

FINANCIAL MANAGEMENT PRACTICES AND ECONOMIC SUSTAINABILITY OF MICRO AND SMALL-SCALE ENTERPRISES IN BENUE STATE, NIGERIA

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Abstract

This study assessed the effect of financial management practices on sustainability of micro and small-scale enterprises (MSEs) in Gboko, Benue State – Nigeria. Business owners and operators of MSEs, and accountants in the study area constituted the population of the study. Using purposive and convenience techniques, the study sampled the opinions of 286 representative population elements, which were collected through structured questionnaires. For data analysis, the study used descriptive (mean, standard deviation and percentages) and inferential (multiple regression) statistics. Findings were that capital budgeting; financing; budgetary control, earnings management and financial reporting practices had significant effect on sustainability of MSEs in Benue State. It was thus, concluded that financial management practices have moderate effect on overall sustainability of MSEs in Benue State. Recommendation was made for operators of MSEs and relevant government agencies in Benue State to take all issues of financial management seriously. To begin with, government should assist group MSEs with professional financial management extension services to cover budgeting, budgetary control and preparation of annual financial statements.

Keywords: Financial management practices; Economic sustainability; Micro and small-scale enterprises; Benue State; Nigeria

1.0 Introduction

Micro and small-scale enterprises (MSEs) are globally acclaimed as veritable catalysts for rapid socio-economic development of nations. These firms cause development through job creation, poverty reduction, indigenous entrepreneurship skills development, utilization of local resources and technological advancement (Wolmarans & Meintjes, 2015; Kehinde, Abiodun, Adegbuyi & Oladimeji, 2016; Nwosu & Ochu, 2017; Okanta, 2018;

Bismark, Kofi, Kofi & Eric, 2018; National Bureau of Statistics, 2019; Obazee, 2019; Etim, Dafegherie & Ukpong, 2020).

In Nigeria, micro, small and medium enterprises (MSMEs) account for more than 84% of total jobs, and 48.5% of gross domestic product (GDP) (Watse, 2017). Here lies the desirability for sustainability of MSMEs, especially in developing nations, Nigeria inclusive. These entities are however, bugged by one common

factor. Majority of the owners, especially in developing nations do not have the required capacity to perform essential financial management practices that guarantee firm sustainability. Besides, only few can outsource those services (Obazee, 2019).

Organizational sustainability is the capability an organization acquires, which enables it to pursue its mission, and achieve its vision in perpetuity. Accountants call such assurance 'the going concern concept' (Riahi-Belkoui, 2004, Accounting Tools, 2020). It rests on a tripod, otherwise referred to as triple bottom line (TBL) accounting, comprising three performance indicators of sustainability: economic, social and environmental sustainability (Wales, 2013; Slaper & Hall, 2011).

The rationale for sustainability consciousness of firms stems from the fact that 21st business world is characterized by intense competition (McGrath, 2013). In this competitive era a firm is either sustainable or suffocated into extinction by superior competitors. The importance of sustainability of micro and small enterprises globally, and in Benue State, Nigeria in particular cannot therefore be over emphasized.

Among the various tools used in securing organizational sustainability is financial management. According to Olowe (2011), financial management is concerned with rigorously analyzing investment of organizational funds and maximization of the value thereof. Financial management thus involves planning, accessing, utilizing and controlling financial resources of an entity; and objective reporting and analysis thereof for use by myriad stakeholders (Adda, 2020). Expertise in financial management is acquired through formal education and job experience.

However, MSEs in Benue State, indeed Nigeria at large, are preponderantly

operated by uneducated or financially illiterate owners as is the general situation in developing nations (Brijlal et al, 2014; Obazee, 2019; Adda, 2020). The kind of financial management practices these enterprise owners and operators indulge in with a view to commanding sustainability should, and indeed, attracts academic inquiry.

