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THE IMPACT OF ACCOUNTING TECHNIQUES ON SMALL MEDIUM ENTERPRISES PERFORMANCE: A CASE STUDY OF ABA, ABIA STATE, NIGERIA

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ABSTRACT

Background: Most of the existing research literature on accounting in Nigeria small medium enterprise tends to be more biased toward the use of financial accounting techniques and methods by small business owner, information technology adoption as well as research in credit accessibility for small medium enterprise, more so only remote exists in regard of the adoption of modern accounting techniques by small medium enterprise in Nigeria.

Method: This study employed a survey research design. Data for this study was collected through primary and secondary sources. The use of questionnaire was employed, consisting of various questions relevant to the accounting techniques and small medium enterprises performance. And also questionnaire was consisted of five point Like scaling questions and there were close ended (structured) questions. The study population was Small and Medium Enterprises in Aba Divisional secretariat in Abia State District. The sample of 196 were selected, and 94 Small Medium Enterprises responded, based on convenient sampling technique.

Results: Of 94%, 62.8% of the respondents disagreed to the statement that SMEs do not require accounting services in their business operations. 17% of the respondents were unsure of the answer to give. Only 20.2% agreed to the statement that SMEs do not require accounting services in their business operations. 68.1% of the respondents agreed that accounting services help in the correct determination of profit. However, 30.9% of the respondents were not sure of the answer to give. Only 1.1% of the respondents disagreed to the statement that accounting services help to correctly determine profit.

33, 51 and 10 SMEs operated an employee size of 1-30 people, 31-60 and above 60 respectively.

Conclusion: Small scale businesses remain an important contributor to the development of Nigeria as indicated by results in this study. However the use of family labour and casual staff is a threat and can undermine the potential benefits of such businesses. This cannot be blamed solely on the entrepreneurs because they try to minimize cost of production. Small



medium enterprise as observed in this study contribute to the establishment of other businesses which service them with raw materials and essential services

Key words: Impact, accounting Techniques, small medium enterprise, performance

INTRODUCTION

The small and medium scale enterprises sector has been recognized worldwide for its role in economic advancement through ways various like; wealth generation, employment creation, and poverty reduction (Aziz, N. A., & Yassin, N. M. (2010). Small and medium scale enterprises are a fundamental part of the economic fabric in most developing countries, and they play a very important role in furthering growth, innovation and prosperity. Although smaller in size, they are the most important enterprises in the economy due to the fact that when all the individual effects are aggregated, they surpass that of the larger companies. The social and economic advantages of small and medium scale enterprises cannot be overstated.

Small medium enterprise are defined as non- subsidiary, independent firms which employ less than a given number of employees, this number varies across national systems, other parameters other than the number of employees are used in categorizing businesses as Small medium enterprise

As per the time of the new millennium small medium enterprise accounted for 95% of firms and 60-70% of employment creation in majority countries in the world (OECD, 2000). Small and Medium Scale Enterprises are mostly found in the service sector of various economies which in most countries account for two-thirds of employment levels. Being highly innovative, they lead to the utilization of

our natural resources which in turn translates to increasing the country's wealth through higher productivity. Small and medium scale enterprises have undoubtedly improved the standard of living of so many people especially those in the rural areas.

Accounting techniques serves as a critical tool for recording, analyzing, monitoring and evaluating the financial condition of organizations preparation of documents necessary for tax purposes, providing information support to many other organizational functions, (Amidu et al., 2011). In the context of small medium enterprise, accounting techniques is important as it can help the firms manage their short-term problems in critical areas like costing, expenditure and cash flow, by providing information to support monitoring and control.

Many small business owners are daunted by the mere idea of accounting techniques and bookkeeping. But in reality, both are pretty simple. Keep in mind that bookkeeping and accounting techniques shares 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 requirement that records be kept in any particular way. As long as records accurately reflect the business's income and expenses, there is a requirement, however, that some businesses use a certain techniques 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). Elements of financial position, including property, money received, or money spent, are assigned to one of the primary groups, that is, assets, liabilities, and equity. Within these primary groups each distinctive asset, liability, income and expense is represented by respective "account". An account is simply a record of financial inflows and outflows in relation to the respective asset, liability, income or expense. Income and expense accounts are considered temporary accounts, since they represent only the inflows and outflows absorbed in the financial-position elements on completion of the time period.

Furthermore, nurturing of the small to medium size enterprises (SMEs) is being hailed for their pivotal role in promoting grassroots economic growth and equitable sustainable development, this nurturing has resulted in increased entrepreneur activities in the small medium enterprise sector in developing countries (OECD, 2000). Small medium enterprise play a key role in transition and developing countries These firms, constitute a major source of employment and generate significant domestic and export earnings, thus SME development emerges as a key instrument in poverty reduction efforts and their advancement is key to sustained economic growth, for they are an integral part of a country's economic fabric and their success affects the well-being of the society as engines of job creation, economic growth and innovation.

