An Analysis of Financial Management in the Success of Small Scale Business

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Abstract
This study analyzed financial management approach in the success of small scale business. The purpose of this study is to carry a study on a financial management system and the survival of small scale industries in Nigeria with particular reference to one among the leading printing press situated in north eastern part of Nigeria known as Ramadan Printing Press, Bauchi State. The survey research design was adopted and Instrument of data collection are questionnaire and personal interview which formed the source of primary data and secondary sources of data were also used. 40 questionnaires were distributed to the staff of the company and only 35 were filled and returned. Tables and simple percentages were used to analyze the data. The statistical tool used to test hypotheses was chi-square (X^2). The major finding of the research is that the use of poor accounting and internal control system has negative impact on the survival of small scale industries in Nigeria. Based on the finding, the study concludes that it is clear that financial management approaches is the main factor in the success of small scale business. , Based on the conclusion the study recommends that there should be proper financial management concerned with planning and controlling of the firm's financial resources and there is no way a business can succeed without planning and controlling its financial resources.

Keywords: *Financial Management, Small Scale, Business, Success, Analysis*

Introduction

Small and Medium Scale Enterprises (SMSEs) are the foundation upon which nation's industrial strength is built. Rapid industrialization and economic prosperity of many nations like Japan, China, India, U.S.A, Canada, Italy, South Korea, Indonesia and Nigeria is dependent in the development of her small and medium enterprises. Samuel and Onoriode (2012). Aremu and Adeyemi (2011) examined that small and medium enterprises have been considered as the engine of economic growth and for promoting equitable development .It was noted that the SME sector is the main driving force behind job creation, poverty reduction, wealth creation, income distribution and reduction in income disparities. Small and medium Scale enterprises (SMSEs) are considered the backbone of economic growth in all countries. They play an important role in Nigerians economic growth, as they constitute 97.2% of the companies in Nigeria, (Oyelaran, 2007) stated that 96% of Nigerian business are SMSEs compared to in the United States to 53% and 65% in Europe .They also contribute to national development by positively influencing the distribution of income in both functional and nominal terms.

In emphasizing the importance of SMSEs, (Rogers, 2014), stated; that enhance capacity building as they serve as entrepreneurial training avenues; they create more employment opportunities; per unit of investment because of their labour intensive operations; they achieve a much more relative high value added operations because they are propelled by basic economic activities that depend mostly on locally sourced raw materials; they provide feeder industry services as they serve as major suppliers of intermediate goods and components to large-scale industries as well as major agents for the distribution of final products of such industries; they provide opportunities for the development local skill and technology acquisition through adaptation. In addition, small and medium scale industries are known to exist all over the country and most of them where established from the mid-1980s, with the inception of the structural adjustment programme (SAP). All these indicate great potentials for the emergence of a vibrant industrial sector, particularly the small-scale segment.

The SMSEs in Nigeria have expanded following the adoption of the Structural Adjustment Programme (SAP) to fill the supply gap in industrial consumer goods created by the difficulties faced by large scale firms which have not easily adapted to the policy changes of SAP (Olorunshola, 2003:34).The emphasis from then was shifted from large-scale business to SMSEs due to its potentials for developing domestic linkage for rapid a sustainable development (Mamman, 2010).They play a vital role in the development of world economy.

According to Philip (1989) SMSEs are said to be bedrock of any national industrial development especially in a typical developing country like ours. "Small and medium Scale enterprises (SMSEs) are considered the backbone of economic growth in all countries. They play an important role in Nigerians economic growth, as they constitute 97.2% of the companies in Nigeria In emphasizing the importance of SMSEs. Despite the catalytic role of SMSEs in the economic emancipation of countries, some of their major operational challenges in Nigeria include financial problems. About 80% of small and medium enterprises are stifled because of poor financing. As part of its developmental efforts and mandate of promoting SMSEs, CBN launched micro ,small and medium scale enterprises development fund (MSMEDF) in 2013(MSMEDF guideline, 2014).The fund presented 50:50 ratio for on-lending to micro enterprises and SMSEs, one of the objective is to reduce cost of funds by translating into reduced borrowing cost for the SMSEs.

