



IMPACT OF ACCOUNTING RECORDS ON THE GROWTH OF SMALL AND MEDIUM SCALE ENTERPRISES

Eke Robert I. PhD, FCA¹, Nwonu Cletus U.² and Obayagbonna Edmund O.³

¹²³Department of Accounting and Finance School of Management and Social Sciences,
Wellspring University Benin City, Edo State

Mail: robbyeke19@yahoo.com cukhomu@gmail.com;

edmund.obayagbonna2020@gmail.com

Phone: +2348034712733; +2348034582717 & +2348038010140

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Accounting records,
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profitability, SMEs.

Abstract: This study was embarked on to investigate how accounting record keeping has assisted Small and Medium Enterprises (SMEs) in growth with specific objectives on how proper accounting records has assisted SMEs on cost control and improvement in their financial decisions. The study employs the survey method in evaluating the impact of proper accounting records as a catalyst for small and medium enterprise (SMEs) growth in Nigeria. The population of this study is based on SMEs owners and practicing accountants operating in Edo State. Edo State was chosen for this study since it has a large concentration of SMEs. Primary sources of data was employed and questionnaire was designed using linkert scale format. The population of the study is 1988 out of which sample size 333 was derived using Taro Yemane formula. 333 questionnaire was distributed out of which 300 returned their questions. Data collected was analyzed using both descriptive and inferential statistics while hypothesis of the study was tested using pearson chi-square distribution. The findings confirmed a significant contribution of accounting records keeping in assisting SMEs in areas of cost control, improved financial decisions and improvement of their profitability. The study recommended among others that, SMEs should embrace proper accounting record keeping by employing qualified accountants in their business. Government should through relevant agencies train SMEs on financial literacy that will make them to embrace proper account record keeping.

Introduction

The urgent need to grow SMEs (small and medium-sized enterprises) has become a topic of discussion at every domestic and international

economic development forum, in light of their roles in the nation's economic rejuvenation, contribution to the reduction of social insecurity, unemployment, and poverty, and saving a larger

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population that would otherwise have become social miscreants as a result of redundancy, to productive economic labor resources. These lofty roles of SMEs have become rather unattainable due to their inability to keep proper and accurate records in order to capitalize on opportunities and attract the necessary support to remain in business.

Many new business owners, however, are intimidated by the mere thought of bookkeeping and accounting. But in reality, both are pretty simple. Keeping in mind that bookkeeping and accounting share two basic goals: to keep track of income and expenses, which improves chances of making a profit, and to collect the financial information necessary for filing various tax returns. There is no standard that records are kept in any particular way. As long as records kept accurately reflect the business's income and expenses; there is a requirement, however, that some businesses use a certain method of crediting their accounts: the cash method or accrual method. Depending on the size of the business and amount of sales, one can create own ledgers and reports, or rely on accounting (Williams et al 1999).

According to Williams (2008), it is difficult for SMEs to obtain funds from financial institutions when records of their transactions cannot be presented when requested. SMEs are found in every nook and cranny of society, but their short-lived existence has become a serious source of concern, agitating the minds of entrepreneurs as to why they sprout today and die off in the next few years. Boachie-Mensah and Marfo-Yiadom (2005) attributed SMEs' short-lived existence to a lack of finance caused by an inability to access or secure needed credits or financial assistance, financial records not pieced together to make sense and create confidence on credit

institutions in the SMEs' managerial ability to use available funds and repay without the lending financial institutions. Being a set of component systems, it collects, records, classifies, analyses, processes and summarizes business transactions from various sources of books of account (invoices, receipts, bills, cash book, journals (sales, purchases, returns inward and outward), trial balance, ledgers, income statements and statement of financial position, amongst others. Romney (2003), accounting records keeping in achieving its purpose of information storage, processing and dissemination, they should be simple to use, easy to understand, reliable, accurate, and consistent and designed to provide information on a timely basis.

Accounting records management aids in the control of waste and the creation of cost consciousness; it encourages growth monitoring, the incorporation of new technologies in records management, regulatory compliance, proper planning, and the detection of misappropriation and misapplication of entity resources critical to the growth and survival of its business. Edun (2013) discovered that in order to ensure the efficiency, effectiveness, and continued growth of business entities, management must seek to consistently generate reliable, relevant, accurate, and timely financial information for planning and decision-making. Poor and ineffective accounting record keeping makes it difficult to distinguish between business and personal transactions (Aardt, 2008). SMEs must keep such records in order to attract and secure funds rather than relying solely on funds saved (Amoako, 2013).