However, the mortality rate of these small firms is very high. According to the Small and Medium Scale Enterprises Development Agency of Nigeria (SMEDAN) Nigeria, 80% of small medium enterprise die before their 5th anniversary, another smaller percentage

goes into extinction between the sixth and tenth year thus only about five to ten percent of young small medium enterprise survive, thrive and grow to maturity. This implies that, the survival rate of small medium enterprise in Nigeria is less than 5% in the first five years of existence. This also suggests that, SMEs in Nigeria have not been able to contribute to development. Among the factors responsible for these untimely close-ups are poor accounting techniques lack of concrete record keeping, inadequate accounting information and procedure lack of finance, weak institutional capacity, lack of managerial skills and training of small-scale enterprises and tax related issues.

Against the backdrop, maintenance of proper accounting records and techniques is a pre-requisite for the success of every business or enterprise, this involves documenting all transactions of business entities includes assets, liabilities and capital (liquidity). In other to solve limitations such as lack of finance, weak institutional capacity, lack of managerial skills and training of small-scale enterprises, there is need for relevant business and management expertise to manage properly the finance, purchasing, selling, production, and human resources aspect of the business. According to Belal, Y. A. (2013), accounting is important in that, it allow businesses or organizations to understand their financial perspective, and more so in order to develop the small business enterprises properly; there is the need for them to adopt proper accounting techniques.

Small Medium Enterprises Performance Grunfleh and Tarafdar (2014) see firm performance as how well an organization achieves its financial and market-oriented goals. According to Daft (2001), small medium enterprise performance is the ability and capability of small medium



enterprise to accomplish its targeted goals and objectives by effectively and efficiently applying its various types of resources. Small medium enterprise performance —is the ability to innovate, accept the risk, and identify and exploit entrepreneurial opportunities (Hayton, 2003) and Covin (1995), view small medium enterprise performance as the engine that drives marketing and financial performance of small medium enterprise. However, Ricardo and Wade (2001) see small medium enterprise performance as the ability of the SMEs to succeed in achieving their defined aims, goals and objectives.

The term intelligence was proposed by Covin (1995). They defined intelligence as the process of data collection and processing of information for use in firms to meet up with the challenges in the external business environment as well as enhance firm performance. They further asserted that intelligence has a significant influence on the effectiveness and efficiency of the firms and that it supports and facilitates intelligence report in the firms. Intelligence is relatively new and emerging concept in entrepreneurship. This is as a result of rapidly changing the external environment that is characterized by rapid technological, competitive and marketing turbulence. According to Kuosa (2011), intelligence is the activities that involve collecting, processing, analyzing and dissemination of vital information that is important to strategic functions of the firms. Thus, intelligence is one of the vital intangible resources that helps firms to scan and gather data from the external environment for further analysis and decision making. Ghosh and Young (2005) stressed that strategic intelligence has become eminent mainly because of the turbulence in the entrepreneurial environment. Hence, strategic intelligence, competitive intelligence, artificial

intelligence and business intelligence are discussed in the next section.

Fleisher and Bensoussan (2007) defined strategic intelligence as the process of gathering, classifying, analyzing and dissemination of data or information capable of Conceptual Framework on Small Performance in a Turbulent Environment aiding management in making a strategic decision for their firms. According to Ricardo & Wade (2001) strategic intelligence is the process of evaluating of happenings/changes in competitive strategies within a specified period. Tham and Kim (2002) defined strategic intelligence as the identification of what firms need to know and understand about the external entrepreneurial environment to aid them have insight into its present practices, processes, culture and then anticipate and manage probable changes that may take place in the future, design and implement appropriate strategies that capable of creating values to the customers and enhance the profit stream and profitability in the current and new markets. Therefore, Ghosh and Young (2005) postulated a various level of intelligence; these include competitive, artificial and business intelligence. While Tham and Kim (2002) measured strategic intelligence using tactical, operational and strategic intelligence. Saed (2013) measure strategic intelligence as environmental intelligence, consumer intelligence, market intelligence and organizational intelligence. Agha et al. (2014) measured strategic intelligence by using foresight, visioning, and motivation as its dimensions.

Saed (2013) investigated the relationship between business intelligence and firm performance in UAE. Data were collected from 49 managers of Sharjah Emirate. The study measured intelligence using environmental intelligence, consumer intelligence, market intelligence and



organizational intelligence. The finding revealed that intelligence is positively related to firm performance.

The study found a positive and significant relationship between strategic intelligence and organizational development. Furthermore, some dimension of strategic intelligence has a significant relationship, such as knowledge, wisdom and practical intelligence, while there is no significant relationship between emotional intelligence, creativity and innovation with organization development. Agha et al. (2014) examined the influence of strategic intelligence on the firm performance of biotechnology industry. The study found a significant and positive impact of strategic intelligence on the performance of firms. In a study, Pellissier and Kruger (2011) investigated the effect strategic intelligence on the performance of firms in South Africa. Strategic intelligence if implemented properly, improve decision making in a firm. Based on the above discussion it is hypothesized that; H1. Strategic intelligence is positively related to SMEs performance.