Small scale businesses today are in shambles due to lack of proper financial management. Proper financial management is very important for a business to succeed. It then means that lack of proper financial management also cause business failure.

Nigeria is blessed with mineral resources, yet on the whole it record of achievement in the economic sphere is little. The research intends to analyze how financial management is important in the success of small scale business in Nigeria.

With dedication, diligence and proper management of finance small scale business will succeed. That means some small scale industries or business failed due to lack of control for finance planning and organization despite all effects of encourages them in finance. It is this position that prompts this research work.

STATEMENT OF THE RESEARCH PROBLEM

Ogujiuba, *et al*, (2004) indicate that most SMSEs do not have good management structures often they are owned by a family and this engenders poor internal control systems. The poor management leads to lack of proper keeping of financial records as well as lack of technical and economic counseling since such business rarely engage the service of qualified consultants. Simple records of financial transactions are not kept and this creates loopholes for fraud which limit accessibility to instructional credit. SMEs are most likely to divert funds meant for the business in funding other projects. This naturally will impact on the survivability of the business and equally comprise the ability of the firm to pay back a loan (Mamman, 2010).

Much small scale business failed despite the encouragement of given by some organization and by federal and state government. Government introduced scheme known as "Loan

Guarantee Scheme" to help small scale enterprise to finance their business but still the problems are persistent due to the following:

- **i.** Poor planning and controlling of the organization financial resources.
- **ii.** Inadequate financial and tax records and poor accounting system.
- **iii.** Inability to collect bad debts and to curtail unwise credit policies
- **iv.** Failure to maintain stock inventory control
- **v.** Lack of internal auditing

This research is aimed at analyzing how financial management can help small scale business to succeed.

AIMS AND OBJECTIVE OF THE STUDY

The Main objective of this study is to analyze the effective and efficient utilization of financial resources in small scale business .The specific objectives are:

1. To identify the roles and basic financial control measures
2. To analyze how financial management can help small business to succeed.
3. To determine the effective and efficient utilization of financial resources and create balance among provision of funds, profit and source of fund.
4. To ensure judicious use of capital and a care use of selection of resources of capital in order to enable a business firm to move in direction of reaching it goal

LITERATURE REVIEW

This chapter provides a theoretical frame work and review of the opinion of the other writers on related topic of this study and reveals the current state of affairs on financial management approaches in relation to small scale enterprise.

The research attempt to point out the contribution to knowledge of some authors in the related areas of research.

Also relevant book, journals and daily papers were used for the purpose of this review.

There is hardly any unique, universally accepted definition of SMEs because the classification of business into small and large scale is a subjective judgment (Ekpeyong & Nyong, 1992). The major criteria used in the definitions according to Carpenter (2003) could include various combinations of the following; numbers of employees, financial strength, sales value, Relative size, Initial Capital outlay and types of industry.

In Nigeria, the definition of SMSE's also varies from time to time and according to institutions. The Nigeria government has used various definitions and criteria in identifying what is referred to as SMSE's sized enterprises.

However, the definition based on Capital especially in the Nigeria economy should be revisited from time to time due to consistent devaluation of Naira (National Currency) and high inflationary trend in the economy. Small firms are backbone of national development, for a country to reach its full potentials in terms of economic and social development, it cannot afford to ignore the importance of its indigenous small and medium scale enterprises and the contribution that they make to the country economy. The 1992 Review by the National Council on Industrial Standards have defined Small and Medium Scale Enterprises (SMEs) as enterprises with total cost of (including working capital but excluding cost of land) above 31million but not exceeding 50million with a labour size of between 11and100employees. It is clear that SMEs are usually small own or family managed business with its goods and services being basic. SMEs also tend to lack the organization and management structure, which characterize large-scale entrepreneur .Urban SMEs tend to be more structured than their rural counterpart. Small and Medium Scale Enterprises (SMEs) as defined by the National Council of Industries (2009) refer to business enterprises whose total costs excluding land is not more than two hundred million naira (N200,000,000.00) only.

Although, there exists no consensus among policy makers and scholars concerning the point at which a business firm is deemed to be small or medium.