Despite the relevance of accounting record keeping to the survival and growth of SMEs, most business owners fail to maintain the

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financial records of their business operations; others prefer to hire unskilled personnel in clerical and accounting to maintain their financial records. The result of these unskilled accounting practices has only succeeded in helping the SMEs to stagnate, fail or wound up and go into extinction (Raymond, Ezenyirimba and Moses, 2014). Unskilled accounting staff could not keep reliable accounting records to stand the statutorily test of time; such staff could not also correctly determine the profit or loss of the firm (Onaolapo and Adegbite 2014).

Accounting records were discovered to be incomplete in SMEs due to a lack of accounting knowledge, a conspiracy to hide information to avoid tax, and other factors, resulting in inefficient use of accounting information for financial performance measurement of such enterprises (Anthony, 2014). The study's main goal is to assess the impact of accounting records keeping on the growth and performance of SMEs, as well as strategies for motivating SMEs in Nigeria to maintain their accounting record keeping practices. Specifically, the research study will investigate other objectives:

- i. To find out how proper accounting records keeping can help SMEs control costs
- ii. To examine how proper accounting records keeping can aid SMEs in making proper financial decisions.
- iii. To find out how proper accounting records keeping can assist SMEs grow their profit.

Literature Review

Small and Medium Scale Enterprises

Many individuals and institutions have defined small and medium-sized enterprises (SMEs) differently, using various yardsticks such as employee numbers, sales volume, asset value, or deposit volume in banks (Ademola et al 2012). The National Economic Reconstruction Fund

(NERF) defined small and medium enterprises by requiring that projects financed by the firm have a total fixed asset cost (including land) of less than N10 million.

The Central Bank of Nigeria defined small scale enterprises as any business with a total asset investment of less than one million, an annual turnover of less than one million, and fewer than fifty employees (World Bank Mapping 2001). In respect of the small scale industries credit scheme, it sees SMEs as industry in manufacturing, processing or service industry with labour size of 11-100 workforce or a total cost of not more than N50million, including working capital and not excluding cost of land and 101-300 workforce or total cost of over N50million but not more than N200million, including working capital but excluding cost of land for medium enterprises.

Furthermore, the International Finance Corporation (IFC) and Corporate Affairs Commission in 2001 further justified that SMEs dominate Nigeria's industrial sector, estimated to be about 90% of the sector employing less than 50% of the people (HPACI 2002), and given the place value occupied by the SMEs in Nigeria's industrial sector, the success of the Nigerian economy is expected to be significantly dependent on the success of the SMEs. Nwoye (1991) stated unequivocally that SMEs are catalysts for Nigeria's economic growth and development, believing that with so many SMEs, Nigeria has great potential for success and growth, large-volume sales, and so on. Though, some of them have adequate capital, many failed due to poor financial management operations occasioned by absence of proper accounting records keeping.

However, the concept of SMEs has been noted to be relative, and the rationale for one to engage in

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start-up business depends on several factors, including geographical location, the nature of the economy and the activity being performed (Umar 1997), absolute poverty (LeGrand et al 1992), Schubert and Englama et al (1977), and the flexibility of the establishment and management (Anheier and Seibel (1987), Schmitz 1995). Other factors discovered by the researcher include the need to increase income streams (passive income), the need to change lifestyle and get out of poverty and related social issues, taming issues of redundancy caused by job loss or employment, birthing passion-oriented entrepreneurial dreams, exploiting untapped business opportunities, continuing parents' legacy economic activities, and becoming economically active rather than waiting for nonexistent opportunities.

Accounting Records Keeping

- ✓ According to Ademola et al. (2012), record keeping is critical in business management. Accounting records keeping entails identifying, categorizing, storing and protecting records, receiving and transmitting records, retaining and disposing of records in order to prepare financial statements. It also covered the policies, systems, procedures, operations, and personnel needed to manage the records. Record keeping is critical in the management of knowledge required for business growth and success. Modern organizations are concerned with the acquisition, application, and storage of knowledge. According to Laughlin and Gray (1999), the following are the most important reasons to establish a good record management system:
- ✓ to control the creation and growth of records to reduce operating costs

- ✓ improve efficiency and productivity
- ✓ to assimilate new records management technologies, and
- ✓ to ensure regulatory compliance.

