International Journal of Academic Research in Business and Social Sciences
January 2014, Vol. 4, No. 1
ISSN: 2222-6990

The Analysis of the impact of Accounting Records Keeping on the Performance of the Small Scale Enterprises

Onaolapo Adekunle Abdul-Rahamon, PhD
Department of Management and Accounting, Ladoke Akintola
University of Technology, Ogbomosho
P.M.B. 4000, Ogbomosho, Oyo State, Nigeria
Adekunleonaolapo@yahoo.co.uk

Adegbite Tajudeen Adejare
Department of Management and Accounting, Ladoke Akintola
University of Technology, Ogbomosho
P.M.B. 4000, Ogbomosho, Oyo State, Nigeria
Adetajud@yahoo.com

DOI: 10.6007/IJARBSS/v4-i1/506 URL: http://dx.doi.org/10.6007/IJARBSS/v4-i1/506

Abstract

This survey empirically investigates the effect of accounting records keeping on Small scale enterprises. In line with the objectives of this study, a descriptive design such as personal interviews and questionnaire were employed as the major techniques for primary data collection.

Data collected were analyzed using both the qualitative and quantitative methods. The descriptive statistics used were tables and percentages. Chi- square and analysis of variance (ANOVA) were employed to analyze data through STATA 10 version with the coefficient of determination (R2) 0.8974 which implied that 89.7% of the variation in financial performance could be explained by the level of accounting records keeping.

Following the outcome of this study, it is therefore concluded that that there is a strong positive relationship between accounting records keeping and performance of small scale enterprises. Accounting records keeping is essential for decision making which invariably affects performance of small scale enterprises.

It is recommended that the owners and managers of the small scale enterprises should embrace proper accounting records keeping practices for effective financial performance in their business.

Key words: *Small scale enterprises; Accounting records keeping; Performance; Book keeping*

Background to the Study

Many new business owners are daunted by the mere idea of bookkeeping and accounting. But in reality, both are pretty simple. Keep in mind that bookkeeping and accounting share two basic goals: to keep track of income and expenses, which improves chances of making a profit, and to collect the financial information necessary for filing various tax returns. There is no 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 method of crediting their accounts: the cash method or accrual method. Depending on the size of the business and amount of sales, one can create own ledgers and reports, or rely on accounting (Williams et al 1999).

An accounting system records, retains and reproduces financial information relating to financial transaction flows and financial position. Financial transaction flows encompass primarily inflows on account of incomes and outflows on account of expenses. 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 (Williams et al, 2008).

The impact of accounting is a function of the benefit that are derived by the members of the society who had bind themselves into the social organization of their survival and want satisfaction quest (Anyigbo 1999). Business benefit from availability of accounting information, equality important is the availability of accounting that facilitates the solution or resolution of business planning, organization and control function of the enterprises as a social organization.
Most small scale firm owners prefer to recruit unskilled personnel especially clerical and accounting staff. The product of these unskilled accounting (clerical staff) has only succeeded in helping the small scale firms to stagnate; some firms have even wound up. This was because unskilled accounting staff could not keep reliable accounting records that would stand the test of time statutory; such staff could not correctly determined the profit or loss of the firm preparing profit and loss account.

Statement of Problem

A number of Small Scale Enterprises have not given much attention to book keeping in relation to their business transaction, despite its importance in the success of businesses. This could be lack of sound knowledge in book keeping practices by owners or respective managers. Also, there was difficulty in ascertaining whether comprehensive accounting records 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 to continued existence and growth, low educational background of owners and the employment of unskilled accounting staff had affected the production of unreliable accounting or financial statement.

Objectives of the Study

The objective is to examine the impact of accounting on small scale firm performance. Other specific objectives are:

(i) to analyze the relationship between accounting records keeping & small scale firm performance
(ii) to access how accounting skill influence small scale firms

Research Hypotheses

The hypotheses are stated in the null form for testing:

Ho1 -There is no significant relationship between accounting records keeping and small scale enterprises performance.

Ho2 - Accounting records keeping do not increase the chances of the business operating and achieving success.

Scope of the Study

The scope of this study focuses on whether the impact of accounting skills incorporated on the performance of small scale business, companies and firm (by making use of the accounting records, budgets and loss account and other accounting information produced by them) to ensure their compliance with the law of the land and to also plan for their future growth and expansion.