Empirical evidence suggests that majority of MSE owners and managers lack financial management skills, including preparation and use of financial reports to make informed investment and strategic management decisions (Brijlal et al, 2014). Nonetheless, evidence further suggests that there is a moderate correlation between financial management and small and medium enterprises (SMEs)' growth in Ghana (Adda, 2020) and sustainability in Edo State, Nigeria (Obazee, 2019). It is obvious that these studies did not take into consideration the operations of micro enterprises. There is also a territorial gap as far as Benue State of Nigeria is concerned. Observations have shown that cases of failure of privately and government-owned micro and small-scale enterprises are legion in Benue State. The State, now forty-five years old since its creation in 1976, can boast of playing host to few branches of large-scale firms. These include those of banks and Dangote Cement PLC. This is an indication that the economy of the State is largely supported by MSEs. Despite that, few of the MSEs that existed at the time the State was created in 1976 still exists. And many established long after its creation have also gone under.

Consequently, the State now witnesses a meteoric rise in graduate and youth unemployment with resultant spike in social vices such as kidnapping, armed robbery, land disputes and broken marriages. The trend, if not checked, will degenerate into full breakdown of law and order. This paper sought to offer an

academic solution the problem with an assessment of the effect of financial management practices and sustainability of micro and small enterprises in the State.

The main objective of this study was to assess the effect of financial management practices on economic sustainability of micro and small enterprises (MSEs) in Gboko, Benue State – Nigeria. In specific terms, the study sought to:

- i. Examine the effect of capital budgeting practices on sustainability of MSEs in Gboko, Benue State.
- ii. Assess the effect of financing practices on sustainability of MSEs in Gboko, Benue State.
- iii. Examine the effect of budgetary control practices on sustainability of MSEs in Gboko, Benue State.
- iv. Assess the effect of earnings management practices on sustainability of MSEs in Gboko, Benue State.
- v. Examine the effect of financial reporting practices on sustainability of MSEs in Benue State.

These objectives naturally gave rise to the following hypotheses

Drawing from the research questions, the study hypothesized that:

H01: There is no significant effect of capital budgeting practices on sustainability of MSEs in Gboko, Benue State.

H02: There is no significant effect of financing practices on sustainability of MSEs in Gboko, Benue State.

H03: There is no significant effect of budgetary control practices on sustainability of MSEs in Benue State.

H04: There is no significant effect of earnings management practices on sustainability of MSEs in Benue State.

H05: There is no significant effect of financial reporting practices on sustainability of MSEs in Benue State, Nigeria.

Business owners, managers, accounting students, relevant government agencies and researchers will find this study useful. Business owners and managers will appreciate the imperatives of scientific financial management for effective management and sustenance of enterprises. The study will also avail accounting students and researchers easy access to most invaluable learning and research materials; just as relevant government agencies will see the need to assist MSEs with necessary financial management extension services.

As enumerated by Adda (2020), financial management has so many surrogates. However, in this study focus was on financial planning or financing, budgetary or financial control and financial reporting practices. Primary data collection was also restricted to Gboko metropolis just for convenience purposes.

2.0 Literature Review

A review of recent and seminal literature was done in this study with focus on conceptual issues, empirical studies and theoretical framework.

2.1 Conceptual Issues

Relevant conceptual issues of the study were financial management practices, sustainability and micro and small-scale enterprises (MSEs).

Financial management practices

Financial management has been defined in as many expressions as there are researchers on the concept. It can be inferred from the various definitions (Armstrong, 1986; McMahan & Davies, 1994; Brinckmann, Salomo & Gemueden, 2011; Brijlal et al, 2014; Adda, 2020) that

financial management is a managerial function that is concerned with, or the process of, raising and utilizing personal and organization funds solely for the wellbeing of the entity. Its value chain delineates financial planning, allocation or utilization, control and working capital management (Brijlal et al, 2014; Wolmarans, 2015).

However, Adda (2020) classified the various activities of financial management into three broad practices: investment or capital budgeting, financing and earnings management or dividend decisions. Additionally, Omoregie, Adeparubi and Iboi (2014) referred to financial reporting as a summary of financial management performance, an indication that the last in financial management value chain is financial reporting. Thus, in this study investment or capital budgeting, financing, budgetary control, earnings management and financial reporting are financial management practices.

