

# Assessment of Computerized Record Keeping on Performance of Business Enterprises in Osun State, Nigeria

Makinde-Ojo, Yetunde Adeola<sup>1</sup>; Samuel, Oladele Obisesan<sup>2</sup>; Popoola, Elizabeth Toluwani<sup>3</sup>; Mbah, Fatima Imike<sup>4</sup>; Adegbola, Muritala Makinde<sup>5</sup>; Adeyemi, Moses Sunday<sup>6</sup>

1 Bursary Department, Osun State University, Osogbo, Nigeria

E mail: [makinde-ojo@Uniosun.edu.ng](mailto:makinde-ojo@Uniosun.edu.ng)

2 Directorate of Internal Audit, Osun State University, Osogbo Nigeria

E mail: [samdeleraa@gmail.com](mailto:samdeleraa@gmail.com)

3 Kimpact Development Initiative, Osun State, Nigeria

E mail: [betteex@gmail.com](mailto:betteex@gmail.com)

4 Fountain University, Osogbo, Osun State, Nigeria

E mail: [mbahfatima@gmail.com](mailto:mbahfatima@gmail.com)

5 Osun State Investment company Limited, Osun State, Nigeria

E-mail: [makindemuritala4real@gmail.com](mailto:makindemuritala4real@gmail.com)

6 Department of Management & Accounting, Lead City University, Ibadan; Nigeria

E mail: [msaconsult@ymail.com](mailto:msaconsult@ymail.com)

Corresponding Author: Name; Makinde-Ojo, Yetunde Adeola, Phone; +2348035624139, E-mail; [makinde-ojo@Uniosun.edu.ng](mailto:makinde-ojo@Uniosun.edu.ng)

**Abstract:** This work assesses the use of computerized record keeping on performance of business enterprises in Osun State, Nigeria. The specific objectives are to: assess the types of record keeping systems employed by SMEs operating in Osun State; examine the extent to which SMEs use computerized record keeping in their business activities in Osun State; investigate the benefits with the use of computerized record keeping system by SMEs in Osun State; and determine the challenges facing SME Operators with the use of computerized record keeping system in the Osun State. This research adopts a descriptive survey design. The sampling techniques employed for this study are stratified and simple random sampling methods. The instrument used for this study was obtained from primary data. The primary data was obtained through properly structured questionnaire. The data collected was analyzed using descriptive and inferential statistical methods. The descriptive statistics of frequency distribution, percentages mean and standard deviation were used to analyze and relate variables which were obtained from the administered questionnaire. The findings show that manual form of keeping financial record is being employed by SMEs in managing their books and records. Most of the SMEs operators confirmed that the most widely used form of financial record keeping systems is the daily sales (cash receipt) book. This study discovers that the majority of SME operators in Osun State do not employ a computerized record keeping systems in their cash management procedures, preparing accounts receivable, inventory management activities among other financial recording keeping. Also the study reveals that most SME operators do not use computerized record keeping systems to prepare financial reports which do have negative effects on their operations. It was also revealed by the study that majority of SME operators do believe and are in agreeable terms that computerized record keeping systems make it easier and quicker in making business decisions, help in making efficient and effective use of resources. Therefore, it is worth concluding that the inability of SME operators to use computerized record keeping systems in their daily record keeping activities leads to negative effects on their operations.

**Keywords:** Computerized record keeping, Business enterprises, performance, SMEs operator

## 1. INTRODUCTION

Small and Medium Enterprises (SMEs) are architect and builder of economy across the globe. Both in developing and developed economies, they are the highest and largest employer of labour. SMEs are observed as resourceful and productive employment avenues, the power of big businesses and the driver of national economic locomotives (Carsamer, 2009). They enhance long-term economic advancement, effectiveness of a countries market and make creative use of limited and scarce resources

Small and Medium Scale Enterprises encounter many challenges that affects their proper operation and these problems can be summed up to lack of knowledge since majority of SMEs operators lack adequate knowledge needed keeping records of business operations (Services, 2011). This menace has resulted in the folding up of most SMEs business in Osun State and Nigeria at large.

The process of accumulating, analyzing and classifying of financial data in the accounting system on a daily basis is regarded as Record keeping (Hagenimana, 2008). Record keeping is an integral part of business accounting. This include entries from day to day transactions that involves receipts and expenditure and in some cases a list of organizational assets and liabilities. This document helps to evaluate the performance of the business within a particular period of time usually at the end of a financial

period. Proper record keeping provides evidence of how the transaction was handled and substantiates the steps that were taken in order to comply with business standards (Reed, 2010).