Aryeetey et al (1994) asserted that there is existence of practical problems in deriving records and figures to make up financial statements as almost small size business owners keep all records in their human memory, thus lack records of all kinds necessary to prepare financial statements, access credit from lending institutions, ascertain staff costs, owners' emoluments, among other important variables.

Oladejo (2008), accounting records has immensely contributed to unprecedented rate in growth of SMEs by helping to identify the expenses, income, profit or loss of a business entity at the end of an accounting period. It is bookkeeping where process of recording financial transactions of businesses in a regular and systematic manner takes place (Muchira 2012); it is an orderly and disciplined practice of storing business records which has become one of the most important roles to be taken up by SMEs' owners. The success of any business is determined by the creation and maintenance of an effective record system whether small or big enterprise. Taylor (2001), accounting records are critical sources of financial information gathering used to prepare, verify and/or audit the financial statements of enterprises. They also include documentation to prove asset ownership for creation of liabilities and proof of monetary and non-monetary transactions. Accounting records which can be physically or electronically kept, can take on many forms such as: Trial balance, Ledgers, Journals, Cash book, Bank statements, Contracts and Agreements, Verification statements, Transportation receipts, Invoices, Vouchers, Utility bills.

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The success of any business depends on creating and maintaining effective record system, whether a sole, partnership or corporations (Federal 2010). The relevance of accounting records and the operation of a business organization to the society can be measured looking at the ways accounting has helped business firms grow and improve their performances. Sufficiency of accounting records keeping provides credible source for the needed data to assist SMEs make the right business policy and investment decisions with bookkeeping records as a conceivable component to growth achievement of business enterprises (Azeko, 2015); Germain (2010) attributed early collapse or failure of SMEs to absence of accounting records keeping, poor administrative capabilities, and paucity of strategic leadership.

Accounting Records Keeping in Growing SMEs

Entities whether in SMEs category or corporate status have great need for maintenance of generic records keeping, not limited to only accounting records. The accounting records kept are relevant and needed from time to time to aid and guide in strategic, tactical and operational financial and resources decisions making.

Adequate accounting records facilitate effective auditing in SMEs by instilling confidence in investors, lenders, and other users of the entity's financial information to make funds available to expand their businesses' horizons. Unfortunately, audits of SMEs have become the most difficult for professional accountants to handle due to the inadequacy and ineffectiveness of their internal control systems, as well as a lack of relevant financial records. Except where required by law, SMEs rarely give accounting records much thought. Several of these

businesses fail to meet expectations due to poor management and a shaky accounting structure (Olatunji, 2013). A great number of SMEs in the country lack the capacity of qualified personnel to manage their accounting records keeping thus are unable to publish quality financial information of their businesses as do the big firms in terms of audited financial statement required to access credit from financial institutions for expansions. Inadequate capital base of SMEs to meet collateral requirements for credits from the banks is a problem that appropriate keeping of accounting records could have simply solved. Many studies conducted in Nigeria and other countries suggest that the position of accounting records to the performance of SMEs success is critically important (Howard, 2018).

Any business that fails to keep records of its business, financial transactions with clients (customers and suppliers), and so on is perilously perched on the precipice of failure and extinction. Accounting records are required to monitor business progress, assess whether the business is improving; which products or services, according to the BCG matrix of business growth, are the cash cow, star, dog, or question mark that require changes; and the nature of the change that will be effected. Accounting record keeping has the potential to increase business success or, in the absence of it, business failure or extinction. According to Saleemi (1988), any business can formulate its plans for future growth in terms of asset, market share, sales volume, operations, and expansion based on its current and past achievements. Accounting records can provide enough information about sales, profits, investments, and so on to make future program decisions. Thus, accounting and bookkeeping play critical roles in the growth,

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performance, and survival of any organization, and the growth, performance, and survival of any entity cannot be easily determined without them. Accounting records keeping in growing SMEs for improved performance requires some discipline and skills to realize; namely:

- Establishing a procedure around recording business data
- Keeping business and personal expenses understandably separate
- Consistency in getting relevant document to back up claims for business expenses
- Keeping records organized and in an easy to reach and retrieve location
- Establishing a system to keep all receipts, invoices, contract documents, etc. for use when the need arises
- Scanning, filming or taking pictures of receipts and invoices and save them in the clouds for security, space and time management, and
- Ensure to always keep security in mind