Capital budgeting practices relate to decisions on investment in non-current assets such as land; property, plant and equipment (PPE). The international best investment or capital budgeting decisions are those backed by investment appraisal support data (Drury, 2018). Financing practices involves financial planning including choice of sources of finance, while budgetary control is concerned with prevention of application of funds on unintended items. Similarly, earnings management practices relate to profits: what proportions an entity pays out to owners, and retained to finance expansion projects (Adda, 2020). Lastly, financial reporting practices are concerned with communicating financial developments of an entity to owners and other myriad stakeholders (Saliu, 2016).

Organizational Sustainability

Organizational sustainability (OS) is the assurance an entity obtains about its continued existence; which is entrenched by the reduction in its environmental and socio-economic risks on the one hand, and increase in its impact on the things and people around it. It is acquired through capacity development that entrenches holistic growth and ability to constantly initiate policies that live up to evolving global trends (Chatterji, n. d.).

To Trisnawati, Wiyadi and Setiawati (2016), OS is the capability that delivers simultaneously economic, social and environmental benefits to the organization's stakeholders. One can therefore posit that OS is the ability of an organization to perpetuate economic, environmental and social value creation for its universal, myriad stakeholders.

Economic dimensions of sustainability are concerned with profitability, return on investment (ROI), return on capital employed (ROCE) and net present value (NPV). Garza (2013) argued that sustainability of an organization stands compromised where there is paucity of finance, whereas one with optimum financing, all things being equal, is sustainable. Thus, an organization desiring economic sustainability not only requires optimum finance but must also ensure maximization thereof to the satisfaction of the owners.

There are also non-financial influences on economic sustainability, which Presley, Meade and Sarkis (2007) identified include production, marketing and after sales services delivery processes, and business diversification. An organization reaching for practices that are sustainable has to constantly assess these processes and obtain employee loyalty, customers' satisfaction, and appreciable market share through diversified products. It is clear

from this review that economic sustainability of an organization is influenced by financial and non-financial factors.

The social dimension to organizational sustainability is anchored on the need to enhance the social system in which an organization operates (Wales, 2013). There is no doubt that organizational sustainability is not guaranteed in a crises ridden society. Besides, Jelilov, Ozden and Briggs (2018) posited that insecurity in Nigeria constitutes serious threat to lives and properties, obstructs commercial activities and discourages local and foreign investors, all of which suppresses Nigeria’s socio-economic growth. Among the causes of insecurity is youths’ unemployment (Adesina, 2013; Osimen, Chuke, & Elton, 2016).). A sustainability conscious organization thus strives to appreciably contribute to reduction in youths’ unemployment. It also adopts ethical

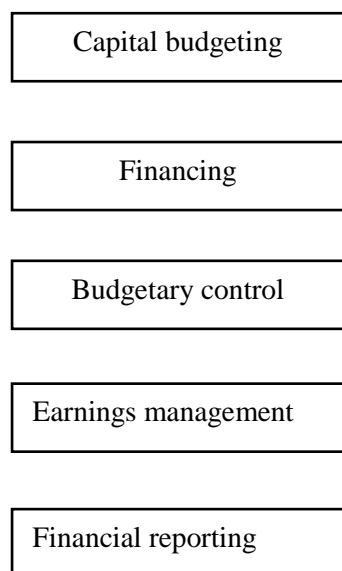
practices in dealing with governments, consumers, employees and investors (Wales, 2013) in an effort to address social dimensions to sustainability.

Garza (2013) also identified some environmental dimensions to organizational sustainability. These include strategic initiatives such as environmentally proactive best practices. Provision of waste baskets, for instance, in all vehicles in the fleet of a transport company, with clear instructions as to when where and how to dispose of waste is one of the proactive measures. Other environmentally friendly practices include waste reduction, improved compliance with environmental standards and reduction in harmful emissions.

This study, however, assessed the effect of each financial management practice on holistic sustainability of MSEs in Gboko, Benue State. Figure 2.1 captures the model adopted for this study.

