

Influence of Accounting Records Keeping on Small Scale Business in Oyo State, Nigeria

Mbah, Fatima Imike¹; Makinde-Ojo, Yetunde Adeola²; Samuel, Oladele Obisesan³; Popoola, Elizabeth Toluwani⁴; Adegbola, Muritala Makinde⁵

1 Fountain University, Osogbo, Osun State, Nigeria

E mail: mbahfatima@gmail.com

2 Bursary Department, Osun State University, Osogbo, Nigeria

E mail: makinde-ojo@uniosun.edu.ng

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

E mail: samdeleraa@gmail.com

4 Kimpact Development Initiative, Osun State, Nigeria

E mail: betteex@gmail.com

5 Osun State Investment company Limited, Osun State, Nigeria

E-mail: makindemuritala4real@gmail.com

Corresponding Author: Name; Mbah, Fatima Imike, Phone; +2348033657985, E-mail; mbahfatima@gmail.com

Abstract: *This research examines the influence of accounting records keeping on small scale business in Oyo state, Nigeria. The specific objectives are to: ascertain the extent to which small scale business keep accounts of their financial transactions in Oyo State.; assess the extent accounting records keeping contributes in efficient performance of small scale business in Oyo State; examine the impact of accounting records on SMEs performance in Oyo state. This research adopts a cross sectional survey design. This method used for sampling is a **non-probability sampling technique**. The instrument used for this study was obtained from primary data. The primary data was obtained through properly structured questionnaire. Data collected was analyzed using simple percentages and frequency of respondent while the hypotheses formulated were tested and analyzed using the chi-square statistics. The findings show that small scale business keep proper accounting records of their financial transactions in Oyo State, accounting records keeping contributes in efficient performance of small scale business Oyo State and accounting records have impact on SMEs performance in Oyo State. The accounting records keeping contribute to the performance of small scale business. The study concludes that the training of accountants by these institution and the various professional institutes should focus more on practical means of solving accounts reporting needs of small and medium scale enterprises.*

Keywords: Accounting records keeping, Small scale business, SMEs performance, financial transactions

1. INTRODUCTION

In a competitive and challenging business environment, a proper system of financial records keeping has become integral part of managing enterprises. A good financial record keeping enables business organizations to plan properly and also check for misappropriations of resources of the organization (Ademola *et al.*, 2013). Reliable, relevant, accurate and timely financial information for planning and decision making is needed in order to ensure efficiency, effectiveness and the continuing survival of any business organization across the globe. Poor records keeping or non-availability of financial records will lead to resources mismanagement and poor cash management and this can cause the business to fail.

Poor records keeping makes it difficult to differentiate between business transactions and personal transactions. It is the responsibility of business owners and managers to avoid using assets of the business for personal use at the expense of the business (Van Aardt *et al.*, 2008; Rankhumise, 2010). A well-qualified accountant should be employed to carry on this task. He or she should have proper knowledge to control cash as liquidity is the key to the success of any business. Qualified Accountants play major roles in decision making process of a business. Accountants with higher skills and experience have greater influence on the decision making process of a business (Tout *et al.*, 2014). With their skills and experiences, they are in a good position to measure the financial performance and position of a business. This allows users especially management to plan and make economic decisions.

Regionally, studies indicate that in most African countries, record keeping has been embraced as a driving factor for firms' financial performance. A case in point is that of Okoli (2011) who links proper record keeping to profitability of small scale enterprises in Nigeria and argues that the lack of proper record keeping makes it impossible for owners of small business to do critical assessment of their performance, and he thus calls for the maintenance of proper record keeping in enhancing their profitability and performance.

In a developing and unstable economy like Nigeria majority of the people are engaged in small scale businesses (SSBs) operations such as wholesaling, retailing and small scale manufacturing. Others include weaving, hairdressing, catering services, carpentry

and dressmaking. These small scale businesses play a very vital role in the social, socio-cultural and economic development of our country more especially in the rural areas. They contribute positively to the living standards of people.

