Financial Management Differential in Credit Acquisition Among SMEs in Nigeria: A Study of Union Bank PLC, Ondo State

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ABSTRACT

This study is set out to analyze the effects of financial management differential on credit acquisition in Union bank Plc. The objectives of the study are to find out the challenges associated with fund accessibility in financial institution by small scale enterprises, to examine the differences in financial planning capabilities of small scale enterprise owners and the influence of financial planning capabilities on credit acquisition and growth of small and medium scale enterprises. Simple random sampling technique was used to select 86 respondents using structured questionnaire. The instrument was validated to ascertain the internal consistency using Cronbach's Alpha. Data analysis was done with frequency distribution table, percentages and mean values of five point Likert scale and Chi Square was used to test the difference in financial management of loan seekers in the bank. The result revealed Cronbach's Alpha test of 0.845. It was also found that challenges like difficult documentation, undue delay and collateral requirements do affect loan acquisition negatively with the mean values of 3.67, 3.67 and

3.49 respectively. The research revealed that loan seekers do not make use of computer set in carrying out their business activities with the mean value of 2.81. There is no strong assertion in the physical growth of the enterprise, number of staff and increase in enterprise profit. Chi Square test revealed that there is a significant difference in the financial planning of enterprise owners that obtained loan and those that could not. The study therefore concludes that difference in the financial management of enterprise owners in the study area might be the reason why some enterprise owners were not able to access the loan from the bank. Commercial bank should create avenue where some of their staff will be available to help some of their customers seeking financial assistance with little or no education.

Key Words: *Financial Management, Credit Acquisition, Small and Medium Scale Enterprises.*

Introduction:

Finance is an essential part and major concern in any business activity be it large scale or small scale. For any business to meet up with its goals and objectives in this competitive world, its finances must be accorded with special attention. That is why business finances can be regarded as lifeblood of all businesses. According to Khan and Jain (2013), "Finance is the art and science of managing money". Financial Management According to Oxford dictionary, the word 'finance' connotes 'management of money'. Webster's Ninth New Collegiate Dictionary defines finance as "the Science on study of the management of funds" and the management of fund as the system that includes the circulation of money, the granting of credit, the making of investments, and the provision of banking facilities.

One of the major goals in enterprise creation is profit maximization among other objectives like growth, innovation, good productivity, public image, higher market share, good employee relationship and retention, customer's satisfaction and so on. In order to achieve these goals, the enterprise must be able to sustain its operations through continued existence by at least breaking even and better still making profit. The antidote of enterprise sustainability depends on many internal and external factors. Among the internal factors are good financial management, efficient resource utilization, motivated employees, good organization structure, strong financial base, efficient distribution network, prompt information management, the list is almost endless. The external factors were associated with government regulations which include: environmental factors, political, economic, social, legal, technological and cultural factors. If an enterprise is going to do well in this competitive economic environment, some of these above listed managerial activities must be actively put into use.

In Nigeria, different types of people are involved in running a new enterprise or creating new enterprise; for example the educated, illiterates, school drop-outs artisans, quacks and so on. This is as a result of harsh prevailing economic situation and everybody in the country who are business minded are trying to make ends meet by establishing small scale businesses and the workers are not left out because additional source of income are deployed to augment their monthly salary. These diverse people are with different entrepreneurship education and skills. No wonder while some businesses thrive well even amidst economic meltdown and others are running bankrupt while some are managing to survive.

Limited access to finance is cited in much of the literature reviewed as a significant constraint to the growth and performance of businesses in Nigeria. Small and Medium Enterprises (SMEs) experience financial constraints due to high interest rates, complex application procedures, inability to meet collateral requirements, insufficient financial records, poor information dissemination, illiteracy among others. While the financing gap is a problem throughout the developing world, countries in Africa are often less financially developed than countries in other regions (Fowowe, 2017; Quartey, Turkson, Abor and Ma, 2017).