Today's dynamic competitive environment is challenging and sometimes difficult for firms' especially small medium enterprise to sustain their level of competitive advantage and overall performance Kuosa (2011). This made it possible for firms to develop advanced competencies/capabilities that can support strategic decision making and implementation through strategic intelligence by scouting for reliable, precise and periodic information on opportunities and threats existing in the external environment such as the information relating to competitors Covin (1995).

Knowledge Management is the process of determining the ways by which firms can make the best use of their knowledge to

generate a required rate of innovation, sustain vital and critical knowledge (competencies/capabilities), initiate, develop and maintain good network relationship that is capable of improving firm productivity and performance of the firm. Durst and Edvardsson (2021) see Knowledge Management as a systematic and integrative process of coordinating organization-wide activities of acquiring, creating, storing, sharing, diffusing, developing, and deploying knowledge by individuals and groups in pursuit of major organizational goal. While Wiig, Hoog and Spek (1997) stressed that Knowledge Management is the systematic, explicit, and deliberate building, renewal, and application of knowledge to maximize an enterprise's knowledge related effectiveness and returns from its knowledge assets. Wiig, Hoog and Spek (1997) defined Knowledge Management as the deliberate decisions from the management of a firm to utilize the knowledge, experiences and skills of its employees to transform well-structured information into an intellectual asset for the firm. Firms can obtain and reconfigure their knowledge using internal and external sources.

Internally firms may acquire needed knowledge utilizing the knowledge and competencies of its employees, learning from past experiences, and implementation of continuous improvement of business processing the firms Wiig, Hoog and Spek (1997). Externally, according to Morse (2000) these sources include;

- Setting standards/benchmark for best practices using other firms as an example
- Attending conferences and workshops
- Engaging the services of consultants
- Close monitoring of economic, technological and social developments in the entrepreneurial environment
- Reliable mechanism for data collection from task environment, such



- as customers, competitors, and government agencies
- Employing qualified staff
 - Establishing good relationships with other firms
 - Building an entrepreneurial network
 - Forming a partnership/joint ventures and
 - Forming knowledge sharing relations with business partners.

In a study Durst and Edvardsson (2021), they found that KM researches were inadequate and very few researches that study firm knowledge identification, knowledge storage and or retention and knowledge utilization by the firms. That is why they suggested for more researches to be conducted in this field to enhance the greater understanding of KM in SMEs. Wiig, Hoog and Spek (1997) examine the influence of KM on the growth of SMEs in Finland. They found that KM is positively related to the long-term sustainable growth of the firms. Wiig, Hoog and Spek (1997) investigated the Effect of KM Practices on firm performance of 282 SMEs. The result indicated a positive link between KM and firm performance. Wiig, Hoog and Spek (1997) argued that the performance level of firms is determined by the extent to which owner/managers can mobilize knowledge resource at their disposal and use them to create valuable activities in the firms.

Despite the studies that have been conducted in this field, the studies on KM have concentrated on creating and use of firm's knowledge, such as fundamentals of effective KM, teamwork, knowledge stocks and flows, identifying and transfer of firm's internal best practice.

Business process management (BPM) is another important determinant of firm performance (Kithae, Gakure, & Munyao, 2021). They further asserted that for the firm to have a good flow of innovative

ideas, application of innovative processes and introduction of innovative products/services, the firm has to be able to develop and enhance its production/operation process. Röglinger, Pöppelbuß & Becker (2021) asserted that BPM is receiving considerable research attention because of its importance in significantly impacting on firm productivity and saving it from high costs. Typically BPM is the utilization of management science knowledge and knowledge from information and communication technology on operational business processes Jones (2021). According to Hammer (2015), BPM has become a comprehensive system for the management and transformation of firms' operations and —arguably the first set of new ideas about organizational performance since the industrial revolution. Röglinger, Pöppelbuß & Becker (2021) suggested that BPM is vital and it enhances the firm performance. Wiig, Hoog and Spek (1997) explain that BPM enables the firm to assimilate practices that ensure satisfaction of customers, focusing on the processes, encouraging employees' participation and use information technology to create valuable products/services to customers.

BPM is defined as the process of reconfiguring/aligning of firms' processes, systems, approaches and strategies to fit into accepted standards for achieving SMEs performance (Durst and Edvardsson (2021). Hammer (2015) see Business Process Management as structured techniques for understanding, documenting, modelling, analyzing, simulating, executing and continuously changing end-to-end business processes and all relevant resources concerning firms' ability to add value to the business activities. Chang (2006) view BPM as the process-oriented firm's approach to designing, analyzing and improving business processes and for improving firm