Independent variable:

Financial management practices



Dependent variable:

Sustainability

Source: Researcher’s concept

Figure 1: Model for the Conceptual framework

Micro and Small-scale Enterprises (SMEs)

There are no universally accepted definitions of micro and small-scale enterprises. Nonetheless, four categories of enterprises are globally recognized, based on two parameters: annual turnover and number of full-time employees. However, the application of these parameters is country-specific (World Bank, 2011).

In South Africa, firms with less than 50 employees and sixty-four million rand (R64

million); and firms in Asia Pacific Economic Cooperation (APEC) member countries, with not more than 100 employees are considered small or medium-scale enterprises (SMEs) (Wolmarans &Meintjes, 2015).

In Nigeria, enterprises have been categorized into micro, small, medium and large-scale firms. The categorization of firms according to National Bureau of Statistics (NBS) is based on number of employees. Table 1 captures it as follows:

Table 1: Categorization of Enterprises in Nigeria according to Number of Employees

Category of Enterprise	Number of Employees
Micro	1-9
Small	10-49
Medium	50-249
Large	250 and above

Source: National Bureau of Statistics, NBS (2019)

The National Council of Industry has however, categorized enterprises in Nigeria based on number of employees and

working capital (excluding value of land owned) as as captured in Table 2.

Table 2: Categorization of Enterprises in Nigeria based on Number of Employees and Working Capital

Category of Enterprise	Number of Employees	Working Capital (₦'million)
Micro	1-10	Less than 1
Small	11-35	1-40
Medium	36-100	40 to less than 200
Large	101 and above	200 and above

Source: Pavtar (2017)

There is however, no doubt that with automation, an entity that is worth over one billion Nigerian naira might have far less than 100 employees. This study thus, defines MSEs as firms with capital outlay of just up to 40 million naira.

2.2 Theoretical Framework

Stakeholder and going concern theories constitute the theoretical framework for this study. A review of these theories and their relevance to the current study are as presented below.

Stakeholder Theory

This theory was propounded by R. Freeman. It posits that an enterprise has the duty of satisfying the varying interests of its myriad stakeholders, which are affected by the actions and inactions of the management thereof (Etim et al, 2020). Among these stakeholders are entity owners, employees, lenders, other creditors and relevant government agencies. Others are customers and host communities. The theory is relevant to the current study to the extent that financial management practices can influence the satisfaction of these varying interests.

Going Concern Theory

This theory, otherwise simply known as the going concern principle, is a concept by which sustainability is known in accounting circles. It posits that an entity, once established, will exist in infinitude. However, it ceases to apply as soon as indicators emerge that an entity faces imminent extinction (Seyam & Brickman, 2016). It is believed that the going concern concept came into reckoning along with periodicity, income statement and balance sheet concepts that were propounded by a Dutch Engineer and mathematician, Simon Steven in 1605 (Riahi-Belkaoui, 2004).

According to Accounting Tools (December 2020), indicators to non-applicability of going concern include, but not limited to an entity's:

- Sustained negative trends in operating results, such as losses
- Default in repayment of due loans
- Denial of trade credits by suppliers
- Accumulation of uneconomic long-term financial obligations
- High profile of contingent liabilities

The going concern theory amply supports this study because it is a pointer to the sustainability or otherwise of MSEs and indeed other entities. The going concern

and stakeholder theories thus, rank equally in the support of this study.

2.3 Review of Empirical Studies

A number of empirical studies were reviewed in this study. These were those of Ayem-Fella, Tivde and Kamaluga (2021), Adda (2020), Etim, Daferighe & Ukpong (2020), Grimaldi, Caragnano, Zito and Mariani (2020), Imhanzenobe and Adeyemi (2020), Obazee (2019), Bismark, Kofi, Kofi and Eric (2018), Ngumi and Njogo (2017), Pavtar (2017) and Wolmarans and Meintjes (2015).