Lack of proper financial record keeping among other problems is responsible for collapsed of many small scale businesses (Ademola et al., 2012). Book-keeping is the process of collecting and recording business transactions. It consists of maintaining a record of the money values of the transactions of a business either mechanically or electronically by using a computer. It was also observed that majority of SSBs do not keep complete accounting records because of lack of accounting knowledge and as a result there is inefficient use of accounting information in financial performance measurement (Maseko & Manyani, 2011). It appears from these evidences that SSBs still fail to keep proper books of accounts despite the importance of records keeping in decision making and planning. In view of the importance of SSBs to the development of a country, the researchers have, therefore, designed this study to assess the financial records keeping behavior of Small Scale Businesses. The current study is targeted at examine the influence of accounting records keeping on small scale business in Oyo state, Nigeria

1.1 Research objectives

This study assesses the influence of accounting records on Small Scale Business in Oyo State, Nigeria.

Specifically, the followings will achieve;

- i. To examine the extent to which small scale business keep accounts of their financial transactions.
- ii. To ascertain the extent accounting records keeping contributes to efficient performance of small scale business
- iii. To determine the impact accounting records on performance of SMEs

1.2 Research Questions

- i. What is the extent to which small scale business keep accounts of their financial transactions SMEs?
- ii. What is the extent to which accounting records keeping contributes to efficient performance of small scale business?
- iii. What is the impact of accounting records on performance of SMEs

1.3 Research Hypotheses

- i. H_0 : Small scale business do not kept proper accounting records of their financial transactions.
- ii. H_0 : Accounting records keeping does not contributes in efficient performance of small scale business.
- iii. H_0 : Accounting records does not have impact on SMEs

2. LITERAURE REVIEW

2.1 Conceptual Review

2.1.1 Small Scale Enterprises

Small scale enterprises has been defined variously by many individuals and institution using various yardsticks such as numbers of employees, volume of sales, value of assets, or the volume of deposit in banks.

Central Bank of Nigeria defined small scale enterprises as all businesses with a total assets investment of less than one million, an annual turnover of less than one million and with a total number of employees of less than fifty. (World Bank Mapping, 2001).

The National Economic Reconstruction Fund (NERF) defined small and medium enterprises with a criterion that projects to be financed by the firm should have a total fixed asset cost (including land) of not more than N10million.

The Federal Ministry of Industry (in respect of the small scale industries credit scheme) sees small scale industry as any manufacturing, processing or service industry with capital investment not exceeding N150,000 in machinery and equipment alone.

2.1.2 Record Keeping

Record keeping has become the foundation on which the totality of modern business depends. This is because without it, it will be impossible to ascertain the level of profitability and the level of business susceptibility to fraud. Record keeping and good record management is also essential for any corporate body to function effectively.

According to Vickery (1973), it's the art of recording pecuniary or business transactions in a regular and systematic manner. In the words of Onuoha (1998:321), it is the art of recording business transactions in such a systematic manner so that the financial position of the business can be ascertained readily at anytime.

The Longman Dictionary defined record or book keeping as writing about something or put on a computer so that the information is stored for use. Osaze and Anao (1990), Ajayi (1997), Aruwa (2005) and Reed (2005) described book or record keeping as the art of keeping record of figures of all transactions in aregular and systematic manner, such that the records kept will provide various books of account which would be in permanent form or for the purpose of providing means by which an enterprise can be conducted in an orderly manner.

2.1.3 Types of Record Keeping

Accounting plays a great role in the success or failure of contemporary business institutions (Uddin et al., 2017). There is no requirement that records should be kept in a particular way as long as it reflects the business income, expenses, assets and liabilities (Ademola, 2012). According to Olatunji (2013), an accounting system is an orderly, efficient scheme for providing accurate financial information and controls. Most literature classifies record keeping methods among SMEs as single entry book keeping system, Double entry book keeping system. In this study record keeping is classified as book keeping system (both single and double entry book keeping) and accounting software. This position is supported by Weber (2011) that said accounting can be classified into 2 basic categories: Manual accounting and Computerized Accounting System. According to Abayomi & Adegoke, (2016), book keeping is the recording of business transaction in a systematic and orderly manner, while accounting is the classification, analysis and interpretation of the business record for decision making.