performance. Durst and Edvardsson (2021) expound that BPM enables firms to increase its flexibility in order to meet up with the demand from rapidly changing the external environment, it help to increase and facilitate the speed of new products/services to the market and be responsive to customers' demands, it helps to reduce costs, it helps in increasing reliability of deliveries to customers, and it helps in improving products/services quality in terms of their consistencies and capabilities. Wiig, Hoog and Spek (1997) examined the effects of business process management and supply chain collaboration on competitiveness and performance of manufacturing firms in Thailand. The study found that BPM enhances firm performance. Prescott and Miller (2001) surveyed the influence of process orientation on firm performance in Austrian manufacturing firms. The study found that process orientation is positively and significantly related to firm performance. Wiig, Hoog and Spek (1997) researched on of BPM as one of the dimensions of quality management in some firms in Canada. The study investigated the effect BPM on administrative and incremental firm innovation. The study found that BPM is positively related to innovation performance. Hammer (2015) examine the effect of process management on non-financial firm performance. The study found PBM has significant effect firm performance. The findings indicated that there is a significant relationship between business process orientation and employee and firm performance.

Despite the studies that have been conducted in this field, a substantial number of the studies in this area concentrate on the implementation of BPM in firms while studies such as Hammer (2015) dwelled on the identification and analysis of BPM maturity in SMEs and very few studies were conducted in

developing countries like Nigeria. Therefore, based on above discussion, it is hypothesized that: H6. Business process management is positively related to SMEs performance

Environmental turbulence is a situation where the external environment of firms is characterized by high degree of frequent changes, due to dynamic and complex nature of the environment Fleisher and Bensoussan (2007). The technology, competition and market are continuously changing rapidly over a short period (Samson, 2015). The environment tends to be present unfamiliar, hostile, diverse, uncertain, multifaceted, dynamic and volatile conditions.

The framework is made up of strategic intelligence, competitive intelligence, artificial intelligence, business intelligence, knowledge management and business process management as independent variables, SMEs performance as dependent variable, while environmental turbulence as moderating variable. Therefore, this work is built on resource base view. According to Barney, Ketchen and Wright (2011), Barney, for a firm to achieve competitive advantage and performance, it depended on the bundles of resources at the disposal of the firm. In other words, the firm's resources/competencies/capabilities help the firm to attain competitive advantage and also superior performance. According to RBV, the firm's resources/competencies/ capabilities of firms hold some qualities that make them have value, rare, imperfectly imitable and not substitutable resources.

The resources of a firm are divided into two; these are intangible resources (VRIN) and tangible resources (non-VRIN) (Wu, 2010). But, according to RBV, intangible/VRIN resources are sources of competitive advantage and performance.



Similarly, Belal, Y. (2013), explained that firms' resources include it assets, organizational processes, capabilities, firm attributes, information and knowledge been manage and control by the firms that enable them to formulate and implement strategies capable of improving the efficient and effective achievement of performance. Wu and Chen (2014) stressed that knowledge resources are gradually dislodging the role and importance of natural resources, capital and labour that used to be the necessary economic resources in any given economy. Therefore, it is argued that if SI, CI, AI, BI, knowledge resources and business process are valuable, rare, inimitable and non-substitutable resources it can lead to the achievement of competitive advantage and firm performance as contain and explained in RBV (Barney, 1991; Karkoulian, Messarra, & McCarthy, 2013).

In recent years, firm performance has received considerable attention as a substantial academic subject for investigating SMEs in the financial and management literature. Researchers and academicians have chosen different approaches for the exploration of this issue. In the previous studies, the effects of using AIS have analyzed on SMEs' performance by financially and non-financially. According to literature defining performance is a challenge across the world. Performance and success have been defined in various ways in the literature, and in any business, the related parties always want to see good performance in their business. Saed (2013) defines performance as a measure of how well a company can use its assets from its primary mode of business and generate revenues.

On the other hand, in the modern literature defines performance as the results of the activities of a company or investment over

a given period. Performance can also be defined as the accomplishment of specified business objectives measured against known standards, completeness and cost. Performance is so common in research about SMEs management that its structure and definition is rarely explicitly justified; instead its appropriateness, in no matter what form, is unquestionably assumed Hammer, M. (2015). Performance can also be defined as the accomplishment of specified business objectives measured against known standards, completeness and cost.

The performance is the result of strategies the company employs to achieve market-oriented and financial goals (Agha et al., 2014). The level of success of a company within the SMEs sector is measured through its performance based on a selected period of time. In business studies, the concept of success is sometimes used to refer to a company's performance Saed (2013)

Given that SMEs often play a significant role in improving the economy of a country and leads to economy development globally, this puts performance as one of the key issues for SMEs where management is concerned. Usually a company's performance is seen from the extent it manages to achieve its purposes and goals (Harash et al., 2013). Various scholars have attempted to provide a clear definition of performance, but they had yet to come to an agreement over a common definition, particularly regarding some aspects of terminology issues, analytical levels, and the conceptual basis for assessment (Harash et al., 2013). According to Richard, and Johnson (2009) performance encompasses three specific areas of company outcomes:

- (i) financial performance (profits, return on assets, return on investment, etc.);



- (ii) market performance (sales, market share, etc.); and
- (iii) shareholder return (total shareholder return, economic value added, etc.).