An accounting system must offer accurate and all-inclusive report of business activities and transactions, offer easy assessment between current and previous year's data (Longenecker, Moore, Petty, & Palich, 2006). Also, it makes the financial statement easy to be used by bankers, potential creditors; management and it ease filing of reports and tax returns to government regulatory agencies. The degree of error, waste, theft, employee misconduct are minimize through keeping proper accounting record while it also contribute to the growth and sustainability of SMEs.

The use of calculators, pen and a set of books over the years are the traditional method of keeping business records or accounts and the then methods worked appropriately for the businesses (Sam, Hoshino & Tahir, 2012). The introduction and use of information technology has now made the Keeping financial record easier and simple. The current improvement in information technology is converting computer resources into a necessity. Thus, business owners have now accepted the adoption of information technology as business enabler to support business processes (Runge & Lee, 2002). This current advancement in information technology have subsequently given birth to Computerized Accounting Systems in businesses to help present a faithful representation of financial reports for management and external users in making decisions (Greuning, 2006)

The use of computer accounting software to prepare and give results of business activities is regarded as Computerized Accounting System. Accounting software is computer application software that records, process and retrieves information in a form of report of an entity on a daily basis. The accounting software could perform business functions such as payroll, account receivable, account payable and trial balance. These software applications makes it possible for the whole business cycle and operations to be carried out on a computer which gives it the name Computerized Accounting System.

Computerized Accounting system has revolutionalized record keeping practices of businesses. Most developed economies are beneficial of this system. However the Nigerian economy has started adopting it gradually in most businesses especially small and medium enterprises which form the majority of businesses in most cities and towns and Osun state is no exception. This study focuses on assessment of computerized record keeping performance of business enterprises in Osun State, Nigeria.

### **1.1 Research Objectives**

The main objective of this study is to assess the use computerized record keeping on performance of Small and medium enterprises in Osun State, Nigeria. The specific objective of the study includes;

- i. To assess the types of record keeping systems employed by SMEs operating in Osun State
- ii. To examine the extent to which SMEs use computerized record keeping in their business activities in Osun State
- iii. To investigate the benefits with the use of computerized record keeping system by SMEs in Osun State
- iv. To determine the challenges facing SME Operators with the use of computerized record keeping system in the Osun State

### **1.2 Research Questions**

The study answers the following questions to meet the research objectives.

- i. What are the types of record keeping systems employed by SMEs operating in Osun State?
- ii. What is the extent to which SMEs use computerized record keeping in their business activities in Osun State?
- iii. What are the benefits/advantages with the use of the computerized record keeping system by SMEs in Osun State?
- iv. What are the challenges facing SME Operators with the use of the computerized record keeping system in Osun State?

## **2. LITERATURE REVIEW**

### **2.1 Conceptual Review**

#### **2.1.1 Overview of SMEs**

Defining SMEs is quite challenging, even though several attempts have made to define it. Different jurisdictions and economies classify a firm as SME or otherwise considering a varied number of factors; mainly the size of the economy and its micro and macro development indicators. Some of the definitions are based on the capital employed, level of technology among others. SMEs in Africa are defined according to the economic activities within a specific geographical (Beyene, 2000; Hallberg, 2004).

#### **2.1.2 Record Keeping Systems of SMEs**

The Federal Deposit Insurance Corporation (FDIC) and U.S. Small Business Administration (SBA) describe record keeping as an organized routine practice of keeping business records. One key responsibility of a business owner is record keeping which is major ingredients for business success. The success of business lies on adopting and maintain an effective record keeping system

be it sole proprietorship, partnership or corporation. Records can be kept in the form of simple manila folder filing systems to complex on-line electronic systems.

Record keeping practices among businesses vary with size and capacity of the business and its location. Thus, as Howard (2009) indicates that record keeping system used to record information may vary from business to business, but the principles are the same. According to William, Susan, Mark, Bettriel, & Carcello (2008), record keeping cycle involves a process that is followed by Accountants and book keeping staff in processing raw financial data into output information in the form of financial statements.

According to Amid, Effah and Abor (2011) record keeping is the basic step of accounting; as a system it serves as a way that SME owners, managers and operators adopt to get information for use in the measuring business performance and business growth.

### **2.1.3 Computerized Record Keeping System**

Amidu, Effah and Abor (2010) describes computerized record keeping as a means of keeping financial reports by the use of computer technology for recording and processing financial data in businesses. Computerized record keeping system uses computer software to keep financial records. It computes and records faster but it will not know what to do unless clear instructions are given. The computer then processes the information automatically by a request. With these systems, computers are used to make more precise computations and instant reports but it takes much skills, resources and effort. Also it is tedious to measure which accounting type is faster and economical. Thus computerized accounting system refers to any accounting system that relies on Information and Communication Technology (ICT) for carrying out its information functions.

