to Fell (2010), savings are made from three main entities in the economy, namely households, business units and government. The development of the economy and the growth of employment opportunities actually rely on the investment decision of the private sector made up mainly of major corporate investors and medium scale business, but these also include small-scale entrepreneurs, artisans and innovators (Rikwentishe, Pulka, Msheliza, 2015).

3.1 Purpose of the study

The main purpose of this study was to investigate financial management practices and financial performance of small and medium enterprises in universities in Cross River State, Nigeria. Specifically, the study sought to ascertain:

1. The relationship between book keeping practice and the financial performance of small and medium enterprises in universities.
2. The relationship between savings practices and the financial performance of small and medium enterprises in universities.

3.2 Research hypotheses

The following hypotheses guided the study:

1. There is no significant relationship between book keeping practice and financial performance of small and medium enterprises in universities.
2. There is no significant relationship between savings practice and financial performance of small and medium enterprises in universities.

3.3 Methodology

The study adopted survey research design which involved the use of questionnaire. Two research hypotheses guided the study. The study area was Cross River State which is one of the states in Nigeria's south geo-political zones. The population for the study was made up of all business owners in universities in Cross River State in the 2020/2021 academic session which was five hundred and sixty (560). Of this number, one hundred and twelve (112) was selected for study using proportional and accidental sampling techniques. The proportion was 20% and is shown in Table 1. A four-point scale structured questionnaire validated by three research experts was used to elicit responses from the respondents. The reliability estimate ranging from .72 to .85 was achieved for the instrument using Cronbach Alpha reliability coefficient after a pilot test. The instrument was administered personally by the researchers with the help of two research assistants. This was done after necessary information about the problem being researched was explained to the respondents. Pearson Product Moment Correlation (PPMC) was used to test all the hypotheses at .05 level of significance.

Table 1: Population distribution and sample of the study

S/n	Institution	Population of Entrepreneurs	Sample of Entrepreneurs
1	University of Calabar (UNICAL)	310	62
2	University of Cross River State (UNICROSS)	215	43
3	Arthur Jarvis University (AJU)	35	7
	Total	560	112

Source: Business Registration Unit of Universities under study, 2020/2021 academic session

4.1 Results

Hypothesis one

There is no significant relationship between book keeping practice and financial performance of small and medium enterprises in universities.

Table 2: Pearson product moment correlation (PPMC) analysis of the relationship between book keeping practice and financial performance of small and medium enterprises in universities (N= 112).

Variable	$\sum X$ $\sum Y$	$\sum X^2$ $\sum Y^2$	$\sum XY$	r-value
Book keeping practice (X)	1,054	144,114	132,456	0.79
Financial performance (Y)	1,002	126,984		

Level of significance=.05, N= 112, df=110, r-critical=.174, r-cal.= 0.79

Table 2 shows the result of the analysis of relationship between book keeping practice and financial performance of SMEs using PPMC statistical technique. The result reveals a calculated r-value of 0.79 which is greater than the critical r-value of 0.174 at 0.5 level of significance and 110 degree of freedom. Therefore, the null hypothesis which state that there is no significant relationship between book keeping practice and financial performance of small and medium enterprises in universities is rejected. This imply that there is a significant relationship between book keeping practice and financial performance of small and medium enterprises in universities. Thus, maintaining high level of book keeping practice will assist small and medium enterprises in their financial performance quest.

Hypothesis two

There is no significant relationship between savings practice and financial performance of small and medium enterprises in universities.

Table 3: Pearson product moment correlation analysis of the relationship between savings practice and financial performance of small and medium enterprises in universities (N= 112)

Variable	∑X ∑Y	$\sum X^2$ $\sum Y^2$	∑XY	r-value
Savings practice (X)	1,077	145,214	136,824	0.81
Financial performance (Y)	1,002	126,984		

Level of significance=0.05, N= 112, df=110, r-critical=0.174, r-cal.= 0.81

Table 3 shows the result of the analysis of relationship between saving practice and financial performance of SMEs using PPMC statistical tool. The result reveals a calculated r-value of 0.81 which is greater than the critical r-value of 0.174 at 0.5 level of significance and 110 degree of freedom. Therefore, the null hypothesis which state that there is no significant relationship between saving practice and financial performance of small and medium enterprises in universities is rejected. This imply that there is a significant relationship between saving practice and financial performance of small and medium enterprises in universities. Thus, a sustained improvement in the saving practice by SMEs will be a great enabler when it has to do with their financial performance.

4.2 Discussion of findings

Findings regarding hypothesis one revealed that there is a significant relationship between book keeping practice and financial performance of small and medium enterprises in universities. This result upholds that of Amoako, Marfo, Gyabaah and Gyamfi (2014) who jointly emphasized the need for available and accurate financial information to the proprietors, government, creditors, regulatory authorities, suppliers, customers, host communities and indeed all those having vested interest in the business concern. According to them, the absence of accurate record keeping may jeopardize timely decision making, the chances of accessing credit facility from lenders, as well as presenting the business net worth before inquirers through financial performance metric. This finding also vindicate Matsoso and Benedict (2016) for surmising that poor record keeping or non- availability of accounting record keeping breeds mismanagement of scarce resources as well as presenting misleading financial performance. Being aware of this best practice, owners and operators of SMEs should no longer downplay the import of recording each and every business transactions regardless of how insignificant the value of such transaction may seem.

The second finding disclosed that there is a significant relationship between saving practice and financial performance of small and medium enterprises in universities. This result supports Jagadeesh (2015) who noted that sufficient savings are considered an engine for economic growth as they necessitate capital accumulation and financial performance measurement. The result equally affirms the position of Fell (2010) who pointed out that savings are made from three main entities in the economy, namely households, business units (in which SMEs are a part) and government. This author's assertion could be seen as an encouragement to businesses

to yieldingly improve their propensity to save rather than be engrossed in wasteful spending of the business resources on frivolities and for personal well-being.

5.1 Conclusion

The apparent challenge experienced by small and medium enterprises in the ascertainment of their financial performance position is not and would not be an insurmountable issue if its owners and operators are willing to adopt best practices of daily recording of their business dealings and saving as enunciated in this study. For justification sake, owners and operators of SMEs should view these businesses under their watch beyond its being a sole proprietorship type wherein they 'lord' over everything and take decisions with impunity. It is essential that accountability, prudence, probity and the principle of separation of self from business which is entity concept be uphold at all times in a business. Book and records keeping for the business's transactions should not be ignored or undertaken when the operators or owners feel like, nor should they lavish the business inflows mindlessly. Financial recklessness is a ticking bomb waiting to go off for any business who is unmindful.

5.2. Recommendations for policy direction

Based on the findings of this study, the following recommendations were put forward for policy direction:

1. The relevant regulatory agencies should not only require SMEs to file their monthly returns, sanctions should be enforced on defaulting ones for failing to maintain the relevant records for their transactions.
2. SME owners and operators should cultivate the habit of saving not just for the primary motives of carrying out business transactions, as precaution against unforeseen occurrences and/or speculation in undertakings that holds high returns on investment, but they should save for the purpose of being able to ascertain the financial performance of their businesses. This can be done through imbibing financial discipline behaviour

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