Accounting records keeping aids SMEs save for their obligatory responsibilities of tax payment, avoid the harsh brush with unfriendly agents of government, aid investors to make effective investment decisions of where to invest (or divest) their resources, given published accounting statements information made possible by records kept. It also helps in such other ways as providing an accurate and thorough picture of operating results; permit a quick comparison of current data with prior years' operating results and budgetary goals; offer financial statement for use by management, bankers and prospective creditors; facilitate the prompt filing of reports and tax returns to regulatory and tax collecting agencies of government; reveal likely loopholes for fraud,

theft, waste and record keeping errors; allow for fast, accurate and reliable access to records, ensure timely destruction of redundant information; the identification and protection of vital and historically important records and many others.

Accounting records that are properly kept provide evidence of how transactions were handled and substantiate the steps taken to comply with business standards. Accounting records serve as the foundation for a compliance program, so measures must be put in place to capture the documentation and events that occur throughout a transaction, from delivery to payment (Reed 2010). Accounting records keeping, according to Ademola et al. (2012), helps to make sound decisions, avoid business failure, is useful for financial management planning and control, and provides a background picture that aids organizational change and is critical to business survival.

The Challenges of SMEs in Accounting Records Keeping

Due to their increased rate of failure to meet the expected social and economic roles they should play in countries around the world, accounting records have become a critical factor to consider in measuring and monitoring the growth and improved performances of SMEs. SMEs are challenged by a low level of accounting and financial literacy among owners, causing most of them to rely heavily on their poorly trained account officers to perform a dual role of maintaining accounting records and preparing financial statements, for which they are frequently baffled by the confusing and complex information provided. Interestingly, there has not been academically researched accounting and financial records keeping specific for SMEs

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businesses covering the various sectors and industries they operate in.

Nkonoki (2010) identified some of the factors limiting the success and/or growth of small businesses in developing countries to include improper records keeping resulting from inadequate education and training in business finances leading to loss of track of cash flows and in turn cost control and liquidity problems among other painful consequences. Thus, so long the records of a business undertaken are not properly kept, growth cannot be achieved and the firm is bound to lose track of focus. Other challenges faced by SMEs in Nigeria on accounting records keeping are corruption in access to finances/capital constraint, government policy, unfavorable economic conditions, people factor, lack of needed skills, improper professional advice and consultation, theft/cheating and lack of trust in doing business, lack of proper business feasibility plan/vision for the business, poor quality education and training, poor business background and experience.

Aside from the aforementioned challenges, SMEs in Nigeria face the challenges of inadequate/poorly functioning social infrastructure facilities, lack of onboarding to e-commerce and digital economy, inability of businesses to demand accounting systems adequate/specific to their business needs, lack of standardized professional body in accounting records, threat to local firms by developed economies firms enjoying the benefits of accounting records, and a scarcity of consulting firms.

Empirical Review

There have been researches previously carried out in the related area and the outcome of the researches show that there is positive

relationship between growing of SMEs for improved performance and accounting records keeping. In their study to determine the contribution of accounting records keeping in the efficient performance of selected 48 SMEs in Anambra State, Ezejiolor, Ezenyirimba, and Olise (2014) used judgmental sampling technique and analyzed their data with Z-test statistical technique to corroborate the significance of accounting records in growing SMEs for improved performance. Aniefor (2013) conducted a similar study in Delta state to investigate the imperatives of proper accounting records for the growth of SMEs; collecting primary data via survey questionnaire and analyzing using simple percentage showed that there is a positive and significant relationship between adequate accounting records and improved SMEs business performance. Okoli (2011) asserted in his study of 148 respondents in Enugu State that due to inadequate records keeping, the SMEs were unable to effectively evaluate their performances, and thus argued that for SMEs to grow, enhance profitability, and continuity, adequate records keeping is required to assist proprietors keep track of the performance of their enterprises. According to Mensah et al. (2007), a significant number of SMEs surveyed did not keep records pertaining to operations, finance, audited accounts, tax returns, and so on. SMEs are currently finding it difficult to obtain credit from financial institutions (banks and credit houses) due to the high risk area in which they are placed due to a lack of records in which to have confidence and be trusted. Tylor (2008) identified lack of keeping financial report as the most challenging constraint to growth in the SMEs sector; Olatunji (2013), enterprises die without fulfilled expectation due to poor management arising

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from weak and lack of accounting structure; Peacock (2000) SMEs failure to keep financial records results in poor cash flow, illiquidity and final death. Ademola, Samuel, and Ifedolapo (2012) conducted a study to examine the effect of financial records keeping by SMEs in five communities in Ijumu Local Government Area, Kogi State, on the growth of their businesses. Using primary data collected through survey questionnaires and personal interviews and analyzed using chi-square, the results revealed that because they do not keep business records, they cannot determine whether their businesses are growing or not. Alfred (2011) conducted a related study to investigate the effect of financial record keeping on the growth of SMEs in Yola, Adamawa State, and the results revealed a positive high correlation between proper record keeping of financial transactions and SMEs' growth prospects.