### **2.1.4 Benefits of Computerized Record Keeping System for SMEs**

The benefits of computerized record keeping system over manual record keeping for small businesses have been reported by studies (Magloff, 2015). Computerized accounting systems have many merits over manual system. The system can be bought at affordable price for use by businesses. Thus the software system enable businesses to know the company's financial position immediately so that they could make the necessary corrections to the business. Computerized record keeping systems offer immediate reports on stock evaluations, profit and loss, customer accounts and payroll and sales analysis, Also, it permit quick adjustment to be made in your accounting system. In addition to that transactions are input into the system once and, with some training, any employee in the business can input the data.

Computerizes accounting systems save time. Thus, accounting software permits quick data entry as against manual accounting system, and permits documents like invoices, purchase orders and payroll to be collected and printed faster and accurately. Due to its efficiency and ease of use, computerized accounting systems also permit you to enhance inventory control and payment collection, it saves time and improves cash flow. Since a computerized system provides automatic update, time is saved during updating and account details are normally current Maloff (2015).

## **2.2 Empirical Review**

Recently, Ntim, Oteng and Fianu (2014) in study of accounting practices and control systems of SMEs in Techiman in the Brong Ahafo Region of Ghana, found that 72% of the sampled firms engaged the services of full-time accounting personnel in their organization.

Mbroh, (2011) also in a study on the methods of accounting practices by small business owners within the Cape Coast Metropolitan area of Ghana, concluded that, 34% of his respondents who studied did not practise any form of accounting in addition to a seeming problem with specific types of accounts frequently kept by the SMEs.

Amidu, Effah and Abor (2011), found that most SMEs put in place accounting software to generate their financial information.

Maseko, & Manyani (2011), discovered that most SMEs in Zimbabwe do keep subsidiary books of accounts, especially to capture on operating expenses as evidenced by a few number of SMEs keeping books to record expenses. However, they do not adopt computerized record systems in their operations.

## **3. METHODOLOGY**

### **3.1 Research Design**

This research adopts a descriptive survey through which views and opinions of SME owners are sampled in respect to assessment of computerized record keeping on business performance. To Ary, Jacobs and Rezavieh (2002), survey allows researchers to gather information from a sample of people comparatively quickly and cheaply. This is used to identify and assess the factors that influence or control the growth of Small, Medium Scale Enterprises (SMEs).

### 3.2 Area of the study

This study was carried out in Osun State in Nigeria. Osun State is commercial hub for both agricultural and industrial goods from different parts of the country. The area is amalgamation of urban and rural structures characterized by various Small and Medium Enterprises (SMEs). Osun State shares boundary with kwara State, Ekiti State, Ondo State, and Oyo State respectively.

### 3.3 Population of the Study

The population of the study is thirty seven (37) registered Small and Medium Enterprises (SMEs) by Osun State Ministry of Commerce, Co-operative and Industry. The List of SMEs as contains in the official record of ministry are stated below: Crown king Metal and Aluminium, Ikirun Road Osogbo; Top Stay International Nig.Ltd, Osogbo; Murphy Gate Nig. Ltd, Ikirun Road Osogbo; Padickay Printing and Publishing Company, Ogo Oluwa Osogbo; Rabol Unique Company, Osogbo; Dipson Plastioc and Recycling Plant, Osogbo; Alhaji Muritala Oyetunji and Sons Nig,Ltd, Osogbo; Harbins Agro Milled Ltd, Egbedi-Erin Osun; Lawood Metals Nig.Ltd, Okinni; Lagbjigan Nig. Enterprise, Osogbo; Sam Ace Limited, Ede; Ergo Muti Ventures Limited, Ede; Laddans Contracts and Supplies Limited, Osogbo; Time Building and Construction Company, Osogbo; Muda Folorunso Steel Construction Nigeria, Osogbo; Demlat Ventures Nigeria Limited, Osogbo; Moshua Integrated Services Limited, Osogbo; Sunboh Oil and Agro Allied, Osogbo; Ife Iron and Steel Nigeria Ltd, Ife; Imo HillsFarms, Ilesha; Atman Limited, Osogbo; Ladsol Ventures Limited, Osogbo; Agwu Odumegwu International Ltd, Osogbo; Irepodun & Sons Nig.Ltd, Iwo; Ollan Holdings Nig.Ltd, Iwo; Hammad Raji & Sons Limited, Osogbo; Linhab Plastics Industries, Osogbo; Honesty Multi Dynamic Ventures Ltd, Ede; G-Rehoboth Aluminum Factory, Osogbo; Amporit Int.Ltd, Ede; Davemake Chemical Nig.Ltd, Osogbo; Omsat Global Resources Ltd, Ile Ife; Latborn General Merchant Ltd, Ile Ife, Al-Bareel Daglobal Investment Ltd, Ile Ife; Abiola Electrical Machinery Company, Osogbo; West-Stone and Marble Processing Coy.Ltd, Osogbo ; and West-stone Paint Ltd [Source: Osun State Ministry of Commerce, Co-operative and Industry, 2020].