Small and Medium Enterprises are in most cases controlled by an individual characterized by small capital outlay. Finance is therefore a fundamental problem in increasing the scale of business for such firms and the need for external source of finance is therefore a necessity. However, larger firms often have better access to external finance rather than smaller ones, which are more likely to be run by females (Aterido, Beck and Iacovone 2013).

Statement of the problem

Small scale enterprises are usually owned by individual especially low income earners. Resources used in the course of managing these enterprises are usually gotten from little savings, family assistance, friends, contribution, cooperative societies and some financial institutions like the commercial banks. The resources put into use are always small and inadequate to satisfy the expansion and growth objectives of the enterprise owner. In order to get the required financial assistance to meet the growth objectives of these enterprises, formal financial institution is the last resort. The surprising issue here is that in most cases, these small scale enterprises are unable to access the large funds available for their growth objectives from these financial institutions while some are able to take the advantage of the fund to grow their business. This study therefore attempts to find out among those that applied for financial assistance in financial institution whether financial management differential affect the loan acquisition or not and eventually their growth.

Research questions

i. Why is it difficult for some small scale enterprises to access fund in formal financial institution while others are getting the fund?
ii. What are the differences in financial planning capabilities of small scale enterprise owners?
iii. What is the influence of financial planning capabilities on credit acquisition of small scale enterprises?

Research objectives

i. To find out the challenges associated with fund accessibility in financial institution by small scale enterprises.
ii. To examine the differences in financial planning capabilities of small scale enterprises owners.
iii. To examine the influence of financial planning capabilities on credit acquisition of Small Scale Enterprises.

Statement of Hypothesis

H_o: There is no significant difference in financial planning capabilities of Small Scale Enterprises.

SIGNIFICANCE OF THE STUDY

This study will provide an insight on best ways to manage financial challenges of small scale enterprises using the customers of Union Bank Plc, Ondo State. The study will bring to focus the advantage of good record keeping and proper plan for future development of enterprises. The use of entrepreneurial skills in business management as it relates to financial management will also be revealed in the course of this study.

The study will further enhance the entrepreneurs and enterprise owner's performance and resource management due to better ways of managing their enterprises. In doing so, it is intended that the economy will benefit since the growth of enterprises will improve economic indices that will translate to overall growth and development within the economy.

Finally, government, business owners, researchers and students would be more enlightened on the need for effective financial management in the midst of competitive economic activities for enterprise sustainability.

SCOPE OT THE STUDY

This study examined the financial management differences among enterprise owners who seek financial assistance from Union Bank Plc., the reason why some were successful in getting financial assistance and others were not successful. The researcher restricted his investigation to factors that relate to financial management as well as challenges of accessing financial assistance from formal financial institutions with a particular interest in Union Bank Plc, as one of the small scale business friendly bank in Ondo State.

LITERATURE REVIEW

Conceptual Review:

Omar Farooq (2016), refers business finance to money and credit employed in business. Finance is the basic of business. It is required to purchase assets, goods, raw materials and for the flow of economic activities. Financial management focuses on ratios, equities and debt. It is useful for portfolio management, distribution of dividend, capital raising, hedging and loosing after fluctuations in foreign currency and product cycles. Nobanee & Abraham (2015). 'Financial management is the area of business management devoted to a judicious use of capital and a careful selection of sources of capital in order to enable a business firm to move in the direction of reaching its goals." – Bradlery (1969).

Financial management may be defined as that area or set of administrative function in an organization which relate with arrangement of cash and credit so that organization may have the means to carry out its objective as satisfactorily as possible." - Howard & Opton. Financial management is one of the important parts of overall management, which is directly related with various functional departments like personnel, marketing and production.

IMPORTANCE OF FINANCIAL MANAGEMENT

Finance is the lifeblood of business organization. Each and every business concern must maintain adequate amount of finance for their smooth running of the business concern and also maintain the business carefully to achieve the goal of the business concern. Some of the importance of the financial management is as follows:

Financial Planning: Financial management helps to determine the financial requirement of the business concern. It is an important part of the business concern, which helps in promotion of an enterprise.