Ayem-Fella et al (2021) assessed the effect of financial reporting practices on financing capability of MSEs in Gboko metropolis of Benue State, Nigeria. The population of the study, which was a cross-sectional survey, comprised 390 owners and managers of MSEs, banks and accountants. Data for the study was collected using structured questionnaires and analyzed using descriptive and inferential statistics. The formulated hypotheses were tested using SPSS –aided multiple regressions. Findings were that use of financial reporting practices that sought to preserve assets for use as collateral security and presentation of annual financial statements to back proposals for access to finance had significant effect on financing capacity of MSEs. This finding is consistent with earlier ones by Etim et al (2020) and Pavtar (2017). The study therefore recommended the enactment of a law to make preparation of financial statements mandatory by MSEs in Benue State. It also advocates assistance of MSEs with financial reporting extension services.

Using multiple cross-sectional survey design, Adda (2020) studied the relationship between financial management and enterprise growth in Kassena-Nankana West District, Ghana. The study collected primary data through structured questionnaires from 110 representative

population elements. This was 73% of the invited sample elements. Measurement of the variables was by 5-point Likert Scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Similarly, the study conducted reliability and validity test, using Cronbach's alpha coefficient for the former. The instrument was found reliable given a test result of $\alpha = 0.903$. Based on result of data analysis, using multiple regression coefficients, the study reported a moderate correlation between financial management practices and enterprise growth. It accordingly recommended rigorous financial education programmes for owners and managers of SMEs.

Etim et al (2020) examined the effect of financial reporting on sustainability of MSMEs in Akwa Ibom State, Nigeria. The study sampled 185 operations of MSMEs in the study area. The researchers used structured questionnaires in data collection. A combination of multi stage, stratified, cluster and purposive sampling techniques were used in selecting sample elements. Analysis of collected data was done both descriptively and inferentially. Multiple regressions were used to test formulated hypotheses at 5% level of significance. The study found significant effect of financial reporting on the sustainability of MSMEs and recommended that more attention should be paid to improving financial reporting capacities of MSMEs.

Grimaldi, Caragnano, Zito and Mariani (2020) examined the effect of earnings management practices on sustainability of firms in Italy. This was sequel to implementation of a new legislation on disclosure of non-financial information in the country's annual corporate financial statements. The study sampled 60 listed companies on the Italian Stock Exchange. A finding revealed a slightly negative relationship between earnings management practices and corporate sustainability, and was consistent with that of Trisnawati et al

(2016). However, Ibrahim, Durus, Yussuf and Muhammad (2015) found that earnings management had insignificant effect on sustainability of Malaysian companies that offer Islamic products and services.

Imhanzenobe and Adeyemi (2020) examined the effect of financial decisions on sustainable cash flows. The study hinged the desirability of sustainable cash flows on the need to pay dividends and other maturing financial obligations over time. It therefore analyzed secondary data set of 17 listed firms from 2008 to 2016. Results from the financial ratios obtained showed that significant negative dividend payout. This implied that financial decisions of companies negatively impacted sustainable cash flows of the firms. The study thus, recommended moderation in shareholders' appetite for dividend. However, considering the fact that the study dwelt on dividend payout, one would have expected the independent variable to be earning management rather than financial decisions.

Obazee (2019) conducted an exploratory study with a view to developing a template to help SME owners in Edo State, Nigeria with financial management practices effectively towards securing sustainability for the firms. Data for the study were collected using semi structured interview questions and field notes from 15 educated, experienced and successful SME owners. The study employed Yin's 5-step analytical process in data analysis. Six financial management themes emerged from the study as findings, which the study strongly recommended SME owners to adopt, or outsource in order to secure sustainability for their firms.

Bismark et al (2018) investigated the impact of financial management practices on SMEs' growth in Birim Central Municipality, Ghana, using survey research approach. The study, the population of

which was 290 registered SMEs in the study area, examined specifically bookkeeping and working capital management practices and challenges of the SMEs. A sample size of 120 was drawn from the population, the determination of which was based on the researcher's judgment. A total of 120 questionnaires were sent out to sample elements for the purpose of primary data collection. However, only 102 were retrieved, implying 85% return rate. The collected data were analyzed descriptively, using simple percentages to make inferences about formulated research questions.