### 3.4 Sample Size and Sampling Technique

This work used stratified and simple random sampling methods for sampling techniques. In this study, out of the population of 400 (Table 1), sample of 200 was selected using stratified random sampling technique since the population was not homogeneous and could be subdivided into groups or strata to obtain a representative sample (Table 2). Stratified random sampling involves dividing the population into homogeneous subgroups and then taking a simple random sample in each subgroup making it possible to make reliable estimates for each stratum as well as for the population as a whole (Cooper and Schindler, 2003). For this purpose, the selected ten SMEs sample were stratified into ten to represent the SMEs under study after which questionnaires were administered using simple random sampling to each of the strata according to their percentages indicated in Table 2 below. In determining the sample size of the population for the study, Yamane's formula was used thus:

$$n = \frac{N}{1+N(e)^2}$$

Where n = Sample size

N = Total Population

e = Level of significance (95%)

Therefore,

$$n = 780 / 1 + 400(0.05)^2$$

$$= 780 / 1 + 400(0.0025)$$

$$= 780 / 1 + 1$$

$$= 780 / 2$$

$$= 200$$

Approximately **200** respondents were given questionnaire instruments,

**Table 1:** Table 1: Estimated Total Population of the Selected Small and Medium Enterprises (SMEs) in Osun State

S/N	Small and Medium Enterprises (SMEs)	Population
1	Al-Bareel Daglobal Investment Ltd, Ile Ife	40
2	Harbins Agro Milled Ltd, Egbedi-Erin Osun	52
3	Hammed Raji & Sons Limited, Osogbo	74
4	Moshua Integrated Services Limited, Osogbo	48
5	Rabol Unique Company, Osogbo	56
6	Muda Folorunso Steel Construction Nigeria, Osogbo	72
7	Demlat Ventures Nigeria Limited, Osogbo	58

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**TOTAL** **400**


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Source: Field data, 2020

**Table 2:** Staff Population and Sample Size of Selected Small and Medium Enterprises (SMEs) in Osun State

S/N	Small and Medium Enterprises (SMEs)	Total Population	Percentage	Number of Respondents
1	Al-Bareel Investment Ltd, Ile Ife	40	10	20
2	Harbins Agro Milled Ltd, Egbedi-Erin Osun	52	13	26
3	Hammed Raji & Sons Limited, Osogbo	74	18	37
4	Moshua Integrated Services Limited, Osogbo	48	12	24
5	Rabol Unique Company, Osogbo	56	14	28
6	Muda Folorunso Steel Construction Nigeria, Osogbo	72	18	36
7	Demlat Ventures Nigeria Limited, Osogbo	58	15	29
<b>TOTAL</b>		<b>400</b>	<b>100</b>	<b>200</b>

Source: Field data, 2020

### 3.5 Research Instrument

The research instrument for the study is the questionnaire. This was designed to elicit vital information in line with objectives of this work. The questionnaires were distributed to two hundred respondents in seven selected Small and Medium enterprises (SMEs) in Osun State (Table 2). The completed (filled) questionnaires were retrieved back after some days they were giving to the respondents to answer the questions. All the distributed questionnaires were retrieved back from respondents.

### 3.6 Validity and reliability of research Instrument

The constructed questionnaire was submitted to the experts for critical, analytical and logical appraisal and assessment of contents and statements in the instruments and this then made the instrument valid for the study. To ensure proper reliability of the instrument, the questions were not ambiguous to respondents in order to avoid the impression of different interpretation or constructed in a way that give different meaning that could generate inaccurate and inconsistent responses when instrument is repeatedly objectivity with no leading question as to answer desired.

### 3.7 Method of data collection

The primary data was obtained using properly structured questionnaire administered to the respondents from both firms. The questionnaire contained multi –choice question so that the respondents can answer and fill it without much problem, and to know the opinions, ideas and experiences of the respondents.

### 3.8 Method of data analysis

The statistical method used to analyze the data for the purpose of this study includes both the descriptive and inferential statistics. The descriptive statistics of frequency distribution, percentages mean and standard deviation were used to analyze and relate variables which were obtained from the administered questionnaire.