SMSEs definition depends mainly on the level of development of the country. In most developed market economies like the United States of America, UK and Canada, the definition criterion adopted a mixture of annual turnover and employment levels. SMSEs exist in the form of sole proprietorship and partnership, though some could be registered as limited liability companies and characterized by ; simple management structure, informal employer/ In Nigeria, the small and medium industries Enterprises investment scheme (SMIEIS) defines SMSEs as any enterprise with a maximum asset base of N200 million excluding land and working capital and with a number of staff employed not less than 10 or more than 300 .The federal ministry of commerce defines SMXEs as firms with a total investment (excluding cost of land but including capital) of up to N750,000, and paid employment of up to fifty persons, Employee relationship, labour intensive operation, simple technology, fusion of ownership and management and limited access to capital.

THE CONCEPT OF FINANCIAL MANAGEMENT

Financial management also has a beginning and history as every other thing. Financial activities has been in existence since the ancient days, man has been practicing finance since he came into being and it was gradually developed into the finance we know today, e.g. from trade by barter [change of goods for goods] which gave so many difficulties, to solve the problems the need for money came into existence as a means of exchange which is used for buying and selling, borrowing, store of assets, banking, etc.

One of the first treasury departments was created in US by an Act of Congress in September 2nd1989, the Congress directed the treasury to perform financial functions like providing for collection, safeguarding and disbursement of public money and to maintain a system to account for the government collections and payments.

Before 1990, finance as an academic discipline was embedded in economics. Then the emphasis was legalistic matter relating to mergers, consolidation, and formation of new but large firms and obtaining more capital for expansion.

The technological innovation of the 1920s and the new industries then created need for more funds which prompted the study of finance to emphasize on liquidity and external financing of firms .The economic depression of the 1930s in Europe and America made the study of finance to focus on survival, preservation of liquidity, prevention of bankruptcy and liquidation.

It was in this period that the first major financed management reform took place in US immediately after the First World War (within the period of the late 1919 and early 1930s.)

The rampant business failures and massive abuse relating to financial transaction led the government to regulate businesses. One of these regulations was on the increase in the amount of financial data disclosed by companies.

The disclosure made financial analysis more encompassing because the analyst was able to compare different companies as to their financial conditions and performance. As such the emphasis then was on a company maintaining a sound financial structure.

In the 1940s and 1950s, the study “financial management” was dominated by “traditional’’ approach which emphasized the viewpoint of the outside (such as the lender and/or an investor) analyzing the cash flows of the firm and also more was said about planning and control of these flow within the firm. In the mid-1950s, interest shifted to capital budgeting and allied consideration, new methods and techniques of selecting capital projects evolved which led to the frame work for efficient allocation of capital within the firm on the basis of an appropriate and objective acceptance criterion. Also in the 1950s the emergence of computer which enable financial managers to handle complex system database in making sound financial decision.

In the 1960s, came the development of portfolio theory and its eventual application to financial management, after the pioneer work of Markowitz (1952) and the subsequent work of prominent scholars like Sharpe (1964) and Hamada (1969) the portfolio theory becomes widely acceptable and generally appreciated.

In the 1970s, the capital asset pricing model (CAPM) which was developed in the mid-1990s by Sharpe (1964) and Lintner (1965) was further refined and applied to financial management; CAPM provides a measure of security's risk in form of its sensitivity to the capital market movement, which is referred to as Beta (B). Beta reflects the systematic risk which cannot be diversified.

In 1980s and 1990s as the move into century, we witnessed a number of intellectual advances in the valuations of the firm in an uncertain world by scholar like Mullins (1982), Myers (1984) and Chen et al (1986).

There is an increased attention on the role of personnel taxes in conjunction with corporate taxes. Information Technology gave us insight into the mark behavior of financial instruments.

Role of financial management has changed from primarily a descriptive analysis and normative theory, from a discipline that was mainly concern with procurement of funds to one that included the management of assets, to allocation of capital and valuation of the firm in the overall market, and form a discipline that emphasized external analysis of the firm to one that stresses decision making within the firm.