Acquisition of Funds: Financial management helps in determining the required finance to the business concern. Acquiring needed funds play a major part of the financial management, which involve possible source of finance at minimum cost.

Proper Use of Funds: Proper use and allocation of funds leads to improvement in the operational efficiency of the business concern. When the finance manager uses the funds properly, he can reduce the cost of capital and increase the value of the firm.

Financial Decision: Financial management helps to take sound financial decision in the business concern. Financial decision will affect the entire business operation, because there is a direct relationship with various department functions, such as marketing, production, personnel, etc.

Improve Profitability: Profitability of the enterprise purely depends on the effectiveness and proper utilization of funds by the business concern. Financial management helps to improve the profitability position of the enterprise with the help of strong financial control devices such as budgetary control, ratio analysis and cost volume profit analysis.

Increase the Value of the Firm: Financial management helps in achieving maximum profit and higher profitability leads to maximize the wealth of the investors as well as the nation.

Promoting Savings: Savings are possible only when the business concern earns higher profitability and maximizing wealth. Effective financial management helps to promoting and mobilizing individual and corporate savings.

RECORD KEEPING IN FINANCIAL MANAGEMENT

According to Ademola, Samuel and Ifedolapo (2012), opined that record keeping is essential to business management. Record keeping involves identification, classification, storage and protection, receipt and transmission, retention and disposal of records for preparation of financial statements. He also included that in record keeping, policies, systems, procedures, operations and personnel are required to administer the records. Record keeping plays a key role in management of knowledge necessary for good business performance. Modern organizations are concerned with the capture, use and storage of knowledge.

Laughlin and Gray, (1999) pointed out the following as the most important reasons to set up a good record management:

i) to control the creation and growth of records
ii) to reduce operating costs improve efficiency and productivity
iii) to assimilate new records management technologies and
iv) to ensure regulatory compliance.

Records may include a list of organizational assets and liabilities. These help the enterprise to evaluate their performance in a particular period of time usually at the end of a financial period. Proper record keeping provides evidence of how the transaction was handled and substantiates the steps that were taken in order to comply with business standards. Record keeping is the foundation on which a compliance program should be built upon measures should be put in place to capture the documentation and events that take place throughout a transaction commencing from delivery and payment. Reed (2010).

According to Ikechukwu (1993), keeping records is crucial for the successful performance of a business. A comprehensive record keeping system makes it possible for entrepreneurs to develop accurate and timely financial reports that show the progress and current condition of the business. With the financial report generated from a good recordkeeping system, performance during one period of time (month, quarter or year) with another period can be compared.

DEBT MANAGEMENT AND PERFORMANCE OF SMALL SCALE ENTERPRISES

Small scale enterprises just like other organizations need capital to run their operations. As earlier mentioned, the use of capital through credit systems has become imperative for the growth of small scale enterprises. The management of this credit will determine to a greater extent the success of the enterprise. Tantum (2003) advances that debt is the amount of taxes incurred during a tax period which are payable to some type of governmental jurisdiction. Aspen Law and Business (2004) defines debt as the amount owed to a person or organization for funds borrowed. For the purposes of this study, debt is defined as any amount due to any authority for which payment has not been effected. Debt take many forms and can be represented by a bond, loan note, mortgage as well as other repayment terms and, when necessary, interest requirements. These different forms are indications of the intent to pay back the amount owed at an agreed date as is set forth in the repayment terms. Wallitsch (2007) argues that debt management is any approach or strategy that is adopted by an individual or business organization to manage its debt. This definition includes debt settlement, bankruptcy, debt consolidation, personal loans as well as other techniques that assist businesses to service outstanding debts.

Root (2009) contends that, debt management is an act of trying to get one's debt under control and become responsible for repaying associated obligations. It can therefore be inferred that debt management is a conscious measure taken by a debtor or agents hired on their behalf to reduce the debt burden or strategize to eliminate the debt through acceptable payment terms.