## 4. RESULT AND DISCUSSION

### 4.1 Socio Demographics of Respondent

**Table 3: Socio Demographics of the Respondent**

S/N	CLASSIFICATIONS	ITEMS	FREQUENCY	PERCENTAGE	TOTAL
1	Gender	Male	130	65	100



		Female	70	35	
2	Age	Below 30 years	56	28	100
		30-40	88	44	
		41-50	44	22	
		Above 50	12	6	
3	Marital Status	Single	84	42	100
		Married	116	58	
4	Education Qualification	O-Level	46	23	100
		OND/NCE	68	34	
		B.Sc	76	38	
		M.Sc	10	5	
5	Years in Business Operation	0-5 years	128	64	100
		6-10 years	46	23	
		11 and above	26	13	
6	Type of Business	Sole proprietorship	150	75	100
		Family	24	12	
		Partnership	26	13	

Source: Researcher's Survey, 2020

The above table (3) shows the demographic of the respondents. The gender of respondent was clearly revealed in the above table (3). 130 out of 200 respondents are males which make up 65% of the entire respondent, but 70 respondents are female which makes up the remaining 35 % of the total respondent. This showed that respondents in selected SMEs (Osun State) are more of the male than female. This implies that the SMEs in Osun State employed more of male than female while percentage of the people involved in the business is also male.

The Table 3 shows that 56 (28 %) of the respondent reported age below 30 years, 88 (44%) aged between 30-40 years, 44 (22%) were between age 41-50 years, and only 12 (6 %) aged 51 years and above. This means that most of the respondents whose opinions were sampled in this study were averagely aged. The implication of this result is that the participants are best averagely aged to carry out business activities more effectively. Out of the 200 respondents, 84 respondents were single being 42% of the total respondents, 116 respondents were married being 58 % of the total respondent. This implies that there are more married respondents and as such responses will be reasonable free from bias and items treated maturely. Education qualification of the respondent (Table 3) shows that those with B.Sc. Degrees had the highest frequency being 76 respondents with 38% of the total respondent, followed by OND/NCE holders which were 68 respondents with 34 % of the total respondent, followed by O-Level holders which were 46 respondents with 23% of the total respondent, and M.Sc. holders which were 10 respondents with 5 % of the total respondents. The numbers of years used in the business operation by the respondent in the company showed that that 128 (64%) of respondents are in business for period of 0-5 years, 46 (23%) of respondents have been in the business for 6-10 years while 11 and above years has 26 respondents each with 13 % of the total respondent. This reveals that information provided by respondents was in line with the effect of sustainability. The type of business of selected SMEs shows that 150 out of 200 respondents were sole proprietors which makes up 75% of the entire respondent, 24 (12%) respondents agreed that the business are family business and 26 respondents were operating under partnership which makes up the remaining 13% of the total respondent. This revealed that more of the respondent own their businesses privately which would help provide adequate information from respondent.

#### 4.1.1 Categorization of SMEs in Osun State

Table 4: Categorization of SMEs in Osun State

Industry	Frequency	Percentage (%)
Manufacturing SMEs	24	12
Retail service SMEs	56	28
Services Providers/Hospitality SMEs	120	60
Total	200	100

Source: Researcher's Survey, 2020

From the Table 4 above, the majority (60%) of all SMEs in the Osun State falls in Services providing/Hospitality industry. Twenty four (24) and fifty six (56) representing 12% and 28% fall within the manufacturing and retail service industry. This outcome implies that most of the SMEs in the Osun State are Service Providers.

#### 4.1.2 Number of Years of SMEs Operation

**Table 5: Number of Years of SMEs Operation**

Number of Years	Frequency	Percentage (%)
3-5years	100	50
6-8 years	44	22
9-12 years	26	13
13-15 years	16	8
Above 15 years	14	7
Total	200	100

Source: Researcher's Survey, 2020

From above table (5), majority 100(50%) of SMEs operators have been in operation between 3 to 5 years. 44 representing 22% and 26 (13%) have been in operation for 6 to 8 years and 9 to 12 years respectively. The remaining 16(8%) and 14 (7%) have been in operation for 13 to 15 years and above 15 years respectively. This outcome means that majority of SMEs in Osun State have not been operating for long and are still in their developmental ages.

#### 4.2 Type of Conventional Record Keeping Systems Employed by SMEs in Osun State

**Table 6: Common Bookkeeping Systems**

Book keeping System	Frequency	Percentage (%0
Single Entry	142	71
Double Entry	58	29
Total	200	100

Source: Researcher's Survey, 2020

As it can be seen in Table 6 above, majority 142(71%) of the SME operators employed the Single-entry bookkeeping system of traditional record keeping as against 58(29%) who used the Double-entry bookkeeping. This confirms a recent findings by Abdul-Rahamon & Adejare (2014) who find that the Single-entry bookkeeping system is the most widely known and used bookkeeping system adopted by household SMEs. The Single-entry bookkeeping system of traditional record keeping is used for petty cash accounts payable and receivable, and other relevant transactions such as inventory and travel expenses.