SMEs' performance may be measured using objective, subjective, or operational measures. According to Previous studies Barney, Ketchen and Wright (2011), the study suggest the goal approach as a composite measure of SME performance. The goal approach measures performance using financial (objective) and non-financial measures (subjective) measures. Cobb (2003). According to these literatures financial measures of performance can be referred to as the results of a company's operations in monetary terms. Financial measures of performance are derived from the accounts of a company or can be found in the company's profit and loss statement or the balance sheet. In addition, financial measures are also referred to as objective measures because they can be individually measured and verified. However, it is essential to introduce non- financial measures of performance in conjunction with financial measures in order to fully measure performance (Ittner & Larcker, 2003).

As it is known, in the business world there is an increasing dependency on Information technology (IT). This is because of the need to improve business efficiency (Lallo & Selamat, 2013). (Ittner & Larcker, 2003) revealed that AIS is interdisciplinary in nature and seems to integrate the fields of accounting and Information Systems (IS). This opinion is supported by Lallo and Selamat (2013, 2014). The authors explained that AISs have been perceived as a means of providing financial information to organization (Mia, 1993).

There has been considerable evidence that within SMEs financial accounting has remained the principle source of information for managers (Saira et al., 2010). These studies have also found out that SMEs are still having ineffective information management, poor system control, and most decision making is on ad hoc basis despite having used AIS. Previous literature above reason that this situation could be attributed to the initial objectives of Information Technology (IT) adoption (Salehi et al., 2010). The accounting system original role of replacing manual accounting process (Ittner & Larcker 2003) has hindered further usage and exploration on the system benefits. Marriott and Marriott (2000) further concluded that financial awareness among Small medium enterprise ' managers vary considerably and the use of computers for the preparation of management accounting information is not at its full potential. Research in information systems is well aware that the use of AIS does not directly affect Small medium enterprise ' performance (Ismail & King, 2005; Saira et al., 2010).

The AIS must be used and exploited to achieve its intended objectives. Therefore, before moving towards adopting more sophisticated and advanced AIS; it is important to determine SMEs current usage of existing accounting information system (Lallo & Selamat, 2013, 2014). In this context, Samson, (2015), underscoring the strategic importance of using AIS, noted that the use of accounting information could be linked to the success or failure of a small or medium enterprise. In order to survive, Small medium enterprise owners and managers need updated, accurate and timely accounting information (Samson 2015). Accounting systems are responsible for analyzing and monitoring the financial condition of companies, preparation of documents



necessary for tax purposes, providing information to support the many other organizational functions such as production, marketing, human resource management, and strategic planning. Without such a system it will be very difficult for SMEs to determine performance, identify customer and supplier account balances and forecast future performance of the organization using standardized guidelines, the transactions are recorded, summarized, and presented in a financial report or financial statement such as an income statement or a balance sheet.

Here, using AISs is viewed as a system that helps management in planning and controlling processes by providing relevant and reliable information for decision making (Gordon & Miller, 1976). It suggests that AIS's functions are not solely for the purpose of producing financial reports. Its role goes beyond this traditional perspective. Generally literature on accounting in the AIS shows that several scholars have investigated the adoption of the system among large companies only. Very little knowledge is known about the evolution of computing in SMEs (Grande et al., 2011).

Small medium enterprise ' AIS implementation and success have been extensively researched. Recent research development focuses on the relationship between Small medium enterprise ' performance with the use of AIS (Samson, 2015). These studies suggested that there are positive results between AIS and Small medium enterprise ' performance. A studies conducted by Ismail (2007), Ismail and King (2005), and Saira et al. (2010) discovered that the use of AIS will be more efficient if the systems implementation is new information systems with the Small medium enterprise ' performance. This argument is supported by Grande et al. (2011) asserting that the

use of AIS proves to have positive impact on Small medium enterprise performance. In addition, Ali et al. (2021) highlighted the importance of having a good fit between the use of AIS and efficient of the Small medium enterprise ' performance.

The mismatch between what is needed by the firms and service offered by the AIS will yield poor performance. Nevertheless, Ismail and King (2005) also added that sophisticated the use of AIS aligned with ineffective performance measure will yield lower performance outcome. This raises the need for careful planning and strong justification process to be undertaken before firm reaches the decision to implement an AIS. This issue is more profound within SMEs due to their limited resources and experience in using AIS. AIS's definition is 'a system that processes data and transactions to provide users with information.

According to Lallo and Selamat (2014), they define an AIS as 'a system that processes data and transactions to provide users with information. They need to plan, control and operate their businesses. Here, AIS is viewed as a system that helps management in planning and controlling processes by providing relevant and reliable information for decision making. It suggests that AIS's functions are not solely for the purpose of producing financial reports. Its role goes beyond this traditional perspective. AIS should be utilized to include planning and managing business activities.