Cecchetti, Mohanty & Zampolli (2011) observes that a reasonable debt level improves welfare and enhances growth but high level debts can lead to a decline in growth of a firm.

Reinhart, Carmen, Kenneth & Rogoff (2009) reinforces this assertion by arguing that debt impacts positively to the growth of a firm only when it is within certain levels. He opines that a firm becomes vulnerable to financial crisis when the ratio goes beyond certain levels. Stern Stewart and Company shares a similar view that high level of debt increases the probability of a firm facing financial distress. Therefore Cecchetti et al. (2011) contends that over borrowing by a firm can cause bankruptcy and financial ruin. Accumulating high levels of debt by a small scale enterprise will constrain its ability to undertake project that are likely to be profitable. This is because it would not be able to attract new debt from financial institutions.

A study by Yuan and Kazuyuki (2012) using a sample of Chinese listed companies showed that total debt ratio had a negative impact on fixed investment. This implies that high proportion of debt in the capital structure of a firm can harm investment using internal funds. This is because a firm with a high debt ratio can potentially channel most of its income towards debt servicing thereby forgoing investment through internal funds. Therefore the risk of a small scale enterprise increases when more debt is employed in its capital structure. It will become increasingly difficult to attract more debt for investment purposes as creditors will charge high interest rates to compensate for the high business risk. Yuan and Kazuyuki (2012) therefore argued that creditors will be reluctant to lend more funds to a highly indebted firm which resulting in underinvestment. As such, firm operations can be affected if insufficient investment is undertaken. A study by Ahmad, Abdullah & Roslan (2012) in Malaysia which sought to investigate how capital structure impacts on a firm's performance by analyzing the relationship between return on assets (ROA), return on equity (ROE) and short-term debt and total debt established that short-term debt and long-term debt had significant relationship with ROA. It was also established that ROE had significant relationship with short-term debt, long-term debt and total debt. A similar study by Ebaid (2009) partially agreed with the findings of Ahmad et al. (2012).

In the study Ebaid sought to establish the relationship between debt level and financial performance of companies listed on the Egyptian Stock Exchange. The study used return on assets, return on equity and gross profit margin as dependent variables. It also used short-term debt, long-term debt and total debt as independent variables. The study found that the relationship between short-term debt and total debt on return on assets (ROA) is negative. It therefore concluded that there was no significant relationship between long-term debt financing and ROA.

DEFINITION OF SMALL SCALE BUSINESS

The meaning of small-scale businesses varies from country to country, enterprise to enterprise as well as financial institution to another. Many attempts have been made by different authors to define small-scale business in terms of employments, asset and value or money sales volume, though the definition has proven unsatisfactory in some respect.

If, however, the number of employees is used as a yard stick, the definition would tend to ignore the fact that some firms are purely capital intensive and therefore need few employees; their sales turnover and profit may be relatively high or the need for a large number of employees may not really be called for and such firms may still have fantastic year billings.

The committee for Economic Development (CED) in the United States considered a business to be a small-scale when at least two of the following characteristics prevail.

a) The business operation is local (though a market is not to be local).
b) Size within the enterprises is relatively small (that is, the business is small when compared with the biggest unit)
c) Individual owners or a small group furnishes capital.

From the above features we can summarize by saying that a small business is one that is managed and controlled by its owners, highly personalized, largely local in its area of operation, it is relatively small in size within the enterprises and largely dependent on internal sources for capital to finance its growth. Most of these features give rise to most of the problems faced by small business and their needs in Nigeria.

The Central Bank of Nigeria in February 1991, came up with a definition of small-scale enterprises, it states that for the lending purpose of merchant banks, a small-scale enterprises is one with a labour size of 11-100 workers or a total cost of not more than ₦50 million including working capital but excluding the cost of land, while commercial Banks on their own view, states that a small-scale enterprise is one with an annual turnover not exceeding ₦500, 000.