**Table 7: Type of Conventional Financial Record Keeping Practices Employed by SMEs**

Types of Financial Records	Yes Frequency (%)	No Frequency (%)	Total
Daily Sales/Cash Receipts Book	178 (89)	22 (11)	200 (100)
Daily Purchases Book	170 (85)	30 (15)	200 (100)
Petty Cash Book	146 (73)	54 (27)	200 (100)
Debtors' and Creditors' Ledger	160 (80)	40 (20)	200 (100)
None	24 (12%)	176 (88)	200 (100)

Source: Researcher's Survey, 2020

From the results as shown in Table 7 above, it can be seen that Daily Sales/Cash Receipts Book is ranked first as the most widely use types of financial record keeping systems. This was confirmed by the majority 178(89%) of the respondents who answered that they do employed the daily sales (cash receipt) book as the highest financial record keeping system. However, 22(11%) answered in the negative that the daily sales (cash receipt) book is the highest financial record keeping practice they employed. This implies that most of the SMEs in the Osun State practice the daily sales (cash receipt) financial record keeping.

Also, the results show that the next major financial record keeping system is the Daily Purchases Book which ranked second. This was also affirmed by 170 (85%) of the respondents who answered Yes that the Daily Purchases Book is the next financial record keeping practices they employed. The Debtors' and Creditors' Ledger was ranked as the third most widely used type of financial record system. This was confirmed by 80% of the respondents who answering Yes. The next type of financial record system is the Petty Cash Book which is ranked fourth with 73% of the respondents confirming in the affirmative that they employed this type of financial record keeping system. This outcome implies that majority of SMEs in Osun State do employ the daily sales (cash receipt) book as the highest financial record keeping practice they employed in operations of their businesses.

#### 4.3 Extent to which SMEs use Computerized Record Keeping Systems

**Table 8: Extent of Computerized Record Keeping Systems in Cash Management Procedures**

Do you use computerized record keeping systems in cash management procedures	Frequency	Percentage
<b>Yes</b>	<b>42</b>	<b>21</b>
<b>No</b>	<b>158</b>	<b>79</b>
<b>Total</b>	<b>200</b>	<b>100</b>

Source: Researcher's Survey, 2020

From the results in Table 8 above, it can be seen that majority of the respondents 158(79%) indicates that they do not use computerized record keeping systems in their cash management procedures. However, a handful 42(21%) of the respondents affirmed that they do use computerized record keeping systems in their cash management procedures. This findings means that majority of SME operators in Osun State, do not employ computerized record keeping systems in their cash management procedures. The results also confirms similar findings of Grablowsky (1978) and Grablowsky and Rowell (1980) who discovered through a survey that cash management practices among SMEs were inadequate in Norfolk, Virginia.

**Table 9: Extent of Computerized Record Keeping Systems to Prepare Accounts Receivables**

Do you use computerized record keeping systems to prepare accounts receivables?	Frequency	Percentage
<b>Yes</b>	<b>28</b>	<b>14</b>
<b>No</b>	<b>172</b>	<b>86</b>
<b>Total</b>	<b>200</b>	<b>100</b>

Source: Researcher's Survey, 2020

Another, significant extent of the use of computerized record keeping systems is in the use of preparing accounts receivable. From the results obtained (Table 9), it can be observed that the 86% of the respondents engaged in SMEs do not employ computerized record keeping systems in preparing accounts receivables. Nevertheless the remaining 14% confirmed that they have been using computerized record keeping systems to prepare accounts receivables. This gives a generalization that almost all of SME operators do not employ computerized record keeping systems in preparing accounts receivables.

**Table 10: Extent of Computerized Record Keeping Systems in inventory management practices**

Do you use computerized Record Keeping Systems in inventory management practices?	Frequency	Percentage
<b>Yes</b>	<b>38</b>	<b>19</b>
<b>No</b>	<b>162</b>	<b>81</b>
<b>Total</b>	<b>200</b>	<b>100</b>

Source: Researcher's Survey, 2020

Again, the results obtained in Table 10 above, shows that most (162) representing 81% of the total SMEs sampled confirmed that they do not use computerized record keeping systems in their inventory management activities. Conversely, 38 representing 19% opposed to the question, which implies that majority of people in SMEs businesses, do not employ computerized record keeping systems in their inventory management practices. Again, this finding confirms to the findings of Grablowsky and Rowell (1980)



who found that use of computerized record keeping systems in preparing accounts receivables was poor among small shoe and plastic manufacturing industries in Canada.