LITERATURE REVIEW

What are the 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 (Ademola et al 2012). 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. According to Atijosan (1998), a small business is any manufacturing, processing or servicing industry that satisfies any or all of the following conditions:

- Capital, but excluding cost of land and not excluding N750,000
- Staff strength not exceeding 50 persons and wholly Nigerian owned.
- A manufacturing, processing or servicing industry, exceeding the units of investment stated is relatively small compared to prevalent size of plant and the technology is fairly labour intensive.

According to Ademola et al (2012),Small scale enterprises are catalysts for catalysts for world's economic growth and development which have dominated the industrial sector of both developed and underdeveloped countries. Aruwa (2006) believed that Nigeria's industrial sector is dominated by small and medium scale enterprises (SMEs) which accounts for 90% in terms of number of enterprises, as compared with other developed countries where more than 98% of all their enterprises belong to SME sector, about 80% of the total industrial labour force in Japan is SME, 50% in Germany, 46% in USA are employed in smaller firms. 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).

In addition, the International Finance Corporation (IFC) and Corporate Affairs Commission in 2001 further justified that Nigeria's industrial sector is dominated by SMEs, estimated to be about 90% of the sector employing less than 50% of the people (HPACI 2002). Given the place occupied by the SMEs in Nigeria's industrial sector, it is expected that the success of the Nigerian economy would be partly dependent on the success of the SMEs. Nwoye (1991) pointed out clearly that SMEs are catalysts for Nigeria's economic growth and development. He believe that through so many SMEs, Nigeria has great potentials for success and growth, sales of large volume of goods etc. Even though, some of them have adequate capital, many of them fail due to poor financial management operations.

Accounting Record Keeping Concept

According to Ademola et al (2012), record keeping is essential to business management. Record keeping involves identification, classification, storage and protection, receipt and transmission, retention and disposal of records for preparation of financial statements. He also included that in record keeping, policies, systems, procedures, operations and personnel are required to administer the records. Record keeping plays a key role in management of knowledge necessary for good business performance. Modern organizations are concerned with the capture, use and storage of knowledge.

Laughlin and Gray, (1999) pointed out the following as the most important reasons to set up a good record management:

- to control the creation and growth of records to reduce operating costs
- improve efficiency and productivity
- to assimilate new records management technologies and
- to ensure regulatory compliance.

Accounting records include entries from day to day transactions of business for instance transactions in respect to receipts and expenditure. Records may include a list of organizational assets and liabilities. These help the enterprise to evaluate their performance in 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. Record keeping is the foundation on which a compliance program should be built upon measures should be put in place to capture the documentation and events that take place throughout a transaction commencing from delivery and payment (Reed 2010).

Accounting Record Keeping Procedures

Record keeping cycle involves a process that is followed by Accountants and book keeping staff in processing raw financial data into output information inform of financial statements. The process ranges from creation of business transactions, analyze and record the transactions in the journals by account name, post information from journals to ledgers, prepare a trial balance, journalize adjusting entries, post adjustments from the journal to the ledger, prepare an adjusted trial balance, journalize closing entries, post closing entries from the journal to the ledger, prepare a post closing trial balance, and prepare the financial statements (William et al 2008).They specifies further that objectives of record keeping include the following:

- To provide an accurate, thorough picture of operating results.
- To permit a quick comparison of current data with prior years' operating results and budgetary goals.
- To offer financial statement for use by management, bankers and prospective creditors.
- To facilitate the prompt filing or reports and tax returns to regulatory and tax collecting government agencies.
- To reveal employees fraud, theft, waste and record keeping errors.
- To allow for fast, accurate, and reliable access to records, ensuring the timely destructions of redundant information and the identification and protection of vital and historically important records.
- It is necessary when a firm is seeking fund from a bank for expansion.

The benefits of record keeping cannot be over emphasized. 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 (Ademola et al 2012). According to Covin and Selvin, (2008), if the records are kept over a period of time, they give background picture which can help organizational change. Continuing, they said it is not only accounting records that must be kept. In fact personal records enable an accurate evaluation of personnel to aid administration of job selection. According Ademola et al 2012, the specific benefits of record keeping include the following:

- It helps to avoid business failure.
- It is useful for financial management planning and control.
- It helps to make sound decisions.
- It gives background picture which helps organizational change.
- It is critical to business survival.