2.1.3.1 Manual Record Keeping

There are two types of manual Accounting records, namely single entry book keeping and double entry book keeping system.

2.1.3.1.1 Single Entry book keeping

Single entry book keeping system is a “Casual” accounting framework where a clients just makes single entries of transactions. Day to day of money received are just recorded culminating in a month and year. Receipts and Payments are recorded. The single entry book keeping system is an “informal” accounting system where a user of the system makes only one entry to enter business transaction (Eric and Gabriel, 2012). Accounting records like cheque book, cash receipts, cash disbursement are just recorded once per transaction. Receipts are recorded as a deposit and a source of revenue, while cheques and withdrawal are entered as expenses. It does not follow the double entry rule of Debit and Credit. Single entry book keeping does not give the full picture of the financial position of a firm (Abdul-Rahamon, 2014). There is need to convert accounting records to the double entry system for useful reporting (Onaolapo et. al; 2011)

2.1.3.1.2 Double Entry Book keeping

The double entry system is the standard frame work utilized by organizations to record financial transactions (Senzu & Ndebugri, 2018). A well trained book keeper will record all transactions chronologically i.e. Cash receipts, Cash disbursements, Sales, Purchases and journalize others, then post them in general ledger accounts from the general ledger the book keeper can then draw up a trial balance. A trial balance is the summary of ledger balances as at a particular day. This trial balance with additional information can then be used to prepare profit and loss account and balance sheet (now called statement of comprehensive income and financial position under International Financial reporting standard. Zhou (2010) suggested the use of accounting software to improve accounting practices.

2.2 Theoretical Review

2.2.1 Decision Usefulness Theory

The theoretical framework for this study is Decision Usefulness Theory. Decision – useful information is the fundamental objective of financial reporting. The Financial Accounting Standard Board's Conceptual framework states that the purpose of financial reporting is to provide information that is useful for business decisions (Concepts statement No. 1, FASB 1980, Paragraph 34). According to Wang (2012), decision usefulness is defined in terms of relevance, reliability, Comparability, and Understandability. Decision usefulness theory is adopted to satisfy the information needs of the users of Accounts namely: Investors and Creditors. Wild (2008) and Fellinghan (2005) observed that accounting is viewed as the measuring activity that makes available financial reports in support of decision makers and their business decisions. Financial statement plays an important role to various users, which mainly consist of the creditors, investor, employees, customers, government and their agencies, in taking vital financial decision (Shagari, 2013). The usefulness of accounting information is based on such factors as timeliness, reliability, relevancy, materiality of the presented accounting data, understandability, comparability and verifiability (Soyinka et al; 2017). Single –person decision theory, which is based on the view point of a person who must take a decision under conditions of uncertainty, is the vital part of this study. The theory gives room for additional information to be obtained by entities to revise a possible subjective assessment of a decision-maker of what might have happened after a decision is made.

2.3 Empirical Review

Holmes & Schaper (2018), in their survey study of accounting information requirements of 928 small enterprises operating in Sydney, Melbourne and Brisbane found out that 57 of the respondents used the journal/ledger (double entry) systems.

Accounting Record Keeping Practices in Small and Medium Sized Enterprise's (SME's) in Sri Lanka by Madurapperuma, Thilakerathne, & Manawadu (2016) was another study carried out. The researcher used the survey method. 150 questionnaires were distributed. Respondents were asked to choose accounting records they kept in SMEs from a given list. The result of this showed that the complete set of accounting records ranked highest with 42% and the cashbook ranked second with 29%. The primary entry books only ranked third with 5%. It is important to mention that 29% respondents kept none of the

accounting records. 20% of the retail shops business kept complete set of accounting records and most of the SMEs in the service sector kept cashbook only.

Ajao, Oyeyemi, & Moses(2016), in his findings related to bookkeeping and the growth of small businesses in Nigeria, the achievement of the firm's objectives is greatly influenced by the application of accounting records. He concluded that accounting records has contributed immensely to the unprecedented rate in the growth of small businesses.