It could also be used as a controlling mechanism such as budgeting. Therefore, full adoption of the system is essential to fully attain the system's benefits. Prior researches have shown that information system adoption did increase companies' performances and operations efficiency especially in big company (Saira et al., 2010). AIS is a tool which, when



incorporated into the field of Information and Technology systems (IT), were designed to help in the management and control of topics related to companies' economic-financial area. AISs also provide information on both actual and budget data which would help company to establish, plan, and control operation. Good management of resources and better control of expenditure, budgeting and forecasting enhance the wellbeing of company (Saira et al., 2010). AIS refers to collection, storage and processing of financial and accounting data to help managers to make planning, controlling and evaluating (Emeka-Nwokeji, 2021).

AIS also refers to perceiving of user information satisfaction to decision making and monitoring when company has coordination and control with information that is produced from AIS (Emeka-Nwokeji, 2021). AIS is one of an important component of modern information system (IS). The use of AIS is certainly played an important role that contributes to company's value added by providing internally generated input i.e. financial statements, such into should help company made better strategic plan. Developments in the areas of accounting and information system (IS) over the last decades of twentieth century have widened the range and roles of AIS (Emeka-Nwokeji, 2021).

One issue that remains is whether adopters of the use of AIS make maximum use of the system. Marriott and Marriott (2000), noted that SMEs used AIS for the preparation of management accounting information, but usually not to their full potential. It is therefore important that the research in the use of AIS is not limited to adopters and non-adopters, but that for even adopters the extent to which AIS is used to the maximum be studied. In short, AIS is one of information systems that produce many amounts of data for use by

decision makers both within and outside organizations. Small medium enterprise managers need to exploit accounting information for job success of their organizations (Emeka-Nwokeji, 2021). Therefore, job success must be obtaining reliable, relevant and timely accounting information for decision making. In other words, effectiveness of AIS is reliability, relevance, and timeliness. In measuring AIS the study suggests that no one measure of the use of AIS should be taken on its own and to obtain a true measure of how a company is using AIS, different measures should be used together on the basis of previous studies. Therefore, in this study the use of AIS in SMEs is measured by Characteristics enjoyed by the accounting information (reliability, relevance, and timeliness) items as profitably applied to area of major concern to the SMEs, is widely used.

Chang (2006) argued that like larger firms small medium enterprise also require adequate and sophisticated accounting techniques and systems to better manage scarce resources and enhance the firm's values. Although SMEs may have some constraints in utilizing fully accounting techniques/practices due to their relatively small size and limited resources, like larger firms small medium enterprise face similar forms of complexities, uncertainties and are more prone to failures.

A number of Small Scale Enterprises have not given much attention to accounting techniques in relation to their business transaction, despite its importance in the success of businesses. This could be lack of sound knowledge in accounting practices by owners or respective managers. Also, there was difficulty in ascertaining whether comprehensive accounting methods that satisfied the laws under which it was incorporation had been kept. It was hard to determine to what



extent no adherence to laid –down accounting procedure and constituted in the wheel of implementation of good accounting system. Difficult exist in ascertaining how far non – recognition of the necessity of accounting techniques to continued existence and growth of this small scale business, low educational background of owners and the employment of unskilled accounting staff had affected the production of unreliable accounting or financial statement.

According to Manyani (2011), poor accounting techniques are one of the top ten reasons why small-scale businesses fail. I.e. you cannot be in control of a business if you do not know what is going on. With bad numbers, or no numbers, a firm's is flying blind, and it happens all of the time, this affect the operations and performance of small medium enterprise in Nigeria especially this issue of lack of adoption of good accounting techniques/method which is a worm eating deeply and the large chunk of revenues generated by these small medium enterprise for their growth and survival. These have led to increase in record of dearth of Small and Medium Scale Enterprise (SMEs).

An assessment of the effect of accounting techniques on small scale business performance was necessary to understand the problems faced by the small scale business, and to provide vulnerable solutions.

It will therefore equally be of immense help to the Small and Medium Scale Enterprises Development Agency of Nigeria (SMEDAN), in evaluating the success of its activities with specific reference to the problem of poor accounting techniques initialization and basic accounting procedures in such industries. It would also assist the Agency

in determining or formulating their future plans.

RESEA METHOD

Research design: This study employed a survey research design. According to Ojo (2003), survey research is the type of research that involves collecting data by asking people questions either by administering questionnaires or conducting interviews.

Study area: As on 31-3-2004, Abia had a total number of 20978 small scale enterprises according to the data hashed by the Distinct Industries Centre, Abia. Large number of them with tiny industries and small service-based enterprises having much lower capital investment of #1,000,000 and less. These were mainly self-employment oriented enterprises having entrepreneurs working themselves or along with less than about five employees.

Population of study: The population of this study includes the owners of the small businesses located in Aba, Abia State of Nigeria.

Reliability of the research: The reliability of the questionnaire was tested using ANOVA, which resulted in a coefficient of 0.773. This implies that the instrument is reliable to measure the constructs in this study.

Method of Data collection: A hundred and twenty (120) copies of questionnaire were administered to respondents by one of the researchers using face-to-face approach. The respondents for this study include small businesses located in Aba, it is located Nigeria. The questionnaires were completed by either the owner or a manager representing him/her. The purpose of limiting the administration of questionnaires to these two categories of



people in the small business was to get the correct information that will enable the researcher come to an unbiased conclusion.