Till date, financial management keeps improving and advancing as new concepts, ideas and techniques are coming in, hence, financial managers most understand the dynamic environment and are prepared to accept challenges being posed by these changes.

Financial management is that aspect of management which is concern with the effective use and maximization of a firm's financial resources. It is mainly concerned with how the financial resources of a firm can be put to use effectively towards achieving the objectives of the firm.

The present age is the age of industrialization. Large industries are being established in every country and most of them grow from small scale business. It is very necessary to arrange finance for building, plant and working capital for the establishment of these industries. Question like how much of capital will be required? From what sources this much of finance will be collected and how will it be invested? Are the matters of financial management?

Financial management is that managerial activity which is concerned with the planning and controlling of firms financial resources.

According to Solomon (2002: 75 and 76) "financial management is concerned with efficient use of an important economic resources namely capital funds".

According to Welston and Brigham (1984: 17) "financial management is an area of financial decision making harmonizing individual motives and enterprise goals".

According to Bradey (2002: 118) "financial management is the area of business management devoted to the judicious use of capital in order to enable a spending unit to move in the direction of reaching its goals.

According to Kuldeep Roy "Business Finance deals primarily with rising administering and disbursing funds by privately owned business units operating in non-financial field of industry.

According to J.F Bradlery "Financials 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.

According to K.D Wilson "financial management is the application of the planning and control function to the finance function.

In general financial management is the effective and efficient utilization of financial resources. It means crating balance among planning, provision of funds, profit and administration and sources of funds.

Role of Financial Management

The following are some of the roles of financial management:

- **i.** Forecasting, monitoring and controlling of working capital cycle of the company.
- **ii.** Selection, appraisal and control of capital investment.
- **iii.** Valuation of business especially in relation to acquisition.
- **iv.** Rising of funds to finance the activities of the firm.

FINANCIAL CONTROL AND MANAGEMENT OF FUNDS

Financial management operates as the art of management of funds. Its purpose is to provide information to facilitate the management task of planning reporting and controlling funds to ensure optimum performance.

Control is the process of promoting business operations to ensure that desired goals are attained by accomplishing predetermined objectives, resources are provided in any organization when there is availability of funds. That is when there is fund to make the day today expenditure of running the business or organization that must be taken into consideration when pricing are decided.

Controlling of finance is an important tool of business success and any business enterprises that can control its fiancé very well is likely to be in a good humidity position.

Funds or cash can be a liquid asset to firm it includes money borrowed by the firm cash at hand by the firm and money gained from activities of the business.

Fund management has both liquidity and profitability aspect. This is if the firm has no economy cash in the account, it may not be able to meet its short term and long term liability and if it does not choose the appropriate or consistent way of preparing its account and financing its projects there will be decline in profits.

Financial control and management of funds are therefore very important to any business organization especially to small scale business. This is because the extents to which funds are managed and controlled. The organization will largely determine the extent to which the firm becomes viable.

Financial control and risk management are central to managing any organization effectively to the extent that they are done well they can contribute to an organization's ability to safeguard its asset, use its resource economically and efficiently and produce accurate and reliable financial information

REASONS WHY SMALL BUSINESS ARE IMPORTANT

It is important to note that the development of entrepreneurs cannot be overemphasized and the role they play in economic development and how they are financed through both formal and informal sources. The development experience of many countries indicates that SMEs can meaningfully contribute to the attainment of many development objectives. These include output expansion, employment generation, even location of industries among regions of the countries, income redistribution, promotion of indigenous entrepreneurship and technology as well as production of intermediate goods to strengthen inter and intra industrial leakages (Nnanna, 2000)

Nevertheless, the extent to which the opportunities offered by SMEs are exploited and their contributions maximize in any economy depends on the enabling environment created through the provision of requisite infrastructures facilities such as roads, telecommunication, power etc. and pursuit of policies such as concretionary financing that encourage and strengthen the growth of the sector. Although the recognition of the economic importance of SMEs to the Nigerian economy is only are cent development, today the contributions of the sector to the economy are no longer contestable.