Another study carried out on the effect of bookkeeping on the growth of small and medium enterprises in Chuka town (Mutua, 2015), the descriptive study which used both quantitative and qualitative data, found that SMEs do not keep complete accounting records because of lack of accounting knowledge and the cost of hiring professional accountants. As a result, there is inefficient use of accounting information to support financial performance measurement by SMEs. This made it difficult for the entrepreneurs to calculate their business profit efficiently.

In a study conducted by Bwana and Mwakujonga (2013) in Tanzania most respondents were ignorant of the fact that financial information can be used to measure performance, growth, financial position and usage for decision making. The respondents rather had the believe that the great number revealed that the purpose of preparing accounting information is to meet requirement of financiers revenue authorities and business registration.

In a study conducted by Abdul Rahamon in 2013, only 19% of the respondents strongly agree that record keeping is important for decision making and business adjustments, 41% agree while 11% were not sure, 21% disagree and 8% strongly disagree.

In a study conducted by Agbemva at al; (2016) at Ho municipality, Ghana 54.9% of respondents maintained single entry book keeping while 45.1% adopted double entry book keeping system of record keeping. Also, majority of the respondent revealed that preparation of financial statements for their businesses have contributed greatly to the growth of their businesses. This position is corroborated by the findings of Abdul Rahamon and Adejare (2014) who noted, that there is a strong positive relationship between accounting records keeping and growth of SMEs.

3. METHODOLOGY

3.1 RESEARCH DESIGN

The cross-sectional survey design was used to obtain the needed data for research objectives and questions. The questionnaires were administered to respondents within a specific period.

3.2 Area of the study

This research work was conducted in Oyo State, Nigeria. Oyo was reduced in size when Osun state was created out its eastern portion in 1991. Oyo is bounded by the state s of Kwara on the north, Osun on the east, and Ogun on the south and by the republic of Benin on the west. Oyo is traversed by the Yoruba Hills in the North. The area is amalgamation of urban and rural structures characterized by various businesses and industrial set-up. Its capital is Ibadan.

3.3 Population of the Study

The population of the study consists of the manager or Owner of selected Small business enterprises in Oyo State. Population of two hundred (200) small scale enterprises was considered and total number of two hundred (200) questionnaires were administered and retrieved from the managers of the selected enterprises.

3.4 Sample and Sampling Technique

The sample used in this study was composed of 235 small scale businesses based in Oyo State. There was no sampling frame in this study as it was difficult to obtain a single list of all Small business enterprises operating in Oyo State. This method is a non-probability sampling technique and the researcher used knowledge and professional judgment to determine and selects units as well as quantity to be sampled and considered for the work among the small scale enterprises in Oyo State. The convenience sampling technique considered respondents who were readily available, and who formed part of the target population. To determine the adequacy of the sample size ($n = 235$) used in this study, two considerations were made. The first was the historical reference technique, which gave reference to previous but similar studies in supply chain management (Huang, Boon & Xiaoming 2015; Mafini & Muposhi 2017; Younis et al. 2016). These studies used sample sizes ranging between 50 and 600 respondents. The second consideration was to use the standard put forward in a survey conducted by Wolf et al. (2013) that examined sample size requirements for common applied structural equation modeling (SEM). In that study, it was discovered that sample sizes ranging between 30 and 460 respondents produced meaningful patterns of association between parameters. Therefore, the total sample size of $n = 200$ cases was accepted for data analysis in this study. The profile of the small scale businesses that participated in the study is presented in Table 1.