According to Obiaguzor (2001), small-scale enterprises is defined as an establishment whose annual turnover should not exceed ₦500,000 and also a dominant form of business enterprises in any economy whether developed or developing. He also opined that small-scale enterprises play an important role in the economic development of most countries of the world. The Nigeria Industrial Development Bank classified small-scale enterprises with cost (investment and working capital) not exceeding ₦750, 000.

THEORETICAL REVIEW

According to Brigham (1995), modern capital structure theory began in 1958, when Modigliani and Miller's (1958) seminal article on capital structure was published. Since then, many researchers have attempted to explain how firms choose their capital structure. How firms choose the total debt and total equity. The capital structure theory and Myers Pecking Order Theory (1984) will be used in this study. According to Myers (2004), the Pecking Order Theory (POT) suggests that there is no well-defined optimal capital structure; instead the debt ratio is the result of hierarchical financing over time. The foundation of POT is that firms have no defined debt-to-value ratio. Management has a preference to choose internal financing before external financing. When a firm is forced to use external financing sources, managers select the least risky and demanding source first. When it is necessary to issue external sources, debt issuance is preferred to new equity. In an attempt to explain small firm financing behavior, other scholars have relied on agency theory. Agency theory holds that investors who have equity or debt in a firm require costs to monitor the investment of their funds by management or the small business owner (agency costs). This view suggests that financing is based on the owner-manager being able to assess these agency costs for each type of financing, and then select the lowest cost method of financing the firm's activities. One weakness of this explanation is that no one has yet been able to measure agency costs, even in large firms (Myers, 2004).

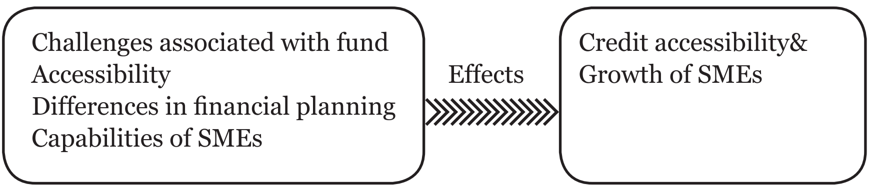
EMPIRICAL REVIEW

Empirical study revealed that small companies frequently suffer from a particular financial problem of lack of a capital base. Small businesses are usually managed by their owners and available capital is limited to access to equity markets, and in the early stages of their existence owners find it difficult in building up revenue reserves if the owner-managers are to survive. (Kilonzo & Ouma, 2015).

Thevaruban (2009) examined small scale industries and its financial problems in Sri Lanka. He underscored that SMEs of small scale industries in Sri Lanka finds it extremely difficult to get outside credit because the cash inflow and savings of the SMEs in the small scale sector is significantly low, Ganesan, (1982). Hence, bank and non-bank financial institutions do not emphasize much on credit lending for the development of the SMEs in the small scale sector in Sri Lanka. Pettit and Singer (1985) study underscored that financing is the most difficult problems of the SMEs in USA. External finance is more expensive than internal finance (Datta, James, Dyneh & Alankrita, 2010). Due to lack of access to external finance (private placements and initial public offerings of varying sizes), SMEs rely on bank loans as compared to their larger counterparts (Bracker, Keats & Pearson, 2006). Ssendaula (2002) lists factors that have discouraged banks from lending to SMEs. Among them are poorly compiled records and accounts; low levels of technical and management skills; outdated technologies; lack of professionalism and networking; lack of collateral; lack of market outlets due to poor quality and non-standardized products; poor linkages and limited knowledge of business opportunities. In addition, most businesses, such as those dealing in foodstuffs, have been affected by lack of proper storage facilities. This has been a major limitation on business success because most agricultural products require preservation and have an inelastic demand meaning that even if their prices are lowered, quantity demanded can increase in that same proportion to clear the market of surpluses. Accounting Information Systems, D'Amboise and Gasse (1980) studied the utilization of formal management techniques in 25 small shoe manufacturers and 26 small plastic manufacturers in Quebec, Canada and found that 88 percent of the businesses used a cost accounting system. Regarding accounting standards, DeThomas and Fredenberger (1985), in a survey of over 360 small enterprises in Georgia, found that the standard of financial record keeping wasvery high. In addition to cheque and deposit receipts, around 92 percent of respondents had some form of record keeping. Regarding the use of financial information, DeThomas and Fredenberger (1985) study indicated that 96 percent of the respondents had financial statements prepared, the responsibility for evaluating and using the information was within the business itself and only four percent relied on an outside accountant services.