The study concluded that financial management practices 'is [sic] very critical in all business enterprises irrespective of the size and location.' This is in spite of the fact that it did not investigate large-scale firms and even SMEs in other municipalities. The study's findings also fail to link the independent with dependent variables. Nonetheless, it recommended that series of financial training programmes should be arranged for SMEs; and that the firms should cultivate the habit of engaging professional accountants to look into their books. The recommendations are, however, not reflected in the study's abstract.

Ngumi and Njogo (2017) assessed the impact of capital budgeting practices on financial performance or economic sustainability of insurance companies in Kenya. Premised on descriptive research design, the study surveyed 23 registered insurance and reinsurance companies. No mention is made in the study of the data collection method used in the study. However, both descriptive and inferential statistics were used in data analysis. Specifically, the study used regression and correlation to test formulated hypotheses. The study found that capital expenditure was negatively related to financial performance. The finding is consistent with earlier submission by Sookram and Kistow

(2012) that capital budgeting significantly affects economic sustainability of firms in the long run. However, the study added that social and environmental dimensions of sustainability are usually ignored by firms, which position Meyer and Kiymaz (2015), three years later, corroborated.

Pavtar (2017) examined the effects of accounting practices on the operators of SMEs in Makurdi metropolis in Benue State, Nigeria. A sample size of 323 accountants from representative population elements were selected using no named probability sampling technique. The analyzed primary data for the study were collected using structured questionnaires. Inferential analysis of the data was done using Version 20.0 Statistical Package for Social Sciences (SPSS)-aided Chi squared statistics. The study found that SMEs in Makurdi metropolis largely keep books of prime records and are faced with significant accounting practice challenges that equally affect their operations. The study thus, recommended more training of SMEs in bookkeeping and accounting.

Worried by 90% failure rate of SMEs in South Africa, Wolmarans and Meintjes (2015) examined the financial management practices of successful SMEs, which constitute about 10% of SMEs in the country. The study is thus, not actually an effect or impact assessment research. It was anchored on three hypotheses that:

- i. There are no significant differences in the use of financial management practices by successful owner-manager SMEs.
- ii. There are significant differences in the frequency with which the financial management practices are indulged in.
- iii. The financial management practices that academics regard as important are not significantly implemented by successful SMEs.

The study sampled 30 most successful SMEs in Western Cape, South Africa; the determination of which was by convenience sampling. Data for the study was collected through online questionnaires. The topical section of the instrument required respondents to indicate whether their firms indulged in the suggested financial management practices, the frequency and ranking in terms of usefulness thereof. It was found that successful SMEs in Western Cape, South Africa give priority to working capital management and profitability related practices than strategic financial planning, forecasting, analysis and determination of financial position which academics insist are of equal importance. The study recommended that nascent entrepreneurs should take note of the financial management practices that established SMEs have found most invaluable. It also recommends that educators of such entrepreneurs should focus more on sharpening the skills of the entrepreneurs on financial management practices that guarantees sustainability of the SMEs. This position corroborates an earlier one by Brijlal (2014) that stakeholders in small, medium and micro enterprises (SMMEs) need to step up financial management

training of the entities in order to guarantee their continued existence.

It is clear from the review that empirical studies focus more on the sustainability of SMEs to the exclusion of micro enterprises. The few that considered micro enterprises (Ayem-Fella et al, 2021; Etim et al, 2020) assessed the effect of a single financial management practice, which is financial reporting, on sustainability of the entities. The need therefore arises for holistic assessment of financial management practices on the dependent variable. Herein lays the justification for the current empirical study.

3.0 Methodology

The study, which situates in Gboko town in Gboko Local Government Area of Benue State, Nigeria, was rooted on single cross sectional descriptive survey. Owners and operators of MSEs and accountants in the town made up the population of the study, the absolute number of which was not accessible. A sample size of 300 population elements was non-randomly determined and selected for this study using purposive and accidental sampling techniques. The distribution of the sample size among the population elements was as captured in Table 3.1.