Table 1: Profile of participating Small Scale Enterprises in Oyo State, Nigeria

S/N	Variable	Categories	Number of Respondents	Percentage
1	Firm Classification	Patent Medicine Store	16	8
2		Business Centre	28	14
3		Welders	12	6
4		Block Making Industry	18	9
5		Provisions and Cosmetic store	26	13
6		Spare part Sellers	22	11
7		Restaurant	12	6
8		Hair Dressing and Barbing Saloon	14	7
9		Automobile Mechanic	20	10
10		Pure Water Production	32	16
	Total		200	100

Source: Researcher's Survey, 2020

An analysis of the statistics in Table 1 indicates that Pure Water Production were the majority in the sample (16%; n = 32), followed by SSEs in the Business Centre (14%; n=28), Provisions and Cosmetic store (13%; n=26), Spare part Sellers (11%; n=22), Automobile Mechanic (7%; n=14), Block Making Industry (9%, n=18), Patent Medicine Store (8%, n=16), Hair Dressing and Barbing Saloon (7%,; n=14), Welders (6%; n=12) and Restaurant (6%; n=12).

3.5 Research Instrument

Primary data was used in this study and questionnaire was used as research instrument. This was designed to obtain vital information in line with the stated objectives and research questions. The questionnaires were distributed to two hundred (200) respondents in two hundred (of 10 categories) selected small business firms in Oyo state (Table 1). The completed (filled) questionnaires were retrieved back after some days they were giving to the 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 selected small scale 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. The questions were structured based on the five Likert scale of strongly agree, agree, undecided, disagree and strongly disagree

3.8 Method of data analysis

Data collected was checked using simple percentages and frequency of respondent while the hypotheses formulated were tested and analyzed using the chi-square statistics.

4. RESULT AND DISCUSSION

4.1 Socio Demographics of Respondents

Table 2: Socio Demographics of the Respondents

S/N	CLASSIFICATION	ITEMS	FREQUENCY	PERCENTAGE	TOTAL
1	Gender	Male	140	70	100
		Female	60	30	
2	Age	20-30	44	22	100
		31-40	128	64	
		41 and above	28	14	
3	Religion	Christianity	74	37	100

		Islam	120	60	
		Other specify	6	3	
4	Marital Status	Single	86	43	100
		Married	114	57	
5	Educational Qualifications	WASC/G.C.E/HND /B.Sc	168	84	100
		M.Sc	32	16	

Source: Researcher's Survey, 2020

Table 2 shows the demographic characteristics of the respondents. From the table, 140(70%) of the respondents are male, while 60(30%) of the respondents are female. The age of the respondents showed that 44(22%) lies between the age range of 20-30 years while 128(64%) lies within the age 31-40 years and 28(14%) are 41 years and above. Also from the table, 74(37%) of the respondents are Christians while 120 (60%) of the respondent are Muslims but 6(3) of the respondents did not specify their religion. The marital status of the respondents showed that 86(43 %) are single while 144(57%) of the respondents are married. It is shown in the table that 168(84%) possess WASC/GCE /B.Sc/HND and 32(16%) has M.Sc.

4.2 Background of the Small Scale Enterprises

Table 3: Background of the Business

S/N	VARIABLE	ITEMS	FREQUENCY	PERCENTAGE	TOTAL
1	Type of Business Organization	Sole Proprietorship	148	74	100
		Partnership	52	26	
2	Number of firm branches	1-2	110	55	100
		3-4	58	29	
		5 and above	32	16	
3	Number of employees	1-2	14	7	100
		3-4	52	26	
		5 and above	134	67	
4	Number of years business has been in operation	3-4	88	44	100
		5 and above	112	56	
5	Type of service provided by business	Buying and Selling	166	83	100
		Service provider	34	17	

Source: Researcher's Survey, 2020

Table 3 shows that 148(74%) of the respondents practice sole proprietorship business while 52(26%) of the respondents operate as a partnership. Also, 110 (55%) of the respondent has between 1-2 branches in Osun State, 58 (29%) of the respondents has between 3-4 braches while 32 (16%) has 5 and above braches of the firm in Osun State. The table above also revealed that 14(7%) of respondents have between 1-2 employees, 52 (26 %) respondents have between 3 and 4 employees while 134 (67%) have between 5 and above number of employees in their firm. Also, 88(44%) of respondents agreed that their business has been in operation between 3 to 4 years while 112(56%) of respondents established 5 and above years of experience in operation. Again, 166 (83%) of the respondents provided buying and selling as service provider while 34 (17%) aims at service provider.