Accounting Record Storage and Retrieval

Accounting records are important as they are sources of information and thus they must be numbered and stored properly for the purpose of record retrieval. Crane (1997) defined record storage as the housing of records when whether semi-active or inactive, must still be retained. He also pointed out that records should be stored in a well built records center, the archives, commercial storage and the basement.

Reed (2010) defined record retrieval as a system of removing records from their storage places. He stated that file arrangement should support the retrieval of records by either arranging them numerically or alphabetically so as to ease retrieval. Crane (1997) further explained that retrieval should be done by authorized personnel in a record centre. He explained that accounting record documents should be arranged to ensure that files containing restricted information are accessible only to authorized personnel and officials.

Best practices for successful record retention program should include; training and education, check lists to ensure inclusions of all required documentation prior to closing a file, paying attention to detail, documenting pertinent information relative to the transaction providing and obtaining instructions in writing, records maintained in an organized manner and stored in a designed area and written standard operating procedures addressing record retention (Reed 2010).

Bookkeeping Methods

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. Accounting skills is required in order the firm business transaction in the following account book as stressed. There are two basic types of bookkeeping methods: single entry and double entry systems. Standardized bookkeeping systems can be found in business or stationery stores. Computer record keeping systems are also available.

Single Entry Bookkeeping System

According to Eric and Gabriel (2012), the single entry system is an "informal" accounting or bookkeeping system where a user of this system makes only one entry to enter a business financial transaction. It generally includes a daily summary of cash receipts and a monthly record of receipts and disbursements (worksheets). A cheque book, according to them, is a single entry bookkeeping system where one entry is made for each deposit or cheque written. Receipts are entered as a deposit and a source of revenue. Cheques and withdrawals are entered as expenses. If a manual system is used, in order to determine the revenues and expenses, worksheets to summarize the income and expenses in different categories are to be prepared. Bookkeeping software and spreadsheets are also available to do this. The emphasis of this system is placed on determining the profit or loss of a business. It got its name because transactions are either recorded as revenue (deposit) or expense (withdrawal). Since each entry is recorded only once, debits and credits (recording method required for the double entry system) are not used to record a financial event. While the single entry system may be acceptable for tax purposes, it does not provide a business with all the financial information needed to adequately report the financial affairs of a business.

According to Barbara (2010), this system uses a cash receipts journal and a cash disbursements journal in addition to the checkbook. All transactions are recorded in one of these journals. It records the flow of income and expenses and is practical for a small business just starting out. The cash receipts journal records all the cash received. It has columns for various categories of receipts with a line for each receipt, including date, source of cash and total amount. The column categories may be departments or types of merchandise, types of service or whatever classifications make sense for business. The cash disbursements journal records the money spent. It has columns for various categories of expenditures which include date, check number, payee, description of expense and total amount. The column categories may be merchandise for resale, supplies, interest, rent, salaries or whatever classifications make sense in the business. The choice of column categories in both journals is critical to future analysis. All columns in both journals should be totaled each month with year to date totals after each month.

Double Entry Bookkeeping System

The double entry accounting systems records financial transactions in relation to asset, liability, income or expense related to it through accounting entries. Any accounting entry in the double entry accounting system has two effects: one of increasing one account, the other of decreasing another account by an equal amount. If the accounting entries are recorded without error, at any point in time the aggregate balance of all accounts having positive balances will be equal to the aggregate balance of all accounts having negative balances. The double entry bookkeeping system ensures that the financial transaction has equal and opposite effects in two different accounts. Accounting entries use terms such as debit and credit to avoid confusion regarding the opposite effect of the accounting entry, for example, if an accounting entry debits a particular account, the opposite account will be credited and vice versa (Williams et al, 2008).

According to Alvaro (2010), recording a transaction requires recording what is given up and what is received, recording a transaction requires the noting of two changes every time a change in property occurs and an entry is made in the record system hence terminology "double entry record system". It is important to observe the relationship between the left side and right side of entries. In other words, increases in business property are recorded on the left side of an asset account, increase in money owed (creditors rights) are recorded on the right side of the of a liability account.