The contribution of SMEs to manufacturing output and gross domestic product(GDP) is appreciable .In the area of employment generation, SMEs accounted for about 70percent of the industrial employment in1987 and the situation has remained largely the same (Omwumere,2000), the same is the case in other developing economy as it is estimated that SMEs employ22percent of the adult population in those countries, specifically, the sector employs about15.5 percent and13.9 percent of the labour force, which is higher employment growth than micro and large scale enterprises (5percentand11percent) in Ghana and Malawi respectively (Kayanula and Qaurtey,2000).

However, importance of SMEs as catalyst to economic growth and national development has been long recognized and is obviously a basic reason for their promotion in developed economy. For instance, the Bolton committee of inquiry established in United Kingdom in 1968 to examine the role of small scale enterprise in the British economy ideally describes two important roles of these enterprises as breeding ground of new industries and source of dynamic competition, even in the most buoyant economy, such as the United states of America, SMEs have played an important role in the country's transition from the industrial age to the post-industrial technology era.

SMEs are divided into Medium Scale Enterprise (MSE), Small Scale Enterprise (SSE) and Micro Enterprises (ME).The federal ministry of industries defines a Medium Scale Enterprise As any company with operating assets less than 200million and employing less than 200persons. A Small Scale Enterprise on the other hand, is one that has total assets less than 50million, with lessthan100employees. Annual turnover is not considered in its definition of a SME. The National Economic Reconstruction Fund (NERFUND) defines as SME as one whose total assets is less than10million but made no reference to either its annual turnover or the number of employee (World Bank, 2010. Two fundamental financing concepts in the development of SMEs, the formal and informal forms of financing have been identified by the previous researcher, scholars and practitioners(Gelinas,1998;Aruwa,2004).The findings were that among the most popular of the formal sources of financing ,the commercial banks and the development banks remains the formal sources of finance for enterprises.

The informal source comprising personal savings, borrowing from friends and relatives and comparative credits has also been identified as potential sources of financing SMEs. Research works have been conducted on SME financing policies and strategies for its development (Boiko, 1998) and SME credit delivery strategies in Nigeria (Inang and Ukpong, 1992). The World Bank (2001) conducted Research survey on SME access to formal financing institutions credits and found that 85percent of Nigerian firms had relationship with banks, not all of them had access to external credit. Schneider-Bartholdi (2002) and others have on the hand confirmed the significant contribution of SMEs to macro-economic development of nations.

According to Philip (1989) at a national conference on small industries and development held at Ibadan "small scale enterprises are said to be bedrock of any national industrial development especially in a typical developing country like ours." The role and importance of these firms according to Philip, in any nation are as follows:

- **(i.)** They form starting point for industrialization which calls for the establishment of industries of all types and sizes.
- **(ii.)** Small and medium scale industries provide more employment per unit of capital invested because they are generally labour intensive.

(iii.) They aid large-scale industries by manufacturing raw material inputs and generally acts as catalyst to them, therefore generating the desire to build a healthy industry base.

(iv.) They are often the sources of new ideas and invention that is, they will help to form technological base where they start operating as small unit innovating indigenous goods and services to suit our particular needs using local resources, product equipment and manpower.

(v.) They serve as a training ground for managerial and labour training.

(vi.) Their promotion leads to the building up new indigenous undertaking in major economic activities so far dominated by foreign interest.

(vii.) The generally source their raw materials locally therebyconserving foreign exchange.

(viii.) They are less vulnerable in period of depression and these have greater degree of flexibility than large scale industries.

(ix.) The promotion leads to industrial decentralization and tapping of resources which otherwise would remain untapped.

(x.) Their establishment provides an increase in the revenue to the state and local government areas which may be used to provide social amenities.

At an international symposium of small businesses in Washington D.C in 1977, Kishida states that "out of thirty-nine million people employed in a private sector in 1972, those employed by small business enterprises number thirty millions. And in the field of manufacturing industry like automobile, electronics, ships and cameras, smaller enterprises play an indispensable supporting role either as parts suppliers or as subcontractors on the machinery.