Table 3 Composition of Sample Size for the Study

Population Group	Number of Sampled Elements
Owners and operators of MSEs	250
Professional accountants	15
Academic accountants	35
TOTAL	300

Source: Researchers’ judgment

Using structured questionnaire, the opinions of respondents were collected as primary data and analyzed. Focus was on the kind of financial management practices MSEs in Gboko engage in, and perceived

effects on economic, social and environmental sustainability of the entities. Sections A and B of the questionnaires were designed to elicit demographic and topical data respectively from respondents. Items in section B were measured by 5-

point Likert scales ranging from ‘Very Negligible’ (1) to ‘Very Much’ (5). Indicators of financial management practices were capital budgeting, financing decisions, budgetary control, earnings management and financial reporting.

4.0 Method of Data Analysis

The collected data were inferentially analyzed using SPSS-aided multiple regression analysis for test of formulated hypotheses at 95% level of confidence. The analytical model used in the study is as presented below.

$$MSESUS = \alpha_0 \log + \beta_1 \log CAPBUD + \beta_2 \log FINDE + \beta_3 \log BUDCO + \beta_4 \log EARMA + \beta_5 \log FINRE + ei$$

Where: MSESUS = Sustainability of MSEs
 CABUD = Capital budgeting practices
 FINDE = Financing decision practices
 BUDCO = Budgeting control practices
 EARMA = Earnings management practices

FINRE = Financial reporting practices

α = Regression constant

β_{1-5} = Regression coefficients

ei = Stochastic

4.1 Data Presentation

The data collected from respondents is as presented in Tables 4 and A1.

**Table 4: Socio-demographic Characteristics of the Respondents $n_1=238$; $n_2 =15$; $n_3 =33$
Source: Field work 2021**

Variables	Participating Owners and Operators		Professional Accountants		Academic Accountants	
	Freq.	(%)	Freq.	(%)	Freq.	(%)
Gender						
Male	150	63	11	70	20	61
Female	88	37	4	30	13	39
Age						
18-24	2	1	1	10	1	4
25-30	48	20	1	10	1	4
31-40	43	18	1	10	10	31
41-50	67	28	6	30	9	26
51-60	57	24	3	20	8	22
Over 60	21	9	3	20	4	13
Level of Education						
Postgraduate	33	14	13	80	19	58
Graduate	22	9	1	10	14	42
Post-Secondary	81	34	1	10	-	0
Secondary	71	30	-	0	-	0
Primary	17	7	-	0	-	0
Pre-Primary	14	6	-	0	-	0
Years of exposure to MSE's operations						
Less than 1 year	2	1	0	-	1	4
01-05 years	98	41	1	6	12	35
06-10 years	76	32	3	20	10	3
11-15 years	38	16	5	34	6	1
16-20 years	17	7	4	27	3	9
Over 20 years	7	3	2	13	1	4
Total	238	100	15	100	33	0

Table 4 shows that 286 out of the 300 distributed questionnaires were returned. This represented 95% return rate. Out of the number returned, 238 (83%) were owners and operators of MSEs, 15 (5%) while 33 (12%) were accountants in academics. Analysis according to gender suggests that 181 (63%) were male and 105 (37%) female respondents.

It is also clear from Table 4 that all the respondents are adults, and only 31 or 13% thereof have not attained secondary level of education. This means majority of the respondents are literate. It can also be seen from Table 4 that only 3 or 1% of the respondents have just one-year exposure to MSE's operations. This also means majority of the respondents are well informed about operations of the MSEs,

whose opinions about sustainability of the entities can be relied upon.

The topical data collected using 286 structured questionnaires, and analyzed in this study, were as presented in Table A1.

4.2 Data Analyses

Both descriptive and inferential statistics were used in analyzing the collected data. As can be seen in Table A1, simple percentages were used in describing demographic characteristics of respondents. However, for inferential analysis, multiple regressions were used, especially in test of formulated hypotheses, which were:

H01: There is no significant effect of capital budgeting practices on sustainability of MSEs in Gboko, Benue State.

H02: There is no significant effect of financing practices on sustainability of MSEs in Gboko, Benue State.