**Table 11: Extent of Computerized Record Keeping Systems to Preparing Financial Reports**

Do you use computerized record keeping systems to prepare financial reports?	Frequency	Percentage
<b>Yes</b>	<b>24</b>	<b>12</b>
<b>No</b>	<b>176</b>	<b>88</b>
<b>Total</b>	<b>200</b>	<b>100</b>

Source: Researcher’s Survey, 2020

From the above Table (11), it can be seen that 176 representing 88% of the respondents who are engaged in SMEs do not employ computerized record keeping systems to prepare financial reports. This is against 24(12%) which affirmed in the positive that they employ computerized record keeping systems to prepare their financial reports. This result implies that most SME operators in the Osun State do not use computerized record keeping systems to prepare financial reports.

**4.4 Benefits of Computerized Record Keeping Systems over Traditional/Conventional Book Keeping**

**Table 12: Benefits of Computerized Record Keeping Systems**

S/N	STATEMENT	SA	A	U	D	SD
1	Computerized record keeping systems makes it easier and quicker in making business decisions	84 (42)	70 (35)	10 (5)	22 (11)	14 (7)
2	Computerized record keeping systems help in better use of resources and time	90 (45)	78 (39)	10 (5)	16 (8)	6 (3)
3	Computerized record keeping systems help in keeping accurate record and reducing multiple errors	80 (40)	74 (37)	20 (10)	18 (9)	8 (4)
4	Computerized record keeping systems help to reduce staff time doing accounts and reduce audit expenses	94 (47)	76 (38)	10 (5)	12 (6)	8 (4)

Source: Researcher’s Survey, 2020

**KEY**

S. A. = Strongly Agree, A = Agree, U = Uncertain, D = Disagree, S.D. = Strongly Disagree, F = Frequency, % = Percentages.

Table 12 above shows the responses of SME operators on the benefits of computerized record keeping systems over the conventional in the Osun State. The selected SMEs in the Osun State responded to five statements for which the following analyses are made. This section of the questionnaire was designed to seek the views of operators on the benefits of employing computerized record keeping systems to the management of their SMEs.

From the Table 12, 84 and 70 of all SMEs operators representing 42% and 35% strongly agreed and agreed to the statement that computerized record keeping systems makes it easier and quicker in making business decisions as opposed to 14(7%) and 22(11%) who strongly disagreed and disagreed to the same question. However, 10 respondents which is a representation of 5% remained uncertain about the statement. This finding implies that the adoption of computerized record keeping systems by SMEs will make their operations to be easier and quicker especially when they have to make business decisions. This finding is in line with the statement of Thong (1999) that show IT adoption in small firms are growing and that the usage of IT in supporting decision is very paramount. Therefore SMEs must adopt a good computerized record keeping systems to enable them to have accurate information to make pragmatic decisions.

Also, many more respondents (90 and 78) representing 45% and 39% strongly agreed and agreed to the second statement which states that computerized record keeping systems help in better use of resources and time. On the flip side, 6 and 16 representing (3%) and 8% of the respondents strongly disagree and disagreed to the statement with just 10 (5%) remaining uncertain about their decision on this statement. The study outcome is also in line with the work of Chan and Kevin (1990) who reported that computers are used to improve efficiency and to produce quality products or services at the lowest costs hence the need for SMEs to adopt computerized record keeping systems to help make efficient use of resources and time.

In response to the statement on the use of computerized record keeping systems helping in keeping accurate record and reducing multiple errors, it was observed that 74(37%) and 80(40%) agreed and strongly agreed respectively to the statement. On the other hand, 8 and 18 representing 4% and 9% of the respondents strongly disagreed and disagreed to the statement. While 20(10%) remained uncertain about the statement. This also implies that if SMEs adopt and successfully implement a good computerized record keeping systems, they will be able to keep accurate record and reducing multiple errors in their operations.

Finally, a total of 94(47%) and 76(38) of respondents were strongly agreed and agreed that computerized record keeping systems help to reduce staff time doing accounts and reduce audit expenses while 12 (6) and 8(4) respondents were both disagreed and strongly disagreed with the statement. Ten representing 5% remain uncertain about the statement which implies that majority of the respondents believes and agreed that computerized record keeping systems help to reduce staff time doing accounts and reduce audit expenses. This finding is in line with the finding of Temtime, Chinyoka & Shunda, (2003) who noticed that the innovation of computer technology nowadays has made the tasks of managers of SMEs to become easy and straightforward to be accomplished. This emphasized that the adoption of a good computerized record keeping will have positive effects on the financial record keeping of SME operators which subsequently improving business operations.