Sample frame work: A field survey was conducted for data collection from a sample size of 196 small scale businesses located in aba, Abia State, Nigeria

The sample of the study consists of fifty five (94) respondents responded from the SMEs in Abia district.

In order to meet the objectives, the present study designed a sample frame work based on the following broad criteria.

1. The units having capital investment (initial) of #1, 000,000 and above are considered.
2. The manufacturing units are only selected for the study.
3. The units which were started before 2001 and working currently are considered.
4. Sick and closed units are excluded, because of difficulty in obtaining relevant data.

Considering the criteria indicated above, a sample time was designed based on the data collected from District Industries Centre. A total of 653 units were short listed as target population for the study. Suggestions were sought from Small Industries Association. District Industries Centre in Abia to decide the sampling frame.

Instrument and the study Variables:

The survey instrument (i.e questionnaire) was developed by focusing on general information of the enterprise, socio-economic factors, motivational factors, growth sectors and problems encountered. The questionnaire was divided into six major parts.

- The Part 1 consisted of 10 questions to elicit the socio-

economic variables of entrepreneur and his enterprise, enterprise start up, form of organization, sex, age, caste, marital status, education qualification of respondent and his father's annual income. The questions are developed with multiple choices.

- In part 2, 6 questions were framed focusing on motivational factors behind the entrepreneur. The questions were developed with multiple choices and some had statements with dichotomy answers.
- Part 3 measured the growth factors in relation to investment, human resources, profitability and marketing. The questions had multiple choices.
- In part 4 had 3 questions focused on impact of globalization and liberalization on small scale entrepreneurship. The questions were developed on five point Likert scale and some had statements with dichotomy answers.
- Part 5 had 9 questions on major problems encountered by small scale entrepreneurs. The questions were developed on live point Likert scale and some with dichotomy answers.
- Part 6 had 7 questions on opinions of entrepreneurial success by the entrepreneur. The questions were developed on five point Likert scale, multiple choices and with dichotomy answers.

Sample Size: Out of 653 Units in the final sample frame, a 94 percent of the population was considered to determine the sample size. The sample units were selected randomly resulting in a sample size of 196 units.



Ethical Consideration: All participants consented to the research after verbal consent was presented and explanation of the purpose of the research was given.

RESULT

Socio-demographic Characters

A total of ninety four (94) respondents completed the survey instruments given to them. This yielded a response rate of 78.3%. The remaining twenty six (26) administered copies of questionnaire were either not completely filled or returned. Based on gender, the respondents in this study included 58 males and 36 females, implying that 61.7% and 38.3% of the respondents are male and female respectively. The analysis of educational qualification of respondents showed that 16 of them have HND, 32 of them have B.Sc., 15 have MBA and the remaining 31 have other qualifications including Diploma and M.Sc. Thirty four (34) of the respondents have been in business for less than 3 years, fifty (50) of them have been in business for 4 to 8 years and 10 of them have been in business above 9 years. This resulted in 36.2%, 53% and 10.6% respectively.

Other descriptive statistics are presented in the tables below.

Table 1: Number of Employees

Number of Employees	Frequency	Percentage
1-30	33	35.1
31-60	51	54.3
Above 60	10	10.6
Total	94	100

Source: Field survey (2021)

From the data in above, 33, 51 and 10 SMEs operated an employee size of 1-30 people, 31-60 and above 60 respectively.

Table 2: Reason for Employing Accounting Services

Reason	Frequency	Percentage
Better Accountability	31	33
Correct Determination of Profit	12	12.8
Helps Business Actualize Set Goals and Objectives	1	1.1
Taxation Demands	24	25.5
Budgeting	21	22.3
Management Efficiency	5	5.3
Total	94	100

Source: Field survey (2021)

Interpretation: from the table above, respondents constituting 33% concur that SMEs employ accounting services for better business accountability. Respondents that make up 12.8% employ accounting services for correct determination of profit, 1.1% employ accounting services to gain relevance in a changing business environment, 25.5% do so due to taxation demands, 22.3% do so for budgeting issues, and 5.3% employ accounting services for management efficiency.



The study sought to ascertain the response of the various small businesses towards statements on the benefits of accounting services. The descriptive statistics of each statement is presented in the tables below.

Table 3: Accounting Services Have Increased SMEs Accountability

Response	Frequency	Percentage
Strongly Disagree	2	2.1
Disagree	2	2.1
Not Sure	5	5.3
Agree	41	43.6
Strongly Agree	44	46.8
Total	94	100

Source: Field survey (2021)

Interpretation: from the table above, 90.4% of the respondents concur that accounting services help to increase SMEs accountability. 9.5%, an insignificant portion of the respondents disagreed to the statement that accounting services have increased SMEs accountability.