Alvaro (2010) brought out that double entry system creates a convenient relationship which permits an interim check of accuracy of recording work at any time during the process. If one is not sure that an entry has been made correctly, one may stop and add up all the left side and then all right side, the two totals should be equal.

Cash Book or Cash Account

The cash account record receipts and payment of cash (and cheque). All receipts are recorded/entered on the debit (receiving) side and all payment (money given out) is entered on the credit (giving) side of the cash account that is: debit all receipt and credit all payment.

Benefits of Book Keeping

According to Eric and Gabriel (2012), bookkeeping which is a tool for financial control enable managers to know the financial positions of their businesses and to take certain control measures to improve corporate performance. It provides a wealth of information that is used by managers, investors, leaders, customers, suppliers, and regulators. An analysis of its statements can highlight a company's strengths and shortcomings, and managers use this information to improve performance. If management is to maximize a firm's value, it must take advantage of the firm's strengths and correct its weaknesses. This is done through the analysis of the financial statements. Financial statement analysis which can be obtained through bookkeeping involves comparing the firm's performance with that of other firms in the same industry and evaluating trends in the firm's financial position over time. These studies help managers identify deficiencies and then take corrective actions to improve situation. From the manager's standpoint, financial statements analysis is useful both to help anticipate future conditions and, more important, as a starting point for planning actions that will improve the firm's future performance.

Bookkeeping convey substantial information about the financial strength and current performance of an enterprise. Although they are prepared primarily for users outside the organization such as the banks and non-banks institutions, managers also find their organization's financial statements useful in making decisions. As managers develop operating plans, they think about how those plans will affect the performance of the organization, as conveyed by the financial statements. From the bookkeeping, financial statements such as the Balance sheet, Income statement, Retained earnings statement and Statement of cash flows are obtained. The balance sheet is the statement that shows the assets, liabilities and equity of an organization at a point in time. Thus, the balance sheet of an organization portrays the financial position of that firm at a point in time. The income statement reports the income for the period between two balance sheet dates. The retained earnings statement shows how income and dividends for the period have changed the organization's retained earnings. The statement of cash flows shows how cash was obtained during the period and how it was used. All these statements help in the decision making process of the firm or organization.

In sourcing long term capital or loan from bank or the government the input of the accountant is a major factor. This fact is supported by Okwena et al (1986). For a bank or government to grant a loan requested by a small scale firm, it will, apart from assessing the character and experience of the management team, analyze the overall financial statement, details how the firm has operated over the past few years and project the future financial results. These include:

- Historical and projected cash flow statement
- Historical and projected balance sheet
- Historical and projected income statement

The cash flow projections are very important. They indicate the ability of the firm to generate enough funds to pay according to interest and outstanding principal. The above are done by the accountant of the lender while the borrowers (firm) accountant prepares the financial statement been evaluated and often advice on the cheaper source of fund.

Relationships between Accounting Records and Performance

Performance of business refers to the ability of business to meet the required standards, increased market share, improve facilities, ensuring returns on profitability, and total reduction and once this is achieved, a business is believed to be performing effectively (Fitzgerald et al 2006).

Performance refers to an ongoing process that involves managing the criteria for which an institution, agency or project can be held accountable (Duranti and Thibodeau, 2001). Typically, these criteria are represented as component parts of an internal system and cover the institution's ability to; control financial expenses, satisfy staff, deriver timely interventions and respond to target group reactions to interventions.

Fitzgerald et al 2006 argue further that business enterprises must improve production if they are to effectively compete in this era of rapid economic and technical change. Improved productivity requires both capital investment as well as a work force that has the flexibility to acquire new skills for newly created jobs resulting from structural changes in the economy.

Bititei et al (2001) asserts that performance is a result of workers because they provide the strongest linkage to strategic goals of the business enterprise, Customer satisfaction and economic contribution that affects the business, hence it addresses the mode in which an activity is accomplished in particular and the level of standards to which a task is carried out within the working environment.

According to Ikechukwu (1993), keeping records is crucial for the successful performance of a business. A comprehensive record keeping system makes it possible for entrepreneurs to develop accurate and timely financial reports that show the progress and current condition of the business. With the financial report generated from a good recordkeeping system, performance during one period of time (month, quarter or year) with another period can be compared. An accurate record of the business' financial performance is vehicle to monitor performance in specific areas.

