

# Utilization of Financial Management Skills by Entrepreneurs of Small Scale Enterprises for Sustainable Economic Development in Bayelsa State

Ambakederemo Owulupu Samuel<sup>1</sup>; Forcados Ogheneovo Joseph<sup>2</sup>; and Gbenana Yinzu<sup>3</sup>

<sup>1</sup>Department of Maritime Transport and Business Studies; <sup>2</sup>Department of Public Administration; <sup>3</sup>Department of Business Administration and Management; School of Business Studies, Delta State Maritime Polytechnic, Burutu.

Corresponding author: [sambakederemo@gmail.com](mailto:sambakederemo@gmail.com)

DOI: <https://doi.org/10.62154/04wm6q78>

## Abstract

The study examined the extent of utilization of financial management skills by entrepreneurs of small scale enterprises for sustainable economic development in Bayelsa State. Two research questions guided the study and two null hypotheses were tested at .05 level of significance. The study design descriptive survey design, and the population of 120 small scale enterprises entrepreneurs in Bayelsa State was studied without sampling. A 23 items questionnaire arranged in two sections and structured on a 4-point response options constituted the instrument used for data collection. The instrument was validated by two experts from vocational education (Business Education) and one expert from measurement and evaluation in Chukwuemeka Odumegwu Ojukwu University Igbaram Campus. The reliability of the instrument was determined using test re-test method. A reliability coefficient of 0.74 was obtained and considered high for the instrument to be reliable. The researcher with the help of three research assistants administered a total of 120 copies of the questionnaire to the respondents and 116 copies were returned and usable. Statistical mean, standard deviation and test were used for data analysis. Findings showed that entrepreneurs of small scale enterprises utilize managerial skills, and financial skills for sustainable economic development in Bayelsa State at a low extent. Gender and nature of business did not influence respondents' mean ratings on the extent they utilize managerial, and financial skills for sustainable economic development. Based on the findings of the study, the researchers concluded that entrepreneurs of small scale enterprises are still lagging behind as regards the utilization of financial management skills for sustainable economic development. It was recommended among others that, entrepreneurs of small scale enterprises should register for skill acquisition programme to acquire the financial management skills covered in this study.

**Keywords:** Entrepreneurs, Small Scale Enterprises, Financial Management Skills, Sustainable Economic Development.

## Introduction

Entrepreneurs are the main characters in the business world and in every market-based economy. The economic and social transformation of any nation is being driven by entrepreneurs. Hence, entrepreneurs are individuals that look for, seize, and gain from

opportunities (Nigerian Institute of Marketing (NIM, 2014). They embrace potential risks and accountability that arise with starting an enterprise, and by generating new ideas that result to new products, entrepreneurs create jobs, and increase GDP of any state or country. Therefore, entrepreneurs are essential to any state, country, or region' sustainable economic development, especially in Bayelsa State. In order to succeed as an entrepreneur, the individual must possess specific set of skills.

Skills are the capacity to perform an action with excellence. Skills are performance-focused expertise that is not always innate according to Orunuaherhe and Magini (2013). Educational institutions in developed nations implemented programmes to help students acquire entrepreneurial skills to take advantage of business opportunities that can support the economic growth nations and states. Entrepreneurial skills refer to the process (instruction or training) through which a person learns a specific skill required to establish a business through. Entrepreneurial skills are one of many distinct kinds of abilities. Entrepreneurial skills, according to Ezeonwurie (2016), have grown to be extremely important for the development of Nigeria's economy and to benefit societal and commercial activities. Beginning and running a business venture both require entrepreneurial skills. Among entrepreneurial skills mentioned by Orunuaherhe and Magini (2013) are managerial skills and financial skills.

Small business owners that want to organize themselves, arrange things and oversee every element of their operations need managerial skills. Entrepreneurs also need managerial skills to ensure that the correct personnel are accessible when and where they are needed to carry out valuable work (Orunuaherhe and Magini, 2013). Furthermore, they need basic understanding of man power planning. According to Amiaya and Eruteya (2011), having managerial skills entails abilities to see the organization as a whole, integrate all system components, and cooperate with and comprehend other individuals inside the corporate organization. Small business owners' managerial skills must therefore be related to their ability to conduct financial analysis of business operations effectively in accordance international financial accounting standard.