CONCEPTUAL FRAMEWORK

Mugenda (2008) defines conceptual framework as a concise description of the phenomenon under study accompanied by a graphical or visual depiction of the major variables of the study. According to Young (2009), conceptual framework is a diagrammatical representation that shows the relationship between dependent variable and independent variables. In the study, the conceptual framework will look at effects of different financial management capability among small scale enterprises Ondo State and its effect on credit accessibility and business growth and sustainability.



Source: - Researcher's Computation, 2019

METHODOLOGY

Data for this paper were derived from primary through well-structured questionnaire. This study employed a survey research design. Union Bank Plc in Ondo State was used in this study. The population of this study includes the customers of Union Bank PLC inOndo State.Sample size of 86 persons was selected out of the customers of the bank seeking for loan assistance using the simple random sampling technique.

A five-point Likert Scale was used to measure subjective perception of two dimensions that identifies the presence or otherwise of each activity with 1 = Strongly Disagree, 2= Disagree, 3= Moderately Agree, 4= Agree, 5= Strongly Agree. The data were analyzed using frequency distribution tables for the descriptive data while the measure of central tendency i.e. mean were employed for the data capturing all the variables. Chi square method was used to capture the effects of differential financial management on credit acquisition and growth of SMEs in Ondo State.

RESULTS AND DISCUSSION

Table 4.1: Reliability Test

Cronbach's Alpha	No. of items
0.845	86

Source: Field Survey, 2018

From the table 4.1 above, the Cronbach's Alpha result of 0.845 was obtained meaning that the data used for the analysis is reliable since the value is greater than 0.7.

Table 4.2: Age of respondents

Age (years)	Frequency	Percentage (%)
15 – 30	40	46.5
31 – 45	32	37.2
46 – 60	8	9.3
61 and above	6	7.0
Total	86	100

Source: Field Survey, 2018

From the table 4.2 above, 46.5% of the respondents in the study area were between 15 years and 30 years old, 37.2% of the respondents are between 31 – 45 years old, 9.3% of them are between 46 – 60 years old and 7.0% are 61 years and above. This result revealed that 83.7% of the respondents are between 15 – 45 years old showing that most of the enterprise owners seeking financial assistance are young adults of the society.

Table 4.3: Years of experience

Years of experience	Frequency	Percentage (%)
Below 1 year	28	32.6
1 – 5 years	44	51.2
6 – 10 years	10	11.6
Above 10 years	4	4.6
Total	86	100

Source: Field Survey, 2018

From table 4.3 above, 32.6% of the respondents started their businesses in less than 1 year, 51.2% of the respondents had between 1 to 5 years of experience, 11.6% of the respondents had experience between 6 to 10 years and 4.6% of the respondents had above 10 years of experience in their various businesses. The result shows that majority of the respondents are young entrepreneurs who actually needed assistance in increasing the scale of their enterprises. Only 4.6% of the respondents had above 10 years of experience.

Table 4.4: Types of business ownership

Business ownership	Frequency	Percentage (%)
Sole proprietorship	56	65.1
Partnership	24	27.9
Limited / Public liability company	6	7
Total	86	100

Source: Field Survey, 2018

From table 4.4 above, 65.1% of the respondents were sole proprietors, 27.9% of the respondents are involved in partnership type of business while only 7% of the respondents are involved in limited or public liability company. This result shows that most of the business owners in the study area individually owned their business where decision making in terms of financial assistance is faster as compared to the other forms of business ownership.