Accounting records provide a basis for complete and accurate income tax computation, a basis for sound planning for the future and basis for discussion with partners, potential investors, and lenders all these are important aspects which enhance performance of the business. Business also depends on correct accounting records to make good decisions about the firm. Decision such as expansion, drop or maintain decisions of product lines, make or buy decisions, about size of debtors. Therefore if proper records are kept they will facilitate efficient, proper timely decision making and enhance performance in small scale industry.

METHODOLOGY

Research Design

A combination of descriptive and cross sectional research designs was considered to be the most appropriate. This enabled the researcher to collect as many options as possible from the respondents.

Study Population.

The population was comprised of 113 people. These were selected depending on the type of business that is wholesale shop, Retail shops and small scale producers with identification numbers.

Sampling Method

Stratified sampling was used to determine the sample size. Respondents were grouped in strata. Purposive sampling was used in each strata to get the information from small scale business owners and simple random sampling was used to limit on the biasness of purposive sampling.

Sampling Size

A sample of 113 respondents were considered and be divided depending on the type of business in which the respondents are in, that is wholesale shop, Retail shop or producer.

Method of data collection

To achieve the objectives of the study, a descriptive design such as personal interviews and questionnaire were employed as the major techniques for primary data collection. In addition, information was obtained from books, magazines, journals, research works and even from the internet.

DATA ANALYSIS TECHNIQUES

Data collected were analyzed using both the qualitative and quantitative methods. The analytical tools used in analyzing the data collected for the study include descriptive statistics, chi- square and analysis of variance (ANOVA). The descriptive statistics used were tables, percentages. Chi-square and analysis of variance (ANOVA were used to test the hypothesis formulated through STATA 10 version.

. The formulae for chi-square used is

$$\mathbf{X2} = \sum^{k} \left(\frac{Oi \quad - ei}{ei} \right)$$

Where i=1 , Oi = observed frequency, ei= expected frequency.
The degree of freedom= (r-1)(k-1)

Where
r = no of rows, K =no of columns (oi - ei)
i = constant value.

PRESENTATION AND ANALYSIS OF DATA

Table 1- Distribution of responses on the impact of accounting records keeping in small scale firm performance

S/N	QUESTIONS	SA	A	N	D	SD	TOTAL
1	**Record keeping is essential for decision making and business adjustments.**	**21 (19)**	**47 (41)**	**12 (11)**	**24 (21)**	**09 (8)**	**113 (100)**
2	**Record keeping reduces operating costs, improves efficiency and productivity**	**25 (22)**	**51 (45)**	**18 (16)**	**13 (12)**	**06 (5)**	**113 (100)**
3	**Accounting records support business audit and**	**19**	**57**	**26**	**09**	**02**	**113**

	research	(17)	(50)	(23)	(8)	(2)	(100)
4	Complete accounting records are essential for preparation of financial statements	08 (7)	32 (28)	57 (51)	16 (14)	0 (0)	113 (100)
5	Accounting records assist in resource allocation and performance planning	25 (22)	51 (45)	24 (21)	13 (12)	0 (0)	113 (100)
6	Accounting records keeping increase the chances of the business operating and achieving success.	53 (47)	32 (28)	03 (3)	19 (17)	6 (5)	113 (100)
7	Records keeping provide information to enable the control of cash in the business.	22 (19)	51 (45)	08 (7)	28 (25)	04 (4)	113 (100)
8	Records keeping help in detecting thefts within the business itself.	35 (31)	47 (42)	05 (4)	19 (17)	07 (6)	113 (100)

Note: - The bracket figures indicate the percentage and figures not bracket indicate frequency. Source: - author's field survey (2013).

From table above, 19% of the respondents strongly agree that record keeping is essential for decision making and business adjustments, 41% agree, 11% were not sure, 21% disagree, and 8% strongly disagree. This indicates that record keeping is essential for record keeping is essential for decision making and business adjustment. Appropriate decisions was made about expansion or not or incur costs or not all these decisions are based on complete records.