#### 4.5 Challenges facing SMEs with the use of Computerized Record Keeping Systems

**Table 13: Challenges facing use of Computerized Record Keeping Systems**

Challenges	Frequency	Percentage
Excessive disclosure requirements	44	22
Uncertainty about the Benefits ICT	28	14
Lack of Human Resources and Skills in ICT	78	39
Setup Costs and Pricing ICT Issues	50	25
<b>Total</b>	<b>200</b>	<b>100</b>

Source: Researcher's Survey, 2020

Table 13 above, revealed that, out of the 200 respondent sampled, 78(39%) of the respondents indicated that lack of human resources and skills in ICT is a major challenge facing SMEs in the use of Computerized Record Keeping. The next major challenge observed is Setup Costs and Pricing ICT Issues which was affirmed by 50(25%) of the respondents. The result also reveals that 44(22%) and 28(14%) of the respondents identified excessive disclosure requirements and Uncertainty about the Benefits ICT respectively as the next major challenge facing SMEs in their use of Computerized Record Keeping.

**Table 14: Effects of the Challenges of Computerized Record Keeping Systems on SMEs Operations**

Effects	Frequency	Percentage
Reduced Profits	70	35
Reduced Markets	38	19
Limited or no expansion/Low production level	44	22
Hiring of limited and cheap/ incompetent labour	48	24
<b>Total</b>	<b>200</b>	<b>100</b>

Source: Researcher's Survey, 2020

As can be seen, majority of the respondents identify reduced profits 70(35%), reduced market 38(19%), limited or no expansion/low production levels 44 (22%) and hiring of limited and cheap/ incompetent labour 48(24%). This outcome is line with the work of Goltz (2011) who noted that poor accounting is one of the top ten reasons why small-scale businesses fail. This implies that effective record keeping helps SMEs to be efficient in keeping track of their business operations and helping them to survive as stated by Jones (2012).

## 5. CONCLUSION AND RECOMMENDATIO

### 5.1 Summary

This study revealed that manual form of keeping financial record is being employed by SMEs in managing their books and records. Most of the SMEs operators confirmed that the most widely used form of financial record keeping systems is the daily sales (cash receipt) book.

This study discovers that that majority of SME operators in Osun State do not employ a computerized record keeping systems in their cash management procedures, preparing accounts receivable, inventory management activities among other financial

recording keeping. Also the study reveals that most SME operators do not use computerized record keeping systems to prepare financial reports which do have negative effects on their operations.

It was also revealed by the study that majority of SME operators do believe and are in agreeable terms that computerized record keeping systems make it easier and quicker in making business decisions, help in making efficient and effective use of resources. It also helps in keeping accurate record and reducing multiple errors and helps reduce staff time doing accounts and reduce audit expenses. All these are discovered in this study to have positive effects on the operations of SMEs if they would adopt ICT in keeping their financial and accounting records

## **5.2 Conclusion**

The findings made from the study suggest several important conclusions.

Firstly, it was apparent from the findings that the well known form of record keeping by SMEs in Osun State is manual, that is cash receipt book and financial record keeping system. Also the study reveals that most SME operators do not use computerized record keeping systems to prepare financial reports which do have negative effects on their operations. Secondly, this study has established that despite the benefits of a computerized record keeping systems, majority of SMEs operators in the Osun State, do not employ a computerized record keeping systems in their cash management procedures, preparing accounts receivable, inventory management activities among other financial recording keeping. Moreover, the study was able to recognize challenges that impede the operations of SMEs in the Osun State. These challenges including inadequate financial management skills, perception of excessive disclosure requirements, and time constraints among others were deduced to have adverse effects on the operation of SMEs. Poor perception of excessive disclosure requirements and time constraints for example were noted to have resulted in lack of information for taxation preparation and securing loan facilities which have impeded SMEs' capacity to grow. Therefore, it is worth concluding that the inability of SME operators to use computerized record keeping systems in their daily record keeping activities leads to negative effects on their operations.

## **5.3 Recommendation**

Based on the deductions and implications from the findings of the study, the following recommendation were suggested;

The Association of Chartered Accountants and other Business consulting firms in Osun State should device appropriate mechanism that would enable and encourage SMEs to access their services. They should work on their charges to avoid scaring SMEs away from accessing their services.

National Board for Small Scale Industries (NBSSI) should collaborate with other benevolent NGOs to set up training organizations to offer basic ICT training skills and development programmes to SMEs operators at affordable or no price to acquire basic ICT skills to enable them keep records of their business activities especially financial records.

The research institutions (the universities and polytechnics) must be encouraged in conducting further in-depth research on the adoption and fully integration of a computerized Based Record Keeping System for SMEs across the country. Forth, SMEs should be encouraged to endeavor to consult specialized accountants regularly to be able to maintain high and generally accepted accounting practices.

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