Table 4.5: Loan accessibility

	Frequency	Percentage (%)
Yes	58	67.4
No	28	32.6
Total	86	100

Source: Field Survey, 2018

From table 4.5 above, 67.4% of the respondents were able to access the financial assistance from Union Bank Plc in Ondo State while 32.6% of the respondents were unable to access the loan in the study area. This brings to the focus that substantial number of applicant was unable to access the loan, the reason why this study was conducted.

Table 4.6: Challenges associated with fund accessibility in financial institutions by SMEs

	Mean	N	Std. Dev
I find it easy to obtain credit facility in my bank.	3.56	86	1.578
The bank staff is willing to assist me in the documentation that will lead to their granting loan that I applied for.	4.09	86	1.065
The documentation required for granting loan in my bank are easy to complete in a short time.	3.67	86	1.342
Conditions to be met for loan acquisition are easy to come by.	3.42	86	1.296
There is undue delay in granting loan in my bank.	3.67	86	1.190
Collaterals are always required for granting loan for SMEs in my bank	4.26	86	1.177
You must belong to cooperative society before you can access loan in my bank.	3.49	86	1.369

Source: Field Survey, 2018

From table 4.6 above, the respondents in the study area did not strongly agree nor agree but moderately agreed with the fact that it is very easy to obtain credit facility from the bank with the mean value of 3.56. This implied that there are some challenges they encountered in the cause of processing the loan. The respondents also agreed that bank officials were willing to assist in documentation that will lead to granting loan they applied for with the mean value of 4.09. They moderately agreed with the fact that documentation required for granting loan in their bank were easy to complete in a short time with the mean value of 3.67. The condition for loan acquisition like collateral is moderately agreed with by the respondents with the mean of 3.42. This implies that not all the eligible applicants can access the loan due to the problem of collateral provision. The respondents also moderately agreed that there is undue delay in granting loan in their bank with the mean value of 3.67. The respondents agreed that collateral is required in granting loan with the mean value of 4.26 while they moderately agreed that applicant must belong to cooperative society before granting loan to them with the mean value of 3.49. This implied that cooperative membership may not stop anyone from getting loan from the bank. In summary, the respondents in the study area agreed that some challenges mentioned above do affect loan acquisition negatively like difficult documentation, undue delay and collateral requirement with the mean values of 3.67, 3.67 and 3.49 respectively.

Table 4.7: Differences in the financial planning capabilities of SMEs

	Mean	N	Std. Dev
My business have financial records	4.26	86	1.002
I record my daily sales on the records	4.02	86	0.998
I record all goods purchased on the records	4.28	86	1.076
I record average sales on every day on my records	3.70	86	1.124
Only important and expensive items in my shop have records	3.21	86	1.390
I have the records of all my daily transactions of my business in the records	3.98	86	0.886
I do write down transportation expenses of the goods purchased	3.88	86	0.981
I have the records of some goods consumed in the shop and the amount	3.72	86	1.008
I do write down goods that I give out to my friends and family	3.14	86	1.302
I have records of all credit sales in my shop	3.74	86	1.177
I keep my profit and excess sales in bank occasionally	3.88	86	0.981
My business have separate accounting department	3.35	86	1.213
I have computer system and software for my accounting analysis	2.81	86	1.500

Source: Field Survey, 2018

From table 4.7 above, the respondents agreed that their businesses have financial records, record their daily sales, have records of all goods purchased with the mean values of 4.26, 4.02 and 4.28 respectively. The respondents agreed moderately that they record average sales on a daily basis on their record with the mean value of 3.7. This result showed that not all sales were recorded due the frequency of sales some times. They do not strongly agree that only expensive items in their shops have records with the mean value of 3.21. They do not also strongly agree that they write down transportation expenses of the goods purchased with the mean value of 3.88. They moderately agree with the fact that they have records of goods consumed in the shop and the amount, write down the amount of goods given out as gift to friends and family and have records of all credit sales with the mean values of 3.72, 3.14 and 3.74 respectively. These records which should form part of the profit of the business will not be properly accounted for.