In summary, the empirical studies reviewed focused mainly on the ability of accounting records keeping in aiding SMEs improved performance but none examined how it can be used in growing SMEs for improved performance. Additionally, while most of the studies were done on different study problems like management, accounting, financial needs and challenges, causes of SMEs' failures, etc. in other regions, States of Nigeria and other African countries, none was conducted in Benin City metropolis, hence this study seeks to cover the gap and in investigating into the impact of accounting records keeping to growing SMEs for improved performance. The study will not only focus on the impact of accounting records but also on how it can aid growing SMEs for improved performance through cost control, proper financial decision-making and profitability growth.

Theoretical Review

The study was guided by the American Accounting Association's Decision Usefulness Theory, which was proposed in 1996. The concept, which was introduced into accounting theory in 1966, is a method of preparing financial accounting information that focuses on the theory of investor decision making to determine the nature and types of information that investors require (Decision Usefulness Approach, 2009). Its argument is that the decision usefulness of accounting information made available to users is the most important criterion in selecting accounting measurement methods. With FASB enunciation in Financial Accounting Concept Statement No. 1: "Financial reporting should provide information that is useful to potential investors and creditors and other users in making rational investment, credit, and similar decisions (FASB 1978)." The IASB alluding to the FASB enunciation stated, "The objective of general purpose external financial reporting is to provide information that is useful to existing and potential investors, lenders and creditors and others in making decisions about providing resources to the entity" (IASB 2010).

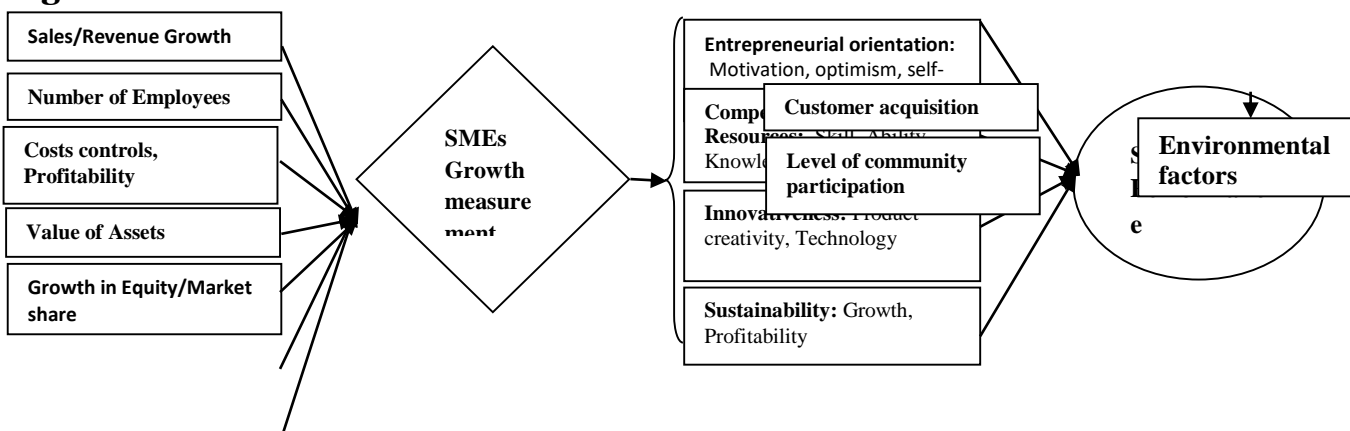
The decision usefulness approach to financial reporting emphasized the preparation of financial statements to provide the necessary accounting information to users for economic and investment decisions (investors and creditors), while other stakeholders to a firm's financial and non-financial activities were rarely considered in addressing their specific information needs. Decision usefulness, as measured by the predictive ability of accounting information, is a criterion for providing standard setters with a useful tool in selecting the best accounting measurements. Wild (2008) and

Eke Robert I. PhD, FCA, Nwonu Cletus U. and Obayagbonna Edmund O.