Also, 22% of the respondents strongly agree that record keeping reduces operating costs, improves efficiency, and productivity, 45% agree, 16% were not sure, 12% disagree and 5% strongly disagree. This indicates that record keeping reduces operating costs, improves efficiency and productivity, and most of the respondents used these records to evaluate performance of their businesses.

Furthermore, 17% of the respondents strongly agree that accounting records support business audit and research, 50% agree, 23% not sure, an 8% disagree and 2% strongly disagreed. This indicates that accounting records support business audit and research implying that most of the respondents carried out business audit.

However, 7% of the respondents strongly agree that complete accounting records are essential for preparation of financial statements, 28% agree, 51% were not sure, 14% disagree. This implies that most of the respondents did not prepare financial statements since they were not sure whether complete accounting records are essential for preparation of financial statements.

More so, 22% of the respondents strongly agree that accounting records assist in resource allocation and performance planning, 45% agree, 21% were not sure and 12% disagree. This implies that accounting records assist in resource allocation and performance planning. Resource allocation does not depend only on record keeping but it also involves appraising the viability of the business to be undertaken through capital rationing to effectively allocate the resources.

Moreover, 47% of the respondents strongly agree that Accounting records keeping increase the chances of the business operating and achieving success, 28% agree, 3% were not

International Journal of Academic Research in Business and Social Sciences
January 2014, Vol. 4, No. 1
ISSN: 2222-6990

sure, 17% disagree, and 5% strongly disagree. This indicates that Accounting records keeping increase the chances of the business operating and achieving success.

In addition, 19% of the respondents strongly agree that Records keeping provide information to enable the control of cash in the business, 45% agree, 7% were not sure, 25% disagree, and 4% strongly disagree. This indicates that records keeping provide information to enable the control of cash in the business.

Lastly, 31% of the respondents strongly agree that Records keeping help in detecting thefts within the business itself, 42% agree, 4% were not sure, 17% disagree, and 6% strongly disagree. This indicates that Records keeping help in detecting thefts within the business.

Test of Hypotheses

Hypothesis 1

Table 2- Analysis of the significant relationship between Accounting records keeping and small scale firm performance by Chi – square.

S/N	Relationship	Pearson chi-square	Pr (value)	Remark
1	Q1 vs Q2	263.3060	0.000	Significant
2	Q1 vs Q3	283.1354	0.000	Significant
3	Q1 vs Q4	139.1342	0.000	Significant
4	Q1 vs Q5	250.0559	0.000	Significant
5	Q2 vs Q3	271.7607	0.000	Significant
6	Q2 vs Q4	169.2367	0.000	Significant
7	Q2 vs Q5	286.2423	0.000	Significant
8	Q3 vs Q4	140.6098	0.000	Significant
9	Q3 vs Q5	267.0874	0.000	Significant
1 0	Q4 vs Q5	160.4163	0.000	Significant

Source: Computations and output of STATA 10 based on author's field survey (2013).

Decision : Since the chi – square calculated (x^2 – cal) are greater than chi – square tabulated (x^2 – tab) which make all the figures to be highly significant with probability of f equal to 0.000. collectively, the null hypothesis is rejected. Therefore the alter native hypothesis is accepted that is There is significant relationship between accounting records and small scale firm performance.

Table 3-Relationship between Accounting records keeping and Small scale firm Performance by ANOVA

Source	Partial SS	Df	MS	F	Prob > F
Model	12.2839501	4	30.7098753	236.14	0.0000
Accounting records keeping	12.2839501	4	30.7098753	236.14	0.0000
Residual	14.0454545	108	130050505	Number of obs = 113	
Total	136.884956	112	1.2221871		
R- squared 0.8974		Adj R-squared = 0.8936		Root MSE = .360625	

Dependent variable – perfomance.
Source : ANOVA using STATA 10

To confirm the significant relationship between accounting records keeping and the performance of the small scale enterprises by the outcome of Chi-square stated above, the analysis of variance (ANOVA) was also employed. The Table 3 above showed the relationship between accounting records keeping and the performance of the small scale industry. There is a positive relationship between accounting records keeping and the performance of the small scale industry.1% increase in the level of accounting records keeping will result to 12% increase in the level of performance. Given the coefficient of determination (R^2) is 89.7%, the relationship is significant.