4.3 Contribution of accounting records keeping to performance of small scale business

Table 5: Contribution of accounting records keeping to performance of small scale business

S/N	STATEMENT	SA (%)	A (%)	U (%)	SD (%)	D (%)	Total
1	Small scale business keeps the records in order to access the	60	128	4	0	8	200

	profitability of their transactions.	(30)	(64)	(2)	(0)	(4)	(100)
2	Some of SSB owners has skill in accounting system	48 (24)	88 (44)	0 (0)	20 (10)	44 (22)	200 (100)
3	Small scale business engaged accountants to keep records of their financial transactions	76 (38)	98 (49)	0 (0)	10 (5)	16 (8)	200 (100)
4	There is internal system to cover the business ability to control financial expenses.	64 (32)	100 (50)	8 (4)	10 (5)	18 (9)	200 (100)
5	A number of small scale business keeps records pertaining to operations, finance, etc.	80 (40)	108 (54)	6 (3)	0 (0)	9 (3)	200 (100)
6	Accounting records have contributed immensely to the growth of small scale business	62 (31)	98 (49)	14 (7)	8 (4)	18 (9)	200 (100)
7	There is a relationship between accounting records keeping and performance of small scale business.	48 (24)	136 (68)	6 (3)	0 (0)	10 (5)	200 (100)
8	Some SSB engaged professional accountants to determine the level of their profits.	60 (30)	130 (65)	0 (0)	10 (5)	0 (0)	200 (100)
9	Keeping adequate records is crucial for the successful performance of a business.	48 (24)	116 (58)	9 (4.5)	9 (4.5)	18 (9)	200 (100)
10	If proper records are kept, they will facilitate efficient, proper timely decision making and enhance performance in small business	44 (22)	126 (63)	10 (5)	0 (0)	20 (10)	200 (100)

Source: Researcher's Survey, 2020

Note: SA=strongly agree, A=agree, U= undecided, D=disagree and SD=strongly disagree

From Table 4 above, 60(30%) and 128(64%) of respondents strongly agreed and agreed that Small scale business keeps the records in order to access the profitability of their transactions but 8(4%) of respondents disagreed to the statement while 4 (2%) of respondents are undecided. 48 and 88 respondents representing 24 and 44% strongly agree and agreed that Some of SSB owners has skill in accounting system but 20 (10%) and 44 (22%) respondents view are contrary while non of respondent are undecided. To statement that Small scale business engaged accountants to keep records of their financial transactions, 76(38%). 98(49%). 10(5%) and 16(8%) respondents strongly agreed, agreed, strongly disagreed and disagreed respectively. Also, 64 (32%) of respondents are strongly agreed while 100(50%) of respondents agreed that there is internal system to cover the business ability to control financial expenses but 10 (5%) and 18(9%) of respondents strongly disagreed and disagreed while 8(4%) respondents are undecided.

80 and 108 respondents of total 200 respondents' representing 40 and 54 % are strongly agreed and agreed that a number of small scale business keeps records pertaining to operations, finance while 6 (3%) respondents are undecided but 9 (3%) respondents disagreed to the statement. 62(31%) and 98(49%) of respondents strongly agreed and agreed that Accounting records have contributed immensely to the growth of small scale business but 8(4%) and 18 (9%) of respondents strongly disagreed and disagreed to the statement while 14 (7%) of respondents are undecided. 48 (40%) and 136(68%) respondents are strongly agreed and agreed while 6(3%) and 10(5%) respondents are undecided and disagreed that there is a relationship between accounting records keeping and performance of small scale business. 190 respondents representing 95% of total 200 respondents agreed that Some SSB engaged professional accountants to determine the level of their profits while 10 (5%) respondents disagreed. The results recorded from this study shows that 60(30%) and 130 (65%) respondents are strongly agreed and agreed while that Some SSB engaged professional accountants to determine the level of their profits but 10(5%) of respondents strongly disagreed. Table 4 above reveals that 48(24%) and 116(58%) of respondents strongly agreed and agreed that Keeping adequate records is crucial for the successful performance of a business but 9(4.5%) and 18(9%) of respondents strongly disagreed and disagreed to this submission while 9(4.5%) of respondents are undecided. Finally, 44 (22%), 126(63%) of respondents are strongly agreed and agreed that If proper records are kept, they will facilitate efficient, proper timely decision making and enhance performance in small business while 20(10%) of respondents disagreed but 10 (5%) of respondents are not decided.