Fellingham (2005), accounting is the measurement of activity that provides financial reports to support decision makers and their business decisions.

Based on the reviewed literature and a theoretical framework based on decision

Figure 1: Theoretical Framework



The formulated model as shown in Figure 1 above proxies the independent variable performance into (entrepreneurial orientation, competence of human resources, innovativeness and sustainability) and growth into (sales, number of employees, profitability, value of assets, equity and increase in market share, customer acquisition and level of community participation) in SMEs.

METHODOLOGY

Research design

This study employed a survey research design. The target population of this study comprise of owners of SMEs operating in Edo State, Nigeria. The population of SME owners in Edo state from the Ministry of Commerce is 1988

Due to the large number of population, a sample size of 333 was derived using Taro Yemane formula for sample size determination.

$$n = N / [1 + (Ne^2)]$$

usefulness theory, the researcher proposes a model for measuring the growth and improved performance of SMEs (dependent variables) with factors influencing growth and improved performance (independent variables).

Where: n = sample size, N = the population of the study, e = the error limit (0.1)

Therefore;

$$n = 1988 / 1 + 1988 (0.05)^2$$

$$n = 1988 / 1 + 1988 (0.0025)$$

$$n = 1988 / 1 + 4.97$$

$$n = 1988 / 5.97$$

$$n = 333$$

Table 1: Number of questionnaires distributed to local governments in Edo State

Local Government Area	Numbers Distributed
Akoko Edo	16
Egor	22
Esan Central	15
Esan North-east	15
Esan South-east	12
Esan West	15
Etsako Central	17
Etsako East	13
Etsako West	14

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Igueben	18
Ikpoba Okha	31
Irrua	17
Oredo	36
Orhionmwon	22
Ovia North east	24
Ovia South west	13
Owan West	13
Uhunmwonde	20
TOTAL	333

Source: Researcher's compilation (2023)

Questionnaire was designed to collect data from the respondents. The questionnaire was divided into two sections; the first is to elicit the respondent's demographic data, while the second is to elicit their responses to the research questions. The questionnaire was made up of close ended questions, the respondents are required to rate their responses on a 5-point Linkert scale consisting of Strongly Agree (SA), Agree (A), Neutral (N), Disagree (D), and Strongly Disagree (SD). 333 questions were administered out of which 300 returned completed questions. The data were analyzed using tables and simple percentages while chi-square was used to test the hypothesis.

DATA ANALYSIS AND PRESENTATION

In this section, the primary data instrument used in the study was analysed. The descriptive statistics and inferential statistics were presented in this table.

Accounting records and cost control

Table 3: Responses to research question one

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Proper Accounting records Improves efficiency and productivity through costs reduction	114 (42%)	41 (7%)	24 (8%)	63 (21%)	66 (22%)
Proper Accounting records facilitates efficient management of receivables and payables of the firm	147 (49%)	39 (13%)	30 (10%)	36 (12%)	48 (16%)
Good Accounting records help to detect fraud within the business, block leakages and have control of cash expenditures and other resources	186(62%)	27 (9%)	9(3%)	36 (12%)	39 (13%)

Eke Robert I. PhD, FCA, Nwonu Cletus U. and Obayagbonna Edmund O.

Table 1: Response Rate of the Questionnaires

Response	Frequency	Percentage (%)
No. of Questionnaires	333	100
Questionnaires returned	300	90
Questionnaire not returned	33	10

Source: Field Survey 2023

The table above shows that 90% of the administered questionnaire was returned. Thus, 90% of the total questionnaire administered was retrieved successfully for analysis.

Reliability Statistics

Cronbach's alpha is a consistency test that reveals whether all items within the instrument measure the same thing. It is simply a measure of reliability of the questionnaire items.

Table 2: Reliability Statistics

Variables	Cronbach Alpha	N of Items
All Variables	0.873	29

Source: Field Survey 2023

Table 4.2 reveals the Cronbach Alpha for the variables was above 0.7. The Cronbach Alpha statistics for all variables stood at 0.873. Therefore, the instrument is judged to have internal consistency.