Given the adjusted R^2 significant 89.3%, it presages the independence variables incorporated into this model have been able to determine the positive effect of accounting records keeping on the performance of small scale enterprises to 86%.The F and probability statistics also confirmed the significance of this model.

Hypothesis 2

Table 4- Analysis of Significance of Accounting records keeping, business operation and success achievement

S/N	Relationship	Pearson chi-square	Pr (value)	Remark
1	Q6 vs Q7	198.8541	0.000	Significant
2	Q6 vs Q8	277.1043	0.000	Significant
3	Q7 vs Q8	222.7379	0.000	Significant

Source: Computations and output of STATA 10 based on author's field survey (2013).

Decision : Since the chi – square calculated (x^2 – cal) are greater than chi – square tabulated (x^2 – tab) which make all the figures to be highly significant with probability of f equal to 0.000. collectively, the null hypothesis is rejected. Therefore the alter native hypothesis is accepted that is Accounting records keeping increase the chances of the business operating and achieving success

Table 5- Significance of accounting records keeping on business operation and success achievement

Source	Partial SS	Df	MS	F	Prob > F
Model	155.41741	4	38.8543526	236.14	0.0000
Accounting records keeping	155.41741	4	38.8543526	236.14	0.0000
Residual	30.2640056	108	.280222274	Number of obs = 113	
Total	185.681416	112	1.65786979		
R-squared= 0.8370	Adj R-squared = 0.8310		Root MSE = .5293		

Dependent variable – business operation and success achievement.
Source : ANOVA using STATA 10

To validate the results of chi-square on Significance of Accounting records keeping on business operation and success achievement of small scale enterprises as stated above, the analysis of variance (ANOVA) was also employed. The Table 5 above showed 1% increase in the level of accounting records keeping will result to 15% increase in the level of business operation and success achievement. Given the coefficient of determination (R^2) is 83.7%, the relationship is significant. Given the adjusted R^2 significant 83.1%, it signifies the independence variables incorporated into this model have been able to determine that Accounting records keeping increase the chances of the business operating and achieving success of small scale enterprises to 86%.The F and probability statistics also confirmed the significance of this model.

SUMMARY AND CONCLUSION

Findings revealed that majority of the respondents did kept business accounting records. Records are kept on cash basis. Sales purchases, creditors and debtors. Receipts , invoices, payment vouchers are used as record keeping documents which help to reduce operating costs, improves efficiency and productivity.Accounting records are very essential for decision making and majority of the respondents do not prepare yearly financial statements.

Findings also revealed that majority of the small scale business operators measure performance of their businesses. Profitability is widely used as a measure of financial performance; workers provide a strongest linkage to successful business performance. Majority of the small scale business operators do not set yearly objectives for each performance indicator and majority do not prepare budgets for performance appraisal.

Findings showed that there is a strong positive relationship between accounting record keeping and performance of small scale enterprises. This implies that accounting record keeping affects performance of small scale business. Accounting record keeping is essential for decision making. Business adjustment and records also help to improve business efficiency and productivity for effective business performance. It was also found that Accounting records keeping increase the chances of the business operating and achieving success, and provide information to enable the control of cash in the business

In the analysis of variance (ANOVA), the coefficient of determination (R2) of 0.8974 implied that 89.7% of the variation in financial performance could be explained by the level of accounting records keeping. Finally, the analysis of variance (ANOVA) also gave an F value of 236.14 significant at 0.05 confidence level, which is an indication that accounting records keeping greatly, contributes to the variation in financial performance. In conclusion, poor accounting records keeping would lead to poor financial performance and proper accounting records keeping would lead to better financial performance of the small scale enterprises.

RECOMMENDATIONS

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

1. Small scale business operator units should ensure that complete and accurate business records are kept because they are essential for decision making. This can be ensured by undertaking course training about records keeping, and hiring knowledgeable and skilled workers.
2. There is need for the owners and managers of the small scale enterprises to embrace proper accounting records keeping practices in order to be successful in their financial performance

3. More efforts need to be channeled on accounting record keeping for effective performance of small scale business units because accounting record keeping strongly affects performance of small scale business units.