As at present the contribution of our small and medium scale industries to the nation's development is immense. They have contributed greatly to the gross domestic production of the country over the year. To build a truly indigenized economy, Nigeria will lean to rely on her enterprises. The governments have actually realized the importance of those forms of business enterprises by previous policies being made but the implementation of these polices is a thing of great concern. Due to the importance of these small and medium scale industries in developing nation, viable a venues for financing these companies therefore have to be south to keep them liquid all time to prevent them from being insolvent and subsequent wining up.

Also SMSEs are responsible for the majority of new jobs created in Nigeria and they are crucial to Nigeria's success in the global economy

1. For Government, SMSEs, contribute to wealth creation and generate tax revenues

2. In business, SMSEs represent an important source of innovation

3. In the society, they are an important source of employment

4. They drive consumption at the lower levels because they operate in every sector of the economy

5. SMSEs have extensive local knowledge of resources, supply patterns and purchasing trends

6. SMSEs constitute an important source of local supply and service provisions to larger corporations.

7. They make significant contribution to the revenue profile of most financial institutions

8. SMSEs stimulate growth and development within the economy

Small business create jobs for people who don't want to work in government, non-profit or corporate organization.

Small business plays an important role in the society. When they are first established, they represent ways that business owners test their business ideas in a market. Those companies that survive over time provide economic stability for owners and their families small business that create job for workers in addition to the owner offer even more economic stability. Providing a steady source of income to business owners and employees is just one reason they are important.

Small business provide consumers many options where they will buy retail goods. Business of a smaller nature can be more productive than larger companies. Small business employ 50.2 percent of the nation non-farm private work force. Innovation is very possible in small business. In these tiny enterprises employees usually work in close proximity to consumers and learn firsthand about their needs. Also these small business typically have few ranks of managers separating line workers from the business owner.

PROBLEMS AND FAILURE OF SMALL SCALE BUSINESS IN NIGERIA

Small businesses have certain advantages over large scale industry such as the ability in many case to form close relationships with customers and client but small scale operations also face several notable disadvantages small business often focus on a niche or specially that differentiate their goods and services from larger competitors. Some of these problems are;

1. **Under-capitalized/over capitalized:** all business need capital. In fact, the capital requirement of small business even extends beyond the business. There are always the, needs to provide for family upkeep so that the capital meant for business activities, especially working capital world not be spent prodigally.
2. **Poor record keeping:** Record keeping is very vital in any business. Records whether financial or non-financial are important for keeping the owner-manager is the true picture of the business at all times. These records are necessary to regulate cash inflow and outflow stock levels sales and collection dates, and general expenses such as payables.
3. **Economic of large scale:** Economic of scale is a concept in economics that describe a situation where the marginal cost of making a certain product fall as a company makes more of the product. (In order words when economic of scale exist, the cost of producing a certain product is lower per unit if the product is produced in large qualities.
4. **Financing:** Another problem that small scale business operation face is that they may have more difficulty getting financing than larger businesses for example the owner of a small Pizza shop might have difficulty getting a loan to new location due to having more cash and asset.
5. **Laws and Regulations**: small businesses are also subject to laws regulation that affect large corporations. This means that small business owners must be aware of and comply with such regulations. This can divert time and energy from other business activity large business may have the resource to higher legal staff to deal with legal issues allowing managers to focus on running the business.
6. **Advertising:** Consumers can only buy products and services if they are aware of their existence and where to buy them. Small industries may have difficulty reaching a large number of consumers through advertisement due to limited marketing budgets. For example a small company might only have the means to pay for a few advertisement in local newspapers while large company could pay for television, commercials, billboard and online advertisement.
7. **Poor time management:** time pressure is of small business owners. Since man small business owner is shouldered with many function to be performed within a short period of time poor performance of such functions become inevitable:

8. **Key Man Risk**
   Small and medium scale enterprises are key man risk due to the nature of its ownership and operations. Small and medium scale enterprises are generally regarded as high-risk borrowers due to insufficient assets, low capitalization and lack of clear action plans. A small or micro enterprise is generally a one-man show. Even the small units which run by a partnership firm or company, the activities are mainly carried out by one of the partners or directors. In practice, the others are simply as sleeping partners or directors who mainly assist in providing funds.