Financial skills include knowledge of accounting, abilities to; prepare financial statements, evaluate those statements, and find funding sources or secure loans (Garba, Onyebuenyi and Onoh, 2017). Similarly financial skills, as opened by Orunuaherhe and Magini (2013) include abilities to; keep accurate financial records, and exercise financial management over things such as cash flow, inventories, receivables, customer information, and costs. Okoye, Uniamikogbo and Adeusi (2017) stated that financial skill improve business acumen and profitability. Okoye and Nwangwu (2021) noted that financial skills include the ability to predict how much money will be accessible to a company in the future, ability to track how much cash a company has on hand at any particular time, ability to keep and update accounts, estimate costs, prepare and interpret financial statements, identify sources of funding, understand the steps involved in obtaining a loan from a financial institution, and prepare ledgers and draw a trial balance. Therefore, small business owners who want to grow, sustain, and expand their businesses need good financial skills. Small-scale

enterprises employ a significant section of the labour force in Nigeria (Okpara, 2011). Small scale enterprises are businesses owned, financed, and managed by private individuals with employees under 10 and investment capital on plants, equipment, and machinery under N500,000.00, setup to meet the needs of the owners and employees (Ovbiagele and Emehi, 2015). Any company that is owned, managed, and controlled by a lone owner or partners of up to two people, has total assets of less than four million naira, occupies a relatively modest market share, and has fewer than 50 employees fall within the definition of a small scale enterprise (Eni, 2010). It has been empirically demonstrated that small-scale enterprises distribute a nation's income than their medium-and large-sized competitors (Samuel, 2013). Therefore, it is impossible to disregard the importance of small scale enterprises in the sustainable economic development of Bayelsa State. Sustainable development is a means of enhancing the variety possibilities that will allow people and societies to realize their fullest potential and goals over the long term while preserving there saliency of the financial, social, and ecological systems (Obuakor, 2018). The International Institute of Sustainable Development (2013) noted that sustainable development is a form of growth that satisfies current demands without jeopardizing the capacity of coming generations. According to Ifunanya and Nnamdi (2018), economic development is sustainable when it can produce enough goods and services to satisfy both the requirements of the present generation and those of the following one. Therefore, sustainable economic development in a state or nation reflects the qualitative and quantitative output from various small business owners. Therefore, sustainable economic development is the growth of the economies of nations, states, or communities as well as continual growth for the benefit of the populace.

Small-scale business owners' output is influenced by a number of variables such as gender and nature of business. Entrepreneurs can be male or female as the case may be and they masculine and they can be informed of manufacturing and service businesses. There has been a significant urge in writing about entrepreneurial skills in recent claims, particularly those by Chijioke (2011), Orunuahe and Magini(2013) and Bayai et al (2023). However, it appears that entrepreneurs in Bayelsa State have not been fully utilizing financial management skills in the over sight and management of small scale enterprises which has result to closure and lay off of employees. It is against this back drop that the researchers want to determine the extent to which entrepreneurs of small scale enterprises in Bayelsa State, Nigeria, utilize their entrepreneurial skills for sustainable economic development.

### **Statement of the Problem**

The pace with which most small-scale enterprises collapse and are wounded up in Bayelsa State is frightening. This could be attributed to entrepreneurs' failure to properly leverage the required entrepreneurial abilities for conducting day-to-day operations and managing small scale firms in the state. Many entrepreneurs lack entrepreneurial skills, which contributes to the high failure rate of small size firms. As a result, it is a warning sign for the survival of small-scale enterprises in the state. This has resulted in the premature closure of

many small-scale firms, lay-off of workers, and drop in taxes and revenues that were meant to accrue to the state government account in order to improve the state's long-term economic development. Furthermore, a lack of financial management skills contributes to business failure because the majority of business owners lack the knowledge necessary to manage their businesses. Most aspiring business owners fill management positions with friends. Not only is this the most certain way to ruin a friendship, but it is also the most obvious way to increase business failure. Business failure is caused by a lack of financial management; many small scale businesses fail because their managers do not adequately integrate financial standards into their operations. If they do not, they suffer from a lack of financial control, which causes cash flow issues that ultimately cause the business to fail. The impact of small businesses on Bayelsa State's sustainable economic growth has not been felt or delivered in a major way. This gap could be attributable to the lack of entrepreneurs to have deployed the necessary financial management skills. Additionally, few empirical studies have been done to determine the extent to which entrepreneurs of small scale enterprises utilize financial management skills to promote the Bayelsa State's sustainable economic development.