Table 4: Accounting Services Help to Correctly Determine Profit

Response	Frequency	Percentage
Strongly Disagree	0	0
Disagree	1	1.1
Not Sure	29	30.9
Agree	41	43.6
Strongly Agree	23	24.5
Total	94	100

Source: Field survey (2021)

Interpretation: from the table above, 68.1% of the respondents agreed that accounting services help in the correct determination of profit. However, 30.9% of the respondents were not sure of the answer to give. Only 1.1% of the respondents disagreed to the statement that accounting services help to correctly determine profit.

Table 5: Accounting Services Help the Business Actualize Set Goals and Objectives

Response	Frequency	Percentage
Strongly Disagree	0	0
Disagree	6	6.4
Not Sure	17	18.1
Agree	52	55.3
Strongly Agree	19	20.2
Total	94	100

Source: Field survey (2021)



Interpretation: from the table above, 75.5% of the respondents agreed that accounting services help the business actualize set goals and objectives. 18.1% of the respondents were unsure of the answer to give. Only 6.4% of the respondents disagreed to the statement.

Table 6: SMEs Do Not Require Accounting Services in their Business Operations

Response	Frequency	Percentage
Strongly Disagree	20	21.3
Disagree	39	41.5
Not Sure	16	17
Agree	18	19.1
Strongly Agree	1	1.1
Total	94	100

Source: Field survey (2021)

Interpretation: from the table above, 62.8% of the respondents disagreed to the statement that SMEs do not require accounting services in their business operations. 17% of the respondents were unsure of the answer to give. Only 20.2% agreed to the statement that SMEs do not require accounting services in their business operations.

DISCUSSION

In a nutshell, the research method used was a survey method to be sample size consisted of 196 small scale enterprises located mainly in Abia Industrial. Structured questionnaire was self-administered for data collection and follow up was done through personal visits. The responses collected were analyzed using statistical techniques such as frequency distribution, cross tabulation and chi square. Hypotheses were tested using ANOVA.

Small scale businesses remain an important contributor to the development of Nigeria as indicated by results in this study. However the use of family labour and casual staff is a threat and can undermine the potential benefits of such businesses. This cannot be blamed solely on the entrepreneurs because they try to minimize cost of production. Small medium enterprise as observed in this study contribute to the establishment of other businesses which service them with raw materials and essential services. Indeed, the staff strength of the Small medium enterprise in Zebilla was

generally low. 84% of the businesses surveyed had not employed a staff in the last year but this is inclusive of those who had no staff. This means that Small medium enterprise were not significant employers of labour in Zebilla.

Small medium enterprise as observed in this study contribute to the establishment of other businesses which service them with raw materials.

The fact that Small medium enterprise contribute to industrial development was underscored by this research as respondents disagreed that road construction and other developmental projects are available in the community as a result of Small medium enterprise. Majority of respondents (85%) confirmed that there were no infrastructural developments in the area as a result of small businesses operational in the district. Although, some respondents 15% particularly those who have been in business for longer periods agreed that there has been housing and electricity as a result of Small medium enterprise. The relationship between Small medium enterprise and infrastructural development



was also not significantly related in Nigeria.

CONCLUSION

Small scale businesses remain an important contributor to the development of Nigeria as indicated by results in this study. However the use of family labour and casual staff threatens to undermine the potential benefits of such businesses. This cannot be blamed solely on the entrepreneurs because they try to minimize cost which is mainly associated with the prohibitive cost of utilities. The fact that the presence of Small medium enterprise contribute to infrastructural development has not been supported by this research as respondents disagreed that road construction and other developmental projects have come to the community as a result of Small medium enterprise. The profitability of small businesses could be the reason why respondents generally support the empowerment of similar businesses elsewhere in the region. Overall the findings of this research indicate that Small medium enterprise are important contributors to economic growth in Nigeria. The results of this research work generally agree with existing theories in the field and once again link underperformance and cost of businesses to government actions and inactions.

Strength of the study: This design hasn't been used by any other researcher

Limitation of the study: As with all studies, limitations exist and must be acknowledged. Moreover, the outcomes

were based on the information solicited from the respondents and such might be subjected to human errors, omissions and possible mis-statements.

RECOMMENDATIONS.

Government should create an enabling environment that is devoid of corruption and bureaucracy, and at the same time, motivating and entrepreneurially friendly. It has to be a two-pronged approach for the government efforts to be effective in creating a conducive environment in which Small medium enterprise can succeed. For the government to succeed in reinventing the future of Small medium enterprise, it has to extend entrepreneurship to our educational system to make it more functional, relevant and need-oriented and driven. The emphasis should be on modern technology and entrepreneurial studies aimed at producing entrepreneurs. This implies a change in our culture, value system and orientation as well as Nigerians overall attitude, ethics and appreciation of the need for every Ghanaians to contribute in making our country better than it is today.

A change in our value system, which would place high premium and recognition on entrepreneurial acumen, honesty, diligence, and ability to contribute to the society through invention or creation of employment opportunities for others, demonstration of quality leadership and the likes, should concurrently be introduced into our educational system with the above technological thrust

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