REFERENCES

Ademola, G. O., Samuel O. J.& Ifedolapo O. (2012),The Roles of Record Keeping In the Survival and Growth of Small Scale Enterprises in Ijumu Local Government Area of Kogi State. Global Journal of Management and Business Research Volume 12 Issue 13 Version 1.0 Year 2012

Anyigbo C. I. (1999). Cost and Managerial Accounting Decision Emphasis. Enugu: Itugo2 Publication Limited.

Aruwa, S. A. (2005); The Business Entrepreneur, Academy Publication, Kaduna, Nigeria.

Atijosan, Y. (1998) The Ecology of Small Business: Implications for marketing management in Management in Nigeria Vol.34 No. 1 Jan – March 1998.

Bamberger, J. (1983). Value Systems Strategies and Performance of Small and Medium Sized Firms. International Business Journal Vol. No1, Issue 4.

Barutcugil, I. (2002). Performance Analysis of Partial Flexible Manufacturing Systems. Global Journal of Flexible Systems Management 6 (1) 9-19.

Barbara, R. (2010). Record Management, Change Management, Service Systems. Management Journal Vol 20. No 1, 2010. pp 124-137.

Bearman, D. (1994). Electronic Evidence Strategy for Managing Records in Contemporary Organizations (Pittsburgh, Archives and Museum informatics)

Burns, J., Ezzamel, M., and Scapens, R. (1999). Management Accounting Change in the UK. Management Accounting 1999, 77 (3) page 28-30. International Journal of trade, Economics and finance, Vol.1.No.1 June 2010.

Bititei, U.S., Suwignjo, P. and Came, A.S. (2001). Strategy Management Through Quantitative Modeling of Performance Measurement Systems. International Journal of production Economics 69, 15-22.

Covin, J.G., and Selvin, D.P. (2008). The Strategic Management of Small Firms in Hostile and Beginning Environments. A strategic Management Journal.

Crane, M.L. (1997). Record Keeping. Essential to Risk Management NCIS. November, 1997.

Dixon, J.R. (1990). The New Performance Challenge. Harvard Business Review 69-78.

Duranti, L. and Thibodeau, K. (2001). The Inter PARES International Research Project. Information management Journal Vol 35. No 1 pp 44-50.

Eric E. O. Gabriel D. (2012), Challenges of Book Keeping on Small and Medium Scale Enterprises (SMEs) in Kwaebibirem District:The Case of Appex Global (Ghana) Limited. International Journal of Business and Management Cases Vol. 1 No. 2 pp 1-12

Fitzgerald, L., Johnson, R., Brignall, S., Silverstro, R and Voss, C. (2006*).* Performance Measurement in Service Business. London (CIMA).

Honorary Presidential Advisory Committee on Investment (H.P.A.C.I 2002), Sectorial Profile 0n Small Scale Enterprises (SMES) Vol.1.

Ikechukwu C. (1993). Success Key Point Book Keeping and Accounts. Onitsha: Hybrid Publisher Limited.

Laughlin, R. and Gray, R. (1999). Financial Accounting Method and Meaning. London: Van Nostrand Reinhold.

Nwoye, M. I. (1991); Small Business Enterprises (How to start and succeed); Social Science Series Benin City Nigeria.

Okwena K. D.,Okioma T. and Erick N. O. (2010), An assessment of the effect of proper book keeping practices on the financial performanceperspectives from small and medium scale business enterprises in Kisii municipality, Kisii University College Journal, Kisii. kenya

Osuagu, D. C. (1998). Cost Accounting Code 322; A Lecture Handout. Enugu: Department of Accountancy Institute of Management and Technology.

Reed, R. (2010); Good Small Business Guide; How to Start and Grow Your Own Business; 2nd Edition, A & C Black publishers Ltd, London.

Siropolis, N. C. (2010). Small Business Management; A Guide to Entrepreneurship. Boston: Houghton Milifin Company.

William G. Nickels, James M. Mchum and Susan M. Mchum, (1999), Understanding Small Business(5th Edition)

International Journal of Academic Research in Business and Social Sciences
January 2014, Vol. 4, No. 1
ISSN: 2222-6990

Williams, Jan, R., Susan, F., Haila, Mark, S., Bettriel, Joseph, V., & Carcello, (2008): Financial & Managerial Accounting, Mc Graw-Hill Irwin- New York.

World Bank Mapping (2001).