## **Objectives of the Study**

The objectives of the study are to determine;

1. Investigate the extent of utilization of financial skills by entrepreneurs of small scale enterprises for sustainable economic development in Bayelsa State; and
2. Examine the extent of utilization of managerial skills by entrepreneurs of small scale enterprises for sustainable economic development in Bayelsa State.

## **Research Questions**

The following research questions guided the study.

1. To what extent do entrepreneurs of small scale enterprises utilized managerial skills for sustainable economic development in Bayelsa State?
2. To what extent do entrepreneurs of small scale enterprises utilized financial skills for sustainable economic development in Bayelsa State?

## **Hypotheses**

The following null hypotheses were tested, at 0.5 level of significance:

1. There is no significant difference between the mean ratings of male and female entrepreneurs of small scale enterprises on the extent of utilization of managerial skills for sustainable economic development in Bayelsa State.
2. There is no significant difference between the mean ratings of manufacturing and service entrepreneurs of small scale enterprises on the extent of utilization of financial skills for sustainable economic development in Bayelsa State.

## Methods

The study adopted a descriptive survey research design. The study was carried out in Bayelsa State, Nigeria. The population of the study comprised 120 managers of small-scale enterprises that are officially registered in Bayelsa State (Source: Corporate Affairs Commission (CAC) Yenegoa, Bayelsa State). The population was not too large to give rise to sampling. Hence, the entire population was used for the study. The study adopted census sampling technique. The instrument for data collection was a structured questionnaire titled: "Utilization of Financial Management Skills by Entrepreneur of Small Scale Enterprises for Sustainable Economic Development (UFMSESESED)". The instrument is in two parts: 1 and 2. Part 1 contained background information of respondents such as gender and nature of business. Part 2 has 23 items in two sections A and B structured in four-point rating scale of Very High Extent (VHE), High Extent (HE), Low Extent (LE), and Very Low Extent (VLE).

The face validity of the instrument was established using the opinions of three experts, two experts from Department of Vocational Education and one expert from Measurement and Evaluational from Faculty of Education, Chukwuemeka Odumegwu Ojukwu University, Igbariam campus. The reliability of the instrument was established using pilot-test and data were analyzed using Cronbach Alpha which yielded a correlation coefficient of 0.72 and 0.76 for section A and B respectively with an overall correlation value ( $r$ ) of 0.74. The researcher with the help of three research assistants administered 120 copies of questionnaire to the respondents while 116 copies were returned and found usable. Data collected were analyzed using mean and standard deviation to answer the research question and determine the homogeneity of the respondents' opinions. t-test was used to test the null hypothesis at 0.05 level of significance. A hypothesis was rejected where the p-value is less than the alpha value but accepted where the p-value is greater or equal to the alpha value. All the analyses were done using SPSS version 23.

## Results

### Research Question 1

To what extent do entrepreneurs of small scale enterprises utilize managerial skills for sustainable economic development in Bayelsa State?

**Table 1:** Respondents' mean ratings on the extent entrepreneurs of small scale enterprises utilize managerial skills for sustainable economic development

S/N	Items on Utilization of Managerial Skills	$\bar{X}$	SD	Remarks
1	Manage time	2.47	.78	Low Extent
2	Meet job schedule	2.41	.71	Low Extent
3	Organize human resources	2.07	.66	Low Extent
4	Organize material resources	2.43	.68	Low Extent
5	Knowledge of personnel management	2.40	.70	Low Extent

**Table 1:** Contd.

S/N	Items on Utilization of Managerial Skills	$\bar{X}$	SD	Remarks
6	Ability to plan	2.49	.59	Low Extent
7	Ability to direct	2.41	.79	Low Extent
8	Ability to effectively control business operations.	2.42	.50	Low Extent
9	Ability to evaluate all operations in the process of goal attainment.	2.67	.61	High Extent
10	Effective supervision of subordinates	2.49	.68	Low Extent
11	Ability to delegate authority	2.55	.72	High Extent
12	Ability to monitor performance	2.49	.81	Low Extent
	Grand Mean	2.45		Low Extent

**Field Work 2024.**

Data in table 1 shows that entrepreneurs of small scale enterprises utilize items 9 and 11 for sustainable economic development at a high extent with mean scores ranged between 2.55 and 2.67 while the remaining nine items are utilize data low extent .The grand mean score of 2.45 shows that entrepreneurs of small scale enterprises utilize managerial skills for sustainable economic development in Bayelsa State at a low extent .The standard deviations for all the items are within the same range showing that the respondents are not wide apart in their ratings.