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Proper Accounting records assists in cost analysis for decision making.	69 (23%)	126(47%)	29 (8%)	30 (10%)	46 (12%)
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Source: Author's Computation, 2023

From the result of the table above, majority of the respondents agreed that proper accounting records keeping by SMEs firm impacted on their cost controls. This is

evidenced in the responses from the respondents of the study. Most of them opined positively that good accounting records keeping will impact on the firm's growth and improved performance.

2. Accounting records and profitability

Table 4: Responses to research question two

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Good Accounting records will increase sales volume, profits, assets utilization, equity, market share and customer acquisition (customer satisfaction)	117 (39%)	102 (34%)	36 (12%)	12 (4%)	30 (10%)
Proper Accounting records enables Easy ascertainment of business performance	63 (21%)	39 (13%)	33 (11%)	138 (46%)	27 (9%)
Good Accounting records Increases chances of business operating efficiently and achieving success	138 (46%)	63 (21%)	0 (0%)	66 (22%)	33 (11%)
Proper Accounting records makes it easy to determine the financial position of the business	51 (17%)	129 (43%)	27 (9%)	42 (14%)	51 (17%)

Source: Author's Computation, 2023

From the result of the table 4.4 above, it shows that proper accounting records keeping has positive impact on the growth and improved performance of SMEs' profitability. This is

evidenced in the responses from the respondents of the study. Most of them positively opined that accounting records keeping impact positively on the profit growth of SMEs.

3. Accounting records and financial decision

Table 5: Responses to research question three

Statements	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Proper Accounting records enables generation information that facilitates firm easy access credits	18 (6%)	150 (50%)	48 (16%)	39 (13%)	48 (16%)
Good Accounting records enables monitoring the growth and performance trends of firm's business and investment decisions	126 (42%)	57 (19%)	12 (4%)	63 (21%)	39 (13%)
Proper Accounting records provides data for decision-making on resource allocation, application and performance planning	66 (22%)	33 (11%)	63(21%)	63 (21%)	138 (46%)
Provides data for discharge of accurate tax payment obligations	63 (21%)	126 (42%)	0 (0%)	90 (30%)	21 (7%)

Source: Author's Computation, 2023

The table above shows how accounting records keeping by SMEs firms has adequately impacted on SME's financial decision activities. From the responses of the respondents, it was revealed

that adequate accounting record keeping provides data for decision-making on resource allocation, application and performance planning; provides data for discharge of accurate

Eke Robert I. PhD, FCA, Nwonu Cletus U. and Obayagbonna Edmund O.

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tax payment obligations; and ability to generation information that facilitates firm's easy access to credits from both formal and informal credit houses for expansion strategies.

Testing Hypotheses

The study employed the Pearson Chi-Square as inferential statistics to test the hypotheses. The rationale for using the Pearson Chi square was because the data collected was not normally distributed and was categorical, too. The hypotheses in this study were tested at 5% level of significance.

Ho₁: There is no statistically significant relationship between accounting records keeping and costs

control in SMEs businesses.

Table 6: Pearson Chi Square Summary table for hypothesis one

	Value	Df	Asymp. Sig (2 – tailed)	Exact Sig (2 – tailed)
Pearson Chi Square	12.5623	16	0.04135	0.04135**
Likelihood Ratio	2.8878	16	0.00034	
Linear-by-Linear Association	2.0033	16	0.00385	
N of Valid Cases	300			
a. 0 cells (0.0%) have expected count less than 5. The Maximum expected count is 16,00				
b. Computed only for 2x2 table				

Source: Authors Computation, 2023

From the result in tables 6 revealed that there is a statistically significant relationship between accounting records keeping and cost control in SMEs businesses, (**Chi Square=12.5623; p-value=0.04135 < 0.05**). Therefore, this study failed to accept the null hypothesis stated that there is no statistically significant relationship between accounting records keeping and cost control in SMEs businesses.

Eke Robert I. PhD, FCA, Nwonu Cletus U. and Obayagbonna Edmund O.

Ho₂: Accounting records keeping do not aid SMEs firms in making proper financial decisions.

Table 7: Pearson Chi-Square Summary table for hypothesis two

	Value	Df	Asymp. Sig (2 – tailed)	Exact Sig (2 – tailed)
Pearson Chi Square	11.4334	16	0.00129	0.00129**
Likelihood Ratio	2.6567	16	0.00095	
Linear-by-Linear Association	2.0056	16	0.00067	
N of Valid Cases	300			
c. 0 cells (0.0%) have expected count less than 5. The Maximum expected count is 20,00				
d. Computed only for 2x2 table				

Source: Authors Computation, 2023

From the result in tables 7, it was revealed that accounting records keeping aid SMEs firms in making proper financial and investment decisions, (**Chi Square=11.4334; p-value=0.00129 < 0.05**). Thus, the study failed to accept the null hypothesis stated that accounting records keeping do not aid SMEs in making proper financial decisions.