9. **Labour intensive production processes**
   Most of the small and medium scale enterprises uses obsolesces/traditional tools in their production process which makes the to produce product in smaller quantity and at high cost due to labour intensive
10. **Sole Proprietorship**
    Small and medium scale enterprises are mostly owned by a family or one business and this engenders poor internal control system. It is owned by one person who bears the risk alone and the death of the owner leads to the winding up the business and lack of continuity. A small or micro enterprise is generally a one-man show. Even the small units which run by a partnership firm or company, the activities are mainly carried out by one of the partners or directors. In practice, the others are simply as sleeping partners or directors who mainly assist in providing funds.
11. **Lack of access to international markets**
    Most of the small and medium scale enterprises have difficulties in accessing international markets due to the locally produced products and lack of awareness on how to enter into international markets
12. **Poor managerial and technical skills**
    Ogujiuba, *et al*, (2004) indicate that most SMEs do not have good management structures often they are owned by a family and this engenders poor internal control systems. The poor management leads to lack of proper keeping of financial records as well as lack of technical and economic counseling since such business rarely engage the service of qualified consultants. Simple records of financial transactions are not kept and this creates loopholes for fraud which limit accessibility to instructional credit. SMEs are most likely to divert funds meant for the business in funding other projects. This naturally will impact on the survivability of the business and equally comprise the ability of the firm to pay back a loan (Mamman, 2010).
13. **Weak value chain: supply, distribution, logistics, time to market etc**
    Small and medium scale enterprises have weak value chain in sourcing raw materials, logistics and distribution of final products due to some problems which includes poor capital structures and poor management leads to lack of proper keeping of financial records as well as lack of technical and economic counseling since such business rarely engage the service of qualified consultants. Simple records of financial transactions are not kept and this creates loopholes for fraud which limit accessibility to instructional credit.

    In order to perform well on their jobs time management especially time budgeting must be taken very seriously.

METHODOLOGY

The research design used for this study is both quantitative and qualitative. The study area is Small medium Scale enterprises (SMEs) in Bauchi, Ramadan press limited as case study. Stratified sampling technique was used to select 40 sample sizes.

Questionnaire and interview will be used to source data for the purpose of this research .The strata comprise of Small Medium Scale Enterprises (SMEs) .The data will be analyzed using analysis of variance (ANOVA)

FINDINGS

After carrying out the research process, the following findings have been made on the analysis of financial management in the success of small scale business.

- That Ramadan press limited had apply their planning and control function to manage their financial resources to expand in terms of growth, production and proper utilization of resources
- That adequate financial management also have impact on small scale business.
- The survival of small scale business depends on the loan given by the government to finance the business due its low interest rate.
- The financial guideline is also strictly followed by the organization.
- It is necessary for these guidelines to continue and the government should impose its policies on small scale business. They should not be allowed to run the business the way they like.

CONCLUSION

From the findings made from this study, it is clear that financial management approaches is the main factor in the success of small scale business.

The present age is the age of industrialization. Large industries being established in every country and most of them grow from small scale business. It is necessary to arrange finance for building, plant, and capital will be required, form what source this finance will be collected and how it will be invested and the matter of managing the finance.

Many small scale business failed due to lack of proper financial management concerned with planning and controlling of the firm's financial resources and there is no way a business can succeed without planning and controlling its financial resources.

Financial management is very important to all business and public organization and there is way an organization can succeed without financial management.

RECOMMENDATION

Based on the findings and analysis in this research work. The researcher had some suggestion to management of Ramadan Press and small industries as a whole in order to achieve their goals and to foster the economic growth and development of the following steps should be followed.

1. The management of Ramadan Press should provide an internal auditing section in the organization. The section should be completely independent form the financial department. It should be responsible to the managing directors only. The internal auditors should be current in the information of the accounting standards, policies and changing in government regulation so as to help the management in good decision making.
2. The workers need more incentive that will make them get more committed to their work.
3. The office of various department in the industry should continue in research and development in order to improve the quality of their product.
4. The small scale business should register their business so as to enhance organizational standard. It will also motivate the investors to have faith in the business.

5. Government should create work-shop to small scale industries on the importance of financial management.

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