**Research Question 2**

To what extent do entrepreneurs of small scale enterprises utilized financial skills for sustainable economic development in Bayelsa State?

**Table 2:** Respondents’ mean ratings on the extent entrepreneurs of small scale enterprises utilize financial skills for sustainable economic development

S/N	Items of Utilization of Financial Skills	$\bar{X}$	SD	Remarks
13	Ability to source for fund/obtain loan	2.52	.71	High Extent
14	Ability to interpret financial statement	1.42	.52	Very Low Extent
15	Exhibit good knowledge of accounting	2.31	.53	Low Extent
16	Exhibit good knowledge of costing	1.48	.52	Very Low Extent
17	Ability to interpret monetary data (figures)	2.39	.32	Low Extent
18	Ability to record financial information	2.51	.46	High Extent
19	Effective knowledge of financial management	1.58	.50	Low Extent
20	Ability to classify expenditure into wages and salary	2.50	.67	High Extent
21	Exhibit good stock record keeping	3.58	.78	Very High Extent

22	Exhibit good sales record keeping	2.51	.61	High Extent
23	Ability to budget for all financial expenses	1.67	.66	Low Extent
	Grand Mean	2.22		Low Extent

#### Field Work 2024.

Data in table 2 reveals that entrepreneurs utilize item 21 for sustainable economic development at very high extent with mean score of 3.58, items 13, 18, 20 and 32 are utilized at high extent with mean scores ranged between 2.50 and 2.52. Items 15, 17, 19 and 23 with mean scores ranged between 1.58 and 2.39 are utilized to a low extent while the remaining two items (items 14 and 16) are utilize data very low extent. The grand mean score of 2.22 shows that entrepreneurs of small scale enterprises utilize financial skills for sustainable economic development in Bayelsa State at a low extent. The standard deviations for all the items are within the same range showing that the respondents are not wide apart in the irrating.

#### Hypothesis 1

There is no significant difference between the mean ratings of male and female entrepreneurs of small scale enterprises on the extent of utilization of managerial skills for sustainable economic development in Bayelsa State.

**Table 3:** Summary of t-test analysis of significant difference between male and female entrepreneurs on the extent of utilization of managerial skills for sustainable economic development

Gender	NXSD	dft-	value	p-value	Decision
Male	682.	15.87	114	.1106	Not significant
Female	482.	4573			

Data in Table 3 show that t-value of .11 at 114 degrees of freedom with a p-value of .06 is greater than the criteria on value of .05(.06>.05). This means there is no significant difference between the mean ratings of male and female entrepreneurs of small scale enterprises on the extent of utilization of managerial skills for sustainable economic development in Bayelsa State. Therefore, the null hypothesis is accepted.

#### Hypothesis 2

There is no significant difference between the mean ratings of manufacturing and service entrepreneurs of small scale enterprises on the extent of utilization of financial skills for sustainable economic development in Bayelsa State.

**Table 4:** Summary of t-test analysis of significant difference between manufacturing and service entrepreneurs on the extent of utilization of financial skills for sustainable economic development

Nature of Business	NXSD	dft-value	p-value	Decision
Manufacturing	722.1362	114	1.80	Not Significant
Service	441.8568			

Data in Table 4 shows that t-value of 1.80 at 114 degree of freedom with p-value of .07 is greater than the significant value of .05 (.07>0.05). This means that there is no significant difference between the mean ratings of manufacturing and service entrepreneurs of small scale enterprises on the extent of utilization of financial skills for sustainable economic development in Bayelsa State. Therefore, the null hypothesis is accepted.