4.4 Testing of Hypotheses

Hypothesis 1

H₀: Small scale business do not kept proper accounting records of their financial transactions.

Table 5: Chi Square (X²) Tests on Small scale business do not kept proper accounting records of their financial transactions.

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	48.035 ^a	9	0.008
Likelihood Ratio	48.274	9	0.005
Linear by Linear Association	0.210	1	0.648
No. of valid	100		

Table 5: shows the result of the Chi Square (X^2) Tests on Small scale business do not kept proper accounting records of their financial transactions. From the computation, the result showed that the chi square value is 48.035 with an asymptomatic significance of 0.008. The implication of that is that $X^2 \text{ Calc} > X^2 \text{ tab} = 3.7451$ at a confidence level of 5 and degree of freedom of 9. Based on this analysis, the null hypothesis is rejected hence Small scale business keep proper accounting records of their financial transactions.

Hypothesis 2

H_0 : Accounting records keeping does not contributes to efficient performance of small scale business

Table 6: Chi Square (X^2) Tests on accounting records keeping does not contributes to efficient performance of small scale business

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	46.485 ^a	9	0.088
Likelihood Ratio	23.663	9	0.064
Linear by Linear Association	1.375	1	0.241
No. of valid	100		

Table 6 shows the result of the Chi Square (X^2) Tests on accounting records keeping does not contributes to efficient performance of small scale business. From the computation, the result showed that the chi square value is 46.485 with an asymptomatic significance of 0.088. The implication of that is that $X^2 \text{ Calc} > X^2 \text{ tab} = 3.7451$ at a confidence level of 5 and degree of freedom of 9. Based on this analysis, the null hypothesis is rejected hence; accounting records keeping contributes to efficient performance of small scale business.

Hypothesis 3

H_0 : Accounting records does not have impact on SMEs.

Table 7: Chi Square (X^2) Tests on accounting records does not have impact on SMEs

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	22.283 ^a	9	0.037
Likelihood Ratio	20.563	9	0.029
Linear by Linear Association	1.105	1	0.341
No. of valid	100		

Table 7 shows the result of the Chi Square (X^2) Tests on accounting records does not have impact on SMEs. From the computation, the result showed that the chi square value is 22.283 with an asymptomatic significance of 0.037. The implication of that is that $X^2 \text{ Calc} > X^2 \text{ tab}=3.3251$ at a confidence level of 5 and degree of freedom of 9. Based on this analysis, the null hypothesis is rejected hence accounting records have impact on SMEs.

5. CONCLUSION AND RECOMMENDATIONS

This study has attempted to assess the influence of accounting records keeping on small scale business. This study reviewed various forms including journal papers, articles and other relevant materials. Based on this, the study discovered that the need for an effective accounting system in promoting good performance in small scale enterprises in Nigeria has been studied in this research work. The problems militating against the operation of such system despite its apparent values were also examined. It was observed that although small scale enterprises may not be able to adopt elaborate systems of accounting, A number of small scale business kept no records pertaining to their financial operations, finance, etc while some employed professional accountants to keep proper accounting records of their business. The accounting records keeping contribute to the performance of small scale business hence small scale business not actually kept proper accounting records of their activities; they could be encouraged by customized adaptive systems.

Based on this, the researchers made the following recommendations;

The training of accountants by these institution and the various professional institutes should focus more on practical means of solving accounts reporting needs of small and medium scale enterprises; and that government should provide adequate financial assistance, this is because if there is adequate financial support, more unemployed Nigerians will engage in small scale enterprises thereby gain their means of living easily than looking for unavailable while collar job.

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