The respondents in the study area moderately agree that profit and excess sales were kept in bank account occasionally and that they have separate business account for their business with the mean values of 3.88 and 3.35 respectively. Separate business account will only put the enterprise in a better financial position which is mostly advised.

Lastly, the respondents in the study area disagreed with the fact that they use computer system and software in accounting analysis of their business with the mean value of 2.81. The best and easiest way of computing accounting records is with the use of computer which is not in use as it was found out from this research.

Table 4.8: Growth indices

	Mean	N	Std. Dev
There is physical growth in terms of fixed assets of my enterprises.	3.79	86	1.521
There is increase in the total worth of my enterprise.	4.05	86	0.872
There is increase in the number of staff of my enterprise.	3.35	86	1.098
There is increase in the total profit of my enterprise in the last two years.	3.37	86	1.092

Source: Field Survey, 2018

From table 4.8 above, the respondents in the study area moderately agreed that there is physical growth in terms of assets of the enterprise with the mean value of 3.79 but agreed that there is increase in the total worth of the enterprise with the mean value of 4.05. They moderately agreed that there is increase in the number of staff of the enterprise and total profit of the enterprise in the last two years with the mean values of 3.35 and 3.37 respectively. In summary, there is no strong assertion in the physical growth of the enterprise, number of staff and increase in profit of the enterprise in the study area. This might be unconnected with the challenges encountered in accessing loan facilities in the bank as this study revealed in the previous discussion.

Table 4.9: Chi-Square Test (Test of hypothesis)

	Value	Df	Asyp.Sig. (2-sided)
Pearson Chi-Square	18.559[a]	40	.551
Likelihood Ratio	23.943	40	.245
Linear-by-Linear Association	.143	1	.705
No. of Valid Cases	86		

a. 85 cells (100%) have expected count less than 5. The minimum expected count is .33.

Source: Field Survey, 2018

From table 4.9 above, the Chi-Square calculated is 18.559 while the table value is $\chi^2_{(4,.05)} = 9.488$. Since the Chi-Square calculated is greater than table value, the null hypothesis is rejected meaning that there is significant difference between financial plans of enterprise owners that obtained the loan in Union Bank and those that could not.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Cronbach's Alpha test result of 0.845 shows that data used in the analysis is reliable. It was found that challenges like difficult documentation, undue delay and collateral requirements do affect loan acquisition negatively with the mean values of 3.67, 3.67 and 3.49 respectively. The research revealed that respondents in the study area do not make use of computer set in analyzing accounting variables in their business with the mean value of 2.81. There is no strong assertion in the physical growth of the enterprise, number of staff and increase in enterprise profit. Chi-Square test revealed that there is a significant difference in the financial planning of enterprise owners that obtained the loan and those that could not.

It is therefore concluded that the difference in the financial management of enterprise owners in the study area might be the reason while some enterprise owners were not able to access the loan from the commercial bank. This may also affect their business negatively for those business well planned for will have higher performance and sustainability. The best way of facing financial challenges is through proper planning. Any business without proper plans will find it difficult to get assistance from financial institution.

Based on the findings above, the researcher hereby recommends that commercial banks should create avenue where some of their staff will be available to help their customers seeking for financial assistance with little or no education. If business should grow and be sustained, young entrepreneurs must be encouraged and assisted financially. More attention should be given to small scale businesses so the sustainability of their business will be guaranteed. Business owners are advised to keep a separate business account and records for their business for effective monitoring. The use of computer set, accounting software and its training should be practiced by entrepreneurs in the study area.

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