**Discussion of Findings**

Findings of the study showed that entrepreneurs of small scale enterprises to a low extent utilize managerial skills for sustainable economic development in Bayelsa State. The findings of the study agree with the write up of Ovbiagele and Emehi (2015) which reported that most small scale entrepreneurs in Nigeria fall within few years of establishment due to inadequate utilization of management skills by owners of the businesses: They further noted that the success of any small scale business depends to a large extent on the managerial skills of the owner (entrepreneur). Furthermore, is logically discernible and plausible that successful businesses depend on the managerial skills and ability of the entrepreneur that owns and manages the business. Josiah, Ozele and Agbo (2016) noted that the sustainable economic development of Nigeria is linked to the growth of small scale enterprises. The finding of the study is a course for concern to the researcher in view of the importance of managerial skills to the growth and survival of small scale enterprises. Managerial skills help entrepreneurs to start, develop and manage s small scale enterprises. The findings of the study also indicated that there is no significant difference between the mean ratings of male and female entrepreneurs of small scale enterprises on the extent of utilization of managerial skills for sustainable economic development in Bayelsa State. This could be as a result of inadequate possession of managerial skills by both male and female entrepreneurs which affect the extent of their utilization of the skills for sustainable economic development. In agreement, Okoro (2015) found that male and female entrepreneurs irrespective of gender are lagging behind in business managerial skills.

Findings of the study also revealed that entrepreneurs of small scale enterprises utilize financial skills for sustainable economic development in Bayelsa State at a low extent. The findings of the study concur with that of Mbanugo, et al (2020) which revealed that small and medium enterprises in Nigeria are suffering from lack of financial resources and insufficient financial management skills. Okoli and Okeke (2019) reported that financial skills such as ability to establish financial plans for specified areas of fundal location and



verify recorded accounting figures regularly were adopted at a low extent by the owners of SMEs. Similarly, Okoli and Ezenwafor (2015) stated that the problem faced by small scale enterprises in Nigeria was that the owners do not apply financial skills. Ezeani (2012) revealed that financial skills are important for every entrepreneur of small scale enterprise to grow and survive in the highly competitive business environment. Olinya (2015) in agreement reported that entrepreneurs need to highly utilize financial skills such as ability to prepare profit and loss account, bank statement reconciliation, and balance sheet to succeed in small scale enterprises. Findings of the study further reveal that there is no significant difference between the mean ratings of manufacturing and service entrepreneurs of small scale enterprises on the extent of utilization of financial skills for sustainable economic development in Bayelsa State. This means that entrepreneurs in both manufacturing and services agree that they are not utilizing financial skills to a low extent which could be the reason while small scale enterprises (manufacturing and service) are struggling to survive in Bayelsa State.

### Conclusion

Small scale enterprises are recognized as an important means of reducing the high unemployment rate among youths and graduates in Nigeria. Small scale enterprises also contribute to the GDP of Nigeria and its sustainable economic development. It is expected that an entrepreneur who wants to succeed in the small scale enterprise and contributes to sustainable economic development should utilize plethora of skills. The findings of this study revealed that entrepreneurs of small scale enterprises in Bayelsa State utilize managerial and financial skills for sustainable economic development at a low extent. Based on the findings of this study, the researchers concludes that entrepreneurs of small scale enterprises are still lagging behind as regards the utilization of financial management skills covered in this study.

### Recommendations

Based on the findings of this study, the researchers made the following recommendations.

1. Entrepreneurs of small scale enterprises should register for skill acquisition programme to acquire the financial management skills covered in this study for effective utilization for sustainable economic development.
2. Bayelsa State government should organize regular skill empowerment programme for entrepreneurs to enable them acquire financial management skills which will enhance their utilization in operations of their small scale enterprises.
3. Business educators should lay more emphasis on hands-on-practice exercises to enable students (prospective entrepreneurs) acquire financial management skills so as to utilize them in their business activities.
4. Entrepreneurs of small scale enterprises should increase their utilization of the five covered skills in conducting their business activities. This will enable them to contribute to the sustainable economic development of Bayelsa State.