Ho₃: There is no statistically significant relationship between accounting records keeping and profitability in SMEs businesses.

Table 8: Pearson Chi Square Summary table for hypothesis three

	Value	Df	Asymp. Sig (2 – tailed)	Exact Sig (2 – tailed)
Pearson Chi Square	17.9543	16	0.00451	0.00451
Likelihood Ratio	3.5664	16	0.00332	
Linear-by-Linear Association	3.2211	16	0.00321	
N of Valid Cases	300			

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Linear-by-Linear Association N of Valid Cases				
e. 0 cells (0.0%) have expected count less than 5. The Maximum expected count is 18,00				
f. Computed only for 2x2 table				

Source: Authors Computation, 2023

From the result in table 8, it was revealed there is a statistically significant relationship between accounting records keeping and profitability in SMEs businesses, (**Chi Square = 17.9543; p-value=0.00451 < 0.05**). Therefore, the study failed to accept the null hypothesis which stated that there is no statistically significant relationship between accounting records keeping and profitability in SMEs businesses.

Summary and Conclusion

Findings revealed that majority of the respondents did kept accounting records but were mostly done manually. Records are kept on cash basis. Sales, purchases, creditors, debtors, receipts, invoices, payment vouchers are used as accounting record keeping documents and they help to have control on not only operating costs but efficient allocation of resources, improves efficiency and productivity. Accounting records keeping are revealed to be very essential for financial and investment decision-making and majority of the respondents do not prepare yearly financial statements. Findings also revealed that majority of the SMEs operators are challenged in measuring growth and performance of their businesses for lack of trusted accounting records kept. Profitability is commonly used as a measure of business growth; costs control and knowledge workforce provides strongest linkage to SMEs growth and improved business performance. Majority of the SMEs operators were found do not set annual

objectives for each of their growth and performance indicator; interestingly majority do not also prepare budgets for performance review or appraisal.

Findings from testing the research hypotheses showed that there is a strong statistical significant relationship between accounting record keeping and costs control, proper financial decision, profitability (**$X^2=12.5623$; $p\text{-value}=0.04135 < 0.05$; $X^2=11.4334$; $p\text{-value}=0.00129 < 0.05$ and $X^2=17.9543$; $p\text{-value}=0.00451 < 0.05$** , respectively) and growing SMEs for improved performances. It thus implies that accounting record keeping affects SMEs growth and improved performances. Accounting record keeping is essential for decision making. Business adjustment and records also help to improve business efficiency and productivity for effective business performance. It was also found that accounting records keeping increase the chances of the business operating and achieving success, and provide information to enable the control of cash in the business. In the analysis of the data and testing of the hypotheses, p-values for all the variables tested are less than 0.05, indicating that all the variables tested have statistically significant relationship between accounting records keeping and growing SMEs for improved performances measured at 0.05 confidence level. The result of the test of hypotheses is an indication that accounting records keeping greatly, contributes to the variation in growing SMEs, costs controls, profitability and financial decisions for improved performances. In conclusion, poor accounting records keeping would lead to poor SMEs growth and dwindling performance while proper accounting records keeping would lead to better financial and non-financial performances of SMEs firms.

Eke Robert I. PhD, FCA, Nwonu Cletus U. and Obayagbonna Edmund O.

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Based on the findings made in the course of this study, the following recommendations are suggested:

1. SMEs firms should ensure they keep complete and accurate accounting records for their relevance in finance and general business decision-making. This is achievable through undertaking course/training on records keeping, and hiring knowledgeable and skilled workers in accounting or financial management.
2. SMEs owners/managers to embrace proper accounting records keeping practices to reduce costs; grow profit, expand and exploit business opportunities
3. Efforts should be by professional accounting bodies to model the SMEs-specific accounting records relevant to them
4. SMEs owners/managers strive to hire qualified personnel to handle every aspect of their business records as accounting records keeping is the lifeblood of business growth and improved performances
5. Government through relevant agencies should embark on financial literacy training among SMEs operating in Nigeria.

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