H03: There is no significant effect of budgetary control practices on sustainability of MSEs in Benue State.

H04: There is no significant effect of earnings management practices on sustainability of MSEs in Benue State.

H05: There is no significant effect of financial reporting practices on sustainability of MSEs in Benue State, Nigeria.

Table 5: Effect of Capital budgeting, financing decisions, budgetary control, earnings management and financial reporting practices on sustainability of MSEs in Gboko town, Benue State

Variable	Coefficient	Standard Error	t-value	P-value	Remark
Constant	1.5298	7.5842	0.20171	0.2355	NS
CABUD(x ₁)	0.9878	0.2778	3.5558*	0.0000	S
FINDE (x ₂)	0.0765	0.0361	2.1191*	0.0013	S
BUDCO (x ₃)	0.7765	0.2523	3.07671*	0.0000	S
EARMA (x ₄)	0.8387	0.2894	2.8981*	0.0016	S
FINRE (x ₅)	0.6823	0.2466	2.0347*	0.0000	S
R ² =	0.6667%				

Note: * indicates significance at 5% level, S = significant, NS=Not significant

Dependent variable: MSESUS

Independent variable: Sustainability (CABUD, FINDE, BUDCO, EARMA, FINRE)

Linear model: $MSESUS = \beta_0 + \beta_1CABUD + \beta_2FINDE + \beta_3BUDCO + \beta_4EARMA + \beta_5FINRE$

In Table 5, the probability values of CABUD, FINDE, BUDCO, EARMA AND FINRE are 0.2355, 0.0000, 0.0013, 0.0000, 0.0016, 0.0000 respectively, all less than alpha ($\alpha = 0.05$) level of significance. Hence, the study rejected of the null hypotheses, which suggest that capital budgeting, financing decisions, budgetary control, earnings management and financial reporting has no significant effect on sustainability of MSEs at 5% level of significance. The model was suitable for

explaining the effect of each practice of financial management on sustainability of MSEs. The R-Squared statistic indicates that the model as fitted explains that 67% of the variability in sustainability of MSEs is attributable to financial management practices.

4.3 Discussion of Findings

Results obtained from analysis of data in this study showed that all the financial management practices have significant

effect on economic sustainability of MSEs in Gboko, Benue State – Nigeria. Findings on capital budgeting practices affirm those of Ngumi and Njogo (2017) that capital expenditure has negative relationship with financial performance of firms, and thereby equally affects its economic sustainability in the long run. However, to Sookram and Kistow (2012), capital budgeting practices significantly affect economic sustainability but pay little attention to social and economic dimensions of sustainability, which view Meyer and Kiyamaz (2015) later corroborated.

The study has also found that earnings management practices have significant effect on economic sustainability of MSEs, thus affirming the earlier finding by Trisnawati, et al (2016) that sustainability and earnings management are negatively related. It also corroborates findings by Ibrahim et al (2015) that improved corporate financial performance enhances sustainability reporting. Similarly, Imhanzenobe and Adeyemi (2020) recently found dividend payout ratio a significant indicator of sustainable cash flow of firms. Finally, the finding by the study that financial reporting practices significantly affect economic sustainability of MSEs supports earlier ones by Ayem-Fella et al (20121), Etim et al (2020) and Pavtar (2017).

5.1 CONCLUSION AND RECOMMENDATIONS

The study concludes that financial management practices have significant effect on economic sustainability of MSEs in Gboko town, Benue State of Nigeria. It thus, recommends:

- i. The establishment of Gboko Chamber of Commerce, Industries, Mines and Agriculture (GBOCCIMA) through the coming together of eligible entities;
- ii. Outsourcing of financial management services for member

entities through retention of some accounting firms

- iii. Organization of bi-annual workshops for member entities to expose owners and operators of MSEs to rudimentary aspects and appreciation of financial management practices.
- iv. The State government should subsidize the cost of professional financial reporting extension services accessed by such group of MSEs. As already recommended by Ayem-Fella et al (2021), this can be in form of recruiting and posting under-employed accounting graduates to take charge of financial management tasks of such member MSEs.

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