## References

- Amiaya, A.O. & Eruteya, E.E. (2011). *Introduction to Business Management 2*. Benin City: Justice Jeco Printing and Publishing Global.
- Bayai, S.I, Ambakederemo, O.S & Alubeze, O.K (2023). *Introduction to Entrepreneurship*. Benin City. Press Publisher.
- Chijioke, E.A. (2011). "Developing Entrepreneurial Skills". A paper presented during the induction programme of graduates of the Nigeria institute of management and the National Youth Service Corps at Disney Hotel and Resort Owerri on Thursday 17<sup>th</sup> March.
- Eni, C.I. (2010). *Small Scale Business and Entrepreneurship Development in Nigeria*. Enugu: Sunnicraft Publisher Co.
- Ezeani, N. S. (2012). "The Teacher and Skills Acquisition at Business Education: from the Perspective of Accounting Skills". *Arabian Journal of Business and Management Review (Oman Chapter)*. 2(4), 12-25.
- Ezeonwurie, O.A. (2016). "Entrepreneurial Skills: A Panacea for Reducing Youth Unemployment in the Society". *Journal of Vocational Educational and Research. COUJVOCED AR*. 1(1).81-90.
- Garba, G. A, Onyebuenyi, P. N. & Onoh, B. C. E. C. (2017). "Revitalizing Technical, Vocational Education and Training Through Entrepreneurship Education for Self-Employment in Kogi State". *Journal of Vocational Educational and Research. COUJVOCED AR*, 2(1).200–208.
- Ifunanya, N. O. & Nnamdi, J. O. (2018). "Impact of Economic Recession on Education and Effective Learning for Sustainable Economic Development". *COOU Journal of Educational Research*, 4(1).104-112.
- International Institute of Sustainable Development (IISD) (2013).
- Josiah, M, Ozele, E. C. & Agbo I. S. (2016). "The Effect of Dividend Policy on Share Price in Nigeria Capital Market". *Igbinedion University Journal of Accounting*. Vol. 1, 29-35.
- Mbanugo, C. I, Nwannah, N. L. & Udegbona, E. O. (2020). "Financial Management Practices Applied by Entrepreneurs for Operations of Small and Medium Scale Enterprises." *ISIASSR*. 3 (1), 77-88.
- Nigeria Institute of Marketing. (2014) *NIM Annual Conference Manual*.
- Obuakor, S. C. (2018). "Creative Quality of Education Managers in Functional Education for Sustainable Development". *COOU. Journal of Educational Research*, 4(1), 179-185.
- Okoli, C. I. & Okeke, S. I. (2019). "Extent Owners of Small and Medium Scale Enterprises Adopt Suitable Financial Management Practices for Business". *Research Publications*, 8(6), 154-158.
- Okoli, C. I. & Ezenwa for, J. I. (2015). "Managers Rating of Managerial Skills Considered Necessary for Success of SME for Curbing Social Vices in Anambra State". *Nigerian Journal of Business Education*. 2 (3), 213-223.
- Okoro, J. (2015). "Assessment of Information and Communication Technology Competencies Required by University Business Education Students to Handle Entrepreneurship Business Challenge in Nigeria". *Journal of Education and Practice*. 6 (18), 129-138
- Okoye, E. I. Uniamikogbo, E. & Adeusi, A. S. (2017). "Accounting Skills for Sustainable Entrepreneurial Development: A Study of Selected Small and Medium Scale Enterprises in Edo State, Nigeria. *Faculty of Management sciences International Conference Proceedings on Africa Entrepreneurship and Innovation for sustainable Development*, held at Nnamdi Azikiwe. University, Akwa, Vol. 2 (1),20-40.
- Okoye, K. R. E & Nwangwu, N. M. (2021). "Assessment of Technical Competencies of Small Scale Enterprise Managers in Anambra State". *Unizik Journal of Educational Research and Policy Studies*. 4, 201-214.
- Okpara, J. O (2011). "Factors Containing the growth and survival of SMES in Nigeria: Implication for Poverty Alleviation". *Management Research Review*. Vol. 34. Issue 2.

- Oliny, T.O. (2015). "Accounting Skills Required by Business Education". Retrieved from <https://www.unn.edu.ng>. > files.
- Orunuaherhe, E. A. & Magini, U . G . (2013). *Introduction and Practice of Entrepreneurship*. Benin City: Justice Jeco Printing and Publishing Global.
- Ovbiagele, A. O. & Emehi, A. (2015). *Introduction to Business and Small Business Management*. Benin City: Justice Jeco Printing and Publishing Global.
- Samuel, A. (2013). *Development of Small Scale Industries*. New Delhi: Random Exports.